



Please find below an update covering themes that we feel that are of interest to investors and participants in the Natural Resources sector as well as commentary on recent newsflow. The cost of Allenby Capital's research on individual clients is paid for by our research clients.

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Allenby Capital Natural Resources Update 28.06.22 - BOIL.L

Baron Oil Plc* (BOIL.L, 0.0725p/£7.6m)

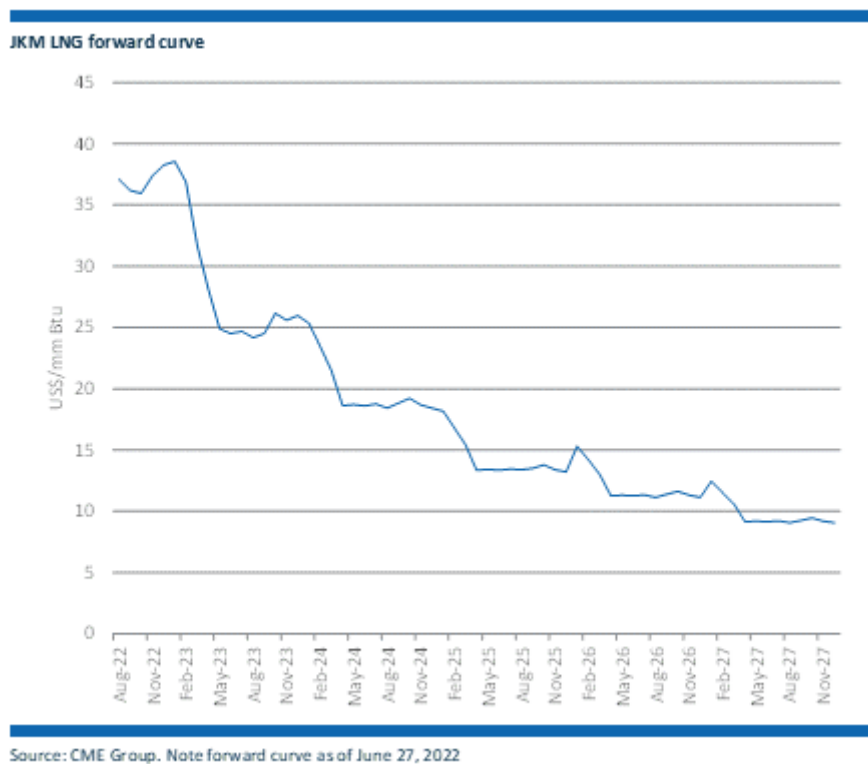
AGM statement: Chuditch project on schedule

- While Baron Oil's June 28 AGM statement does not provide any dramatic new developments, the intimations are that the work programme on the Chuditch gas/liquids project offshore Timor Leste is on schedule. In our view, the potential for high-impact news flow over the next year or so is excellent.
- TGS-NOPEC, the Chuditch seismic processing contractor, has delivered high-quality images of the reservoir structure to Baron's geoscience team for evaluation. We continue to believe that evaluation work will be completed during September which will enable the scale of the resource and project viability to be assessed. Completion of the seismic evaluation work should set the scene for concluding a joint-venture arrangement or even a trade sale. Baron has indicated that it continues to target an FID (final investment decision) by end Q4 2022 on back-to-back appraisal and exploration wells for the Chuditch project. This would imply drilling by end 2023.
- Regarding the Dunrobin project in the Inner Moray Firth, Baron has indicated that evaluation work will commence in July following the delivery of reprocessed 3-D and 2-D seismic. An updated view on the viability of the project is expected by Baron by end Q4 2022. A drill or drop decision is required for Dunrobin by July 2023. Drilling is a possibility by late Q2 2024.
- Baron has pointed to the positive commodity price backdrop for its two projects. Looking specifically at Chuditch, which is potentially a major supplier of LNG feedstock, it should be noted that there has been a significant uplift at the front-end of the NE Asia benchmark JKM (Japan, Korea Marker) forward curve of late. For near-term deliveries the JKM is now trading at \$36-37/mm Btu against \$23/mm Btu in mid-June. Driving the upshift was an explosion at Freeport LNG's Quintana Island, Texas, facility in early June. According to Freeport, the facility, the second largest in the US and the seventh largest globally, will not be fully back on-stream until end 2022. The back end of the curve has also moved up a notch or two over the past month or so from \$7/mm Btu to just over \$9/mm Btu.
- The key point to note is that there is little or no spare LNG capacity available globally presently. In our view, the LNG market is likely to remain tight through at least mid-decade in the absence of a return of Russia to

the pipeline gas marketplace in Europe and the commissioning of new Russian LNG capacity in the Yamal Peninsula. This is looking increasingly unlikely.

Our coverage of Baron Oil plc is available [here](#)

** Allenby Capital acts as Nominated Adviser and Broker to Baron Oil plc.*



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Peter J Dupont is the author of this research recommendation. Peter J Dupont is employed by Allenby Capital Limited as an Equity Analyst.

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