28 September 2015

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

Unaudited Interim Financial Information
for the period 1 January 2015 to 30 June 2015

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 2015.

Highlights

* Peru Block XXI. The Environmental Impact Assessment ("EIA") was approved by the Ministry of Energy and Mines during July 2015.

* Peru Block XXI. GSS commence seismic planning phase and mobilisation of all equipment from Mexico and the United States.

* Peru Block Z-34. Licence continues in Force Majeure, however technical work continues with a Satellite Oil Seep Study to increase our understanding of the block and to demonstrate our commitment.

* IslandMagee Gas Storage Project. Infrastrata plc complete a successful salt appraisal well and report encouraging results for the salt core study and work towards project monetisation.

* Significant reduction in group overhead costs with reduction set to continue.

* Board decide to exit Colombia following the end of the Nancy Burdine Maxine field production contract.

* Dr Malcolm Butler appointed to the Board on 28 May 2015.

Peru

Block XXI (Baron Oil 100%):

Final EIA approval was eventually obtained from the Ministry of Energy and Mines in July. In anticipation of this EIA approval, we had previously negotiated and signed a seismic contract with Houston based GSS Marine LLC ("GSS") for them to acquire, process and interpret a total of 180 kms of seismic on our large onshore block for a total of US$1.8m; this fulfils all our outstanding work obligations under our licence. This survey will provide a greater understanding of the geology near the Minchales well and will provide additional information which will be helpful to a potential farmout. We paid GSS US$375k as an advance as per the agreed contract so they could order the long lead time items required for the project.

The GSS staff have now visited the desert area in north west Peru, met the local population and have begun the local hiring and local rental required for the seismic project. We will be carrying out social projects as part of our agreement and we plan to drill water wells with downhole pumps powered by solar panels for use by the local communities around the Minchales well site who currently have no access to running water.

The GSS seismic acquisition and processing equipment has recently left from Mexico and the United States and is currently in transit by sea freight to Peru. We anticipate that GSS will complete the topography work in the areas of interest by the middle of October and the seismic acquisition will commence shortly thereafter when all the equipment clears Peruvian customs and is fully tested on site. We anticipate that it will take 60 days to acquire the seismic data and it will be processed and interpreted simultaneously.

The current plan is to commence our seismic acquisition around the original Minchales well site in the far south of the block but the Board also wish to acquire seismic data from around the area where two subsequent exploration wells (San Alberto 1 & 2) were drilled several years ago by Baron Oil in the northern area of the block. These wells flowed water from reservoir rock and it is possible that an upthrown prospect exists to the north of them.

Vale have now formally completed their exit from the block and we expect to receive the final payment of US$1.25 million from them this month. This cash is funding the seismic program on Block XXI.

Block Z-34 (Baron Oil 20% carried interest)

Very little progress has been made on this deep water block offshore Peru since we last reported in June. The licence remains in suspension through the Force Majeure clause. Union Oil & Gas have commissioned a Satellite Seep Study; also they continue to attempt to find a partner to farm-in to the block to drill a well or wells. This has so far proved unsuccessful.

Union Oil & Gas have still not been officially approved as an oil company by the government agencies in Peru and the final payment they are due to make to us of US$2 million is still outstanding.

Colombia

Nancy Burdine Maxine ("NBM") Producing Field (Baron Oil 29.5% though our 50% Invepetrol ownership)

Production of approximately 400 bbls per day from the Nancy #1 well abruptly stopped towards the end of the reporting period, we believe, due to a downhole breach. This well has been producing oil continuously for many years and it also produced a significant amount of brine along with the oil. Invepetrol local management in Bogota believe that downhole corrosion is the most likely cause of the sudden termination of the oil production from this well. However, we have not re-entered the well as that would entail significant operational risk and cost which could never be recovered from any subsequent NBM field production during Invepetrol's remaining ownership period.

This producing field licence is due to be returned to Ecopetrol on 16 October 2015. Invepetrol management have had detailed discussions with Ecopetrol concerning both an extension of NBM operatorship and also an improvement of the NBM commercial terms of our production contract. Our proposals to continue operating the field were declined by Ecopetrol and the field will be officially handed over to them on 16 October 2015. We anticipate a further six months of work, mainly administrative, to complete the formal documentation to complete the handover of NBM to Ecopetrol and closing the office in Bogota.

Rosa Blanca Block

We continue to work on the transfer of our remaining 5% carried interest to the 95% owner P&IG. No work has been carried out on this block since 2013.

We will now begin to exit from Colombia and reduce our administrative costs to a minimum and settle our outstanding liabilities which come mainly through our ownership of Invepetrol and their interest in the Union Temporal joint venture in the NBM field. We will update shareholders as to our progress and cost of exiting Colombia with our final 2015 results during the first half of 2016.

IslandMagee Gas Storage Project, Northern Ireland

As Infrastrata plc have previously reported, the salt appraisal well was successfully drilled down to 1,753 metres and a 185.8 metre salt core was removed from the well and samples sent to Germany for laboratory analysis. The results of this analysis work are progressing well and Infrastrata recently announced they were working towards monetisation of this important Irish energy project to a new owner who will complete the cavern construction and full storage development.

Our position remains unchanged as we await formal completion of the technical work and the final report to be submitted to the EU. Funds from the EU will then be placed in an escrow bank account and we will receive all those funds plus 8% interest on our loan or a 15% share of the project if it is subsequently sold before the end of 2016.

Financial Results

In the six month period to 30 June 2015, the Company experienced an operating loss of £983,000 (30 June 2014: £2,010,000; 2014 year: £3,311,000) on revenue of £1,015,000 (30 June 2014: £1,188,000; year 2014: £2,830,000). In volume terms, oil sales held up well but the major decline in the oil price leads to lower revenue compared to same period in the preceding year. Although well operating costs are greatly reduced, nevertheless, at current oil price levels, we continue to show a gross loss on oil sales.

We continue our approach of impairing both development intangibles and goodwill, but with little new expenditure in the period, the net charge to the profit and loss account is just £1,000 (30 June 2014: charge of £679,000; 2014 year: charge of £2,454,000).

Administration expenses in the period were £686,000 (30 June 2014: £794,000; 2014 year: £1,356,000). Excluding the impact of exchange differences, administration expenses in the six month period have fallen by 25% relative to the 2014 year.

In this period, other operating income is a negative £150,000 (June 2014: gain of £12,000; 2014 year: gain of £2,152,000). This arises because the final settlement from Vale on their exit from Block XXI Peru is lower than anticipated in the previous Financial Statements.

After finance and tax, the company shows a net loss £973,000 (June 2014: £2,018,000; 2014 year: £4,095,000), representing a loss of 0.07p per share (June 2014: 0.17p; 2014 year: 0.31p).

Conclusions

We now have an experienced and highly qualified geologist non-executive director on board with Malcolm Butler and we will press on with our exploration program in Peru as quickly as possible, as well as continuing to look for farmout opportunities for our existing projects. In addition, we will also now begin to look for further exploration opportunities in Peru and elsewhere to invest our remaining cash resources. We have looked at a number of new opportunities so far this year but until we are clear on the future costs associated with closing our Colombian operations, the Board did not believe it would be prudent to commit further capital expenditure from our limited cash resources. The collapse in commodity prices has given companies such as ourselves the opportunity to look at projects that would otherwise have been beyond our financial resources.

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

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25 September 2015

Consolidated Income Statement
for the six months ended 30 June 2015

	Note	6 months to 30-Jun 2015 Unaudited £'000	6 months to 30-Jun 2014 Unaudited £'000	Year to 31-Dec 2014 Audited £'000
Revenue		1,015	1,188	2,830
Cost of sales		(1,163)	(1,737)	(3,710)
Gross loss		(148)	(549)	(880)
Intangible asset impairment		(84)	(416)	(140)
Goodwill impairment		34	(263)	(922)
Property, plant & equipment impairment		-	-	(1,392)
Receivables impairment		51	-	(773)
Administration expenses	5	(686)	(794)	(1,356)
Other operating income		(150)	12	2,152
Operating loss		(983)	(2,010)	(3,311)
Finance cost		(12)	-	(63)
Finance income		32	7	27
Loss on ordinary activities before taxation	6	(963)	(2,003)	(3,347)
Income tax expense	7	(10)	(15)	(748)
Loss on ordinary activities after taxation		(973)	(2,018)	(4,095)
Loss on ordinary activities after taxation is attributable to:				
Equity shareholders		(995)	(2,018)	(3,806)
Non-controlling interests		22	-	(289)
Loss on ordinary activities after taxation		(973)	(2,018)	(4,095)
Earnings/(loss) per share: basic	8	(0.07)p	(0.17)p	(0.31)p
Diluted	8	(0.07)p	(0.17)p	(0.31)p

Consolidated Statement of Comprehensive Income
for the six months ended 30 June 2015

	6 months to 30-Jun 2015 Unaudited £'000	6 months to 30-Jun 2014 Unaudited £'000	Year to 31-Dec 2014 Audited £'000
Loss on ordinary activities after taxation attributable to the parent	(995)	(2,018)	(3,806)
Other comprehensive income			
Currency translation differences	103	(236)	401
Total comprehensive income for the period	(892)	(2,254)	(3,405)
Total comprehensive income attributable to :			
Owners of the company	(892)	(2,254)	(3,405)

Consolidated Statement of Financial Position
for the six months ended 30 June 2015

	Notes	6 months to 30-Jun 2015 Unaudited £'000	6 months to 30-Jun 2014 Unaudited £'000	Year to 31-Dec 2014 Audited £'000
Non-current assets				
Property, plant and equipment		4	1,518	5
Intangibles		1,693	2,203	2,188
Goodwill		-	668	-
		1,697	4,389	2,193
Current assets				
Inventories		151	106	204
Receivables		3,550	2,027	1,199
Cash and cash equivalents		4,253	1,962	7,181
Cash held as security for bank guarantees		2,300	2,122	2,327
		10,254	6,217	10,911
Total assets		11,951	10,606	13,104
Equity and liabilities				
Capital and reserves attributable to owners of the parent				
Called up share capital	9	344	292	344
Share premium account		30,237	27,304	30,237
Share option reserve		205	205	205
Foreign exchange translation reserve		1,993	1,254	1,890
Retained earnings		(25,748)	(22,965)	(24,753)
Capital and reserves attributable to non-controlling interests		791	-	769
Total equity		7,822	6,090	8,692
Current liabilities				
Trade and other payables		3,321	4,271	3,504
Taxes payable		808	245	908
		4,129	4,516	4,412
Total equity and liabilities		11,951	10,606	13,104

Consolidated Statement of Cash Flows
for the six months ended 30 June 2015

	Notes	6 months to 30-Jun 2015 Unaudited £'000	6 months to 30-Jun 2014 Unaudited £'000	Year to 31-Dec 2014 Audited £'000
Operating activities	10	(912)	304	2,386
Investing activities				
Return from investment and servicing of finance		32	7	27
Disposal of tangible assets		89	-	809
Acquisition of intangible assets		(124)	(422)	(775)
Acquisition of tangible assets		(13)	(5)	(329)
Acquisition of investment assets		(2,000)	-	-
		(2,016)	(420)	(268)
Financing activities				
Proceeds from issue of share capital		-	-	2,985
Net cash (outflow)/inflow		(2,928)	(116)	5,103
Cash and cash equivalents at the beginning of the period		7,181	2,078	2,078
Cash and cash equivalents at the end of the period		4,253	1,962	7,181

As at 30 June 2015, bank deposits included an amount of US$3.6M (30 June and 31 December 2014: 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 commitments 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 2015

	6 months to 30-Jun 2015 Unaudited £'000	6 months to 30-Jun 2014 Unaudited £'000	Year to 31-Dec 2014 Audited £'000
Equity at 1 January	8,692	8,343	8,343
Loss for the period	(973)	(2,018)	(4,095)
Shares issued	-	-	2,985
Disposal of interest	-	-	1,058
Foreign exchange translation	103	(236)	401
Equity at 30 June 2015	7,822	6,089	8,692

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 2014. The financial statements for the half period ended 30 June 2015 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 2014, prepared under IFRS, were approved by the Board of Directors on 16 June 2015 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 2014. This interim financial information for the six months to 30 June 2015, which complies with IAS 34 'Interim Financial Reporting', was approved by the Board on 25 September 2015.

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 2015.

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

Notes to the Interim Financial Information

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 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.

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.

Notes to the Interim Financial Information

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
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 net assets	2,460	5,362	7,822

	United Kingdom	South America	Total
Six months ended 30 June 2014	£'000	£'000	£'000
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

Notes to the Interim Financial Information (continued)

4. Segmental information (continued)

	United Kingdom	South America	Total
Year ended 31 December 2014	£'000	£'000	£'000
Audited			
Revenue			
Sales to external customers	-	2,830	2,830
Segment revenue	-	2,830	2,830
Results			
Segment result	(575)	(3,520)	(4,095)
Total net assets	5,066	3,626	8,692

5. Administration expenses	6 months to 30-Jun 2015 Unaudited £'000	6 months to 30-Jun 2014 Unaudited £'000	Year to 31-Dec 2014 Audited £'000
United Kingdom operations	262	339	666
Colombia operations	265	358	900
Peru operations	73	25	45
Loss/(profit) arising on foreign exchange	98	72	(255)
	698	794	1,356

Notes to the Interim Financial Information (continued)

6. Loss from operations

	6 months to 30-Jun 2015 Unaudited £'000	6 months to 30-Jun 2014 Unaudited £'000	Year to 31-Dec 2014 Audited £'000
The loss on ordinary activities before taxation includes:			
Auditors' remuneration			
Audit	20	21	42
Other non-audit services	-	-	12
Depreciation of oil and gas assets	592	560	1,339
Impairment of intangible assets	(1)	679	1,062
Impairment of property, plant and equipment	-	-	1,392
Impairment of foreign tax receivables	(51)	-	773
(Profit)/Loss on exchange	98	72	(255)

7. 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.

8. Earnings/(loss) per Share

	6 months to 30-Jun 2015 Unaudited	6 months to 30-Jun 2014 Unaudited	Year to 31-Dec 2014 Audited
	Pence	Pence	Pence
Earnings/(loss) per ordinary share			
Basic	(0.07)	(0.17)	(0.31)
Diluted	(0.07)	(0.17)	(0.31)

The earnings/(loss) per ordinary share is based on the Group's loss for the period of £973,000 (30 June 2014: £2,018,000; 31 December 2014: 4,095,000) and a weighted average number of shares in issue of 1,376,409,576 (30 June 2014: 1,169,513,025; 31 December 2014: 1,246,036,407).

The potentially dilutive options issued were 36,240,431 (30 June 2014: 40,241,431; 31 December 2014: 36,240,431).

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-Jun 2015 Unaudited £'000	6 months to 30-Jun 2014 Unaudited £'000	Year to 31-Dec 2014 Audited £'000
Profit/(loss) for the period	(973)	(2,018)	(4,095)
Depreciation and amortisation	592	1,239	3,792
Non-cash movement arising on consolidation of non-controlling interests	-	330	1,058
Finance income shown as an investing activity	(32)	(7)	(27)
Tax Expense	10	15	748
Foreign currency translation	82	(9)	260
(Increase)/decrease in inventories	53	129	31
(Increase)/decrease in receivables	(351)	183	1,011
Tax paid	(110)	(539)	(609)
Increase/(decrease) in payables	(183)	981	217
	(912)	304	2,386

11. Related party transactions

In preceding periods, the Company has been provided with management and geosciences services by Terra Firma Technology Pty Ltd TFT), which is controlled by Mr Ian Reid who was a director at the time. There were no transactions in 2014 or 2015 but, at 1 Januaqry 2014, there remained a balance due to TFT of £58,970 which was in dispute.During 2014, the dispute was settled and no amolunts remained due at 31 December 2014 or 3 June 2015.

Notes to the Interim Financial Information (continued)

12. Financial information

The unaudited interim financial information for period ended 30 June 2015 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 2014 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.