

Baron Oil executes shareholders' agreement with SundaGas

Josh White Sharecast News 22 Apr, 2020

Exploration and production company **Baron Oil** has executed a shareholders' agreement with **SundaGas Resources**, governing the operation of **SundaGas Timor-Leste Sahul**, in which Baron now has a 33.33% shareholding, it announced on Wednesday.

The AIM-traded firm said the sole asset of SundaGas TLS is its 100% shareholding in SundaGas Banda Unipessoal, which operates the TL-SO-19-16 production sharing contract offshore Timor-Leste, in which it holds a 75% interest.

It said the shareholders' agreement contains provisions "typical of an agreement of this nature" including mutual undertakings, the right to appoint one of the three directors of SundaGas TLS, and certain shareholder rights protections.

Under the carry agreement executed between SundaGas and Baron on 27 January, Baron has paid \$0.52m to SundaGas to reimburse it for its 33.33% share of costs incurred since the Chuditch PSC was signed on 8 November.

That amount included Baron's 33.33% share of the \$1m bank guarantee, and the subscription for 3,333 shares in SundaGas TLS, representing 33.33% of the issued share capital of that company.

Baron said it now planned to maintain its interest by continuing to pay 33.33% of the costs incurred on the Chuditch PSC through additional investment into SundaGas TLS.

The company's 33.33% interest in SundaGas TLS equated to an indirect 25% interest in the Chuditch PSC, after accounting for the 25% carried interest of the Timor-Leste state company.

It said SundaGas was progressing with the initial work programme commitment to reprocess existing 2D and 3D seismic data over the Chuditch PSC area.

Most of that work was desk and computer-based, and so should not be affected by current movement restrictions, although gaining access to the necessary data was being delayed.

After that, subject to satisfactory results from the reprocessing, the subsequent commitment was for a well to be drilled in the third year of the initial term of the Chuditch PSC.

"Now that our shareholding in SundaGas TLS is established, we look forward to the progress of the Timor-Leste project, which has the potential to make a step-change in the value of your company," executive chairman Dr Malcolm Butler told shareholders.

"Following the recent Placing, our proposed work programme for 2020 and into 2021 in Timor-Leste, Peru and the UK is funded.

"Although we are not insulated from the recent gyrations in the oil price, it should be noted that the company's assets are all in the pre-cashflow exploration phase and future development of the Chuditch PSC will be more dependent on increasing regional gas prices than on global oil prices as the south east Asian economies recover from the Covid-19 pandemic."

At 0926 BST, shares in Baron Oil were up 33.33% at 0.07p.