

Stock Data

Share Price: 0.07p
Market Cap.: £3.1m
Shares in issue: 4,426.4m

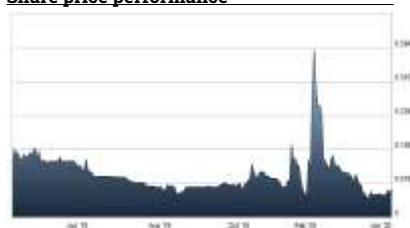
Company Profile

Sector: Oil & Gas
Ticker: BOIL
Exchange : AIM

Activities

Baron is a junior E&P company with a focus on exploration and appraisal projects in Timor Leste, Peru and the UKCS.

Share price performance



Source: [London Stock Exchange website](#)

Past performance is not an indication of future performance.

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Baron Oil Plc

Baron has relinquished its 15% interest in Licence P2470 located in the UK Inner Moray Firth (IMF) region. All work commitments on the block have been completed and the decision to relinquish the licence was effective from 31 March 2020. The company has retained its 15% in the more prospective Licence P2478 which contains the large Dunrobin prospect. There are no near-term drilling commitments on P2478, which we believe is positive given the current operational environment. We also note that given Baron's predominant exposure to gas rather than oil, determined by its primary assets in Timor Leste and Peru, the company also provides limited exposure to the current volatility of global oil prices.

Baron and its partners, Corallian Energy (operator) and Upland Resources, which hold respective interests of 45% and 40% in Licence P2470, were awarded exclusive licences over blocks 11/23, 11/24c and 11/25b under the UKCS 31st Offshore Licensing Round in September 2019. These blocks surrounded the Wick prospect, which was drilled as a dry hole in January 2019. The blocks within Licence P2470 contain the small Knockinnon oil discovery and several other prospects. However, the partners state that the prospectivity of the licence was downgraded by the Wick well result.

Baron has participated in a modest work commitment on the licence which consisted of a small volume of 3D seismic reprocessing, now completed. The results of this programme were not particularly encouraging and the decision was made to relinquish the acreage with effect from 31 March 2020. This move does not affect the status of Licence P2478, which comprises blocks 12/27c, 17/5, 18/1 and 18/2 in the southern part of the IMF. This licence contains the large Dunrobin prospect comprising three large shallow Jurassic rotated fault blocks that are mapped mostly on 3D seismic data.

The operator of P2478, Corallian, estimates that Dunrobin has Pmean unrisks prospective resources of 172 mmbœ with upside potential of up to 400 mmbœ (P10). There is additional resource upside identified in the smaller Golspie prospect on the licence which we understand is estimated to contain over 20 mmbœ of unrisks prospective resources.

These resource estimates are non SPE-PRMS (Petroleum Resource Management System) compliant for the primary target within the Jurassic sands. Both prospects are defined by existing 3D seismic and supporting 2D seismic. Reprocessing of this data is currently underway. There are no drilling commitments on Licence P2478 and the acreage must be relinquished before the end of the fourth year. This will be September 2023 if no exploration well has been drilled.

Baron successfully raised £2.5m of new funds in mid-February 2020. As such, we believe that the company is fully funded for the rest of 2020 and into 2021 with regard to its proposed work programmes in Timor Leste and Peru.

The relinquishment of P2470 was taken primarily as a result of the disappointing well result from Wick in January 2019 combined with the results of seismic reprocessing work which did not provide further evidence of the licence's prospectivity. However, the partners believe that P2478 is considerably more prospective and initial modest work commitments, comprising primarily 3D seismic reprocessing are expected to enable the company to define at least one drilling location. Additionally, we believe that P2478 may attract attention from major oil companies given that the acreage is located in an area which has attracted several bids as part of the UKCS 31st Licensing Round.

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