
Annual Report and Financial Statements 2020

Company Number: 05239285

THURSDAY



AA5V231U

A15

03/06/2021

#255

COMPANIES HOUSE

Ascent Resources plc

Ascent Resources Plc is a London Stock Exchange AIM listed natural resources operating company focused on unlocking latent value and capturing growth in special situations across the resource space while executing an international growth strategy initially targeting the Hispanic Americas and Caribbean.

Contents

Ascent Resources plc	8
Chairman's Statement.....	2
Chief Executive Officer's Statement.....	2
Strategic Report.....	6
Summary of Group Net Oil and Gas Reserves as of 31 Dec 2020	15
Directors' Report.....	16
Board of Directors	19
Directors and Advisers.....	20
Corporate Governance Report.....	21
Audit Committee Report.....	26
Remuneration Committee Report.....	27
Statement of Directors' Responsibilities	30
Independent Auditor's Report to the members of Ascent Resources plc	31
Consolidated Statement of Comprehensive Income.....	36
Consolidated Statement of Financial Position.....	37
Company Statement of Financial Position.....	38
Consolidated Statement of Changes in Equity	39
Company Statement of Changes in Equity.....	40
Consolidated Cash Flow Statement.....	41
Company Cash Flow Statement.....	42
Notes to the Accounts.....	43

Chairman's Statement

This has been a very challenging but ultimately transformational year for your company.

During 2020, and despite the inevitable challenges of the global pandemic, Ascent Resources plc made significant progress restructuring its Board, strategy and portfolio. The Company's primary focus has been seeking redress for damages suffered in the

development of its flagship asset in Slovenia, alongside diversifying its strategy to exploit select Special Situations across Hispanic America, the Caribbean and Europe. This includes Cuba, one of the few remaining unexploited hydrocarbon systems globally, and a specific ESG Metals focus positioning the company to access low risk and low capital intensity opportunities in the metals and minerals processing arena. Having laid some important foundations in 2020, we look forward to progressing the business this year.

Chief Executive Officer's Statement

Legacy Slovenian Asset

2020 was again a challenging year for the Petišovci tight gas project in Slovenia as regional gas prices fell dramatically in the first half of the year. Production at PG-10 continued to produce a small volume of gas whilst PG-11A remained suspended due to the inability to address natural well decline with mechanical stimulation (despite operations of such a nature having been carried out in Slovenia more than 30 times since the 1950's). Total production in 2020 was 1,852.74 thousand standard cubic metres ("scm") of gas and 48,148 litres of condensate with all production being sold to local buyers. Gas sales via the export pipeline to INA in Croatia remained suspended throughout the period in review as the wellhead pressure was below the pipeline pressure.

In May 2020, the Company announced that it had reviewed its Slovenian position and had contracted a new expert consultancy team to prepare a new field development plan in preparation for receipt of permits to re-stimulate PG-10 and PG-11A. The Company also submitted multiple proposals to its JV partners with a view to establishing a cost-effective and industry-standard JV structure as well as settling alleged amounts historically claimed to be owed. Furthermore, during the year, the Company engaged legal advisors to prepare the claim against the Republic of Slovenia under the Energy Charter Treaty and UK-Slovenia Bilateral Investment Treaty.

In June 2020, the Administrative Court of the Republic of Slovenia published its decision in relation to Ascent's JV partner's appeal against the Slovenian environmental agency ARSO's decision to require an Environmental Impact Assessment ("EIA") in order to re-stimulate the PG-10 and PG-11A wells. Work towards the concession renewal remains in progress.

In July 2020, the Company and its subsidiary, Ascent Slovenia Limited, served a Notice of Dispute to the Republic of Slovenia (the "State") under the Energy Charter Treaty ("ECT") and UK-Slovenia Bilateral Investment Treaty ("BIT") over damages suffered as a result of the State's failures to administer normal procedure and political bias expressed against the Company and the Petišovci gas project. In particular, the Government of Slovenia were notified of the fact that certain actions which had caused considerable harm to the Group's investments in Slovenia constitute breaches by the State of the protections established by the UK-Slovenia BIT and ECT, including, inter-alia, the guarantee that the investments would be accorded fair and equitable treatment and Slovenia's guarantee that the management, maintenance, use, enjoyment or disposal of the investments would not be impaired by arbitrary, unreasonable or discriminatory measures. On serving of the Notice of Dispute the Company triggered an automatic three month cooling off period, designed to allow the parties to attempt to resolve their dispute ahead of arbitration proceedings.

In October, ninety days after the servicing of the Notice of Dispute, the Company announced that it was entering into direct negotiations with the Government of Slovenia, with a view to potentially settling the claim in an amicable manner. Post period in review the Company announced that at the request of the State it would not initiate arbitration proceedings prior to 19 March 2021. On that date the Company received a further letter from the State which failed to set forward a damages proposal and confirmed that an amicable settlement was presently not achievable, and the Company therefore announced its expectations to initiate arbitration proceedings shortly.

Post period in review, PG-11A well was put back into production as an initial investigation into pressure anomalies which were detected in both the tubing and casings annuli. The well initially flowed with production rates of circa 20,000 scm/day, allowing for sale of gas to INA. However, production thereafter declined and is currently producing sporadic gas along with PG-10. The sales gas proceeds since mid-2019 have continued to be less than the fixed plus variable operating costs of the field and therefore the Company is not currently receiving any cash revenues.

New ESG Metals Strategy

During the year, the Company launched an international growth strategy focused on unlocking Special Situations across Hispanic America, the Caribbean and Europe. This strategy was introduced counter cyclically against the backdrop of dynamic commodity markets and post period in review the Company confirmed that it would focus its efforts specifically towards Environmental, Social and Governance ("ESG") Metals within its resource focused business.

ESG Metals includes secondary mining and recovery opportunities typically involving the reclassification, through highly efficient recovery techniques, of stockpiled surface mining waste (often previously viewed as a liability for mining companies) as a valuable asset for reprocessing and commercial sale to industry, governments and metals traders. The Company sees waste management, remediation and restoration of land impacted by historic and on-going mining activities as a critical element in the global ESG agenda and integral to the transition to a low carbon economy. The Company is looking at a number of potential projects in Hispanic America and South Africa as well as Europe. In particular, the Company believes that there are good opportunities in gold, silver, platinum, base metals and ferrochrome, where the economics are especially attractive and the opportunity set has the ability to deliver lowest cost quartile sustainable metal production from legacy mining tailings, with low geological risk. Such opportunities have the potential to provide strong cash returns without exploration risk and only require modest upfront capital outlay.

Cuba Market Entry

The Republic of Cuba is one of the few remaining world-class, yet largely unexploited, hydrocarbon systems.

Cuba currently produces approximately 45,000 bopd of mostly heavy oil with c. 100 mscf/d of gas with clear targets for growth in their E&P sector to fuel electricity generation. Cuba also has the world's fourth largest Nickel reserves and offers good infrastructure and an educated workforce alongside significant under exploited resource potential. To promote international investment Cuba enacted a new law in 2014 to offer protections to foreign investors, allowing payments in foreign currency and withdrawal of funds from the country. Cuba currently offers excellent fiscal and commercial terms for oil and gas operators, including foundational entries into PSCs and the right to sell all crude at the wellhead priced in foreign currency, thereby securing oil commercialisation.

The Company sees clear first mover opportunity for a European quoted oil and gas company to counter cyclically deploy its operational skill and access to capital in a country which has been starved of investment and technology and impacted by US Sanctions.

As the first step in advancing its international growth strategy the Company announced on 14 April 2020 the acquisition of Energetical Limited ("Energetical") for a total consideration of £652,500 of which £202,500 has been satisfied by the issue of 6 million new shares and, subject to the Company signing a production sharing contract ("PSC") over Cuban onshore producing block 9B, deferred consideration of £450,000 which will be satisfied by way of a cash payment of £100,000 and the issue of new shares for a consideration of £350,000 to be issued at the 30 day volume weighted average share price of the Company at the time of PSC signature.

The acquisition of Energetical has secured the rights for the Company to exclusively negotiate the production sharing contract for Block 9B which is expected to give the Company an entitlement to incremental barrels produced above the existing base of circa 190 bbls/day from three wells. The Company has initially assessed that recovery rates could be significantly rejuvenated with the simple and relatively low-cost addition of basic equipment and reservoir management. It is also assessing the viability of new highly deviated onshore wells designed to intercept the crest of multiple fault blocks expected to flow with an initial production rate in excess of 1,000 bopd.

Chief Executive Officers' Statement continued

None of these operations require new seismic and none of the wells have yet to produce any water and no oil water contact has been identified. There are another three wells at Majaguillar and the San Anton field that are shut in at this time mainly due to the lack of basic equipment such as pumps.

Building momentum on this new market entry into Cuba, the Company announced the signature of a binding MOU with the Cuban national oil company CUPET over Cuban onshore exploration blocks 9A, 12 and 15 which covers an aerial extent over 7,000 km² along the northern coast. The combination of Blocks 9A, 9B, 12 and 15 positions the Company with exclusive negotiating rights to potentially one of the largest non-state-owned, onshore Cuban portfolios. The portfolio provides a blend of existing production for low-risk redevelopment with significant upside potential for both appraisal and exploration. The portfolio is consistent with the Company's strategy of counter cyclical acquisitive growth with a focus on low-cost production, manageable initial capital commitments and near-term high growth potential.

In August 2020, the Company announced that it had sent its draft application to become an operator in Cuba to Oficina Nacional de Recursos Minerales ("ONRM") and Union Cuba-Petroleo ("CUPET"), Cuba's national oil company, alongside its negotiations on the production sharing contracts. Whilst both workstreams are progressing positively, they have not yet been able to be completed due to restrictions on travel caused by COVID-19. Consequently, the Company has agreed a six month extension to the MOU that gives the Company the exclusive right to negotiate the PSCs for the onshore producing Block 9B and onshore exploration Blocks 9A, 12 and 15.

This targeted portfolio consists primarily of low-cost barrels with a blend of development, appraisal and exploration potential, representing a balance of opportunities across the cycle. Selective mining assets will also be considered with a focus on Copper and Gold as well as Nickel and Cobalt ore bodies and associated tailings that would be consistent with the Company's ESG Metals Strategy.

Board Restructuring

In March 2020, several new Board members joined to strengthen the management of the Company while bringing significant international oil, gas and mining experience and access to capital in order to take the Company forward including James Parsons as Executive Chairman, Ewen Ainsworth as Non-executive Director and Chairman of the Audit Committee and Leonardo Salvadori as Non-executive Director. In April 2020, the Company announced the appointment of Andrew Dennen as Chief Executive Officer. In October 2020, Leonardo Salvadori stepped down from the Board in order to contribute on an executive basis in his capacity as Technical Director. At the same time Stephen Birrell was appointed to the Board as Non-executive Director and Chairman of the Remuneration and HSE/Technical Committees and Malcolm Graham-Wood was appointed as Non-executive Director and is a member of the Audit Committee.

Funding

The new Board and Executive team have reduced operating costs through the year, managed various historical outstanding balances and raised additional funds to enable the new Cuban initiative to be delivered and associated work programme to be prepared. This has now positioned the company as a clean vehicle with a strong board and management, access to capital and a clear growth trajectory.

The Equity Sharing Agreement with RiverFort, as announced on 20 September 2019, was cancelled alongside the initial changes to the Board, effective February 14, 2020. The outstanding US\$468,776 loan (as of the restructuring date and inclusive of fees and commission) with Riverfort was re-negotiated into a two-year, coupon free, bullet loan with a GBP denominated principle of £375,020. Repayment is due at maturity in February 2022, and there are conversion rights for the lender at 7.5 pence per share. No conversion can occur until the share price exceeds 10 pence per share for five consecutive days. The Company has a right to buy out up to 50% of the loan prior to its expiry at nil premium whilst the share price is below the conversion price. If the Company does exercise this right, then the conversion price is adjusted upwards to 0.0875 pence (8.75 pence post re-organisation) per conversion share. The 43 million warrants initially to be awarded to Riverfort, as announced on 20 September 2019, were also now not awarded.

In March 2020, shareholders approved a share re-organisation, including a 100:1 consolidation, with the nominal value of the shares to be set to 0.5 pence. Further to the successful passing of the resolutions at the Company's General Meeting held on 5 March 2020 and despite the market volatility at the time, the Company completed a fundraising for gross proceeds of £685,000 at 5 pence per share. Furthermore, in support of funding work streams associated with advancing the Company's entry into Cuba the Company raised a further £212,500 by the issuance of new shares at 2.75 pence being a nil premium to the closing bid price at the time of issue in April.

In August the Company announced it had secured a new funding package totalling £700,000 in support of the Company's continued progress across both Cuba and Slovenia as well as the execution of its special situations international growth strategy. The Company raised £300,000 in new equity at a price of 2 pence per new share, being a nil discount to the spot price at the time, with one warrant attached for every two shares subscribed for exercisable at 4 pence per new warrant share, of which the Company has received some cash through subsequent exercises. Additionally, the Company announced a £400,000 unsecured loan facility with an 8% fixed coupon payable on redemption or conversion through the exercise of all the warrants which were issued attached to the loan notes at 2.5 pence per new warrant share. This conversion subsequently took place. As part of this funding the Company agreed with RiverFort to repay certain amounts of their debt obligation which has subsequently been reduced from £375,020 to £270,020.

In December, the Company secured additional funding of £500,000 in a new loan facility with warrants attached exercisable at 7.5 pence per share, being a 41.5% premium to the share price at the time. Subsequently and post period end the Company has drawn down part of this loan facility and agreed with the lenders to extend the drawdown date for the remaining balance available. Under this facility the Company has drawn down £250,000 of which £125,000 has been converted into equity pursuant to warrant exercises as well as receipt of a further £70,000 by way of further warrant exercises.

COVID-19

Other than through the significant fall in gas prices in the first half of 2020, COVID-19 has had limited direct impact on Ascent's assets in Slovenia but there may be delays in obtaining the necessary governmental approvals and processes. COVID-19 has also impacted the Company's ability to travel which in turn has a consequence on ability to execute on certain business development activity. Finally, COVID-19 has had an impact on the Company's ability to execute on its MOUs over Cuban onshore exploration blocks 9A, 12 and 15. Production operations in Slovenia have been unaffected to date, with the assets being managed through a combination of on-site working within social distancing guidelines or remote oversight, with all appropriate safety procedures remaining in place to protect staff and local communities, although the risk of future disruption remains

Summary

Despite a challenging 2020, the Company has broadened from a single asset Slovenian story to a Special Situations focused vehicle with a particular focus on Cuba and ESG Metals, alongside the claim against the Slovenian State. As a Board we are determined to protect the Company's investment in Slovenia whilst we expand our international footprint.

Andrew Dennen
Chief Executive Officer
29 April 2021

James Parsons
Executive Chairman

Strategic Report

Section 414C of the Companies Act 2006 ("the Act") requires that the Company inform its members as to how the Directors have performed their duty to promote the success of the Company by way of a Strategic Report which includes a fair review of the business, an analysis of the development and performance of the business and analysis of financial position and key performance indicators.

We have incorporated these requirements into the information set out below.

Company Overview

Ascent Resources plc ("Ascent" or "the Company") is a natural resources operating company that was admitted to trading on AIM in November 2004 (AIM: AST). Ascent has been involved in Slovenia for just over 11 years where it operates the Petišovci gas project. To date it has invested around €50 million in this project. This asset, despite significant legal and permitting complexity, has significant oil and gas reserves and resources and an established, local production infrastructure with connections to local and export customers.

During 2017, the Company brought two Petišovci field wells into production and started export production to INA in Croatia. In 2019 sales of gas to INA stopped as a result of wellhead pressure falling below the pipeline pressure. The PG-10 well continued to produce gas for the local industrial buyers whereas PG-11A remained on suspended production throughout the year due to uneconomic gas rates. The revenues from annual sales gas are below the operational fixed costs of the field therefore no revenue has been invoiced.

During this reporting period, the Company has undergone a transformation including the appointment of a new Board of Directors and new initial funding alongside a strategic review of its Slovenian portfolio and the implementation of a new international growth strategy focused on Hispanic Americas, the Caribbean and Europe which has already resulted in the announcement of a new market entry into Cuba.

Post this period in review, the Company has also as part of an expanded international strategic review announced the launch of its ESG* Metals strategy. This strategy will look at opportunities to secure and develop low-cost method of sustainable metal production from legacy mining waste through economic rehabilitation. The Company is looking at a number of potential projects in Hispanic America and South Africa as well as Europe.

*Environmental, Social, and Governance

Asset Overview

Slovenia - Petišovci Tight Gas Project

The Petišovci gas project is in an area that has been exploited since 1943. The project targets the significant deeper gas reserves and resources in the Middle Miocene Badenian or Petišovci-globoki ("Pg") gas reservoirs.

Using the results of an extensive 3D seismic survey conducted in 2009 by Ascent and its partners, the locations of two new wells were determined. These wells, Pg-11A and Pg-10 were successfully drilled, completed and stimulated between 2010 and 2012. During 2017 the Company brought both of these wells into production and started exporting gas from Petišovci to INA in Croatia.

Cumulative gas production from the Pg gas field since 1963, including fuel and flare use and accounting for the gas equivalent of the historical condensate production, is 12.7 Bcfe (360.1 MMsm³). This is 3% of the currently estimated gas initially in place ("GIIP") of 430 Bcfe, (12.2 Bsm³), based on independent third-party estimates.

Further details of the asset and current reserves and resources can be found on page 15.

Ascent manages the Petišovci project on behalf of the Joint Venture between Ascent Slovenia Limited and Geoenergo. Ascent has a 75% working interest in the project and carries 100% of the costs. Until Ascent has recovered its costs in full it will receive 90% of the net revenues.

Cuba - MOUs blocks 9A, 9B, 12 and 15

In April, the Company announced the acquisition of Energetical Limited (name changed to Ascent Hispanic Resources UK Limited) which has secured the rights for the Company to exclusively negotiate the production sharing contract for Cuban onshore producing oil block 9B which is expected to give the Company an entitlement to incremental barrels produced above the existing base of circa 190 bbls/day from three wells.

The Company has initially assessed that recovery rates could be significantly rejuvenated with the simple and relatively low-cost addition of basic equipment and reservoir management. It is also assessing the viability of new deviated onshore wells drilled into the crest of the fields which it expects to flow with an initial production rate in excess of 1,000 bopd. None of these operations require new seismic and none of the wells have yet to produce any water and no oil water contact has been identified. There are another three wells at Majaguillar and the San Anton field that are shut in at this time mainly due to the lack of basic equipment such as pumps.

Additionally, the Company has also secured a binding MOU with the Cuban national oil company CUPET over Cuban onshore exploration blocks 9A, 12 and 15 which covers an aerial extent over 7,000 km² along the northern coast. The combination of Blocks 9a, 9b, 12 and 15 positions the Company with exclusive negotiating rights to potentially one of the largest non-state owned, onshore Cuban portfolios. The portfolio provides a blend of existing production for low-risk redevelopment with significant upside potential for both appraisal and exploration. The portfolio is consistent with the Company's strategy of dynamic acquisitive growth with a focus on low-cost production, manageable initial capital commitments and near-term inflection points.

The exclusive rights in these areas covered by the MOUs were originally expected to have been executed upon within the reporting period, but due to travel restrictions and other delays in response to COVID-19. Since 10 January 2021, non-residents traveling to Cuba are required to stay in a designated isolation centre until two negative PCR test results have been achieved, making travel for work unfeasible and risky. The Company now expects this to occur in 2021.

Our Strategy

Historically the Company has focussed all of its resources on its Slovenian project, directing available funding towards bringing Petišovci into production.

The commencement of production during 2017 was a significant milestone. The development of the project stalled during 2018 due to the Slovenian environmental permitting process. The appointment of a new government and the award of the IPPC Permit in April 2019 gave some optimism, which was removed in June 2020 with the Administrative Court of Slovenia upholding the environmental agency ARSO's delayed view that an EIA would be required in order to re-stimulate the wells. In 2020 we have also observed recent changes being introduced by the new Slovenian Government including proposals to make amendments to the Nature Preservation Act and Environment Protection Act intended to better facilitate the development of industrial projects. Post period end we have observed a challenge with a failed vote of no confidence against the current Slovenian government.

Following a strategic review in Q1 2020 the new Board identified that the successful commercialisation of the Petišovci field could be economic at the prevailing 2021/2022 gas future prices of circa Euro 13-15/Mwh, but that stimulation is required to materially increase and sustain production at the field. The Company has started work towards compiling information to be able to submit an EIA and contracted a new expert consultancy team of professionals to review the historic stimulation data at Petišovci, design the detailed

forward stimulation programme so that equipment can be procured without delay as and when concession extension is granted and permits are received, and prepare a full field development plan.

In tandem with its continuing position in Slovenia, the Company has launched a process to seek redress over damages suffered as a result of the Republic of Slovenia's breaches under the Energy Charter Treaty ("ECT") and UK-Slovenia Bilateral Investment Treaty ("BIT"). Whilst the Company initially entered into settlement negotiations with the Republic of Slovenia in October 2020, the Company subsequently announced on 19 March 21 that Slovenia had failed to put forward a damages offer and that a settlement was presently not achievable. Consequently, as previously announced, the Company expects to initiate arbitration proceedings shortly.

Additionally, the new Board of Directors have launched an international growth strategy focused on unlocking latent value in special situations across Hispanic America, the Caribbean and Europe. This will see the Company diversify and evolve into a portfolio of assets. This strategy is being introduced counter cyclically against the backdrop of dynamic commodity markets.

The Board believe that this volatile pricing environment provides a unique window of opportunity to expand the Company's asset footprint at favourable prices. The strategy is focused on securing low-cost barrels with manageable capital commitments.

Post period in review the Company announced the launch of its Environmental, Social and Governance ("ESG") Metals strategy. ESG Metals includes secondary mining and recovery opportunities which the Company sees as being consistent with Environmental, Social and Governance ("ESG") principles. Typically, these involve the reclassification, through highly efficient recovery techniques, of stockpiled surface mining waste (previously viewed as a liability for mining companies) as a valuable asset for reprocessing and commercial sale to industry, governments and metals traders.

The Company sees waste management, remediation and restoration of land impacted by historic and ongoing mining activities as a critical element in the global ESG agenda and integral to the transition to a low carbon economy. The Company is looking at a number of potential projects in Hispanic America and South Africa, as well as Europe. In particular, the Company believes there are good opportunities in gold, silver, platinum, base metals and ferrochrome, where the economics are especially attractive and the opportunity set has the ability of delivering lowest cost quartile sustainable metal production from legacy mining tailings, with low geological risk. Such opportunities have the potential to provide strong cash

Strategic Report continued

returns without exploration risk and only require modest upfront capital outlay.

Our markets

Dependency on imported gas is very high throughout the EU, particularly in Slovenia. This, and the history of relatively stable gas prices in Europe, has underpinned our historic strategy of exploration, development and production in this region. Our wells are connected to existing processing facilities, intra-field and international pipelines, ensuring low-cost connection and easy access to the market.

The Board recognises the attractiveness of the region for oil and gas development and many countries outside of Slovenia have well organised regulatory frameworks and a history of oil and gas development.

The Company has identified the Caribbean and Hispanic America region as highly prospective for oil and gas, even when taking into consideration current volatile commodity markets.

The Republic of Cuba is one of the few remaining world-class, yet largely unexploited hydrocarbon systems. Additionally, Cuba is the nation with the fourth largest Nickel reserve by country and offers an attractive proposition in primary and secondary mining. The Company sees clear first mover opportunity for a quoted resource company to deploy its operational skill and access to capital in a country which has been starved of investment and technology and impacted by US Sanctions. Cuba currently produces approximately 45,000 bopd of mostly heavy oil with c. 100 mscf/d of gas with clear targets for growth in their E&P sector to fuel electricity generation. Cuba has the advantage of offering an international investor access to good infrastructure and an educated workforce alongside significant under exploited hydrocarbon resource potential.

Directors' Statement under Section 172 (1) of the Companies Act 2006

The Section 172 (1) of the Companies Act obliges the Directors to promote the success of the Company for the benefit of the Company's members as a whole.

The section specifies that the Directors must act in good faith when promoting the success of the Company and in doing so have regard (amongst other things) to:

- a) the likely consequences of any decision in the long term,
- b) the interests of the Company's employees,
- c) the need to foster the Company's business relationship with suppliers, customers and others,

- d) the impact of the Company's operations on the community and environment,
- e) the desirability of the Company maintaining a reputation for high standards of business conduct, and
- f) the need to act fairly as between members of the Company.

The Board of Directors is collectively responsible for the decisions made towards the long-term success of the Company and how the strategic, operational and risk management decisions have been implemented throughout the business is detailed in this Strategic Report on pages 6-14.

The Company went through significant change during 2020. The previous Board worked with the new directors and management team to provide a transition across to the new management for the benefit of all stakeholders of the Company. The Board has taken the important strategic decision to continue its commitment in Slovenia and to try and work with the Government and authorities in moving the business forward alongside addressing the past with an ECT and UK-Slovenia BIT investor claim against the Republic of Slovenia. At the same time steps have been taken to develop an ESG Metals growth strategy and developing an onshore oil and gas portfolio in Cuba. This has been combined with capital raises to fund the business moving forward for the benefit of all stakeholders: shareholders, employees and suppliers alike.

Stakeholder engagement

The Board recognises that our employees are one of the key resources of our business which enables delivery of Company's vision and goals. Annual pay and benefit reviews are carried out to determine whether all levels of employees are benefited equally and to retain and encourage skills vital for the business. The Remuneration Committee oversees and make recommendations of executive remuneration and any long-term share/option awards. A scorecard is prepared annually and reviewed half yearly. Bonus awards are based on achievement of scorecard targets. Employees are informed, both of results and important decisions, and are encouraged to feel engaged and to improve career potential.

In light of COVID-19 all employees within the business are working from home, this situation will continue to be monitored and at a point when it is considered right to return to work will be managed and considered by the Company with full consultation of its employees.

The Board acknowledges that a strong business relationship with suppliers and customers is a vital part of the growth. Whilst day to day business operations

are delegated to the executive management, the Board sets directions with regard to new business ventures. The Board uphold ethical business behaviour and encourages management to seek comparable business practices from all suppliers and customers doing business with the Company. We value the feedback we receive from our stakeholders and we take every opportunity to ensure that where possible their wishes are duly considered.

The Board considers that relationships and dealings with host Governments plays an integral part of developing oil and gas and mining ventures and accordingly interacts with host Governments and the respective authorities.

Policies and processes

The Board considered a number of governance matters during the year. These included amongst other a review of a number of existing group policies which were commenced and completed during 2020 and the adoption of a new Sanctions Policy given the Group's operations in Cuba.

The Group Policies review is still ongoing and in particular the HSE Committee is currently leading a thorough review of the current HSE policies and procedures.

The Board is responsible overall for reviewing the effectiveness of the policies and processes, while the role of senior management is to implement Board policies and processes.

Maintaining High Standards of Business Conduct

The Company is incorporated in the UK, governed by the Companies Act 2006 and carries out its business in Slovenia as well as having interests in Cuba. The Board guides management and the employees to conform with relevant statutory and regulatory provisions in the United Kingdom and any other prevailing regulations and best practices at other operative locations.

The Company has adopted the Quoted Companies Alliance Corporate Governance Code 2018 and the Board recognises the importance of maintaining a good level of corporate governance, which together with the requirements to comply with the AIM Rules ensures that the interests of the Company's stakeholders are safeguarded. The Board receives training periodically, including Anti Bribery and Corruption training in Q4 2020 and in early 2021 the Company's external lawyers gave the directors a refresher on the requirements around disclosure of inside information.

The Board has prompted that ethical behaviour and business practices should be implemented across the business. Anti-corruption and anti-bribery training are provided to staff and contractors and the anti-bribery statement and policy is contained in the Company's Employee Manual. The Company's expectation of honest, fair and professional behaviour is reflected by this and there is zero tolerance for bribery and unethical behaviour by anyone relating to the Company.

The importance of making all employees feel safe in their environment is maintained and a Whistleblowing policy is in place to enable staff to confidentially raise any concerns freely and to discuss any issues that arise. Strong financial controls are in place and are well documented.

Shareholders

The Board places equal importance on all shareholders and recognises the significance of transparent and effective communications with shareholders. As an AIM listed company there is a need to provide fair and balanced information in a way that is understandable to all stakeholders and particularly our shareholders.

The Company values the views of its shareholders, the directors are keen to engage with shareholders and work with them so that they are aligned to the strategy and growth of the business. Once the restrictions in place with the COVID-19 pandemic have been lifted the Company will seek to engage with shareholders in person.

The primary communication tool with our shareholders is through the Regulatory News Service, ("RNS") on regulatory matters and matters of material substance. The Company's website provides details of the business, investor presentations and details of the Board and Board Committees, changes to major shareholder information, QCA Code disclosure updates under AIM Rule 26. Changes are promptly published on the website to enable the shareholders to be kept abreast of Company's affairs. The Company's Annual Report and Notice of Annual General Meetings (AGM) are available to all shareholders. The Interim Report and other investor presentations are also available on our website.

The AGM is an annual opportunity for shareholders to meet with the Company and receive a full update of the business from both the Board and management. Covid-19 has restricted the ability to hold face to face meetings with shareholders, however the Company intends to keep shareholders engaged through the Company's website. There will be full transparency of the voting on the resolutions at the AGM, with the Company disclosing the proxy votes received on each resolution in the RNS released shortly after the AGM.

Strategic Report continued

In order to increase shareholder awareness, the Company has recorded a number of media interviews which are available to download on leading investor- focused websites and from the media section of the Company's website. An email alert service has also been established to which shareholders can subscribe to receive company announcements as and when they are released.

Community and Environment

The Board places utmost importance of matters pertaining Environmental, Health, Safety and Social Responsibility and guides the Company on following due policies and processes in order to protect the Community the Company operates within. The Company is working to implement a new management system with a set of clearly defined objectives of the Environmental, Health, Safety and Social Responsibility Policy.

Health and Safety measures are reviewed periodically and the necessary improvements are recommended for better practices. The Company recognises its role as an oil and gas exploration and production company and is aware of the potential impact that it may have on the environment. The Company ensures that its subsidiary companies comply with the local regulatory requirements with regard to the environment.

Financial Report

Revenue for 2020 was nil, down from £0.298 million in the prior year due to a cease in joint venture commercial production.

Overall, operating costs have reduced, but administrative expenses increased slightly from £2.132 million in 2019 to £2.279 million in 2020. Administrative costs principally comprise staff costs, overheads and listing related expenses with the increase in 2020 being attributable to non-cash related long-term employment incentive charges.

Finance costs decreased from £924k in 2019 to £35k, principally due to the successful re-financing of the equity sharing agreement from 2019 to an interest free, bullet loan.

The loss for the year totalled £2.831 million versus £3.660 million in 2019, with the decrease in loss most notably due to the reduction in finance expenses.

Operating cash flow was an outflow of £1.346 million in 2020 versus an outflow of £1.668 million in 2019. This reflects the reduction in revenue, the reduction in finance costs, and an increase in expenditures to the overall accounting loss represented by non-cash long-term employment incentive charges.

Cash at the end of the period was £115k versus £77k at the end of 2019.

Borrowings at the end of the year were £203k mostly constituted of the Riverfort Investment Agreement announced in March 2020 which was a result of the re-financing of the Equity Sharing Agreement and financing from September 2019.

Financial KPIs	2020	2019	Variance
Revenue	–	298	(298)
Administrative Expenses	2,279	2,132	147
Operating Cash Flow	(1,346)	(1,668)	322
Cash Balance	115	77	38

Operational Performance

The Company produced 1,852,740 cubic metres of gas and 48,148 litres of condensate during the year. Production has declined further over the period.

Production KPI's	Jan 2020	Feb 2020	Mar 2020	Apr 2020	May 2020	Jun 2020
Total gas (k scm)	238.26	194.70	198.08	176.47	177.49	152.57
Total gas (M scf)	8.41	6.88	7.00	6.23	6.27	5.39
Average daily gas (k scm)	7.69	6.71	6.39	5.88	5.73	5.09
Average daily gas (k scf)	271.42	237.10	225.65	207.73	202.19	179.60
Total condensate (liters)	8,692.00	5,436.00	4,752.00	4,698.00	3,780.00	3,672.00
CGR (liters per 1000 scm gas)	36.48	27.92	23.99	26.62	21.30	24.07
BOE - gas	1450.28	1185.14	1205.69	1074.17	1080.38	928.69
BOE - condensate	54.59	34.14	29.84	29.50	23.74	23.06
Total BOE	1504.87	1219.28	1235.54	1103.68	1104.12	951.75
Production KPI's	Jul 2020	Aug 2020	Sep 2020	Oct 2020	Nov 2020	Dec 2020
Total gas (k scm)	24.86	145.97	121.20	119.22	147.29	156.63
Total gas (M scf)	0.88	5.15	4.28	4.21	5.20	5.53
Average daily gas (k scm)	0.80	4.71	4.04	3.85	4.91	5.05
Average daily gas (k scf)	28.32	166.29	142.68	135.81	173.38	178.43
Total condensate (liters)	864.00	3,672.00	2,862.00	2,376.00	3,348.00	3,996.00
CGR (liters per 1000 scm gas)	34.75	25.16	23.61	19.93	22.73	25.51
BOE - gas	151.32	888.52	737.77	725.69	896.55	953.41
BOE - condensate	5.43	23.06	17.97	14.92	21.03	25.09
Total BOE	156.75	911.58	755.74	740.61	917.58	978.50

M= Million k= Thousand scm= standard cubic meter scf= standard cubic foot

Our Principal risks and uncertainties

Commodity Prices

The Group is exposed to risks arising from fluctuations in the demand for, and price of, hydrocarbons. Oil and gas prices depend on numerous factors over which the Group does not have any control, including global supply, international economic trends (such as the current downturn caused by COVID-19), currency exchange fluctuations, inflation, consumption patterns and global or regional political events. This risk impacts revenues from the Group's existing asset portfolio in Slovenia, projects under development including the Cuban MOUs, and evaluation of business development opportunities where commerciality depends on assumptions around future commodity prices.

In terms of evaluating and sanctioning new investments, the Group adopts a conservative price forecast to ensure capital is allocated to projects with robust economics, even in lower commodity price environments.

Strategic Report continued

Permitting risk

The single biggest issue when carrying out operations in Slovenia over the past six years has been the environmental permitting process. The Company was made aware in June 2020 that the Administrative Court of the Republic of Slovenia had ruled that an EIA would be required to enable the re-stimulation of PG-10 and PG11A wells. This is not unique to Ascent and it is our opinion that inefficiencies and uncertainties within the environmental permitting process are a significant hurdle to economic growth in Slovenia.

Permitting risk exists for any element of the field development plan which requires an environmental permit; mainly well stimulation and the installation of processing equipment. This risk is managed by our detailed understanding of the process and our actions to ensure Slovenian and EU regulations are followed properly by Slovenian officials. The company has issued a notice of dispute against the Government of Slovenia and further irregularities in the processes and unnecessary delays will also be legally pursued.

Concession extension risk

The date when the concession is due to be renewed is now less than one year away which means that before any further significant investment is made the Company and its partners will need to have obtained an early extension of the concession.

The Company and its partners are currently in the process of completing the work required to seek an extension of the concession which is due to expire in May 2022. While we are confident that an extension will be granted as a matter of course, based on the provisions under Slovenian Mining Law, there is no guarantee that this will be the case. On the other hand the Slovenian Government would not have discretion to refuse the extension if all the criteria set out in law are fulfilled and we therefore believe it should be awarded in due course.

Sanctions Risk

Ascent Resources Plc ("Ascent") and all subsidiaries and members of its global corporate group (collectively the "Ascent Group") are committed to ensuring that all parts of our business and all our employees fully comply with all sanctions laws applicable to our work. These include all applicable European Union ("EU") and United Kingdom ("UK") sanctions laws and associated regulations. The Ascent Group is generally not subject to US sanctions laws; if Ascent Group's operations in Cuba came under US jurisdiction they would be prohibited according to US sanctions laws. Ascent Group seeks to comply with US sanctions laws where applicable and therefore the group should ensure it is only subject to US law in set circumstances where agreed by Ascent's Board.

In order to mitigate this risk the company approved in November 2020 an International Sanctions Compliance Policy ("Policy") that aims to ensure that the group has effective procedures and resources in place to determine what sanctions laws apply to its activities and to implement a clear and robust approach to ensuring sanctions compliance. The Articles of Association (the "AoA") were also amended in July 2020 to prevent U.S. Persons (as defined in the AoA) from becoming shareholders or directors of the Company. The Company is also structuring its Cuba entry in a way to ensure it benefits from EU legislation protection on Sanctions.

COVID-19 Risk

Other than through the significant fall in gas prices in the first half of 2020, COVID-19 has had limited direct impact on Ascent's assets in Slovenia but there may be delays in obtaining the necessary governmental approvals and processes. Production operations in Slovenia have been unaffected to date, with the assets being managed through a combination of on-site working within social distancing guidelines or remote oversight, with all appropriate safety procedures remaining in place to protect staff and local communities, although the risk of future disruption remains.

COVID-19 has impacted the Company's ability to travel which in turn has a consequence on ability to execute on certain business development activity, in particular in relation to Cuba. Covid-19 has restricted the ability to hold face-to-face meetings with shareholders, however the Company intends to keep shareholders engaged through the Company's website.

COVID-19 Risk continued	<p>The Company is currently following the government guidelines and all employees within the business are working from home, this situation will continue to be monitored and at a point when it is considered right return to work will be managed and considered by the Company with full consultation of its employees.</p>
Failure to qualify as an Onshore Oil and Gas Operator in Cuba Risk	<p>As announced 6 August 2020 the Company transmitted its operating credentials to Union Cuba-Petroleo ("CUPET"), Cuba's national oil company, and the Oficina Nacional de Recursos Minerales ("ONRM") and since then has received positive initial feedback towards accreditation as an onshore operator subject to funding. However whilst these work-streams are still being advanced remotely, finalisation of the qualification process and negotiations of the PSCs are pending the lifting of COVID-19 related travel restrictions.</p> <p>The Company hired an in-house Spanish speaking qualified lawyer with previous Cuba experience to manage the qualification process and expects to be able to travel to Cuba as soon as the border restrictions are lifted and obtain the necessary funding in order to obtain the qualification as an onshore oil and gas operator.</p> <p>The Company is also reviewing in parallel a number of ESG Metal and mining opportunities in Cuba (alongside other jurisdictions) across a range of base, precious and battery metal primary mining projects as well as gold, silver and copper secondary mining/re-treatment of surface stockpiled tailing opportunities that are consistent with the Company's recently announced ESG Metals strategy, which do not require of any qualification process.</p>
Slovenia Disputes Risk	<p>Dispute with the Republic of Slovenia</p> <p>As announced on 24 July 2020, the Company formally notified the Government of Slovenia of the existence of disputes under the UK-Slovenia Bilateral Investment Treaty (the "BIT") and the Energy Charter Treaty (the "ECT"). Following the issuance of the Notice of Dispute, the Company triggered a compulsory minimum three month 'cooling-off' period, designed to allow the parties to attempt to resolve their dispute ahead of arbitration proceedings.</p> <p>On 22 October 2020, ninety days after the serving of the Notice of Dispute, the Company announced that it was entering into direct negotiations with the Government of Slovenia, with a view to potentially settling the claim in an amicable manner. Furthermore, on 22 February 2021, the Company confirmed that, at the request of the State, it would not initiate arbitration proceedings prior to 19 March 2021.</p> <p>The Company announced on 19 March 2021 that, following a letter received from the State, an amicable settlement was presently not achievable and it expects to commence arbitration proceedings shortly. As part of direct pre-arbitration settlement discussions the Company had submitted a damages calculation to the State totalling significantly in excess of €100 million which it hopes to be able to recover.</p> <p>Although the Company is aware that it has a strong claim, there is an inherent risk when carrying arbitration proceedings that the full amount of damages might not be recovered. The Company is planning to mitigate such risk by instructing a reputed London based law firm specialised in investment treaty arbitration to manage such claim together with local Slovenia counsels with previous arbitration experience once the necessary funding is secured, with the internal support of the Company's recently hired inhouse lawyer.</p> <p>JV Contractor Update</p> <p>As announced on 28 May 2020, the Company's subsidiary Ascent Slovenia Limited has been managing a planned contractual default with its joint venture partner Geoenergo* and the local service provider Petrol Geo*, in relation to historic amounts claimed of circa €235k (which are provided for in the Company accounts) in connection with the joint venture arrangements. Despite multiple offers by the Company to settle matters, including to restructure the JV arrangements, no amicable settlement with either Geoenergo* or Petrol Geo* has been reached to-date.</p>

Strategic Report continued

Slovenia Disputes Risk continued

In the meantime, Petrol Geo issued a local enforcement order attempting to claim payment for an unsubstantiated amount of €662,288.63 plus interest of €12,103.19. The Company appointed a local counsel and immediately rejected this claim. The Company received confirmation from the Local Court in Ljubljana that it has annulled the enforcement order filed by Petrol Geo against its subsidiary, Ascent Slovenia Ltd.

Whilst the matter will now be referred to the District Court in Ljubljana, this Court also is not the correct jurisdiction for any disputes under the relevant agreements in place and accordingly the Company expects it will also be rejected by this court.

The Company continues to believe that this claim is incorrect and totally without merit nor substance and that an amicable settlement will be achieved eventually. The Board will continue to defend its investments in Slovenia and reserves its right to pursue all available remedies and actions and in order to mitigate such risk has appointed a local counsel to defend its position.

* The JV partner Geoenergo is 50% owned by Nafta Lendava (which itself is an entity 100% owned by the Republic of Slovenia) and 50% owned by Petrol (30% of which is directly and indirectly controlled by the Republic of Slovenia). The JV Service Provider, Petrol Geo, is a 100% subsidiary of Petrol.

How we operate

The Company utilises a full range of advanced geophysical, geological and other state-of-the-art technology to evaluate and de-risk projects and to reap maximum benefit from its appraisal, development and production activities. Our Petišovci project is operated through a local entity in a joint venture.

Our people

Ascent has a small executive team implementing a clear growth strategy. This is supplemented, as the need requires, with regional technical and operational expertise to ensure the highest standards are delivered on our projects. As an important local employer in our area of operation we take our environmental and social responsibilities seriously and always strive to be a good corporate citizen.

Approved for issue by the Board of Directors and signed on its behalf

James Parsons
Executive Chairman

29 April 2021

Summary of Group Net Oil and Gas Reserves as of 31 Dec 2020

Net Reserves and Resources

	Net Attributable Producing Reserves (bcf gas)			Net Attributable Non-producing Reserves (bcf gas)			Total Net Attributable Reserves (bcf gas)		
	P90	P50	P10	P90	P50	P10	P90	P50	P10
Net Ascent	41	84	162	35	73	145	76	157	307

These figures are based on RPS Energy "Updated Independent Volumetric Review of the Petišovci Area" gas-in-place estimates with a management assumption of a 50% recovery factor and Ascent's 75% participation.

Tested and/or producing commercial sands are included as Producing Reserves while untested and unproduced sands remain as non-Producing Reserves. The condensate content of gas is not included.

Remaining gas reserves have been adjusted to take into account historic field production since 1963, including estimates of process flare and fuel, which to the end of 2020 were 12.7 bcf.

Proven Reserves (P90) are those quantities of petroleum which can be estimated with reasonable certainty to be commercially recoverable, from known reservoirs and under current economic conditions, operating methods and government regulations.

Proven + Probable Reserves (P50) includes those unproven reserves which are more likely than not to be recoverable.

For the P90 (P50 and P10) Reserves there is at least a 90% (50%; 10%) probability that the quantities actually recovered will equal or exceed the estimate.

The range of estimates shown for each category of reserves is a measure of the uncertainty inherent in the estimation of producible volumes and includes the current perceptions of geological, operational and commercial risk.

Directors' Report

The Directors present their Directors' Report and Financial Statements for the year ended 31 December 2020 ("the year").

Principal activities

The principal activities of the Group comprise gas and oil exploration and production. The Company is registered in England and Wales and is quoted on the AIM Market of the London Stock Exchange.

The Group's corporate management is in London and its oil and gas interests are in Slovenia and Cuba. The Group operates its own undertakings both through subsidiary companies and joint ventures. The subsidiary undertakings affecting the Group's results and net assets are listed in Note 12 to the Financial Statements.

Future developments

The Company has identified the Caribbean and Hispanic America region as highly prospective for oil and gas as well as base, battery and precious metals and is a region where the team's industry experience, existing relationships and skill set can add value for shareholders. The Company is focused initially on attractive production and appraisal portfolios which have the potential to generate cashflows to fund the further development of synergistic high impact exploration targets. It also notes recent legislative and licence changes to encourage foreign investment with attractive fiscal terms, reduced tax rates and tax holidays in some jurisdictions. We expect Ascent will benefit from being an active participant as one of the few active foreign independent E&P companies in the region. With respect to the Energetical acquisition, the Company expects to sign the Production Sharing Contract under which it has exclusive rights to do so, in 2021.

The Company has announced its continued intention to claim damages from the Republic of Slovenia in respect of the delays suffered in the development of the Petišovci field. The Petišovci field in Slovenia has the potential to supply a significant proportion of the country's gas requirement for many years.

Post period in review, as part of an expanded international strategic review the Company announced the launch of its ESG metals strategy, a method of low-cost sustainable metal production from legacy mining waste. The Company is looking at a number of potential projects in Hispanic America and South Africa as well as Europe.

Financial risk management

Details of the Group's financial instruments and its policies with regard to financial risk management are given in Note 26 of the Financial Statements.

Results and dividends

The loss for the year after taxation was £2.8 million (2019: £3.7 million). The Directors do not recommend the payment of a dividend (2019: Nil).

Post balance sheet events

Post year in review, in February 2021, the Company announced the launch of its ESG metals strategy together with completing a fundraising for gross proceeds of £1m before expenses at an issue price of 10.1 pence per share, representing a discount of approximately 12.5 per cent to the closing bid price of 11.5 pence.

For further information on post balance sheet events please see note 23.

Directors

The Directors of the Company that served during the year were as follows:

James Parsons (appointed 5 March 2020)

Ewen Ainsworth (appointed 5 March 2020)

Andrew Dennen (appointed 5 May 2020)

Stephen James Birrell (appointed 1 October 2020)

Malcolm Graham-Wood (appointed 1 October 2020)

Leonardo Salvadori (appointed 4 April 2020, resigned 1 October 2020)

Louis Castro (resigned 5 March 2020)

John Buggenhagen (resigned 14 April 2020)

Colin Hutchinson (resigned 5 March 2020)

Relevant details of the Directors, which include committee memberships, are set out on page 19 and 24–25.

Directors' interests

The beneficial and non-beneficial interests in the issued share capital of the Company were as follows:

Ordinary shares of 0.5p each

	At 31 December 2020	At 31 December 2019
James Parsons	341,947	
Ewen Ainsworth	454,545	
Andrew Dennan	1,900,000	
Stephen Birrell	–	
Malcolm Graham-Wood	–	

Directors' emoluments

Details of Directors' share options and remuneration are set out in the Remuneration Committee report on pages 27–29.

Third party indemnity provision

The Company has provided liability insurance for its Directors. The annual cost of the cover is not material to the Group. The Company's Articles of Association allow it to provide an indemnity for the benefit of its Directors which is a qualifying indemnity provision for the purposes of the Companies Act 2006.

Share capital

Details of changes to share capital in the period are set out in Note 20 to the Financial Statements.

As at 21 April 2021 the Company has been notified of the following significant interests in its ordinary shares, being a holding of 3% and above:

	Number of ordinary shares	%
Align Research Limited & Related parties RS & CA Jennings	10,950,000	10.01
Directors	2,696,492	2.46
Hargreaves Lansdown Private Clients*	4,876,998	4.45
Interactive Investor Clients*	3,715,063	3.39
Jamieson Principal Pension Fund	3,400,000	3.10

*Private client holdings

Shareholder communications

The Company's website, www.ascentresources.co.uk, provides a platform for the purposes of improving information flow to shareholders, as well as potential investors.

Employees

The Company's Board composition provides the platform for sound corporate governance and robust leadership in implementing the Company's strategies to meet its stated goals and objectives.

The Group's employees and consultants play an integral part in executing its strategy and the overall success and sustainability of the organisation. The Group has a highly skilled and dedicated team of employees and consultants

Directors' Report continued

and places great emphasis on attracting and retaining quality staff. As an international oil and gas company, we facilitate the development of leadership from the communities in which we operate. There is a large pool of qualified upstream oil and gas exploration and production professionals in the areas in which we operate, and we are committed to building and developing our teams from these talent pools.

The Group holds its employees and consultants at all levels to high standards and expects the conduct of its employees to reflect mutual respect, tolerance of cultural differences, adherence to the corporate code of conduct and an ambition to excel in their various disciplines.

Disclosure of information to auditors

In the case of each person who was a Director at the time this report was approved:

- so far as that Director was aware there was no relevant audit information of which the Company's auditors were unaware; and
- that Director had taken all steps that the Director ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's auditors were aware of that information.

This information is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

Going Concern

The Financial Statements of the Group are prepared on a going concern basis as detailed in Note 1. to the financial statements.

The Company has raised £1.01 million in new equity since the balance sheet date from new and existing investors. Under the Group's forecasts, the funds raised together with existing bank balances provide sufficient funding for at least until the end of the calendar year, as of the date of the publication of this report, based on anticipated outgoings and in the absence of the receipt of revenues from production.

COVID-19 has had limited direct impact on Ascent's assets in Slovenia but there may be delays in obtaining the necessary governmental approvals and processes. Production operations in Slovenia have been unaffected to date.

The forecasts are sensitive to the timing and cash flows associated with the continuing situation in Slovenia, and discretionary spend incurred with executing on the ESG Metals Strategy through acquisition and advancing the Cuban initiative, including deferred consideration that would become payable if the Company elects to enter a PSC for Block 9b. As such, the Company will need to raise new capital within the forecast period to fund such discretionary spend.

Based on historical and recent support from new and existing investors the Board believes that such funding, if and when required, could be obtained through new debt or equity issuances. However, the ability to raise these funds is not guaranteed at the date of signing these financial statements. As a consequence, the auditors have made reference to going concern by way of a material uncertainty.

Auditors

In accordance with Section 489 of the Companies Act 2006, a resolution for the reappointment of PKF Littlejohn LLP as auditors of the Company is to be proposed at the forthcoming Annual General Meeting.

Approved for issue by the Board of Directors and signed on its behalf

James Parsons

Chairman
29 April 2021

Board of Directors

James Parsons

Executive Chairman (5 March 2020 to present)

In addition to his role as Executive Chairman at Ascent Resources plc, which is part time, James is currently Executive Chairman of Corcel Plc and Non-Executive Chairman at both Echo Energy Plc and Coro Energy Plc. James has over 20 years' experience in the fields of strategy, management, finance and corporate development in the energy industry. He started his career with the Royal Dutch Shell Group where he spent 12 years working in Brazil, the Dominican Republic, Scandinavia, the Netherlands and London. James was previously Chief Executive at Sound Energy Plc for eight years, is a qualified accountant and has a BA Honours in Business Economics.

Andrew Dennan

Chief Executive Officer/Executive Director (5 May 2020 to present)

Andrew has a wealth of corporate finance, merger, asset funding and corporate transaction experience on AIM. Throughout his career he has been involved in stockbroking and asset management in prominent roles, leading proprietary investment decisions, capital raising, risk oversight and portfolio management. He was formerly Chief Financial Officer of Coro Energy Plc where he retains the position of Non-Executive Director and he is also a Non-Executive Director of Nu-Oil and Gas Plc. Andrew holds the CFA Investment Management Certificate and has a BA(Hons) in Actuarial Science from City University.

Ewen Ainsworth

Non-Executive Director (5 March 2020 to present)

Ewen is an experienced AIM company director. He is currently a non-executive director of Corcel plc and CEO of Discovery Energy Limited, an advisory, consultancy and Investment Company and has worked in a variety of senior and board-level roles in the natural resource sector for over 30 years, most recently as Finance Director for Gulf Keystone Petroleum Ltd. He qualified as a chartered management accountant, before moving into leading commercial roles. He holds a degree in Economics and Geography from Middlesex University, and is a member of the Energy Institute.

Stephen Birrell

Non-Executive Director (1 October 2020 to present)

Stephen is a Spanish speaking, geoscientist who has worked in the upstream oil and gas industry for over 35 years with a deep focus on Central Eastern Europe. He has operated across multiple jurisdictions including the Caribbean and CEE with Britoil, BP and Elf. He is currently a Director of Ossian Energy Ltd and up until 2020 was the President of ROPEPCA, the upstream oil and gas operator association of Romania. Stephen has a BSc Honours in Applied Geology.

Malcolm Graham-Wood

Non-Executive Director (1 October 2020 to present)

Malcolm has over 40 years' experience in the energy business and is a well known corporate broker and market commentator to both private and institutional audiences. Malcolm is a Founding Partner of HydroCarbon Capital which provides independent advisory services to the oil & gas sector and is also a Director of the Maven Income and Growth VCT 4 PLC, a venture capital trust listed on the premium sector of the London Stock Exchange where he chairs the risk committee.

Directors and Advisers

Company's registered number	05239285
Directors	James Parsons Andrew Dennan Ewen Ainsworth Stephen Birrell Malcolm Graham-Wood
Company Secretary	AMBA Secretaries Limited
Registered Office	5 New Street Square London EC4A 3TW
Nominated Adviser Joint Broker	WH Ireland Corporate Brokers 24 Martin Lane London EC4R 0DR
Joint Broker	Novum Securities Novum Securities Limited 8-10 Grosvenor Gardens London SW1W 0DH
Auditors	PKF Littlejohn LLP 15 Westferry Circus London E14 4HD United Kingdom
Solicitors	Fieldfisher LLP Riverbank House 2 Swan Lane London EC4R 3TT
Bankers	Barclays Corporate Banking 1 Churchill Place London E14 5HP
Share Registry	Computershare Investors Services PLC The Pavilions Bridgwater Road Bristol BS13 8AE
PR & IR	Vigo Communications Sackville House 40 Piccadilly London W1J 0DR

Corporate Governance Report

Chairman's Corporate Governance Statement

As your Chairman, I can assure you that I place emphasis on ensuring that an effective and focused Board leads the Company and builds success. My first year as Executive Chairman of the Company has certainly seen challenging times, with the effects of a global pandemic affecting the economy worldwide. However, the Company has continued to work hard to drive forward its strategy and to deliver for its stakeholders. We at Ascent believe that a solid corporate governance structure is critical in achieving our strategic goals and creating value for our shareholders.

The Company formally adopted the Quoted Companies Alliance corporate governance code in September 2018, which was revised in April 2018 (QCA Code). The Board believes that QCA Code is the most appropriate recognised corporate governance code for the Company.

The Company saw significant change during 2020, with a new Board of Directors, Executive Management team, the launch of an international growth strategy and new funding brought into the business. The Company has an Executive Chairman and Chief Executive Officer, which the Board recognises does not comply with the requirements of the QCA Code. The reasons for this are to provide the skills and expertise to grow the business and deliver the strategy for the benefit of the Company's shareholders. The Board currently has three non-executive directors, of which Ewen Ainsworth and Stephen Birrell are considered to be independent.

As the Chairman of the Board, it is my duty to ensure that appropriate standards of governance are delivered and cascaded down throughout the organisation. The Directors recognise the importance of and are committed to delivering high standards of corporate governance. The corporate governance framework within which Ascent operates, including Board leadership and effectiveness, Board remuneration and internal control is based upon practices which the Board believes are proportional to the size, risks, complexity and operation of the business.

The Board not only sets expectations for the business but works towards ensuring that its values are set and carried out across the business.

The importance of engaging with our shareholders underpins the essence of the business, ensuring that there are numerous opportunities for investors to engage with both the Board and executive team.

James Parsons
Executive Chairman

29 April 2021

Corporate Governance Report continued

Quoted Companies Alliance Corporate Governance Code

Since September 2018 all AIM companies have been required to comply with a recognised corporate governance code and to disclose how the implementation of the governance code has been applied or to explain any areas of departure from its requirements. Ascent carefully reviewed and then resolved to apply the Quoted Companies Alliance Corporate Governance Code ("QCA Code") published in April 2018 which is constructed around ten broad principles. This report sets out our approach to the QCA Code and governance. Our compliance with the ten principles is also available to view on the Company's website: www.ascentresources.co.uk.

The Company's statement in relation to the QCA Corporate Governance code can be found on the Company's website at https://www.ascentresources.co.uk/wp-content/uploads/2020/05/2020-05-22-Ascent-Corporate_Governance_Code.pdf

QCA Code Principle	Required Disclosure	Reference
One	Establish a strategy and business model which promote long-term value for shareholders.	See pages 6-14 of the Annual Report, the 'Strategic Report' See website disclosures at the above link
Two	Seek to understand and meet shareholder needs and expectations. Explain the ways in which the Company seeks to engage with shareholders.	See page 6-14 of the Annual Report, the 'Strategic Report' See website disclosures at the above link
Three	Take into account wider stakeholder and social responsibilities and their implications for long term success. Explain how the business model identifies the key resources and relationships on which the business relies. Explain how the Company obtains feedback from stakeholders.	See website disclosures at the above link
Four	Embed effective risk management, considering both opportunities and threats, throughout the organisation.	See pages 21-25 of the Annual Report – Corporate Governance Report
Five	Maintain the board as a well-functioning, balanced team led by the Chair.	See page 23 of the Annual Report 'Board Composition', and 21-25 Corporate Governance Report.
Six	Ensure that the Directors have the necessary experience, skills and capabilities.	See page 23 of the Annual Report See website disclosure at the above link.
Seven	Evaluate board performance based on clear and relevant objectives, seeking continuous improvement. A description of the Board performance evaluation process.	See page 23 of the Annual Report 'Board Composition' See website disclosures at the above link
Eight	Promote a corporate culture that is based on ethical values and behaviours. Explain how the Board ensures that the Company has the means to determine ethical values and behaviours.	The Board firmly believes that sustained success will best be achieved by adhering to our corporate culture of treating all our stakeholders, including our employees, fairly and with respect. Accordingly, in dealing with each of the Company's principal stakeholders, we encourage our staff to operate in an honest and respectful manner. See page 23 of the Annual Report 'Board Composition' See website disclosures, Principle Eight for further detail.

Nine	Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board. Roles and responsibilities of the Chair, CEO and other directors with commitments. Describe the roles of the Committees.	See website disclosures Principle Nine under AIM Rule 26
Ten	Communicate how the Company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders. Outcomes of votes cast by shareholders to be disclosed in a clear and transparent manner. If a significant number of votes were cast against a resolution put to a general meeting (20%) explain the reasons behind the votes cast.	See page 24 of the Annual Report, 'Communication with Shareholders', <i>Corporate Governance Report</i> . See website disclosures Principle Ten under AIM Rule 26

Board Composition

Membership of the Board and information on each member can be found in the Directors' Report. During 2020, the Company appointed a completely new Board of directors appointed. The changes to the business are explained in the Chairman's and CEO's statement of this Annual Report.

During the first quarter of 2020 John Buggenhagen, Louis Castro and Colin Hutchinson stepped down from the Board. James Parsons, a qualified Accountant with over 20 years' experience in the energy industry was appointed as the Executive Chairman of the Board. In addition, Andrew Dennan was appointed as the Chief Executive Officer (CEO) together with Ewen Ainsworth and Leonardo Salvadori as Independent Non-Executive Directors. On 1 October 2020, Leonardo Salvadori stepped down from the Board to assume his role as Technical Director and Stephen Birrell and Malcolm Graham-Wood were appointed as Non-Executive Directors.

James Parsons, Executive Chairman

James Parsons is the Group's Executive Chairman and chairs the Board, setting high standards of good corporate governance throughout the business. He leads in the development of strategy and setting objectives and oversees communication between the Group and its shareholders.

Andrew Dennan, Chief Executive Officer

Andrew Dennan is the Chief Executive Officer and has overall responsibility for managing the day-to-day operations of the Company and is responsible for implementing the Company's strategy.

Whilst the Board recognises that having an Executive Chairman is not considered best practice under the QCA code, it has been identified that the role of the Chairman in an executive capability is extremely important to the Company in leading the business forward. The Board has two independent non-executive directors which provides a strong balance of independence on the Board.

Ewen Ainsworth, Stephen Birrell and Malcolm Graham-Wood are all non-executive directors. Ewen Ainsworth and Malcolm Graham-Wood are members of the Audit Committee. Ewen Ainsworth and Stephen Birrell are members of the Remuneration Committee. Stephen Birrell is a member of the Technical/HSE Committee.

Each director is committed to spending sufficient time to enable them to carry out their duties as a director.

Skills and competencies of the Board

The Chairman believes that, as a whole, the Board has a suitable mix of skills and competencies in order to drive the Group's strategy and is best placed to secure the future of the Company and create long-term value for all stakeholders. The Board has significant industry, financial, public markets and governance experience, possessing the necessary mix of experience, skills, personal qualities and capabilities to deliver the strategy of the Company for the benefit of the shareholders over the medium to long-term.

The Board updates its operational skills through active involvement in the industry. In addition, the Board keeps abreast of ongoing changes relating to governance and compliance, the AIM Rules for companies, QCA Code, the UK Market Abuse Regulations and other statutory and regulatory developments. All directors have access to the Company's Nomad, Company Secretary, lawyers and auditors and are able to obtain advice from other external bodies as and when required.

Corporate Governance Report continued

The Company embraces diversity and is dedicated to encouraging inclusion without compromising professionalism, experience and expertise.

The Board is supported by its Audit Committee, Remuneration Committee and HSE/Technical Committee. The number of Board and Committee meetings held throughout the course of the financial year is set out at the end of this Corporate Governance Report.

The Group's culture

The Board firmly believes that sustained success will best be achieved by adhering to our corporate culture of treating all our stakeholders, including our employees, fairly and with respect. Accordingly, in dealing with each of the Company's principal stakeholders, we encourage our staff to operate in an honest and respectful manner. This is monitored on an ongoing basis by the Company's executive directors. Compliance with this principle is considered an important part of the annual assessment of staff and in setting their pay for future periods.

Communications with stakeholders

The Board places a high priority on transparent and effective communications with shareholders. As an AIM listed company there is a need to provide fair and balanced information in a way that is understandable to all stakeholders. The Board recognises the importance of engaging with all stakeholders including employees, investors, partners, suppliers, media and communities.

The primary communication tool with our shareholders is the Company's website, <https://www.ascentresources.co.uk>. The shareholders are also kept up to date through Regulatory News Service, ("RNS") on regulatory matters and matters of material substance.

The Company reports formally to its shareholders and the market twice each year with the release of its interim and full year results. The Company's Annual Report and Notice of Annual General Meetings (AGM) are published for all shareholders. These reports contain full details of all the principal events of the relevant period together with an assessment of current trading and future prospects. The Reports together with other investor presentations are also available on the website. The Company has full electronic communications in place, so that shareholders (unless they elect otherwise) will have access to communications through the Company's website. A much more effective and environmentally friendly way of interacting with shareholders.

Upon conclusion of Shareholder meetings arrangements are made that the outcomes of votes cast by shareholders can be disclosed in a clear and transparent manner. If a significant proportion of votes (20%+) was ever cast against a resolution, the Company would provide, on a timely basis, an explanation of what actions it intends to take to understand the reasons behind that vote result, and, where appropriate, any different action it has taken, or will take, as a result of the vote.

The Board is mindful that, due to the global pandemic, face to face communication with shareholders has not been possible during 2020 and into 2021. The Board has worked to ensure that communication through electronic means has been maintained to keep stakeholders abreast with the on-going developments of the business and it is hoped, that once safe to do so, there will be an opportunity to meet with shareholders in person.

Board and committee meetings

The Board holds five scheduled board meetings or conference calls throughout the year and ad-hoc calls are scheduled as and when the business demands.

Attendances of Directors at board and committee meetings convened in the year, and which they were eligible to attend, are set out below:

Director	Board Meetings (29 in total – scheduled and ad hoc)	Remuneration Committee (0 meetings)	Audit Committee Attended (3 in total)
Number of meetings in year – Attendance			
James Parsons (appointed 5 March 2020)	26	–	–
Andrew Dennen (appointed 5 March 2020)	19	–	31
Ewen Ainsworth (appointed 5 March 2020)	25	–	3
Stephen Birrell (appointed 1 October 2020)	11	–	0
Malcolm Graham-Wood (appointed 1 October 2020)	11	–	0
Leonardo Salvadori	13		3
John Buggenhagen	6		
Louis Castro	3		
Colin Hutchinson	3		

Committees of the Board

The Committees of the Board comprise of non-executive directors.

Audit Committee

The Audit Committee which comprises Ewen Ainsworth (Chairman) and Malcolm Graham-Wood determines and examines any matters relating to the financial affairs of the Group including the terms of engagement of the Group's auditors and, in consultation with the auditors, the scope of the audit.

The Report of the Audit Committee for 2020 is set out on page 26.

Remuneration Committee

The Remuneration Committee, which comprises Stephen Birrell (Chairman) and Ewen Ainsworth is responsible for reviewing the performance of the Executive Chairman and the Executive directors, for setting the scale and structure of their remuneration, paying due regard to the interests of shareholders and the performance of the Group. It also reviews the performance of the senior management, sets and reviews their remuneration and the terms of their service contracts and considers the Group's bonus and option schemes, determining targets for any performance-related pay schemes operated by the Company.

The Report of the Remuneration Committee for 2020 is set out on pages 27-29.

The terms of reference of the Audit Committee and the Remuneration Committee are set out on the Company website.

The appropriateness of the Group's governance structures will be reviewed annually in light of further developments of accepted best practice and the development of the Company.

HSE/Technical Committee

The HSE/Technical Committee is chaired by Stephen Birrell. The Committee meets as and when required. The Committee did not meet during 2020.

Internal controls

The Board acknowledges responsibility for maintaining appropriate internal control systems and procedures to safeguard the shareholders' investments and the assets, employees and the business of the Group.

The Board has established and operates a policy of continuous review and development of appropriate financial controls together with operating procedures consistent with the accounting policies of the Group.

Internal audit

The Board does not consider it appropriate for the current size of the Group to establish an internal audit function.

Bribery and corruption

The Bribery Act 2010 came into force on 1 July 2011. The Company is committed to acting ethically, fairly and with integrity in all its endeavours and compliance with legislation is monitored. The Company has a zero-tolerance approach to bribery and corruption and has an anti-bribery policy in place to protect the Company, its employees and those third parties to which the business engages with.

Audit Committee Report

Committee composition

The Audit Committee is chaired by Ewen Ainsworth. During 2020 Leonardo Salvadori and Ewen Ainsworth were appointed as members of the Audit Committee. Mr Salvadori stepped down on 1 October 2020 and Malcolm Graham-Wood was appointed to the Committee. Ewen chairs the Committee.

The role of the Audit Committee includes:

- Financial reporting – integrity of the financial statements including the annual and interim reports.
- Internal controls and Risk Management Systems – review the effectiveness of internal controls and risk management systems.
- Review the need for an internal audit function.
- Monitor and review the external audit, including their independence.
- To review the annual audit plan.
- To approve fees in respect of non-audit services.

Terms of reference of the Audit Committee are available on the Company's website.

During 2020 the Audit Committee met to review and approve the 2019 year-end financial results and the 2020 interim results. The Committee also approved the appointment of PKF Littlejohn LLP as auditors for the Company in place of BDO LLP. The terms of reference of the Committee were reviewed during the year.

Key matters considered

- Assessment of going concern forecasts and associated disclosures.
- Assessment of oil and gas assets for impairment and the underlying assumptions used by management.
- Reports of the external auditor concerning its audit and review of the financial statements of the Group.
- Corporate governance practice and disclosure

Going concern

The Financial Statements of the Group are prepared on a going concern basis as detailed in Note 1. to the financial statements.

The Company has raised £1.01 million in new equity since the balance sheet date from new and existing investors. Under the Group's forecasts, the funds raised together with existing bank balances provide sufficient funding for at least until the end of the calendar year, as of the date of the publication of this report, based on anticipated outgoings and in the absence of the receipt of revenues from production.

COVID-19 has had limited direct impact on Ascent's assets in Slovenia but there may be delays in obtaining the necessary governmental approvals and processes. Production operations in Slovenia have been unaffected to date.

The forecasts are sensitive to the timing and cash flows associated with the continuing situation in Slovenia, and discretionary spend incurred with executing on the ESG Metals Strategy through acquisition and advancing the Cuban initiative, including deferred consideration that would become payable if the Company elects to enter a PSC for Block 9b. As such, the Company will need to raise new capital within the forecast period to fund such discretionary spend. Based on historical and recent support from new and existing investors the Board believes that such funding, if and when required, could be obtained through new debt or equity issuances. However, the ability to raise these funds is not guaranteed at the date of signing these financial statements. As a consequence, the auditors have specified a material uncertainty related to going concern.

Approved for issue by the Board of Directors and signed on its behalf

Ewen Ainsworth

Chairman of the Audit Committee
29 April 2021

Remuneration Committee Report

The Remuneration Committee, which comprises of Stephen Birrell (chairman) and Ewen Ainsworth, both independent non-executive directors. The Committee is responsible for reviewing the performance of the Executive Chairman and the executive directors, for setting the scale and structure of their remuneration, paying due regard to the interests of shareholders and the performance of the Group. It also reviews the performance of the senior management, sets and reviews their remuneration and the terms of their service contracts and considers the Group's bonus and option schemes, determining targets for any performance-related pay schemes operated by the Company.

The Remuneration Committee has amongst its main functions the review of the structure, size and composition of the Board based upon the skills, knowledge and experience required to ensure that the Board operates efficiently and effectively. It will also identify and nominate suitable candidates to join the Board when vacancies arise and make recommendations to the Board for the re-appointment of directors. Given the size of the Company the Board do not feel that it is necessary at present to have a separate Nominations Committee and currently matters relating to nominations are dealt with by either the Remuneration Committee or the Board as a whole.

The Remuneration Committee will keep the remuneration of the Executive directors and members of the executive team under review and ensure that they are remunerated at the right levels taking into account delivery of strategy and growth of the business. The Committee will seek external advice if necessary.

During 2020 the membership of the Committee changed with Leonardo Salvadori being appointed as Chair of the Committee in March 2020 and stepping down in October 2020, at which point Stephen Birrell was appointed Chair of the Committee. The terms of reference of the Remuneration Committee are set out on Ascent's website. As a result of the significant Board changes during the year the Committee did not meet during 2020 and matters of remuneration were dealt with by the full Board. The Committee has met in 2021 and intends to meet at least twice a year to deal with remuneration.

Remuneration policy

The Group's and the Company's policy is to provide remuneration packages that will attract, retain and motivate its executive directors and senior management. This consists of a basic salary, ancillary benefits and other performance-related remuneration appropriate to their individual responsibilities and having regard to the remuneration levels of comparable posts. The Remuneration Committee determines the contract term, basic salary, and other remuneration for the members of the Board and the senior management team.

Executive Directors – Remuneration package

The Company offers a remuneration package which consists of basic salary, bonus payments, share options or other incentive plan awards and a pension to Executive Directors. The level of bonus is based on individual performance and that of the Group as a whole. A Company scorecard with performance targets, which are set by the Remuneration Committee, is agreed and upon which the level of bonus award is judged. The scorecard is set at the beginning of the year and reviewed mid-year and at the end of the year. The target bonus range is up to 100% of base salary.

The executive directors have a six month notice period and upon change of control would receive a payment equivalent to 18 months base salary.

Non – Executive Directors – Fees

The Company pays non-executive directors fees which are set at a level in line with market and appropriate to the size of the business. Fees are paid monthly in cash and include the payment for chairing a Board Committee. Ewen Ainsworth received a small share option award in 2020, which was set at a level not considered to affect his independence as a non-executive director.

Remuneration Committee Report continued

Remuneration of Directors

The following remuneration table comprises Directors salaries and benefits in kind that were payable to Directors who held office during the year ended 31 December 2020:

Executive Directors 2020	Salary/fees benefits £	Bonus £	Pensions £	Benefits in Kind £	Severance Payments £	Total £	Share Based Payments Expense £	Employers NI £
J Parsons	133,338 ¹	12,500	-	2,565	-	148,404	6,879	17,089
J Buggenhagen ²	37,442	-	-	-	15,500	52,942	6,879	-
A Dennan	136,200 ¹	15,000	5,961	1,847	-	159,008	4,075	18,317
C Hutchinson ²	5,000	-	329	-	15,000	20,329	84,082	1,696
Non-Executive Directors	Salary/fees benefits £	Bonus £	Pensions £	Benefits in Kind £	Severance Payments £	Total £	Share Based Payments Expense £	Employers NI £
E Ainsworth	24,692	-	-	-	-	24,692	1,605	2,096
L Castro ²	-	-	-	-	16,042	16,042	-	2,115
L Salvadori	41,731	-	-	-	-	41,731	1,738	4,951
S Birrell	7,500	-	-	-	-	7,500	-	732
M Graham-Wood	7,500	-	-	-	-	7,500	-	732
Total	393,403	27,500	6,290	4,413	46,542	478,148	105,258	47,727

¹ Salary/fee benefits for Andrew Dennan and James Parsons includes 8% pension payment

² John Buggenhagen resigned on 14 April 2020 and Colin Hutchinson and Louis Castro resigned on 5 March 2020

The following remuneration table comprises Directors salaries and benefits in kind that were payable to Directors who held office during the year ended 31 December 2019:

Executive Directors 2019	Salary/fees benefits £	Bonus £	Pensions £	Benefits in Kind £	Severance Payments £	Total £	Share Based Payments Expense £	Employers NI £
J Buggenhagen	155,372	-	-	-	-	155,372	-	-
C Hutchinson	182,673	-	1,947	-	-	184,620	133,223	23,756.56
Non-Executive Directors	Salary/fees benefits £	Bonus £	Pensions £	Benefits in Kind £	Severance Payments £	Total £	Share Based Payments Expense £	Employers NI £
L Castro	48,556	-	-	-	-	48,556	-	3,640.65
C Carver	-	-	-	-	-	-	-	-
C Davies	29,167	-	-	-	-	29,167	26,645	2,833.79
N Moore	-	-	-	-	-	-	-	-
Total	415,768	-	1,947	-	-	417,715	159,868	30,231.00

The following table sets out the Directors' incentive share options awarded to directors who held office at 31 December 2020:

2019	Opening	Granted/ (Lapsed)	Closing	Date Granted	Share Price at Grant	Exercise Price	Exercise Period Start	Exercise Period End
James Parsons	0	1,385,894	1,385,894	05.03.2020	£0.045	£0.05	05.03.2023	04.03.2025
Andrew Dennen	0	1,385,894	1,385,894	14.04.2020	£0.034	£0.05	13.04.2023	12.04.2025
Ewen Ainsworth	0	323,375	323,375	05.03.2020	£0.045	£0.05	05.03.2023	04.03.2025
Leonardo Salvadori	0	323,375	323,375	05.03.2020	£0.045	£0.05	05.03.2023	04.03.2025
Leonardo Salvadori	0	692,947	692,947	21.12.2020	£0.052	£0.05	21.12.2023	20.12.2025
John Buggenhagen	0	1,385,894	1,385,894	05.03.2020	£0.045	£0.05	05.03.2023	04.03.2025

The following table sets out the Directors' incentive share options awarded to directors who held office at 31 December 2019:

2019	Opening	Granted/ (Lapsed)	Closing	Date Granted	Share Price at Grant	Exercise Price	Exercise Period Start	Exercise Period End
C Hutchinson	2,657	–	2,657	23 May 13	1,640p	2,000p	23 May 16	23 May 23
C Hutchinson	349,647	–	349,647	05 May 16	158p	158p	05 May 19	06 May 26
C Hutchinson	34,0313	–	34,0313	07 Nov 17	197.5p	197.5p	06 Nov 20	08 Nov 27

Approved for issue by the Board of Directors
and signed on its behalf

Stephen Birrell

Chairman of the Remuneration Committee
29 April 2021

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the Group and Company financial statements in accordance with international accounting standards in conformity with the Companies Act 2006 and, as regards the Company financial statements, as applied in accordance with the Companies Act 2006. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group for that period. The Directors are also required to prepare financial statements in accordance with the rules of the London Stock Exchange for companies trading securities on the AIM Market.

In preparing these financial statements the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with international accounting standards in conformity with the Companies Act 2006, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the requirements of the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Website publication

The Directors are responsible for ensuring the Annual Report and the Financial Statements are made available on a website. Financial statements are published on the Company's website (www.ascentresources.co.uk) in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the Financial Statements contained therein.

Independent Auditor's Report to the members of Ascent Resources plc

Opinion

We have audited the financial statements of Ascent Resources Plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2020 which comprise the Consolidated Income Statement & Statement of Other Comprehensive Income, the Consolidated and Company Statements of Financial Position, the Consolidated and Company Statements of Changes in Equity, the Consolidated and Company Statements of Cash Flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and international accounting standards in conformity with the requirements of the Companies Act 2006 and as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2020 and of the group's and parent company's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006;
- the parent company financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty relating to going concern

We draw attention to note 1 in the financial statements, which indicates that the group will require additional funding within 12 months from the date on which the financial statements are authorised for issue in order to meet the working capital cashflow requirements. The ability of the group to meet its cashflow requirements is therefore dependent on successfully raising additional funds. The total comprehensive loss for the group during 2020 was £1.50m and the year-end cash position was £115k. As stated in note 1, these events or conditions, along with the other matters as set forth in note 1, indicate that a material uncertainty exists that may cast significant doubt on the group & company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the group's and parent company's ability to continue to adopt the going concern basis of accounting included a review of budgets for 12 months from the sign off date including checking the mathematical accuracy of the budgets and discussion of significant assumptions used by the management and comparing these with current year and post year end performance. We have also reviewed the latest available post year end management accounts, bank statements, regulatory announcements, board minutes and assessed any external industry wide factors which might affect the group and the company.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Our application of materiality

The scope of our audit was influenced by our application of materiality. The quantitative and qualitative thresholds for materiality determine the scope of our audit and the nature, timing and extent of our audit procedures. The materiality applied to the group financial statements was set at £640,000, with performance materiality set at £448,000.

Materiality has been calculated as 1.5% of the benchmark of Gross Assets, which we have determined, in our professional judgement, to be one of the principal benchmarks within the financial statements relevant to members of the group in assessing financial performance.

The materiality applied to the company financial statements was £448,000 for balance sheet testing and £57,000 for income statement testing. The performance materiality was £313,600 and £39,000 respectively. For each component in the scope

Independent Auditor's Report continued

of our group audit, we allocated a materiality that was less than our overall group materiality. We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £32,000 (group audit) and £22,400 & £2,850 for company balance sheet and company income statement respectively.

Our approach to the audit

As part of designing our audit, we determined materiality and assessed the risk of material misstatement in the Financial Statements. In particular, we looked at areas involving significant accounting estimates and judgement by the directors and considered future events that are inherently uncertain such as the impairment of intangible assets and assumptions used in calculating the fair value of financial assets. We also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

The Group holds six companies that are consolidated within these financial statements, two based in the UK and four based in Europe. We identified two significant components, being the parent company, Ascent Resources Plc and Ascent Slovenia Limited, which were subject to a full scope audit by a team with relevant sector experience from the PKF London office. No component auditors were engaged.

In addition, we identified components which were not significant to the group and performed an audit of specific account balances and classes of transactions to ensure that balances which were material to the group were subject to audit procedures.

The approach gave the audit team 96% coverage on gross assets and 99% coverage on loss for the year.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Material Uncertainty related to going concern section we have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	How our scope addressed this matter
Carrying Value of Exploration Assets (Note 11)	
<p>The group has intangible assets in relation to capitalised exploration costs of its Slovenian amounting to £18.7m. There is the risk that these assets have been incorrectly capitalized in accordance with IFRS 6 and that there are indicators of impairment as at 31 December 2020.</p> <p>Particularly for early stage exploration projects where the calculation of recoverable amount via value in use calculations is not possible, management's assessment of impairment under IFRS 6 requires estimation and judgement. For this reason along with the financial significance of the account balance, we have assessed this to be a key audit matter.</p>	<p>Our work in this area included:</p> <ul style="list-style-type: none">• Confirmation that the Group has good title to the applicable licences.• Review of capitalised costs including consideration of appropriateness for capitalisation under IFRS 6.• Obtaining copies of any available Technical Reports and challenge the inputs into the report against the carrying value of the assets.• Assessment of progress at the individual projects during the year and post year-end and management intentions thereon.• Consideration of management's impairment reviews, including challenge to all key assumptions and sensitivity to reasonably possible changes. <p>Based on the audit work performed, we do not consider exploration assets as at 31 December 2020 to be materially misstated. It is however important to draw users attention to the fact that the recoverable value of the exploration assets is dependent on the Group obtaining the necessary concession renewals and permit approvals and a positive outcome of the dispute with the Slovenian government.</p> <p>Failure to obtain the concessions and renewals and/or an unfavourable outcome in the dispute with Slovenian government may result in an impairment to the carrying value of the exploration and evaluation assets held.</p>

Key audit matter**How our scope addressed this matter**

Carrying Value of Producing Assets (Note 10)

At 31 December 2020, the carrying value of the producing assets in relation to the group's Petišovci project in Slovenia are £22.8m.

Management are required to assess the producing assets for impairment indicators under IAS 36. In case Ascent Resources Plc, impairment indicators include but not limited to decline in revenue generated from assets, disruption in operations due to dispute in Slovenia. We noted that the production levels in Slovenia have not yet reached the desired levels and no additional work has been undertaken in the year due to ongoing dispute with the government of Slovenia. The carrying value and ultimate recoverability of the assets is linked to outcome of the dispute with Slovenian government and renewal of concession contract. There is a risk that the carrying value of these assets is overstated as management's assessment of carrying value is based on management estimates and judgements regarding future cashflows. Therefore, for this reason along with the financial significance of the account balance, we have assessed this to be a key audit matter.

Our work in this area included:

- Review of capitalised costs including consideration of appropriateness for capitalisation under IAS 16.
- Consideration of management's impairment reviews, including challenge to all key assumptions and sensitivity to reasonably possible changes in the impairment model.
- Obtaining a copy of the most recent Competent Person Report and ensuring key inputs used in the discounted cash flow model are consistent with the report (e.g. reserves). Assessing the competence and independence of the expert.
- Reviewing the latest developments regarding the permit applications, including obtaining relevant correspondence where appropriate and any legal advice obtained by the Group.
- Contacting the company's legal advisers involved in assisting with dispute in Slovenia and obtaining their opinion regarding the outcome of the case.

Whilst based on the audit work performed, we do not consider production assets as at 31 December 2020 to be materially misstated, it is however important to draw user's attention to the fact that the recoverable value of the production assets is dependent on the Group's JV partner obtaining the necessary renewals of concession contract and positive outcome of the dispute in Slovenia enabling the group to obtain the necessary permit approvals.

Failure to obtain the necessary concession contract renewal or unfavourable outcome in the dispute with Slovenian government is likely to result in an impairment to the carrying value of production assets held.

Recoverability of investments and intragroup balances (Parent Company) (Note 12)

Investments in subsidiaries and intragroup loans are significant assets in the parent Company's financial statements. Their recoverability is directly linked to the recoverability of tangible and intangible assets in those entities, and hence may not be fully recoverable.

Our work in this area included:

- Confirmation of ownership of investments
- Assessment of expected credit losses against intragroup balances in accordance with IFRS 9 criteria.
- Consideration of recoverability of investments and intragroup loans by reference to underlying net asset values and projects.

Based on the audit work performed, we do not consider investments as at 31 December 2020 to be materially misstated. It is however important to draw users attention to the fact that the recoverable value of the investments is dependent on the Group obtaining the necessary concession renewals and permit approvals in respect of its Slovenian operations and a positive outcome of the dispute with the Slovenian government.

Failure to obtain the concessions and renewals and/or an unfavourable outcome in the dispute with Slovenian government may result in an impairment to the carrying value of investments held.

Independent Auditor's Report continued

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the group and parent company financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

As explained more fully in the Statement of Directors Responsibilities, the directors are responsible for the preparation of the group and parent company financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the group and parent company financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We obtained an understanding of the group and parent company and the sector in which they operate to identify laws and regulations that could reasonably be expected to have a direct effect on the financial statements. We obtained our understanding in this regard through discussions with management, application of audit knowledge and experience of the sector.

Our audit procedures were designed to ensure the audit team considered whether there were any indications of non-compliance by the group and parent company with those laws and regulations. The group and parent company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation and taxation legislation, and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

In addition, the group and parent company are subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. Relevant laws and regulations include AIM Rules, local employment law and relevant industry regulations. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Directors and other management and inspection of regulatory and legal correspondence, if any. During our audit we did not identify actual or suspected non-compliance with laws and regulations.

We also identified the risks of material misstatement of the financial statements due to fraud. Other than the non-rebuttable presumption of a risk of fraud arising from management override of controls, we have not identified any further significant risks relating to fraud.

As in all of our audits, we addressed the risk of fraud arising from management override of controls by performing audit procedures which included, but were not limited to: the testing of journals; reviewing accounting estimates for evidence of bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone, other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Joseph Archer (Senior Statutory Auditor)

For and on behalf of PKF Littlejohn LLP, Statutory Auditor
15 Westferry Circus, Canary Wharf, London E14 4HD
29 April 2021

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2020

	Notes	Year ended 31 December 2020 £ '000s	Year ended 31 December 2019 £ '000s
Revenue	2	–	298
Cost of sales	2	(120)	(462)
Depreciation of oil & gas assets	10	(397)	(440)
Gross loss		(517)	(604)
Administrative expenses	3	(2,279)	(2,132)
Operating loss		(2,796)	(2,736)
Finance cost	5	(35)	(924)
Net finance costs		(35)	(924)
Loss before taxation		(2,831)	(3,660)
Income tax expense	6	–	–
Loss for the year		(2,831)	(3,660)
Other comprehensive income			
Items that may be reclassified to profit and loss			
Exchange differences on translation of foreign operations		1,327	(1,700)
Total comprehensive income for the year		(1,504)	(5,360)
Earnings per share			
Basic & fully diluted loss per share (Pence)	8	(4.66)	(14.00)

The Notes on pages 43 to 72 are an integral part of these consolidated financial statements.

Consolidated Statement of Financial Position

Company Number: 05239285

As at 31 December 2020

	Notes	31 December 2020 £ '000s	31 December 2019 £ '000s
Assets			
Non-current assets			
Property, plant and equipment	10	22,783	22,069
Exploration and evaluation costs	11	18,753	18,576
Goodwill	9	653	–
Prepaid abandonment fund	12	300	240
Total non-current assets		42,489	40,885
Current assets			
Trade and other receivables	13	66	254
Cash and cash equivalents	25	115	77
Total current assets		181	331
Total assets		42,670	41,216
Equity and liabilities			
Attributable to the equity holders of the Parent Company			
Share capital	20	7,928	7,604
Share premium account		73,863	72,330
Merger reserve		570	570
Equity reserve		73	–
Share-based payment reserve	24	2,129	1,873
Translation reserves		1,027	(300)
Retained earnings		(44,595)	(41,964)
Total equity attributable to the shareholders		40,995	40,113
Total equity		40,995	40,113
Non-current liabilities			
Borrowings	15	197	–
Provisions	16	328	255
Total non-current liabilities		525	255
Current liabilities			
Borrowings	15	5	385
Contingent consideration on acquisition	17	450	–
Trade and other payables	18	695	463
Total current liabilities		1,150	848
Total liabilities		1,675	1,103
Total equity and liabilities		42,670	41,216

The Notes on pages 43 to 72 are an integral part of these consolidated financial statements.

These financial statements were approved and authorised for issue by the Board of Directors on 29 April 2021 signed on its behalf by:



James Parsons
Executive Chairman
29 April 2021

Company Statement of Financial Position

Company Number: 05239285

As at 31 December 2020

		31 December 2020	31 December 2019
Assets	Notes	£ '000s	£ '000s
Non-current assets			
Property, plant and equipment			-
Investment in subsidiaries and joint ventures	10	16,096	15,443
Intercompany receivables	22	27,447	27,180
Total non-current assets		43,543	42,623
Current assets			
Trade and other receivables	14	68	196
Cash and cash equivalents	25	107	64
Total current assets		175	260
Total assets		43,718	42,883
Equity and liabilities			
Share capital	20	7,928	7,604
Share premium account		73,863	72,330
Merger reserve		570	570
Equity reserve		73	-
Share-based payment reserve		2,129	1,873
Retained loss		(41,914)	(40,054)
Total equity		42,649	42,323
Non-current liabilities			
Borrowings	15	197	-
Total non-current liabilities		197	-
Current liabilities			
Borrowings	15	5	385
Contingent consideration on acquisition	17	450	
Trade and other payables	19	417	175
Total current liabilities		872	560
Total liabilities		1,069	560
Total equity and liabilities		43,718	42,883

As permitted by Section 408 of the Companies Act 2006, the profit and loss account of the parent company has not been separately presented in these accounts. The Company loss for the year was £2,060,000 (2019: loss of £8,362,000).

The Notes on pages 43 to 72 are an integral part of these consolidated financial statements.

These financial statements were approved and authorised for issue by the Board of Directors on 29 April 2021 and signed on its behalf by:



James Parsons

Executive Chairman

29 April 2021

Consolidated Statement of Changes in Equity

For the year ended 31 December 2020

	Share capital £ '000s	Share premium £ '000s	Merger Reserve £ '000s	Equity reserve £ '000s	Share based payment reserve £ '000s	Translation reserve £ '000s	Retained earnings £ '000s	Total £ '000s
Balance at 1 January 2019	6,146	71,648	570	16	1,657	1,400	(38,357)	43,080
Comprehensive income								
Loss for the year	-	-	-	-	-	-	(3,660)	(3,660)
Other comprehensive income								
Currency translation differences	-	-	-	-	-	(1,700)	-	(1,700)
Total comprehensive income	-	-	-	-	-	(1,700)	(3,660)	(5,360)
Transactions with owners								
Issue of ordinary shares	1,458	738	-	-	-	-	-	2,196
Costs related to share issues	-	(56)	-	-	-	-	-	(56)
Expiry on loan note conversion rights	-	-	-	(16)	-	-	-	(16)
Share-based payments and expiry of options	-	-	-	-	216	-	53	269
Total transactions with owners	1,458	682	-	(16)	216	-	53	2,393
Balance at 31 December 2019	7,604	72,330	570	-	1,873	(300)	(41,964)	40,113
Balance at 1 January 2020	7,604	72,330	570	-	1,873	(300)	(41,964)	40,113
Comprehensive income								
Loss for the year	-	-	-	-	-	-	(2,831)	(2,831)
Other comprehensive income								
Currency translation differences	-	-	-	-	-	1,327	-	1,327
Total comprehensive income	-	-	-	-	-	1,327	(2,831)	(1,504)
Transactions with owners								
Issue of ordinary shares	324	1,713	-	-	-	-	-	2,037
Costs related to share issues	-	(180)	-	-	-	-	-	(180)
Equity value of convertible loan note	-	-	-	73	-	-	-	73
Share-based payments and expiry of options	-	-	-	-	256	-	200	456
Total transactions with owners	324	1,533	-	73	256	-	200	2,386
Balance at 31 December 2020	7,928	73,863	570	73	2,129	1,027	(44,595)	40,995

The Notes on pages 43 to 72 are an integral part of these consolidated financial statements.

Company Statement of Changes in Equity

For the year ended 31 December 2020

	Share capital £ '000s	Share premium £ '000s	Merger Reserve £ '000s	Equity reserve £ '000s	Share based payment reserve £ '000s	Retained earnings £ '000s	Total £ '000s
Balance at 1 January 2019	6,146	71,648	570	16	1,657	(31,745)	48,292
Comprehensive income							
Profit and comprehensive profit for the year	-	-	-	-	-	(8,362)	(8,362)
Total comprehensive income	-	-	-	-	-	(8,362)	(8,362)
Transactions with owners							
Issue of ordinary shares	1,458	738	-	-	-	-	2,196
Share issuance costs	-	(56)	-	-	-	-	(56)
Expiry on loan note conversion rights	-	-	-	(16)	-	-	(16)
Share-based payments and expiry of options	-	-	-	-	216	53	269
Total transactions with owners	1,458	682	-	(16)	216	53	2,393
Balance at 31 December 2019	7,604	72,330	570	-	1,873	(40,054)	42,323
Balance at 1 January 2020	7,604	72,330	570	-	1,873	(40,054)	42,323
Comprehensive income							-
Profit and comprehensive profit for the year	-	-	-	-	-	(2,060)	(2,060)
Total comprehensive income	-	-	-	-	-	(2,060)	(2,060)
Transactions with owners							
Issue of ordinary shares	324	1,713	-	-	-	-	2,037
Share issuance costs	-	(180)	-	-	-	-	(180)
Expiry on loan note conversion rights	-	-	-	-	-	-	-
Equity value of convertible loan note	-	-	-	73	-	-	73
Share-based payments and expiry of options	-	-	-	-	256	200	456
Total transactions with owners	324	1,533	-	73	256	200	2,386
Balance at 31 December 2020	7,928	73,863	570	73	2,129	(41,914)	42,649

The Notes on pages 43 to 72 are an integral part of these consolidated financial statements.

Consolidated Cash Flow Statement

For the year ended 31 December 2020

	Year ended 31 December 2020 £ '000s	Year ended 31 December 2019 £ '000s
Cash flows from operations		
Loss after tax for the year	(2,831)	(3,660)
Depreciation	397	440
Change in inventory	–	(3)
Change in receivables	188	152
Change in payables	232	71
Increase in share-based payments	456	269
Exchange differences	212	(40)
Finance income	–	–
Finance cost	–	924
Transfer to/from restricted cash	–	180
Net cash generation used in operating activities	(1,346)	(1,667)
Cash flows from investing activities		
Interest received	–	(3)
Payments for fixed assets	–	(3)
Net cash used in investing activities	–	(6)
Cash flows from financing activities		
Interest paid and other finance fees	(35)	(67)
Loans advanced	300	410
Loans repaid	(417)	(27)
Interest paid	–	–
Proceeds from issue of shares	1,648	1,114
Share issue costs	(180)	(55)
Net cash generated from financing activities	1,386	1,375
Net increase in cash and cash equivalents for the year	38	(299)
Effect of foreign exchange differences	–	–
Cash and cash equivalents at beginning of the year	77	376
Cash and cash equivalents at end of the year	115	77

The Notes on pages 43 to 72 are an integral part of these consolidated financial statements.

Company Cash Flow Statement

For the year ended 31 December 2020

	Year ended 31 December 2020 £ '000s	Year ended 31 December 2019 £ '000s
Cash flows from operations		
Profit after tax for the year	(2,060)	(8,362)
Adjustments for:		-
Change in receivables	128	(12)
Change in payables	242	51
Expected credit loss charge	-	4,796
Change in intercompany receivables	(302)	(1,853)
Increase in share-based payments	456	269
Exchange differences	130	2,692
Finance cost	-	853
Transfer to/from restricted cash	-	180
Net cash generation used in operating activities	(1,006)	(1,386)
Cash flows from investing activities		
Advances to subsidiaries	(267)	(102)
Investment in subsidiaries	-	-
Net cash used in investing activities	(267)	(102)
Cash flows from financing activities		
Interest paid and other finance fees	(35)	(5)
Loans advanced	300	410
Loans repaid	(417)	(27)
Interest paid	-	-
Proceeds from issue of shares	1,648	1,114
Share issue costs	(180)	(55)
Net cash generated from financing activities	1,316	1,438
Net increase in cash and cash equivalents for the year	43	(50)
Effect of foreign exchange differences	-	2
Cash and cash equivalents at beginning of the year	64	112
Cash and cash equivalents at end of the year	107	64

The Notes on pages 43 to 72 are an integral part of these consolidated financial statements.

Notes to the Accounts

1. Accounting policies

Reporting entity

Ascent Resources plc (Company no: 05239285) ('the Company' or 'Ascent') is a company domiciled and incorporated in England. The address of the Company's registered office is 5 New Street Square, London, EC4A 3TW. The consolidated financial statements of the Company for the year ended 31 December 2020 comprise the Company and its subsidiaries (together referred to as the 'Group') and the Group's interest in associates and joint ventures. The Parent Company financial statements present information about the Company as a separate entity and not about its Group.

The Company is admitted to AIM, a market of the London Stock Exchange.

Statement of compliance

The financial statements of the Group and Company have been prepared in accordance with international accounting standards and IFRIC interpretations and the requirements of the Companies Act 2006 applicable to companies reporting under IFRS.

The Group's and Company's financial statements for the year ended 31 December 2020 were approved and authorised for issue by the Board of Directors on 29 April 2021 and the Statements of Financial Position were signed on behalf of the Board by James Parsons.

Both the Parent Company financial statements and the Group financial statements give a true and fair view and have been prepared and approved by the Directors in accordance with International Financial Reporting Standards as adopted by the EU ('IFRSs').

Basis of preparation

In publishing the Parent Company financial statements here together with the Group financial statements, the Company is taking advantage of the exemption in Section 408 of the Companies Act 2006 not to present its individual income statement and related notes that form a part of these approved financial statements. The Company loss for the year was £2,060,000 (2019: loss of £8,362,000).

The presentational currency of the Group is British Pounds Sterling ("GBP") and the functional currency of the Group's subsidiaries domiciled outside of the UK in Malta, Slovenia and Netherlands are in Euros ("EUR").

Measurement Convention

The financial statements have been prepared under the historical cost convention. The financial statements are presented in sterling and have been rounded to the nearest thousand (£'000s) except where otherwise indicated.

The principal accounting policies set out below have been consistently applied to all periods presented.

Going Concern

The Financial Statements of the Group have been prepared on a going concern basis. The Directors consider the Group to be a going concern and therefore that it is appropriate to prepare the accounts on said basis.

The Company has raised £1.01 million in new equity since the balance sheet date from new and existing investors. Under the Group's forecasts, the funds raised together with existing bank balances provide sufficient funding for at least until the end of the calendar year, as of the date of the publication of this report, based on anticipated outgoings and in the absence of the receipt of revenues from production.

COVID-19 has had limited direct impact on Ascent's assets in Slovenia but there may be delays in obtaining the necessary governmental approvals and processes. Production operations in Slovenia have been unaffected to date directly by the pandemic.

The forecasts are sensitive to the timing and cash flows associated with the continuing situation in Slovenia, and discretionary spend incurred with executing on the ESG Metals Strategy through acquisition and advancing the Cuban initiative, including deferred consideration that would become payable if the Company elects to enter a PSC for Block 9b. As such, the Company will need to raise new capital within the forecast period to fund such discretionary spend.

Based on historical and recent support from new and existing investors the Board believes that such funding, if and when required, could be obtained through new debt or equity issuances. However, the ability to raise these funds is not guaranteed at the date of signing these financial statements. The auditors have made reference to going concern by way of a material uncertainty.

Notes to the Accounts continued

1. Accounting policies continued

New and amended Standards effective for 31 December 2020 year-end adopted by the Group:

- i. The following IFRS or IFRIC interpretations were effective for the first time for the financial year beginning 1 January 2020. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements:

Standard	Description
IAS 1 and IAS 8 amendments	Definition of a material
IFRS 3	Business Combinations
Amendments to IFRS 9, IFRS 17 and IAS 39	Interest rate benchmark reform
N/A	Amendments to References to the Conceptual Framework in IFRS Standards

The new standards effective from 1 January 2019, as listed above, did not have a material effect on the Group's financial statements.

Management have undertaken a review of contracts for potential lease arrangements. Based on the analysis the Group does not have any leases requiring recognition and therefore IFRS 16 has had no impact on the Group. The Group applied the modified retrospective approach to adoption of IFRS 16. The Group has taken the exemption within IFRS 16 not to record leases for low value items and arrangements with a term of less than 12 months.

The Group has adopted IFRIC 23 Uncertainty over Income Tax Treatments which is effective for accounting periods beginning on or after January 1, 2019. The interpretation is applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12. The adoption of this interpretation has not had a material impact on the financial statements of the Group.

- ii. Standards, amendments and interpretations, which are effective for reporting periods beginning after the date of these financial statements which have not been adopted early:

Standard	Description	Effective date
IAS 1 amendments	Presentation of Financial Statements: Classification of Liabilities as Current or Non-Current and Classification of Liabilities as Current or Non-current – Deferral of Effective Date:	1 January 2023
IFRS 3 amendments	Business Combinations – Reference to the Conceptual Framework	1 January 2022
IAS 16 amendments	Property, Plant and Equipment: Effective 1 January 2022	1 January 2022
IAS 37 amendments	Provisions, Contingent Liabilities and Contingent Assets:	1 January 2022
N/A	Annual Improvements to IFRS Standards 2018-2020 Cycle:	1 January 2022

There are no IFRS's or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company or Group.

1. Accounting policies continued

Estimates and judgements

Exploration and evaluation assets (Note 11) – exploration and evaluation costs are initially classified and held as intangible fixed assets rather than being expensed. The carrying value of intangible exploration and evaluation assets are then determined. Management considers these assets for indicators of impairment under IFRS 6 at least annually based on an estimation of the recoverability of the cost pool from future development and production of the related oil and gas reserves which requires judgement. This assessment includes assessment of the underlying financial models for the Petišovci field and requires estimates of gas reserves, production, gas prices, operating and capital costs associated with the field and discount rates (see Note 10) using the fair value less cost to develop method which is commonplace in the oil and gas sector. The forecasts are based on the JV partners submitting and obtaining approval for an environmental impact assessment, and also the renewal of the concessions that are currently scheduled to expire in May 2022. The Board considers these factors to be an ordinary risk for oil and gas developments, and other environmental permits which the Board anticipate being issued. In forming this judgment, the Board considered all facts and circumstances including the IPPC award in 2019, the Court ruling regarding the environmental permit applications, the timing and potential success of licence renewals and noting the recent amendments to both the Nature Preservation Act as well as law regarding building permits for facilities that could be considered relevant. The carrying value of exploration assets at 31 December 2020 was £18,753,000 (2019: £18,576,000).

Reserves – Reserves are proven, and probable oil and gas reserves calculated on an entitlement basis and are integral to the assessment of the carrying value of the exploration, evaluation and production assets. Estimates of commercial reserves include estimates of the amount of oil and gas in place, assumptions about reservoir performance over the life of the field and assumptions about commercial factors which, in turn, will be affected by the future oil and gas price. (See page 17)

Carrying value of property, plant and equipment (developed oil and gas assets) (Note 10) – developed oil and gas assets are assessed for indicators of impairment and tested for impairment at each reporting date when indicators of impairment exist. An impairment test was performed based on a discounted cash flow model using a fair value less cost to develop approach commonplace within the oil and gas sector. Key inputs requiring judgment and estimate included gas prices, production and reserves, future costs and discount rates. With regard to the financial inputs, a weighted average cost of capital ("WACC") was used as the discount rate, and calculated as 12.0% (post-tax, nominal) and for gas prices, the Company has used a combination of futures rates for the local region. Gas prices in the near term are forecast based on management's expectation of market prices less deductions under the INA contract, before reverting to market prices with reference to the forward curve following the approval of the IPPC permit and transition to gas sales taking place into the Slovenian market. The forecasts include future well workovers to access the reserves included in the model together with the wider estimated field development costs to access field reserves. Refer to Note 9. The impairment test demonstrates significant headroom despite the underperformance of the wells given the delays obtaining permits for well stimulation. As with the exploration and evaluation assets, judgment was required regarding the likelihood of the necessary environmental permits being granted and the status of legal matters which are key to the commercial value of the assets.

Depreciation of property, plant and equipment (Note 10) – Upon commencing commercial production we began to depreciate the assets associated with current production. The depreciation on a unit of production basis requires judgment and estimation in terms of the applicable reserves over which the assets are depreciated and the extent to which future capital expenditure is included in the depreciable cost when such expenditure is required to extract the reserve base. The calculations have been based on actual production, estimates of P50 reserves and best estimates of the future workover costs on the producing wells to extract this reserve. The depreciation charge for the year was £397,000 (2019: £434,000) including both depreciation associated with the unit of production method and straight-line charges for existing processing infrastructure. This is included in Notes 9 and 10 below.

Deferred tax (Note 6) – judgment has been required in assessing the extent to which a deferred tax asset is recorded, or not recorded, in respect of the Slovenian operations. Noting the history of taxable losses and the initial phases of production, together with assessment of budgets and forecasts of tax in 2019 the Board has concluded that no deferred tax asset is yet applicable. This is included at Note 7.

Notes to the Accounts continued

1. Accounting policies continued

Intercompany receivables (Note 22) – In line with the requirements of IFRS 9 the Board has carried out an assessment of the potential future credit loss on intercompany receivables under a number of scenarios. Arriving at the expected credit loss allowance involved considering different scenarios for the recovery of the intercompany loan receivables, the possible credit losses that could arise and the probabilities for these scenarios. The Company would suffer a credit loss where the permits necessary for the development of the field are not obtained and a court case for damages against the Republic of Slovenia is unsuccessful. Based on legal advice received in relation to the permit process and the strength of our case we consider the risk of credit loss to be relatively limited. A provision of £nil (2019: £4.8 million) has been recognised in the Company accounts against a receivable of £32 million (2019: £32 million).

Investments (note 12) – Judgement has been made in respect of the carrying value of the Company's carrying value of its investments in the subsidiaries. The process for this is the same as the consideration given in respect of both Intangible Assets and Property, Plant and Equipment (see above).

Basis of consolidation (Note 12) – Where the Company has control over an investee, it is classified as a subsidiary. The Company controls an investee if all three of the following elements are present: power over the investee, exposure to variable returns from the investee, and the ability of the investor to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

The consolidated financial statements present the results of the Company and its subsidiaries as if they formed a single entity. Inter-company transactions and balances between Group companies are therefore eliminated in full.

The results of undertakings acquired or disposed of are consolidated from or to the date when control passes to or from the Group. The results of subsidiaries acquired or disposed of during the period are included in the Consolidated Income Statement from the date that control commences until the date that control ceases.

Where necessary, adjustments are made to the results of subsidiaries to bring the accounting policies they use into line with those used by the Group.

Business combinations (Note 9) – Business combinations are accounted for using the acquisition method. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair value of assets transferred;
- liabilities incurred to the former owners of the acquired business;
- equity instruments issued by the Group;
- fair value of any asset or liability resulting from contingent consideration arrangement; and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired, and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any noncontrolling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the noncontrolling interest's proportionate share of the acquired entity's net identifiable assets. Acquisition-related costs are expensed as incurred.

The excess of the consideration transferred, amount of any non-controlling interest and fair value of pre-existing equity interest over the fair value of net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets acquired, the difference is recognised immediately in profit or loss as a gain on bargain purchase.

Joint arrangements – The Group is party to a joint arrangement when there is a contractual arrangement that confers joint control over the relevant activities of the arrangement to the Group and at least one other party. Joint control is assessed under the same principles as control over subsidiaries.

The Group classifies its interests in joint arrangements as either joint ventures, where the Group has rights to only the net assets of the joint arrangement, or joint operations where the Group has both the rights to assets and obligations for the liabilities of the joint arrangement.

1. Accounting policies continued

All of the Group's joint arrangements are classified as joint operations. The Group accounts for its interests in joint operations by recognising its assets, liabilities, revenues and expenses in accordance with its contractually conferred rights and obligations.

The Group has one joint arrangement as disclosed on page 9, the Petišovci joint venture in Slovenia in which Ascent Slovenia Limited (a 100% subsidiary of Ascent Resources plc) has a 75% working interest.

Oil and Gas Exploration Assets

All licence/project acquisitions, exploration and appraisal costs incurred or acquired on the acquisition of a subsidiary, are accumulated in respect of each identifiable project area. These costs, which are classified as intangible fixed assets are only carried forward to the extent that they are expected to be recovered through the successful development of the area or where activities in the area have not yet reached a stage which permits reasonable assessment of the existence of economically recoverable reserves.

Pre-licence/project costs are written off immediately. Other costs are also written off unless commercial reserves have been established or the determination process has not been completed. Thus, accumulated cost in relation to an abandoned area are written off in full to the statement of comprehensive income in the year in which the decision to abandon the area is made.

Transfer of exploration assets to property, plant and equipment - Assets, including licences or areas of licences, are transferred from exploration and evaluation cost pools to property, plant and equipment when the existence of commercially feasible reserves has been determined and the Group concludes that the assets can generate commercial production. This assessment considers factors including the extent to which reserves have been established, the production levels and margins associated with such production. The costs transferred comprise direct costs associated with the relevant wells and infrastructure, together with an allocation of the wider unallocated exploration costs in the cost pool such as original acquisition costs for the field. The producing assets start to be depreciated following transfer.

Depreciation of property plant and equipment - The cost of production wells is depreciated on a unit of production basis. The depreciation charge is calculated based on total costs incurred to date plus anticipated future workover expenditure required to extract the associated gas reserves. This depreciable asset base is charged to the income statement based on production in the period over their expected lifetime P50 production extractable from the wells per the field plan. The infrastructure associated with export production is depreciated on a straight-line basis over a two-year period as this is the anticipated period over which this infrastructure will be used.

Impairment of oil and gas exploration assets

Exploration/appraisal assets are reviewed regularly for indicators of impairment following the guidance in IFRS 6 'Exploration for and Evaluation of Mineral Resources' and tested for impairment where such indicators exist.

In accordance with IFRS 6 the Group considers the following facts and circumstances in their assessment of whether the Group's oil and gas exploration assets may be impaired:

- whether the period for which the Group has the right to explore in a specific area has expired during the period or will expire in the near future, and is not expected to be renewed;
- whether substantive expenditure on further exploration for and evaluation of mineral resources in a specific area is neither budgeted nor planned;
- whether exploration for and evaluation of oil and gas reserves in a specific area have not led to the discovery of commercially viable quantities of oil and gas and the Group has decided to discontinue such activities in the specific area; and
- whether sufficient data exists to indicate that although a development in a specific area is likely to proceed, the carrying amount of the exploration and evaluation assets is unlikely to be recovered in full from successful development or by sale.

If any such facts or circumstances are noted, the Group, as a next step, perform an impairment test in accordance with the provisions of IAS 36. In such circumstances the aggregate carrying value of the oil and gas exploration and assets is compared against the expected recoverable amount of the cash generating unit. The recoverable amount is the higher of value in use and the fair value less costs to sell.

Notes to the Accounts continued

1. Accounting policies continued

The Group has identified one cash generating unit, the wider Petišovci project in Slovenia. Any impairment arising is recognised in the Income Statement for the year.

Where there has been a charge for impairment in an earlier period that charge will be reversed in a later period where there has been a change in circumstances to the extent that the discounted future net cash flows are higher than the net book value at the time. In reversing impairment losses, the carrying amount of the asset will be increased to the lower of its original carrying values or the carrying value that would have been determined (net of depletion) had no impairment loss been recognised in prior periods.

Impairment of development and production assets and other property, plant and equipment

At each balance sheet date, the Group reviews the carrying amounts of its PP&E to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. The recoverable amount is the higher of fair value less costs to sell (otherwise referred to as fair value less cost to develop in the oil and gas sector) and value in use. Fair value less costs to sell is determined by discounting the post-tax cash flows expected to be generated by the cash-generating unit, net of associated selling costs, and takes into account assumptions market participants would use in estimating fair value including future capital expenditure and development cost for extraction of the field reserves. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately.

Decommissioning costs

Where a material obligation for the removal of wells and production facilities and site restoration at the end of the field life exists, a provision for decommissioning is recognised. The amount recognised is the one-off amount to the Company's JV partner as per the Revised Joint Venture Agreement.

Foreign currency

The Group's strategy is focussed on developing oil and gas projects across Europe funded by shareholder equity and other financial assets which are principally denominated in sterling. The functional currency of the Company is sterling.

Transactions in foreign currency are translated to the respective functional currency of the Group entity at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated to the functional currency at the rates prevailing on the reporting date. Exchange gains and losses on short-term foreign currency borrowings and deposits are included with net interest payable.

The assets and liabilities of foreign operations are translated to sterling at foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated to sterling at the average rate ruling during the period. Foreign exchange differences arising on retranslation are recognised directly in a separate component of equity. Foreign exchange differences arising on inter-company loans considered to be permanent as equity are recorded in equity. The exchange rate from euro to sterling at 31 December 2020 was £1: €1.1192 (2019: £1: €1.1755).

On disposal of a foreign operation, the cumulative exchange differences recognised in the foreign exchange reserve relating to that operation up to the date of disposal are transferred to the consolidated income statement as part of the profit or loss on disposal.

1. Accounting policies continued

Exchange differences on all other transactions, except inter-company foreign currency loans, are taken to operating loss.

Taxation (Note 6)

The tax expense represents the sum of the tax currently payable and any deferred tax.

The tax currently payable is based on the estimated taxable profit for the period. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using the expected tax rate applicable to annual earnings.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding tax bases used in the computation of taxable profit. It is accounted for using the balance sheet liability method. Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Equity-settled share-based payments

The cost of providing share-based payments to employees is charged to the income statement over the vesting period of the related share options or share allocations. The cost is based on the fair values of the options and shares allocated determined using the binomial method. The value of the charge is adjusted to reflect expected and actual levels of vesting. Charges are not adjusted for market related conditions which are not achieved. Where equity instruments are granted to persons other than directors or employees the Consolidated Income Statement is charged with the fair value of any goods or services received.

Grants of options in relation to acquiring exploration assets in licence areas are treated as additions to Slovenian exploration costs at Group level and increases in investments at Company level.

Provisions (Note 16)

A provision is recognised in the Statement of Financial Position when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by estimating the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Convertible loan notes

Upon issue of a new convertible loan, where the convertible option is at a fixed rate, the net proceeds received from the issue of CLNs are split between a liability element and an equity component at the date of issue. The fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible debt. The difference between the proceeds of issue of the CLNs and the fair value assigned to the liability component, representing the embedded option to convert the liability into equity of the Group, is included in equity and is not remeasured.

Subsequent to the initial recognition the liability component is measured at amortised cost using the effective interest method.

When there are amendments to the contractual loan note terms these terms are assessed to determine whether the amendment represents an inducement to the loan note holders to convert. If this is considered to be the case the estimate of fair value adjusted as appropriate and any loss arising is recorded in the income statement.

Where there are amendments to the contractual loan note terms that are considered to represent a modification to the loan note, without representing an inducement to convert, the Group treats the transaction as an extinguishment of the existing convertible loan note and replaces the instrument with a new convertible loan note. The fair value of the liability component is estimated using the prevailing market interest rate for similar nonconvertible debt. The fair value of the conversion right is recorded as an increase in equity. The previous equity reserve is reclassified to retained loss. Any gain or loss arising on the extinguishment of the instrument is recorded in the income statement, unless the transaction is with a counterparty considered to be acting in their capacity as a shareholder whereby the gain or loss is recorded in equity.

Notes to the Accounts continued

1. Accounting policies continued

Where the loan note is converted into ordinary shares by the loan note holder; the unaccreted portion of the loan notes is transferred from the equity reserve to the liability; the full liability is then converted into share capital and share premium based on the conversion price on the note.

Non-derivative financial instruments

Non-derivative financial instruments comprise of investments in equity and debt securities, trade and other receivables, cash and cash equivalents, loans and borrowings and trade and other payables.

Financial instruments

Classes and categories

Financial assets that meet the following conditions are measured subsequently at amortised cost using effective interest rate method:

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and,
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets for which the amount of future receipts are dependent upon the Company's share price over the term of the instrument do not meet the criteria above and are recorded at fair value through profit and loss.

Measurement

Financial assets at amortised cost

A financial asset is measured at amortised cost only if both of the following conditions are met: (i) it is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and (ii) the contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest.

Impairment

For trade receivables, a simplified approach to measuring expected credit losses using a lifetime expected loss allowance is available. The Group's trade receivables are generally settled on a short time frame without material credit risk.

The Group recognises a loss allowance for expected credit losses on financial assets which are measured at amortised cost. The measurement of the loss allowance depends upon the Group's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a twelve-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next twelve months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

Lifetime expected credit losses (ECLs) for intercompany loan receivables are based on the assumptions that repayment of the loans are demanded at the reporting date due to the fact that the loan is contractually repayable on demand. The subsidiaries do not have sufficient funds in order to repay the loan if demanded and therefore the expected manner of recovery to measure lifetime expected credit losses is considered. A range of different recovery strategies and credit loss scenarios are evaluated using reasonable and supportable external and internal information to assess the likelihood of recoverability of the balance under these scenarios.

1. Accounting policies continued

Financial liabilities at amortised cost

Financial liabilities are initially recognised at fair value net of transaction costs incurred. Subsequent to initial measurement financial liabilities are recognised at amortised costs. The difference between initial carrying amount of the financial liabilities and their redemption value is recognised in the income statement over the contractual terms using the effective interest rate method. This category includes the following classes of the financial liabilities, trade and other payables, bonds and other financial liabilities. Financial liabilities at amortised costs are classified as current or non-current depending on whether these are due within 12 months after the balance sheet date or beyond.

Financial liabilities are derecognised when either the Group is discharged from its obligation, they expire, are cancelled, or replaced by a new liability with substantially modified terms.

Warrants

Warrants granted as part of a financing arrangement which fail the fixed-for-fixed criteria as a result of either the consideration to be received or the number of warrants to be issued is variable, are initially recorded at fair value as a derivative liability and charged as transaction cost deducted against the loan and subsequently amortised through the effective interest rate. Subsequently the derivative liability is revalued at each reporting date with changes in the fair value recorded within finance income or costs.

Equity

Share capital is determined using the nominal value of shares that have been issued.

Share based payments relate to transactions where the Group receives services from employees or service providers and the terms of the arrangements include payment of a part or whole of consideration by issuing equity instruments to the counterparty. The Group measures the services received from non-employees, and the corresponding increase in equity, at the fair value of the goods or services received. When the transactions are with employees, the fair value is measured by reference to the fair value of the shares issued. The expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied

Equity-settled share-based payments are credited to a share-based payment reserve as a component of equity until related options or warrants are exercised or lapse

The Translation reserve comprises the exchange differences from translating the net investment in foreign entities and of monetary items receivable from subsidiaries for which settlement is neither planned nor likely in the foreseeable future

Retained losses includes all current and prior period results as disclosed in the income statement.

Investments and loans

Shares and loans in subsidiary undertakings are shown at cost. Provisions are made for any impairment when the fair value of the assets is assessed as less than the carrying amount of the asset. Inter-company loans are repayable on demand but are included as non-current as the realisation is not expected in the short term.

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker has been identified as the Chief Executive Officer ("CEO").

Revenue recognition

Sales represent amounts received and receivable from third parties for goods and services rendered to the customers. Sales are recognised when control of the goods has transferred to the customer, which is at the border to Croatia under the contract and is recorded at this point. Condensate, which is collected at a separating station and transported via trucks to a customer in Hungary is recorded on delivery according to the terms of the contract. At this point in time, the performance obligation is satisfied in full with title, risk, entitlement to payment and customer possession confirmed. Revenue is measured as the amount of consideration which the Group expects to receive, based on the market price for gas and condensate after deduction of costs agreed per the Restated Joint Operating Agreement ("RJOA") and sales taxes.

Revenue is derived from the production of hydrocarbons under the Petišovci Concession, which Ascent Slovenia Limited holds a 75% working interest. Under the terms of the RJOA, and in accordance with Slovenian law, the concession holder retains the rights to all hydrocarbons produced. The concession holder enters into sales agreements with customers and transfers the relevant portion of hydrocarbon sales to Ascent Slovenia Limited for the services it provides under the RJOA.

Notes to the Accounts continued

1. Accounting policies continued

Payments are typically received around 30 days from the end of the month during which delivery has occurred. There are no balances of accrued or deferred revenue at the balance sheet date.

Under the RJOA, the Group is entitled to 90% of the revenues until 25% of Investments in the Petišovci area have been recovered and the Group records revenue on the entitlement basis accordingly.

Credit terms are agreed per RJOA contract and are short term, without any financing component.

The Group has no sales returns or reclamations of services since it has only one costumer. Sales are disaggregated by geography.

Goodwill

Goodwill arising from business combinations is included in intangible assets. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

Contingent Consideration

Contingent consideration is measured at fair value at the time of the business combination and is considered in the determination of goodwill.

Contingent Liability

A contingent liability is recognised when the group has a possible obligation (legal or constructive), as a result of a past event, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the group, or the amount of the obligation cannot be measured with sufficient reliability.

If the likelihood of an outflow of resources is remote, the possible obligation is neither a provision nor a contingent liability and no disclosure is made.

Contingent Asset

A contingent asset is recognised when the group has a possible asset, as a result of a past event, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the group.

Such contingent assets are only recognised as assets in the financial statements where the realisation of income is virtually certain. If the inflow of economic benefits is only probable, the contingent asset is disclosed as a claim in favour of the group but not recognised in the statement of financial position.

2. Segmental Analysis

The Group has two reportable segments, an operating segment and a head office segment, as described below. The operations and day to day running of the business are carried out on a local level and therefore managed separately. The operating segment reports to the UK head office which evaluates performance, decide how to allocate resources and make other operating decisions such as the purchase of material capital assets and services. Internal reports are generated and submitted to the Group's CEO for review on a monthly basis.

The operations of the Group as a whole are the exploration for, development and production of oil and gas reserves.

The two geographic reporting segments are made up as follows:

Slovenia	exploration, development and production
UK	head office

The costs of exploration and development works are carried out under shared licences with joint ventures and subsidiaries which are co-ordinated by the UK head office. Segment revenue, segment expense and segment results include transfers between segments. Those transfers are eliminated on consolidation. Information regarding the current and prior year's results for each reportable segment is included below.

2. Segmental Analysis continued

2020	UK £ '000s	Slovenia £ '000s	Elims £ '000s	Total £ '000s
Hydrocarbon sales	-	-	-	-
Intercompany sales	-	267	(267)	-
Total revenue	-	-	-	-
Cost of sales	(10)	(111)	-	(121)
Administrative expenses	(2,013)	(506)	240	(2,279)
Material non-cash items				-
Depreciation	(2)	(395)	-	(397)
Net finance costs	(35)	-	-	(35)
Reportable segment profit/(loss) before tax	(2,060)	(745)	(27)	(2,831)
Taxation	-	-	-	-
Reportable segment profit/(loss) after taxation	(2,060)	(745)	(27)	(2,831)
Reportable segment assets				
Carrying value of exploration assets	-	18,576	-	18,576
Additions to exploration assets	-	-	-	-
Effect of exchange rate movements	-	177	-	177
Total plant and equipment	-	22,783	-	22,783
Prepaid abandonment fund	-	300	-	300
Investment in subsidiaries	16,096	-	(15,443)	653
Intercompany receivables	27,447	-	(27,447)	-
Total non-current assets	43,543	41,836	(42,890)	42,489
Other assets	175	6	-	181
Consolidated total assets	43,718	41,842	(42,890)	42,670
Reportable segmental liabilities				
Trade payables	(417)	(278)	-	(695)
External loan balances	(202)	-	-	(202)
Inter-group borrowings	-	(35,083)	35,083	-
Other liabilities	(450)	(328)	-	(778)
Consolidated total liabilities	(1,069)	(35,689)	35,083	(1,675)

Notes to the Accounts continued

2. Segmental Analysis continued

2019	UK £ '000s	Slovenia £ '000s	eliminations £ '000s	Total £ '000s
Hydrocarbon sales	–	298		298
Intercompany sales	1,187	232	(1,419)	–
Total revenue	1,187	530	(1,419)	298
Cost of sales	–	(462)		(462)
Administrative expenses	(8,660)	(1,236)	7,764	(2,132)
Material non-cash items				–
Depreciation	–	(440)	–	(440)
Net finance costs	(889)	(1,178)	1,144	(924)
Reportable segment profit/(loss) before tax	(8,362)	(2,786)	7,489	(3,660)
Taxation	–	–	–	–
Reportable segment profit/(loss) after taxation	(8,362)	(2,786)	7,489	(3,660)
Reportable segment assets				
Carrying value of exploration assets	–	18,968	–	18,968
Additions to exploration assets	–	52	–	52
Effect of exchange rate movements	–	(444)		(444)
Total plant and equipment	–	22,069	–	22,069
Prepaid abandonment fund	–	240	–	240
Investment in subsidiaries	15,443	–	(15,443)	–
Intercompany receivables	27,180		(27,180)	–
Total non-current assets	42,623	40,885	(42,623)	40,885
Other assets	260	71	–	331
Consolidated total assets	42,883	40,956	(42,623)	41,216
Reportable segmental liabilities				
Trade payables	(115)	(277)	–	(392)
External loan balances	(385)	–	–	(385)
Inter-group borrowings	–	(33,986)	33,986	–
Other liabilities	(60)	(266)	–	(326)
Consolidated total liabilities	(560)	(34,529)	33,986	(1,103)

Revenue from customers

Revenue was earned by the Slovenian segment through the joint venture structure; sales were made to end customers in Slovenia £nil; Croatia £nil and Hungary £nil (2019: £99,000; Croatia £160,000 and Hungary £39,000). Gas sales comprised £nil (2019: £259,000) whilst condensate sales totalled £nil (2019: £39,000). The performance obligations are set out in the Group's revenue recognition policy and no outstanding performance obligations existed at year end. The price for the sale of gas and condensate is set with reference to the market price at the date the performance obligation is satisfied.

3. Operating loss is stated after charging:

	Year ended 31 December 2020 £ '000s	Year ended 31 December 2019 £ '000s
Employee costs	729	693
Share based payment charge	456	269
Depreciation	397	440
Auditor's remuneration:		
Audit Fees – BDO	–	70
Audit Fees – PKF	43	–
Fees payable to the company's auditor other services	–	–
	43	70

4. Employees and directors

a) Employees

The average number of persons employed by the Group, including Executive Directors, was:

	Year ended 31 December 2020	Year ended 31 December 2019
Management and technical	10	8

The average number of persons employed by the Company, including Executive Directors, was:

	Year ended 31 December 2020	Year ended 31 December 2019
Management and technical	7	5

b) Directors and employee's remuneration

	Year ended 31 December 2020	Year ended 31 December 2019
Employees & Directors		
Wages and salaries	628	611
Social security costs	56	27
Pension costs	7	53
Bonuses	38	–
Share-based payments	456	269
Taxable benefits	–	2
	1,185	962

Notes to the Accounts continued

4. Employees and directors continued

c) Directors remuneration

Please see Remuneration report on pages 27-29.

5. Finance income and costs recognised in the year

	Year ended 31 December 2020 £ '000s	Year ended 31 December 2019 £ '000s
Finance costs		
Accretion charge on convertible loan notes	-	(3)
Interest charge on loans	(24)	(40)
Change in fair value of receivable under Equity Sharing Agreement	-	(814)
Bank charges	(11)	(67)
	(35)	(924)

Please refer to Note 15 for a description of financing activity during the year.

6. Income tax expense

	Year ended 31 December 2020 £ '000s	Year ended 31 December 2019 £ '000s
Current tax expense	-	-
Deferred tax expense	-	-
Total tax expense for the year	-	-

The difference between the total tax expense shown above and the amount calculated by applying the standard rate of UK corporation tax to the loss before tax is as follows:

	Year ended 31 December 2020 £ '000s	Year ended 31 December 2019 £ '000s
Loss for the year	(2,831)	(3,660)
Income tax using the Company's domestic tax rate at 19% (2019: 19%)	(537)	(696)
Effects of:		
Net increase in unrecognised losses c/f	537	2,816
Effect of tax rates in foreign jurisdictions	-	32
Other non-taxable items	(537)	(2,152)
Other non-deductible expenses	-	-
Total tax expense for the year	-	-

7. Deferred tax – Group and Company

	Year ended 31 December 2020 £ '000s	Year ended 31 December 2019 £ '000s
Group		
Total tax losses – UK and Slovenia	(51,255)	(48,424)
Unrecorded deferred tax asset at 17% (2019: 17%)	8,713	8,232

Company

Total tax losses	(13,632)	(11,772)
Unrecorded deferred tax asset at 17% (2019: 17%)	2,317	2,001

No deferred tax asset has been recognised in respect of the tax losses carried forward, due to the uncertainty as to when profits will be generated. Refer to critical accounting estimates and judgments.

8. Earnings per share

	Year ended 31 December 2020 £ '000s	Year ended 31 December 2019 £ '000s
Result for the year		
Total loss for the year attributable to equity shareholders	(2,831)	(3,660)
Weighted average number of ordinary shares	Number	Number
For basic earnings per share	60,693,793	26,590,316
Loss per share (Pence)	(4.66)	(14.00)

As the result for the year was a loss, the basic and diluted loss per share are the same. At 31 December 2020, potentially dilutive instruments in issue were 65,868,482 (2019: 145,076,254). Dilutive shares arise from share options and warrants issued by the Company.

9. Business Combinations

There has been one acquisition during the period.

The Board strategically expect acquisitions to be a common component of growth in the future.

Acquisitions made during the period to 31 December 2020 were:

Energetical Limited (renamed to Ascent Hispanic Resources Limited)

As a first step towards building its Cuban portfolio, the Company acquired 100% of the share capital of Energetical Limited on 13 April 2020. Energetical Limited is a UK Company with exclusive rights to secure a Production Sharing Contract ('PSC') on a producing onshore Cuban oil licence, and this was the primary reason for acquisition. The initial consideration for the acquisition of Energetical comprised of the issue of six million new ordinary shares ("Consideration Shares") to the selling shareholders ("Sellers") of Energetical. A further £450,000 of contingent consideration will be payable on the execution of production sharing contracts covering the 9B Block, of which £350,000 will be satisfied by the issue of new ordinary shares ("Deferred Consideration Shares"), priced at the 30-day VWAP at the time of issue and £100,000 will be paid in cash. The Sellers have agreed not to dispose of any of the Consideration Shares for a period of one year. The Company has agreed to a carve-out to this lock-in which permits the sale of up to an aggregate of one million Consideration Shares following the expiry of an initial three-month period.

Notes to the Accounts continued

9. Business Combinations continued

The amount of identifiable net assets assumed at the acquisition date is shown below:

	Fair Values £ '000s
Recognised amounts of net assets acquired and liabilities assumed	
Identifiable net assets	–
Goodwill	653
Total Consideration	653

Satisfied by:

Consideration – new ordinary shares issued at 3.38p	203
Contingent consideration	450
Total Consideration	653

The fair value acquired assesses the future cash flows associated with exclusive rights in securing a Production Sharing Contract ('PSC') on an onshore Cuban oil licence, delivered by exclusive rights to the 9B Block in Cuba ("Block 9B") that contains the onshore Majaguillar and San Anton fields, located on the North coast of Cuba and currently producing 190 bbls/day gross from three wells.

10. Property, Plant and Equipment – Group

Cost	Computer Equipment £ '000s	Developed Oil & Gas Assets £ '000s	Total £ '000s
At 1 January 2019	6	24,808	24,814
Additions	–	3	3
Effect of exchange rate movements	–	(1,328)	(1,328)
At 31 December 2019	6	23,483	23,489
At 1 January 2020	6	23,483	23,489
Additions	–	–	–
Effect of exchange rate movements	–	1,111	1,111
At 31 December 2020	6	24,594	24,600
Depreciation			
At 1 January 2019	–	(1,035)	(1,035)
Charge for the year	(6)	(434)	(440)
Effect of exchange rate movements		55	55
At 31 December 2019	(6)	(1,414)	(1,420)
At 1 January 2020	(6)	(1,414)	(1,420)
Charge for the year	–	(397)	(397)
Effect of exchange rate movements	–	–	–
At 31 December 2020	(6)	(1,811)	(1,817)
Carrying value			
At 31 December 2020	–	22,783	22,783
At 31 December 2019	–	22,069	22,069
At 1 January 2019	6	23,773	23,779

10. Property, Plant and Equipment – Group continued

No impairment has been recognised during the year, this assumes that the Group can obtain the necessary environmental permits and the concession extension due in 2022 to continue with the planned development of the Petišovci field. Details of the impairment judgments and estimates in the fair value less cost to develop assessment as set out in Note 1, including the significant judgment regarding the ability to renew the concession and obtain required permits. Should the permits not be granted, or the concession extension confirmed, the carrying value of these assets would be impaired as the permits are required to maintain commercial production rates at the wells and in the absence of renewal of the concession the Company would not hold title to the asset.

11. Exploration and evaluation assets – Group

Cost	Slovenia € '000s	Total € '000s
At 1 January 2019	18,968	18,968
Additions	52	52
Effects of exchange rate movements	(444)	(444)
At 31 December 2019	18,576	18,576
At 1 January 2020	18,576	18,576
Additions	–	–
Effects of exchange rate movements	177	177
At 31 December 2020	18,753	18,753
At 31 December 2020	18,753	18,753
At 31 December 2019	18,576	18,576
At 1 January 2019	18,968	18,968

For the purposes of impairment testing the intangible oil and gas assets are allocated to the Group's cash-generating unit, which represent the lowest level within the Group at which the intangible oil and gas assets are measured for internal management purposes, which is not higher than the Group's operating segments as reported in Note 2. Details of the impairment judgments and estimates and the fair value less cost to develop assessment as set out in Note 1.

The amounts for intangible exploration assets represent costs incurred on active exploration projects. Amounts capitalised are assessed for impairment indicators under IFRS 6 at each period end as detailed in the Group's accounting policy. In addition, the Group routinely reviews the economic model and reasonably possible sensitivities and considers whether there are indicators of impairment. As at 31 December 2020 and 2019 the net present value significantly exceeded the carrying value of the assets. The key estimates associated with the economic model net present value are detailed in Note 1. The outcome of ongoing exploration, and therefore whether the carrying value of intangible exploration assets will ultimately be recovered, is inherently uncertain and is dependent on the extension of the licence expiry dates, which is scheduled for May 2022, but work is in progress to seek extension.

Notes to the Accounts continued

12: Investment in subsidiaries – Company

	2020 £ '000s	2019 £ '000s
Cost		
At 1 January	15,443	15,443
Additions	653	–
At 31 December	16,096	15,443
Accumulated impairment		
At 1 January	–	–
Impairment	–	–
At 31 December	–	–
Net book value		
At 31 December	16,096	15,443

The Company's subsidiary undertakings at the date of issue of these financial statements, which are all 100% owned, are set out below:

Name of company & registered office address	Principal activity	Country of incorporation	% of share capital held 2020	% of share capital held 2019
Ascent Slovenia Limited Tower Gate Place Tal-Qroqq Street Msida, Malta	Oil and Gas exploration	Malta	100%	100%
Ascent Resources doo Glavna ulica 7 9220 Lendava Slovenia	Oil and Gas exploration	Slovenia	100%	100%
Trameta doo Glavna ulica 7 9220 Lendava Slovenia	Infrastructure owner	Slovenia	100%	100%
Ascent Resources Netherlands BV c/o Ascent Resources plc 5 New Street Square London EC4A 3TW	Oil and Gas exploration	Netherlands	100%	100%
Ascent Hispanic Resources UK Limited 5 New Street Square London EC4A 3TW	Oil and Gas exploration	England and Wales	100%	100%

All subsidiary companies are held directly by Ascent Resources plc.

Consideration of the carrying value of investments is carried out alongside the assessments made in respect of the recoverability of carrying value of the group's producing and intangibles assets. The judgements and estimates made therein are the same as for investments and as such no separate disclosure is made.

13. Trade and other receivables – Group

	2020 £ '000s	2019 £ '000s
Trade receivables	–	54
VAT recoverable	49	27
Prepaid abandonment liability	300	240
Amounts receivable on ESA	–	173
Prepayments & accrued income	17	–
	350	494
Less non-current portion	(300)	(240)
Current portion	66	254

14. Trade and other receivables – Company

	2020 £ '000s	2019 £ '000s
VAT recoverable	21	16
Amounts receivable on ESA	–	173
Prepayments & accrued income	47	7
	68	196

15. Borrowings – Group and Company

Group	2020 £ '000s	2019 £ '000s
Current		
Borrowings	–	368
Convertible loan notes	5	17
Non-current		
Borrowing	197	–
	202	385
Company		
Current		
Borrowings	–	368
Convertible loan notes	5	17
Non-current		
Borrowing	197	–
	202	385

The non-current borrowings relate to the loan arrangement with Riverfort Global opportunities that was refinanced in February 2020. The outstanding loan of £375,020 as at February 2020 was re-negotiated to a two-year coupon free bullet with conversion rights for the lender at 7.5 pence per share. No conversion can occur until the share price exceeds 10 pence per share for five consecutive days. The Group made convertible loan note repayments in the year of £105,000 to Riverfort Global opportunities, resulting in an ending convertible loan note balance of £270,000, comprising £197,000 recognised as the debt component and a further £73,000 recognised in Equity Reserve.

The current convertible loan was due from redemption on 19 November 2019 and at the balance sheet date £5,625 remain unclaimed.

Notes to the Accounts continued

16. Provisions – Group

	£000s
At 1 January 2019	263
Foreign exchange movement	(8)
At 31 December 2019	255
At 1 January 2020	263
Foreign exchange movement	5
Provision	60
At 31 December 2020	328

The amount provided for decommissioning costs represents the Group's share of site restoration costs for the Petišovci field in Slovenia. The most recent estimate is that the year-end provision will become payable after 2037. During 2017 the Company has placed €300,000 (£268,000) on deposit as collateral against this liability see Note 13.

17. Contingent Consideration due on Acquisition

Group	2020 £ '000s	2019 £ '000s
Non-current		
Ascent Hispanic Limited (formerly Energetical Limited)	450	–
	450	–

The contingent consideration is based on the defined contingent consideration in the acquisition of Ascent Hispanic Limited (Formerly Energetical Limited), comprising £100,000.00 in cash and a further £350,000.00 in shares. The Company has not discounted the contingent consideration since the impact would not be material. Please refer to note 9 of the financial statements for the consideration in the acquisition of Ascent Hispanic Limited.

18. Trade and other payables – Group

	2020 £ '000s	2019 £ '000s
Trade payables	573	392
Tax and social security payable	56	5
Accruals and deferred income	66	66
	695	463

19. Trade and other payables – Company

	2020 £ '000s	2019 £ '000s
Trade payables	295	115
Tax and social security payable	56	6
Accruals and deferred income	66	54
	417	175

20. Called up share capital

	2020 £ '000s	2019 £ '000s
Authorised		
2,000,000,000 ordinary shares of 0.5p each	10,000	10,000
Allotted, called up and fully paid		
3,019,648,452 deferred shares of 0.195p each	5,888	5,888
1,737,110,763 deferred shares of 0.09p each	1,563	1,563
95,283,281 ordinary shares of 0.5p each (2019: 3,019,452 ordinary shares of 0.2p each)	477	153
	7,928	7,604
Reconciliation of share capital movement	2020 Number	2019 Number
At 1 January	3,019,648,452	2,291,310,686
Share consolidation	(2,989,451,968)	–
Issue of Trameta consideration shares	91,167	–
Issue of shares during the year	64,995,630	728,337,766
At 31 December	95,283,281	3,019,648,452

The deferred shares have no voting rights and are not eligible for dividends.

Shares issued during the year

Issuance of equity throughout the year:

- On 13 March 2020, the Company raised £485,000 (£445,802 net of costs) via the Placing of 9,700,000 Ordinary shares with investors
- On 24 March 2020, the Company issued 166,666 shares at a price of 5p to exiting directors in lieu of a cash settlement and a further 390,000 shares at a price of 5p each per share and 214,286 shares at a price of 3.5p each to select professional advisors.
- On 8 April 2020, the Company issued 1,000,000 ordinary shares at a placing price of 5p per share in order to settle an amount of £50,000 with a relevant investor
- On 8 April 2002, the Company issued 91,167 ordinary shares as a result of the acquisition of Trameta doo announced on 1 August 2015. This was the final payment and no further contingent consideration of shares will be due.
- On 14 April 2020, the Company agreed to purchase Energetical Limited for the issuance of 6,000,000 new ordinary shares
- On 20 April 2020, the Company issued 623,777 new ordinary shares of 0.5p at a price of 3.5p to a professional advisor in lieu of fees.
- On 30 April 2020. The Company issued 7,727,272 new ordinary shares of 0.5p at a price of 2.75p, raising gross proceeds of £212,500
- On 4 May 2020, the Company issued 750,000 ordinary shares at a placing price of 5p per share in order to settle an amount outstanding in the amount of £37,500.

Notes to the Accounts continued

20. Called up share capital continued

- On 7 May 2020, the Company issued 2,250,000 ordinary shares at a placing price of 5p per share relating to a settlement of remaining sums from a relevant investor.
- On 6 August 2020 the Company raised £300,000 via the placing of 15,000,000 Ordinary shares with investors
- On 6 August 2020 the Company issued 1,500,000 ordinary shares at a placing price of 2p per share relating to the settle amounts with creditors.
- On 15 October 2020 the Company issued 525,090 ordinary shares in lieu of payment of consultancy fees at a price of 4p per share
- On 23 October 2020 the Company received £50,000 in respect of a warrants exercise of 2,000,000 ordinary shares
- On 26 October 2020 the Company received notice of the exercise of warrants of 4,000,000 ordinary shares for consideration of £100,000 and agreed to issue 320,00 ordinary shares at a price of 2.5p per share in lieu of the 8% cash coupon on the convertible loan amount
- On 5 November 2020 the Company issued 457,720 ordinary shares to a supplier for financial and economic modelling services rendered in the months of September and October
- On 19 November 2020 the Company received notice in respect of warrants exercised in the amount of 1,250,00 ordinary shares
- On 1 December 2020 the Company received notice of the exercise of warrants of 4,000,000 ordinary shares for consideration of £100,000 and agreed to issue 320,00 ordinary shares at a price of 2.5p per share in lieu of the 8% cash coupon on the convertible loan amount
- On 1 December 2020 the Company issued 480,000 ordinary shares at a price of 7.5p per share in respect of a supplier invoice

Shares issued during the prior year

The Company raised funds through placings during the prior year:

- On 25 January 2019, the Company raised £363,156 (£345,703 net of costs) via the Placing of 121,052,097 Ordinary Shares with investors using the PrimaryBid.com platform.
- On 24 April 2019, the Company raised £750,000 (£708,950 net of costs) via the Placing of 214,285,669 Ordinary Shares with various institutional investors.
- On 23 September 2019, the Company raised £1,080,750 (£1,071,744 net of costs) via the Placing of 393,000,000 Ordinary Shares with Riverfort Global Investors.

Reserve description and purpose

The following describes the nature and purpose of each reserve within owners' equity:

- Share capital: Amount subscribed for share capital at nominal value.
- Merger reserve: Value of shares, in excess of nominal value, issued with respect of the Trameta acquisition in 2016.
- Equity reserve: Amount of proceeds on issue of convertible debt relating to the equity component and contribution on modification of the convertible loan notes, i.e. option to convert the debt into share capital.
- Share premium: Amounts subscribed for share capital in excess of nominal value less costs of shares associated with share issues.
- Share-based payment reserve: Value of share options granted and calculated with reference to a binomial pricing model. When options lapse or are exercised, amounts are transferred from this account to retained earnings.
- Translation reserve: Exchange movements arising on the retranslation of net assets of operation into the presentation currency.
- Accumulated losses: Cumulative net gains and losses recognised in consolidated income.

20. Called up share capital continued

- Share-based payment reserve: Value of share options granted and calculated with reference to a binomial pricing model. When options lapse or are exercised, amounts are transferred from this account to retained earnings.
- Translation reserve: Exchange movements arising on the retranslation of net assets of operation into the presentation currency.
- Accumulated losses: Cumulative net gains and losses recognised in consolidated income.

21. Exploration expenditure commitments

In order to maintain an interest in the oil and gas permits in which the Group is involved, the Group is committed to meet the conditions under which the permits were granted and the obligations of any joint operating agreements. The timing and the amount of exploration expenditure commitments and obligations of the Group are subject to the work programmes required as per the permit commitments. This may vary significantly from the forecast programmes based upon the results of the work performed. Drilling results in any of the projects may also cause variations to the forecast programmes and consequent expenditure. Such activity may lead to accelerated or decreased expenditure. It is the Group's policy to seek joint operating partners at an early stage to reduce its commitments.

At 31 December 2020, the Group had exploration and expenditure commitments of £ Nil (2019 - Nil).

22. Related party transactions

a) Group companies – transactions

	Cash	2020 Services	Total	Cash	2019 Services	Total
Ascent Slovenia Limited	267	–	267	111	1,858	1,969
Ascent Resources doo	–	–	–	(9)	(5)	(14)
Trameta doo	–	–	–	2	–	2
	267	–	267	102	1,853	1,955

b) Group companies – balances

	Cash	2020 Services	Total	Cash	2019 Services	Total
Ascent Slovenia Limited	17,351	5,404	22,755	17,084	5,404	22,488
Ascent Resources doo	2,951	1,730	4,681	2,951	1,730	4,681
Trameta doo	11	–	11	11	–	11
	20,313	7,134	27,447	20,046	7,134	27,180

Cash refers to funds advanced by the Company to subsidiaries. Services relates to services provided by the Company to subsidiaries. The loans are repayable on demand but are classified as non-current reflecting the period of expected ultimate recovery.

Following the introduction of IFRS 9 Management have carried out an assessment of the potential future credit loss the loans classified as 'stage 3' under IFRS 9 and assessed for lifetime expected credit loss given their on-demand nature under a number of scenarios. The Company would suffer a credit loss where the permits necessary for the development of the field are not obtained and a court case for damages against the Republic of Slovenia is unsuccessful. Based on legal advice received in relation to the permit process and the strength of our case we consider the risk of credit loss to be relatively remote. A provision of £nil (€4.8 million) has been recognised in the Company accounts.

Notes to the Accounts continued

22. Related party transactions continued

	2020 £ '000s	2019 £ '000s
Expected credit loss provision start of the year	6,500	1,700
Change in expected credit loss	–	4,800
Expected credit loss provision at the end of year	6,500	6,500

c) Directors

Key management are those persons having authority and responsibility for planning, controlling and directing the activities of the Group. In the opinion of the Board, the Group's key management are the Directors of Ascent Resources plc. Information regarding their compensation is given in Note 4.

2020

There were no transactions involving directors during the year.

2019

There were no transactions involving directors during the year.

23. Events subsequent to the reporting period

On 6 January 2021 the Company issued 208,991 ordinary shares to a supplier for financial modelling and business development services rendered in the months of November and December at an average issue price of 5.74p per share calculated as the monthly volume weighted average price

On 11 January 2021 the Company received a warrant exercise notice of 833,333 ordinary shares for consideration of £62,500, additionally the Company has agreed to issue 66,667 new ordinary shares of 7.5p being the coupon conversion price in lieu of the 8% cash coupon that is incurred on the converted loan amount

On 4 February 2021 the Company received a warrant exercise notice of 833,333 ordinary shares for consideration of £62,500, additionally the Company has agreed to issue 66,667 new ordinary shares of 7.5p being the coupon conversion price in lieu of the 8% cash coupon that is incurred on the converted loan amount

On 5 February 2021 the Company received a warrant exercise notice of 900,000 new ordinary shares for consideration of £67,500

On 11 February 2021 the Company raised £1m before expense for the placing of 9,997,032 ordinary shares of 0.5p each at a price of 10.1p per share.

24. Share based payments

The Company has provided the Directors, certain employees and institutional investors with share options and warrants ('options'). Options are exercisable at a price equal to the closing market price of the Company's shares on the date of grant. The exercisable period varies and can be up to seven years once fully vested after which time the option lapses.

Details of the share options outstanding during the year are as follows:

	Shares	Weighted Average price (pence)
Outstanding at 1 January 2019	152,576,254	2.46
Outstanding at 31 December 2019	152,576,254	2.46
Exercisable at 31 December 2020	84,513,744	2.86
Outstanding at 1 January 2020	152,576,254	2.46
Consolidation of existing shares	(151,050,492)	
Granted during the year	5,897,379	
Expired during the year	(75,000)	
Outstanding at 31 December 2020	7,348,142	253.72
Exercisable at 31 December 2020	1,450,763	248.72

The value of the options is measured by the use of a binomial pricing model. The inputs into the binomial model made in 2020 were as follows.

Share price at grant date	2.9p – 778p
Exercise price	5.0p – 2000p
Volatility	50%
Expected life	3–5 years
Risk free rate	0.5%
Expected dividend yield	0%

Expected volatility was determined by calculating the historical volatility of the Group's share price over the previous 5 years. The expected life is the expiry period of the options from the date of issue.

Options outstanding at 31 December 2020 have an exercise price in the range of 2.9p and 778p (31 December 2019: 1.58p and 20.00p) and a weighted average contractual life of 5.5 years (31 December 2019: 9.9 years). The amount recognised in the income statement for the year ended 31 December 2020 was £456,000 (2019: £269,000).

Details of the warrants issued in the year are as follows:

Issued	Exercisable from	Expiry date	Number outstanding	Exercise price
24 March 2020	Anytime until	24 March 2025	225,000	5.00p
24 March 2020	Anytime until	24 March 2025	199,482	5.00p
30 April 2020	Anytime until	30 April 2022	8,727,272	5.50p
6 August 2020	Anytime until	5 August 2022	7,500,000	4.00p
11 August 2020	Anytime until	6 August 2023	16,000,000	2.50p
30 November 2020	Anytime until	30 November 2023	6,666,666	7.50p

Notes to the Accounts continued

24. Share based payments continued

	Warrants	Weighted Average price (pence)
Outstanding at 1 January 2020	-	-
Granted during the year	39,318,420	4.33
Exercised during the year	(17,250,000)	3.36
Outstanding at 31 December 2020	22,068,420	5.44
Exercisable at 31 December 2020	22,068,420	5.44

The warrants outstanding at the period end have a weighted average remaining contractual life of 1.8 years. The exercise prices of the warrants are between 4.00 – 7.50p per share.

25. Notes supporting the statement of cash flows

Group	2020 £ '000s	2019 £ '000s
Cash at bank and available on demand	115	77
Cash held on deposit against bank guarantee	-	-
	115	77

Company	2020 £ '000s	2019 £ '000s
Cash at bank and available on demand	107	63
Cash held on deposit against bank guarantee	-	-
	107	63

Significant non-cash transactions are as follows:

	2020 £ '000s	2019 £ '000s
Conversion of loan notes	-	-
Interest charged on loans	-	40
Accretion charge on convertible loan notes	-	3

26. Financial risk management

Group and Company

The Group's financial liabilities comprise CLNs, borrowings and trade payables. All liabilities are measured at amortised cost. These are detailed in Notes 15, 0 and 18.

The Group has various financial assets, being trade receivables and cash, which arise directly from its operations. All are classified at amortised cost. These are detailed in Notes 13, 14 and 25.

The main risks arising from the Group's financial instruments are credit risk, liquidity risk and market risk (including interest risk and currency risk). The risk management policies employed by the Group to manage these risks are discussed below:

Credit risk

Credit risk is the risk of an unexpected loss if a counter party to a financial instrument fails to meet its commercial obligations. The Group's maximum credit risk exposure is limited to the carrying amount of cash of £115,000 and trade and other receivables of £49,000. Credit risk is managed on a Group basis. Funds are deposited with financial institutions with a credit rating equivalent to, or above, the main UK clearing banks. The Company's liquid resources are invested having regard to the timing of payment to be made in the ordinary course of the Group's activities. All financial liabilities are payable in the short term (between 0 to 3 months) and the Group maintains adequate bank balances to meet those liabilities.

The Group makes allowances for impairment of receivables where there is an ECL identified. Refer to Note 22 for details of the intercompany loan ECL assessment.

The credit risk on cash is considered to be limited because the counterparties are financial institutions with high and good credit ratings assigned by international credit rating agencies in the UK.

The carrying amount of financial assets, trade receivables and cash held with financial institutions recorded in the financial statements represents the exposure to credit risk for the Group.

At Company level, there is the risk of impairment of inter-company receivables if the full amount is not deemed as recoverable from the relevant subsidiary company. These amounts are written down when their deemed recoverable amount is deemed less than the current carrying value. An IFRS 9 assessment has been carried out as per Note 1.

Market risk

i) Currency risk

Currency risk refers to the risk that fluctuations in foreign currencies cause losses to the Company.

The Group's operations are predominantly in Slovenia. Foreign exchange risk arises from translating the euro earnings, assets and liabilities of the Ascent Resources doo and Ascent Slovenia Limited into sterling. The Group manages exposures that arise from receipt of monies in a non-functional currency by matching receipts and payments in the same currency.

The Company often raises funds for future development through the issue of new shares in sterling. These funds are predominantly to pay for the Company's exploration costs abroad in euros. As such any sterling balances held are at risk of currency fluctuations and may prove to be insufficient to meet the Company's planned euro requirements if there is devaluation.

The Group's and Company's exposure to foreign currency risk at the end of the reporting period is summarised below. All amounts are presented in GBP equivalent.

	Group		Company	
	2020	2019	2020	2019
Trade and other receivables	-	58	-	-
Cash and cash equivalents	8	13	-	-
Trade and other payables	(279)	(288)	-	-
Net Exposure	(271)	(217)	-	-

Notes to the Accounts continued

26. Financial risk management continued

Foreign currency sensitivity analysis

The Group is mainly exposed to the currency of the European Union (the euro).

The Group operates internationally and is exposed to currency risk on sales, purchases, borrowings and cash and cash equivalents that are denominated in a currency other than sterling. The currencies giving rise to this are the euro.

Foreign exchange risk arises from transactions and recognised assets and liabilities.

The Group does not use foreign exchange contracts to hedge its currency risk.

Sensitivity analysis

The following table details the Group's sensitivity to a 10% increase and decrease in sterling against the stated currencies. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents the management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis comprises cash and cash equivalents held at the balance sheet date. A positive number below indicates an increase in profit and other equity where sterling weakens 10% against the relevant currency.

Group	Euro currency change	
	Year ended 31 December 2020	Year ended 31 December 2019
Profit or loss		
10% strengthening of sterling	135	33
10% weakening of sterling	(9)	(55)
Equity		
10% strengthening of sterling	(3,839)	(3,897)
10% weakening of sterling	4,693	4,764
Company		
Profit or loss		
10% strengthening of sterling	–	(123)
10% weakening of sterling	–	151
Equity		
10% strengthening of sterling	(4,070)	(4,542)
10% weakening of sterling	4,832	5,551

ii) Interest rate risk

Interest rate risk refers to the risk that fluctuations in interest rates cause losses to the Company. The Group and Company have no exposure to interest rate risk except on cash and cash equivalent which carry variable interest rates. The Group carries low units of cash and cash equivalents and the Group and Companies monitor the variable interest risk accordingly.

At 31 December 2020, the Group and Company has GBP loans valued at £270,000 rates of 12% per annum. At 31 December 2019, the Group and Company had GBP loans valued at £385,000 rates of 12% per annum.

26. Financial risk management continued

iii) Liquidity risk

Liquidity risk refers to the risk that the Company has insufficient cash resources to meet working capital requirements.

The Group and Company manages its liquidity requirements by using both short- and long-term cash flow projections and raises funds through debt or equity placings as required. Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate liquidity risk management framework for the management of the Group's short-, medium- and long-term funding and liquidity management requirements.

The Group closely monitors and manages its liquidity risk. Cash forecasts are regularly produced, and sensitivities run for different scenarios (see Note 1). For further details on the Group's liquidity position, please refer to the Going Concern paragraph in Note 1 of these accounts.

	Group		Company	
	2020 £ '000s	2019 £ '000s	2020 £ '000s	2019 £ '000s
Less than six months - loans and borrowings	–	385	–	385
Less than six months - trade and other payables	–	392	–	392
Between six months and a year	–	–	–	–
Over one year	197	–	197	–

Capital management

The Group manages its capital to ensure that it will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the balance between debt and equity. The capital structure of the Group as at 31 December 2020 consisted of equity attributable to the equity holders of the Company, totalling £41,069. The Group reviews the capital structure on an on-going basis. As part of this review, the directors consider the cost of capital and the risks associated with each class of capital. The Group will balance its overall capital structure through new share issues and the issue of new debt or the repayment of existing debt.

There are no externally imposed capital requirements.

Fair value of financial instruments

Set in the foregoing is a comparison of carrying amounts and fair values of the Group's and the Company's financial instruments:

	Carrying amount Year ended 31 December 2020	Fair Value Year ended 31 December 2020	Carrying amount Year ended 31 December 2019	Fair Value Year ended 31 December 2019
Categorisation of Financial Assets and Liabilities - Group				
Financial assets				
Cash and equivalents - unrestricted	115	115	77	77
Cash and equivalents - restricted	–	–	–	–
Trade receivables	66	66	54	54
Prepaid abandonment fund (refundable)	240	240	240	240
Financial liabilities				
Trade and other payables	695	695	392	392
Loans at fixed rate	197	197	385	385

Notes to the Accounts continued

26. Financial risk management continued

	Carrying amount Year ended 31 December 2020	Fair Value Year ended 31 December 2020	Carrying amount Year ended 31 December 2019	Fair Value Year ended 31 December 2019
Capital management – Company				
Financial assets				
Cash and equivalents – unrestricted	107	107	63	63
Trade receivables	68	68	–	–
Financial liabilities				
Trade and other payables	417	417	175	175
Loans at fixed rate	197	197	385	385

Convertible loan at fixed rate

Fair value of convertible loans has been determined based on tier 3 measurement techniques. The fair value is estimated at the present value of future cash flows, discounted at estimated market rates. Fair value is not significantly different from carrying value.

Trade and other receivables/payables and inter-company receivables

All trade and other receivables and payables have a remaining life of less than one year. The ageing profile of the Group and Company receivable and payables are shown in Notes 13, 14, 14, 18 and 19.

Cash and cash equivalents

Cash and cash equivalents are all readily available and therefore carrying value represents a close approximation to fair value.

27. Commitments & contingencies

As at 31 December 2020, the Company recognises £450,000 in contingent consideration relating to the acquisition of Energetical Limited (renamed to Ascent Hispanic Resources UK Limited).

Post period in review, as announced on 10 March 2021, the Company's JV Service Provide, Petro Geo, issued a local enforcement order attempting to claim payment for an unsubstantiated amount of €662,288.63 plus interest of €12,103.19.

Ascent Resources plc
5 New Street Square
London
EC4A 3TW

ascentresources.co.uk