21 September 2017

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

Unaudited Interim Results
for the six months ended 30 June 2017

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 2017.

Highlights

- Operating loss of £1,430,000 and net loss after finance and tax of £916,000 (0.07p per share) for the period,

- Public Deed to assign 30% working interest in Peru Block Z-34 to Union Oil & Gas Group ("UOGG") executed in February 2017.

- UOGG failed to complete the assignment and did not pay BOIL the required US$2 million. Farmin Agreement with UOGG terminated by mutual agreement and BOIL reclaimed its full 50% working interest in Block Z-34

- Block Z-34 continues in Force Majeure. BOIL carrying out its own seismic attribute studies with Rock Solid Images to get better understanding of block potential. Cuy-1 drilling prognosis accepted by Perupetro.

- Peru Block XXI: Prognosis for El Barco-3X exploration well submitted to Perupetro and discusions with potential farmin partners under way. Block placed in Force Majeure due to early 2017 flooding and drilling likely to be further delayed by gas tariff issues.

- Application made by SundaGas for new offshore block in SE Asia with news expected by end of 2017 on award. If successful, BOIL entitled to be assigned an interest of 25%.

- Directors' salaries reduced by 30% overall to save costs

Corporate

Overhead costs:

In June 2017, the Company announced that Directors' salaries were being reduced by an average of 30% as part of a continuing effort to reduce overhead costs. Current average monthly fixed overhead costs in the UK are £45,000, of which 23% relate to regulatory requirements.

SE Asia

SundaGas Joint Venture

The regional studies with SundaGas were terminated in March 2017 in accordance with the terms of the agreement. A number of interesting possibilities were identified and discussions were entered into in respect of three assets. Two of these were unsuccessful but a proposal made by SundaGas in respect of the third received a favourable response and negotiations are ongoing. This is over an offshore shelf area that includes a significant gas discovery. If successful, Baron will have the right under the agreement with SundaGas to be assigned a 25% interest in the block. The negotiations have taken longer than anticipated but are expected to be concluded before the end of 2017. Further details will be disclosed at the appropriate time.

Peru

Block Z-34 (Baron Oil 50% working interest)

Almost 4 years after execution of the Farmin Agreement ("FIA") with Union Oil & Gas Group ("UOGG"), the Public Deed enabling the assignment of a 30% interest in the Z-34 Contract from Baron to a UOGG subsidiary was finally executed by the Government in April 2017. However, completion of the FIA required UOGG to undertake a series of steps once the Public Deed was executed, which it failed to do. The most important of these steps for Baron was the payment of US$2 million by UOGG. Baron took legal advice in the UK, Peru and the British Virgin Islands, where UOGG is domiciled, but the directors eventually reached the conclusion that it would serve no useful purpose to pursue legal action. After much discussion with UOGG management, a Termination Agreement was signed on 9 September 2017 that halted the FIA, returned the 30% working interest under the Joint Operating Agreement to Baron and removed the obligation for UOGG to pay the US$2 million. The board considered this to be a very unsatisfactory outcome for the Company financially but was forced to take the view that the only way to retain value in Block Z-34 would be to put the relationship with UOGG on a more amicable basis and move forward with farmout attempts together. As a result of UOGG's default under the FIA, the Contract Operating Agreement with UOGG was terminated on 28 May 2017 and Baron resumed control of all operations in respect of the Block.

It is expected that the companies now studying the Block data will decide within the next two months whether or not to proceed with a farmin and a decision can then be made by Baron and UOGG on the way forward. Although the Block remains in Force Majeure, it is expected that new legislation will soon remove many of the current legislative impediments to drilling in this deep-water location. The prognosis for well GOL-CUY-Z34-13-1X ("Cuy") was approved by Perupetro in February 2017. The well is planned to be drilled to a total depth of 12,553 ft in 5,764 ft of water but is unlikely to be drilled before late 2018 because of the logistical and permitting hurdles still to be overcome. In the meantime, Baron has engaged Rock Solid Images to carry out attribute work on the 3D seismic volume acquired by the Company's Peruvian subsidiary, Gold Oil Peru SAC, in 2012. This work is being concentrated on the Cuy and Daphne Prospects and the final results will be presented to Baron and UOGG at a meeting in Houston at the beginning of October.

Block XXI (Baron Oil 100%):

Operations on Block XXI were suspended in February 2017 because of the devastating floods and the Contract was placed in Force Majeure while the area recovered. The effect of this has been to extend the final phase of the Contract by some [6 months] beyond the Oxctober 2017 end date. In the meantime, planning for the El Barco-3X well continued, with the well cost currently estimated at about US$1.5 million, but the termination of the FIA on Block Z-34 has meant that Baron does not currently have the funds to drill without bringing in a partner. Discussions are underway with an interested party, who could also operate the drilling. However, a further complication has arisen in that a gas transportation contract has recently been issued for this region of Peru that would require payment of a tariff of US$2.80 per mmbtu of gas for export from El Barco-3X to local markets. GOP has joined with the other regional operators, some of whom are already selling gas to markets in the area, to negotiate resolution of this issue, which would make it uneconomic to produce gas. The new Energy Minister and Perupetro are encouraging the parties to reach agreement but it is likely that there will be further delays to drilling plans until the issue is resolved.

Colombia

Since the cessation of the NBM licence in October 2015, all our staff in Colombia, except one, have been made redundant and we retain a minimal administrative presence in Bogota. The handover of the Nancy Burdine Maxine ("NBM") oil field back to Government control took place during 2016. NBM was operated by Inversiones Petroleras de Colombia SAS ("Invepetrol") in which we are 50% shareholders. On 20 April 2017 the board composition of Invepetrol was changed, such that Baron no longer held control, and on 31 August 2017 a resolution was passed by the shareholders in general meeting to place Invepetrol into liquidation. As a result, the directors consider that the Company no longer holds a controlling interest and Invepetrol has been deconsolidated from the results and financial position of the Group.

Licence PL1/10, Northern Ireland (Baron Oil 12.5%)

Baron has increased its interest in this block at no cost, following the withdrawal of InfraStrata from the licence. There are no outstanding formal commitments on the Licence and current activities consist of geological and geophysical studies to evaluate the effect of the results of the Woodburn Forest-1 well on other potential prospects in the block.

IslandMagee Gas Storage Project, Northern Ireland

Baron did not exercise its option to acquire a 16.66% interest in InfraStrata Plc by the end date of 31 March 2017. However, the Company retains the right to be paid up to £200,000 in the event of a sale or partial disposal of the project by InfraStrata before 5 January 2019.

Financial Results

In the six month period to 30 June 2017, the Company experienced an operating loss of £1,430,000 (30 June 2016: loss of £240,000; year to 31 December 2016: loss of £241,000).

After the end of the period, the Company announced that the 2013 FIA on Peru Block Z34 with UOGG had been terminated, with the Company taking back its full 50% working interest. As a result, the receivable balance of US$2,000,000 in respect of the farmin has been reclassified back to an intangible asset. In accordance with our approach of impairing both exploration intangibles and goodwill, this intangible has been fully impaired. Total impairment charges in the period were

£1,531,000, after taking into account a small reduction in the impairment charge for foreign tax receivables.

As a result of the pending liquidation of Invepetrol and the resulting deconsolidation of this company from the Group Financial Statements, a credit to Income Statement of £831,000 arises.

The consolidated Income Statement includes exploration and evaluation expenditure of £81,000 in respect of the the Southeast Asia Joint Study Agreement with SundaGas.

Administration expenses, excluding exchange differences, in the period were £269,000 (30 June 2016: £528,000; year to 31 December 2016: £700,000). This reflects the removal of Colombia administrative costs and also the continuing efforts to reduce Head Office costs. Exchange differences gave rise to a loss of £392,000 in the period (30 June 2016: gain of £460,000, year to 31 December 2016: gain of £1,131,000), arising from an increase in the GBP value against the USD between the beginning and end of the period.

Other operating income amounts to £12,000 (30 June 2016: £355,000; year to 31 December 2015: income of £319,000), with the prior period including exceptional gains on the cancellation of payables held since 2012.

The termination of the FIA on Block Z34 means that the provision for the foreign tax liability on the receivable from UOGG is no longer required, giving rise to a credit to the Income Statement of £519,000 (30 June 2016: nil; 31 December 2016: charge of £113,000).

After finance and tax, the Company shows a net loss of £916,000 (June 2016: £183,000; 2016 year: £288,000), representing a loss of 0.07p per share (June 2016: 0.01p; year to 31 December 2015: 0.02p).

Bill Colvin, Chairman of Baron commented:

"As we recently informed shareholders, we entered into the agreement to terminate the FIA because we saw that as the only way to move forward on Block Z-34 from the impasse with UOGG. Of course, this was not a satisfactory financial outcome for Baron but we now look forward to putting this dispute behind us and working together on the farm out of the drilling on the Cuy Prospect to fulfil our commitment to Perupetro.

Peru itself is continuing to attract international oil companies by simplifying the terms and conditions for offshore drilling and this may well lead to an increase in offshore drilling activity.

We remain hopeful that we can capture some prospective acreage in Asia in partnership with SundaGas. We look forward to updating shareholders on our progress in that area by year end.".

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 2017

	Note	6 months to 30-Jun 2017 Unaudited £'000	6 months to 30-Jun 2016 Unaudited £'000	Year to 31-Dec 2015 Audited £'000
Revenue		-	-	-
Cost of sales		-	-	-
Gross loss		-	-	-
Exploration and evaluation expenditure		(81)	-	(739)
Intangible asset impairment		(1,556)	(954)	(370)
Goodwill impairment		-	-	(81)
Property, plant & equipment impairment		-	-	95
Receivables impairment		25	427	73
Disposal of Colombia operations		831	-	31
Administration expenses	5	(269)	(528)	(700)
Profit/(loss) arising on foreign exchange		(392)	460	1,131
Other operating income		12	355	319
Operating profit/(loss)		(1,430)	(240)	(241)
Finance cost		(7)	(5)	(35)
Finance income		2	62	101
Loss on ordinary activities before taxation	6	(1,435)	(183)	(175)
Income tax (expense)/benefit	7	519	-	(113)
Loss on ordinary activities after taxation		(916)	(183)	(288)
Loss on ordinary actvities after taxation is attributable to:				
Equity shareholders		(916)	(200)	(32)
Non-controlling interests		0	17	(256)
Loss on ordinary activities after taxation		(916)	(183)	(288)
Earnings/(loss) per share: basic	8	(0.07)p	(0.01)p	(0.002)p
Diluted	8	(0.07)p	(0.01)p	(0.002)p

Consolidated Statement of Comprehensive Income
for the six months ended 30 June 2017

	6 months to 30-Jun 2017 Unaudited £'000	6 months to 30-Jun 2016 Unaudited £'000	Year to 31-Dec 2016 Audited £'000
Loss on ordinary activities after taxation attributable to the parent	(916)	(200)	(32)
Other comprehensive income			
Currency translation differences	97	128	(290)
Total comprehensive income for the period	(819)	(72)	(322)
Total comprehensive income attributable to :			
Owners of the company	(819)	(72)	(322)

Consolidated Statement of Financial Position
for the six months ended 30 June 2017

	Notes	6 months to 30-Jun 2017 Unaudited £'000	6 months to 30-Jun 2016 Unaudited £'000	Year to 31-Dec 2016 Audited £'000
Non-current assets				
Property, plant and equipment		2	3	3
Intangibles		1,256	1,265	1,325
Goodwill		-	-	-
		1,258	1,268	1,328
Current assets				
Inventories		-	-	-
Receivables		216	3,724	2,070
Cash and cash equivalents		1,671	1,174	2,158
Cash held as security for bank guarantees		2,890	2,819	3,073
		4,777	7,717	7,301
Total assets		6,035	8,985	8,629
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		81	286	81
Foreign exchange translation reserve		1,785	2,106	1,688
Retained earnings		(27,540)	(26,997)	(26,624)
Capital and reserves attributable to non-controlling interests		-	620	347
Total equity		4,907	6,596	6,073
Current liabilities				
Trade and other payables		232	966	1,054
Taxes payable		896	1,423	1,502
		1,046	2,389	2,556
Total equity and liabilities		6,035	8,985	8,629

Consolidated Statement of Cash Flows
for the six months ended 30 June 2017

	Notes	6 months to 30-Jun 2017 Unaudited £'000	6 months to 30-Jun 2016 Unaudited £'000	Year to 31-Dec 2016 Audited £'000
Operating activities	9	(361)	(3,252)	(2,326)
Investing activities				
Return from investment and servicing of finance		2	62	101
Sale of intangible assets		-	-	1,784
Disposal of tangible assets		-	1,581	82
Acquisition of intangible assets		(128)	(227)	(492)
Acquisition of tangible assets		-	-	(1)
		(126)	1,416	1,474
Financing activities				
Proceeds from issue of share capital		-	-	-
Net cash (outflow)/inflow		(487)	(1,836)	(852)
Cash and cash equivalents at the beginning of the period		2,158	3,010	3,010
Cash and cash equivalents at the end of the period		1,671	1,174	2,158

As at 30 June 2017, bank deposits include amounts totaling US$3.74M (30 June and 31 December 2016: US$3.74M) 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 2017

	6 months to 30-Jun 2017 Unaudited £'000	6 months to 30-Jun 2016 Unaudited £'000	Year to 31-Dec 2016 Audited £'000
Opening equity	6,073	6,651	6,651
Loss for the period	(916)	(183)	(288)
Deconsolidation of non-controlling interest	(347)	-	-
Foreign exchange translation	97	128	(290)
Closing equity	4,907	6,596	6,073

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 2016, prepared under IFRS, were approved by the Board of Directors on 8 June 2018 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 Financial Statements for the year ended 31 December 2016. 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 2016, 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 2017	£'000	£'000	£'000	£'000
Unaudited				
Revenue				
Sales to external customers	-	-	-	-
Segment revenue	-	-	-	-
Results				
Segment result	(565)	(270)	(81)	(916)
Total net assets	4,266	641	-	4,907

	United Kingdom	South America	Total	Total
Six months ended 30 June 2016	£'000	£'000	£'000	£'000
Unaudited				
Revenue				
Sales to external customers	-	-	-	-
Segment revenue	-	-	-	-
Results				
Segment result	(421)	238	(183)	55
Total assets	5,860	736	6,596	6,073

Notes to the Interim Financial Information (continued)

4. Segmental information (continued)

	United Kingdom	South America	Total	Total
Year ended 31 December 2016	£'000	£'000	£'000	£'000
Audited				
Revenue				
Sales to external customers	-	-	-	-
Segment revenue	-	-	-	-
Results				
Segment result	302	(509)	(81)	(288)
Total assets less liabilities	5,020	1,053	-	6,073

5. Administration expenses	6 months to 30-Jun 2017 Unaudited	6 months to 30-Jun 2016 Unaudited	Year to 31-Dec 2016 Audited
	£'000	£'000	£'000
United Kingdom operations	269	291	529
Colombia operations	-	105	122
Peru operations	-	40	49
(Profit)/loss arising on foreign exchange	392	(460)	(1,131)
	661	-24	-431

Notes to the Interim Financial Information (continued)

6. Loss from operations

	6 months to 30-Jun 2017 Unaudited £'000	6 months to 30-Jun 2016 Unaudited £'000	Year to 31-Dec 2016 Audited £'000
The loss on ordinary activities before taxation includes:			
Auditors' remuneration			
Audit	15	24	43
Other non-audit services	-	-	12
Depreciation of oil and gas assets	1	247	4
Impairment of intangible assets	1,556	954	1,312
Impairment of property, plant and equipment	-	-	9
Impairment of foreign tax receivables	(25)	57	163
Disposal of operations	831	3	31
(Profit)/Loss on exchange	392	(460)	(271)

7. Income tax expense

The income tax charge for the period relates to provision (reduction in proivion) for foreign taxation on the profit arising in the Company's production oilfields.

8. Earnings/(loss) per Share

	6 months to 30-Jun 2017 Unaudited	6 months to 30-Jun 2016 Unaudited	Year to 31-Dec 2016 Audited
	Pence	Pence	Pence
Earnings/(loss) per ordinary share			
Basic	-£0.07	-£0.01	-£0.002
Diluted	-£0.07	-£0.01	-£0.002

The earnings/(loss) per ordinary share is based on the Group's loss for the period of £1,435,000 (30 June 2016: £183,000; 31 December 2015: £175,000) and a weighted average number of shares in issue of 1,376,409,576 (30 June 2016: 1,376,409,576; 31 December 2016: 1,376,409,576).

The potentially dilutive options issued were nil (30 June 2016: 35,172,414; 31 December 2016: 35,172,414).

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-Jun 2017 Unaudited £'000	6 months to 30-Jun 2016 Unaudited £'000	Year to 31-Dec 2016 Audited £'000
Profit/(loss) for the period	(916)	(951)	(2,044)
Depreciation and amortisation	1,557	592	1,325
Share based payments	-	-	81
Non-cash movement arising on deconsolidation of non-controlling interests	(346)	(22)	(166)
Finance income shown as an investing activity	(2)	(32)	(92)
Tax Expense/(Benefit)	(519)	10	435
Foreign currency translation	458	82	(195)
(Increase)/decrease in inventories	-	53	204
(Increase)/decrease in receivables	316	(351)	(513)
Tax paid	(87)	(110)	(25)
Increase/(decrease) in payables	(822)	(183)	(1,756)
	(361)	(912)	(2,746)

11. Related party transactions

During the period, the company purchased geological services amounting to nil (30 June 2016: £9,600; 31 December 2016: £9,600) from GeoSolutions Limited, a company controlled by Dr Malcolm Butler, a director. In addition, the company purchased administrative services amounting to £4,500 (30 June 2016: £13,500; 31 December 2016: £18,000) from Langley Associates Limited, a company controlled by Mr Geoff Barnes, a director.

Notes to the Interim Financial Information (continued)

12. Financial information

The unaudited interim financial information for period ended 30 June 2017 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 2016 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.