RNS Number : 3721E
Ascent Resources PLC
29 June 2023

This announcement contains inside information for the purposes of Article 7 of the Market Abuse Regulation (EU) 596/2014 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 (MAR), and is disclosed in accordance with the Company's obligations under Article 17 of MAR.

29 June 2023

Ascent Resources plc

("Ascent" or the "Company")

Final Results

Ascent Resources Plc (LON: AST), the European and Latin American focused natural resources company, announces its final results for the year ended 31 December 2022.

Highlights:

- Partially solved partner disputes in Slovenia to be able to recognise net revenue of €651k for hydrocarbons produced and sold in 2020 and 2021
- Initiated Slovenian arbitration proceedings to seek payment of agreed but unpaid hydrocarbon revenues for 2022 as well as to settle difference in interpretation of the JV contract relating to production above the baseline whilst Ascent is in a preferential cost recovery mode (i.e. until it has earned its investment back)
- Secured funding from specialist litigation and arbitration specialists Enyo Law LLP via a damages-based agreement, to pursue the Company's Energy Charter Treaty damages claim, initially estimated to be in excess of €500 million, against the Republic of Slovenia over their breaches which have destroyed the value of the Company's investment in country

Corporate

- Production of 1.16 million scm of gas and 37,855 litres of condensate in 2022 from PG-10 and PG-11A wells
- Focused ESG Metals growth strategy on Latin and Hispanic America and advanced business development activities in Peru and Chile, which are both countries with a long history in mining and mineral processing positioning the Company to execute on its maiden metals deal shortly
- Raised £1.2 million in new equity by way of subscription and placing

Post Balance Sheet Events

- Constitution of the Tribunal under the ICSID rules, in the Company's €500+ million ECT damages claim against the Republic of Slovenia and first Tribunal meeting held in April 2023

- Resolved partner dispute in Slovenia and received €1.7 million relating to production from January 2022 through to February 2023 and recognised €1.4 million of production related costs which corresponds to all outstanding service provider costs claimed since 2019 through to February 2023, with the amount being paid being a discount of approximately 30% to the amounts claimed

- Agreement to amend the monthly fixed fee to the Slovenian service provider from €40,000 per month to the higher of €20,000 per month or 35% of Ascent Slovenia Limited's entitlement to monthly proceeds from the PG-10 and PG-11A wells

- Indicative proposal to acquire Amur Minerals Limited, with the intention of combing their remaining available cash resource with Ascent's advanced business development inventory in Peru and Chile

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STATEMENT FROM THE CHAIRMAN

Ascent Resources plc has been focused in recent years on defending its investment interests following the Republic of

Slovenia's ban on stimulation, effectively expropriating the Company's flagship oil and gas assets. Having secured a binding damages-based agreement, successfully registered the claim and very recently constituted the Tribunal, the arbitration process is now firmly in play. This includes, a s announced in August 2022, making a formal submission of the request for arbitration against the Republic of Slovenia, which included an updated preliminary damages assessment in excess of €500 million (it should be cautioned that in the event the Company is successful in its claim any amount actually received by the Company may be significantly lower). It also includes the Tribunal being constituted.

Whilst these arbitration proceedings alone, we believe, already make Ascent Resources plc a unique and compelling proposition for shareholders, the Company has also been preparing for its maiden ESG Metals/ tailings transaction. Despite recent political turmoil in Peru, the company's near-term focus remains on Latin America with its deep-rooted mining legacy and attractively priced opportunity set. Once delivered, the Company's maiden transaction is expected to provide balance to the portfolio, dovetailing in assets that can exhibit sustainable and low risk cash flow generation with the binary outcome of our potentially highly material claim. Our recent intended bid for Amur Minerals Corporation is one component of a carefully planned funding strategy for this maiden transaction, which seeks to minimises equity dilution.

Gas production at the Petisovci project in Slovenia has continued with the PG-10 and PG-11A wells producing a total of 1,164,500 scm of gas during 2022. Despite significant partner complexity in country, the Company received a net payment of €651k in 2022 as payment for hydrocarbon revenues related to the 2020 and 2021 production years. For the 2022 production, a further €1.3million net revenue remains outstanding at year end and due to the uncertainty of settlement has not been recognised in the 2022 financial statements (Note 1 - Revenue recognition). Accordingly in December 2022 ASL initiated arbitration proceedings to ensure its partners compliance with its obligations to pay owed amounts from the PG-10 and PG-11A wells in addition to ASL's claim to receive, whilst it is in a preferential cost recovery mode (i.e. until it has earnt back its investment) its share of production above the baseline production profile for the other wells on the concession area. In April 2023, after the period in review the arbitration tribunal has been constituted. The parties have agreed ASL's recognition of PG-10 and PG-11A hydrocarbons for January 2022 through to February 2023 which is a total payment of €1.4m (net of VAT). The arbitration proceedings in relation to ASL's claim for revenue from the other wells took place in mid-June 2023 and the Company awaits the tribunal decision shortly.

We thank our shareholders for their patience and ongoing support as we continue to navigate the Company away from its legacy Slovenian business and towards the exciting opportunities that we see elsewhere in ESG mining/tailings whilst continuing to pursue our arbitration claim. We look forward to updating shareholders on our progress in what we believe will be a very exciting and rewarding year for Ascent shareholders.

STATEMENT FROM THE CEO

Legacy Slovenian Investment & ECT Damages Claim

2022 has been a year of significant change directly impacting the Company's flagship project in Slovenia, with the Government of Slovenia, in April 2022, voting to implement changes to the country's mining laws which, specific to the Company, included a ban on the production of hydrocarbons with the use of any form of stimulation which then came quickly into effect in May. Given that the future development plans of the Petisovci field have always included the use of low volume hydraulic stimulation (in conformity with the EU definition on stimulation levels), which has been conducted some thirty or more times on the field during the last fifty years, the ban has now destroyed the full economic value of Ascent's investment in Slovenia given that the Company will now no longer be able to execute the field development plan to be able to produce the 400+bcf discovered gas in place in the tight rock reservoirs. As such, the Company undertook a review of the Petisovci field at the end of the year and recognising that the economic value had been substantially destroyed, took the decision to recognise a 100% write down of the historical PPE and capitalised exploration costs totalling £39.7m.

The Company responded quickly to these law changes and served the Republic of Slovenia ("Slovenia" or "the State") with a new notice of dispute of further breaches under the UK-Slovenia bilateral investment treaty ("BIT") and the Energy Charter Treaty ('ECT') on 5 May 2022. The Company then entered into a binding damages agreement, appointing Enyo Law LLP to represent it in its dispute with the State, as announced on 30 May 2022. Enyo Law LLP is a specialist arbitration and litigation legal firm who filed both of the Notices of Disputes on behalf of the Company and who represented the Company in 2021's pre-arbitration negotiations with the Republic of Slovenia. On 15 August 2022, the Company formally initiated arbitration proceedings against the Republic of Slovenia with a revised monetary damages claim in excess of €500 million, which was accepted and successfully registered by the International Centre for Settlement of Investment Disputes ("ICSID") on 1 September 2022. It should be cautioned that in the event the Company is successful in its claim any amount actually received by the Company may be significantly lower.

The Company appointed Mr Klaus Reichert (German/Irish) as its arbitrator in November 2022. Mr Reichert is a very experienced arbitrator having participated in over 250 disputes. In December 2022, Slovenia appointed Ms Brigitte Stern, a French professor and experienced arbitrator. Post period end Dr Raed Fathallah (Canadian, French, Lebanese) was appointed as president arbitrator and accordingly on 7 March 2023 the Tribunal was constituted in accordance with Article 37(2)(a) of the ICSID Convention. Following a procedural first session in April 2023 the case will continue to progress through the structured arbitration process. It should be cautioned that in the event the Company is successful in its claim any amount actually received by the Company may be significantly lower.

The claim results from what the Board believe to be a populist campaign carried out by Slovenia against the Company and its investment, which has prevented the development of the Petišovci oil and gas field. In particular, Slovenia has prevented the restimulation of two wells (PG-10 and PG-11A) in 2017, which was necessary to maintain the levels of gas produced from the tight rock reservoir (as has been done multiple times over the last fifty years). This frustration of the ability to develop the field was initiated via a decision of the State's regulator, the Slovenian Environment Agency ("ARSO"), which determined that an Environmental Impact Assessment ("EIA") would be required to be approved in order to conduct the low-volume hydraulic stimulation, even though such an EIA was not required and never had been previously under Slovenian law, and ARSO's conclusion was contrary to the conclusion of Slovenia's own expert bodies. This decision significantly slowed down the development of the field by the Company. Pending such low-volume hydraulic stimulation, the amount of gas produced by the field was very significantly reduced, resulting in a significant loss of the Company's revenues.

At the same time, the Minister of the Environment and Spatial Planning of Slovenia repeatedly made public statements portraying Ascent, as well as the Petišovci project, in a negative light, and the Company believes that leaks were made by ARSO to the press. This further demonstrates that ARSO was biased against the Company and that the ARSO's decision was politically motivated. Slovenia's campaign against the investors culminated in a complete ban on low-volume hydraulic stimulation, which came into effect on 5 May 2022. The Board believes that statements made during the parliamentary debate on the ban leave no doubt that the Investors were being specifically targeted by it. This has left Ascent with no choice but to execute on its claim in relation to Slovenia's measures that have destroyed the value of Ascent's investments in the Slovenian energy sector, and which have de facto deprived Ascent of its right to produce gas in Slovenia. Ascent's rights have been unlawfully expropriated by Slovenia, in breach of the country's obligations under international law and both the ECT and the BIT. The Company has therefore sustained losses for which it is seeking compensation. The Company remains amenable to discussing settlement with the Republic of Slovenia following its review of the matter or otherwise pursuing this significant damages claim through to a binding result for the Company.

Slovenia Operational Update

Throughout the year the wells in the concession area have continued to produce small volumes of gas into the buoyant gas market with sales continuing to local industrial buyers through the low pressure pipeline. Total production from the PG-10 and PG-11A wells in 2022 was 1.1 million scm of gas and 37,855 litres of condensate and the average realised gas price for this production was €125/MWh, resulting in net invoiceable hydrocarbon revenues of €1.3 million due to ASL from the PG10 and PG11A wells only.

The Company's subsidiary, Ascent Slovenia Limited ("ASL"), continued to manage the ongoing disputes with its joint venture ("JV") partner Geoenergo as well as the JV's service provider Petrol Geo. (Geoenergo is 50% owned by Nafta Lendava which is a 100% Slovenian government controlled entity and 50% owned by Petrol which is a publicly listed 30% Slovenia State controlled company, Petrol Geo is a connected party by virtue of being a 100% subsidiary of Petrol). Whilst these disputes resulted in a continuing commercial stalemate throughout the period under review, ASL made some progress when in August 2022 it was able to agree recognition of payment for the outstanding hydrocarbon sales proceeds from the PG-10 and PG-11A wells for the period April 2020 through to December 2021 which was a total gross sum of €832k. As part of the agreements with Geoenergo for Ascent to receive these proceeds, ASL also agreed to recognise costs of €181k which Geoenergo claims to have paid in relation to the concession extension, as a result the Company received a net payment of €651k in August 2022. ASL was also successful in agreeing its share of the PG-10 and PG-11A revenues for the first half of 2022 amounting to €857k, however despite Geoenergo's prior confirmation that they would make this outstanding and owed payment in August as well, at the financial year end this amount was still outstanding as is the amount for the invoices raised and sent through the second half of 2022.

The revenue recognition dispute has been through a mediation process in September 2022, following which in December 2022 the Company raised some new equity proceeds to lodge its arbitration claim against Geoenergo in pursuit of a binding and enforceable resolution to this matter as well as resolution over ASL and Geoenergo's different interpretations of the joint venture contract relating to ASL's entitlement to hydrocarbons produced above a contractual base line performance profile whilst ASL is in a preferential cost recovery mode (i.e. until it has earnt its investment back). The arbitration is in process and has a long stop date, according to the Ljubljana Arbitration Centre rules, of 26 October 2023 to reach a binding result. The Company expects to make meaningful progress on this claim in the summer months of 2023, with the Company and its in country legal advisors remaining confident in the merits of ASL's claims which seek payment for in excess of €3 million from Geoenergo over the last three years. The tribunal hearing to decide on entitlement happened in June 2023 and the decision is expected to be rendered shortly. Separately, Petrol Geo had a claim against the joint venture over monthly fixed fee service invoices which the joint venture has rejected since April 2020 until February 2023 based on a significant change in circumstances. At the financial year end, Petrol Geo were claiming a total sum of approximately €1.7 million is owed by the joint venture in rejected monthly invoices. Post period under review, the JV and Petrol Geo entered into a dispute mediation process, which in April 2023 resulted in a mutually agreed resolution to this matter. Petrol Geo's claims against the JV over disputed and rejected invoices claimed since 2019 through to February 2023, totalling €2,083,491 (plus claimed interests and costs), were agreed to be settled for €1,436,000, representing a discount of approximately 30% to the face value. For the year under review €501,000 (net) of this settlement amount has been recognised against the 2020 and 2021 revenue noted above. Furthermore, the JV successfully renegotiated a reduction in Petrol Geo's fixed fee until the concession expiration in November 2023 to the higher of i) €20,000 per month, being a 55% discount to the prior fee level; or ii) 35% of ASL's share of the hydrocarbons produced from the PG-10 and PG-11A wells. The previous fee was a fixed €44,000 per month, which was unstainable when the gas prices were lower and as production levels continue to naturally decline.

Post the year end, Slovenia has approved new amendments to its mining concession legislation which proposes to give automatic 30 months extensions to those concessions which are due to expire in 2023 and 2024. Accordingly, the concession was previously due to expire on 28 November 2023 and is now expected, upon submission by Geoenergo of the relevant information, to be extended to 28 May 2026.

New Environment, Social & Governance ('ESG') Metals Strategy

The Company remains very focused on executing on its new ESG Metals growth strategy and confirmed this during the year announcing that whilst the Company continues to evaluate a number of ESG Metal transactions across Latin and Hispanic America, it has identified Peru as a primary target geography. Peru is widely recognised as one of the largest and most diversified mineral producers with some of the most extensive reserves in the world with mining the most important sector in the Peruvian economy (some 10% of national GDP). Peru is currently the world's second largest Copper, Silver and Zinc producer and Latin America's largest Gold, Zinc, Tin and Lead producer. Peru's Long-Term Credit Rating is rated as BBB by most agencies, which is amongst the strongest in the region. The country also benefits from a long history of mining, a robust mining legal framework and a significant pool of local expertise. Similarly, a lot of these traits are shared by neighbouring Chile, which is the world's largest Copper producer and has a long history or mining and mineral processing giving rise to large accumulations of surface stockpiled materials consistent with the Company's ESG Metals strategy.

The Company sees significant opportunity for attractive entry points in mining following the global pandemic which has triggered international capital flight and significant capital constraints for small-scale miners. The Company therefore initially expects to focus its attention on small-scale operations (up to 350 tpd), which the Company considers affordable, of an efficient operational and commercial scale and which have multiple local operating and permitting benefits. The Company is actively developing a number of potential transactions in the gold tailing re-processing and artisanal gold ore processing theme, however given the political disruption in Peru towards the end of 2022 and beginning of 2023, the Company expects its first transaction in ESG Metals may be in a neighbouring territory, with the expectation that a new country entry to Peru focused on precious metals would still materialise in the Company's near future.

Corporate & Funding

The Board have continued to manage costs and relationships with JV parties while its legacy disputes continue to be resolved, managing various historical outstanding balances and raising additional funds to enable the pursuit of the Company's damages claim against Slovenia, its Slovenian JV partner and for the new ESG Metals initiatives. The Company successfully funded its significant monetary damages claim against Slovenia through the damages-based agreement to appoint Enyo Law LLP to represent it. Consequently the Company remains positioned as a clean vehicle with a strong Board, access to capital, a funded significant damages claim and a clear growth trajectory.

In January 2022, in support of the Company focusing its ESG Metal strategy on Latin America, the Company successfully raised new gross equity proceeds of £0.6 million to fund working capital requirements and wider business development activity at a price of 3.3 pence per new share, which represented a nil discount to the closing bid price on the prior day. The subscribers received one new equity warrant per new share subscribed for, with the warrant being exercisable at 5p per warrant share at any time in the next two years. In April 2022, the Company agreed with the holders of the remaining 4p equity warrants that were issued on 6 August 2020 to an immediate warrant exercise whereby all 4p warrants were exercised, realising new equity proceeds of £242,500 for the Company. In exchange for this accelerated warrant exercise, the Company awarded one and half new warrants for each warrant exercised, with each new warrant being exercisable at 5p per new warrant at any time over the next three years. In December the Company successfully raised new equity proceeds of £0.6 million by way of issue of 15 million new shares at 4p, being the closing bid price on the night before. Each placing share was issued with a warrant at 5p.

Alongside the December 2022 placing, the Company agreed with its only lender, RiverFort, to restructure its debts and to repay £50,000 of the total outstanding payment obligations of £561,620, with £25,000 in cash plus £25,000 which will be satisfied with the issue of 625,000 new shares. The remaining balance of £511,620 was re-profiled such that it will incur a coupon of 8 per cent and now be redeemable in six equal cash instalments of £92,091.60 as of 14 September 2023 and monthly thereafter with final payment on 14 February 2024.

Additionally, the Company was successful in recognising some revenue in the 2022 financial year with receipt of a net payment (after certain concession related costs) of €651k in August 2022. Post the year end the Company also recognised €1,724,689 of revenue for January 2022 through to February 2023, against which it also agreed to acknowledge and pay the discounted amount of €1,436,000 to Petrol Geo in full and final payment of all amounts claimed to be owed and outstanding since 2019 to February 2023. Post the year end the Company therefore received net cash payment of €288,689 as a result of a successful mediation process involving the negotiation of a discount to historic and future fixed processing costs being charged by Petrol Geo.

In February 2022, Mr Ewen Ainsworth stepped down from his position as Non-Executive Director following his acceptance of a full-time executive position elsewhere. In December 2022 the Company appointed Mr Marco Fumagalli to the Board. Marco is a Founding Partner at Continental Investment Partners SA, a Swiss-based investment fund. Marco is a well-known Italian businessman and industrial investor who was previously a group partner at 3i. He is a qualified accountant and holds a degree in business administration from Bocconi University in Milan and has many years' experience as an AIM company director. Subsequently, Marco became Chairman of the Audit Committee.

Post the year end, the Company has raised £400k through a placing of new shares at 3p (being the spot price on the day before announcement) with a one for one warrant attached that is exercisable at 5p per new warrant share. Additionally the Company is pursuing a claim to recognise its share of the hydrocarbons produced in the concession area above the baseline production profile and if successful expects to be able to recognise further revenues of circa €3+ million over the last three years.

Summary

The Company has gained traction with its Slovenian operational disputes and recognition of revenue for the first time in several years, alongside positioning its shareholders with exposure to a funded significant monetary damages claim, in excess of €500 million, against the Republic of Slovenia under the Energy Charter Treaty (it should be cautioned that in the event the Company is successful in its claim any amount actually received by the Company may be significantly lower) and is well placed to complete on its continuing ESG Metals business development activity during the 2023 financial year.

James Parsons
Executive Chairman

Andrew Dennan
Chief Executive Officer

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2022

	Notes	**Year Ended 31 December 2022 £'000s**	Year Ended 31 December 2021 £'000s
Revenue	2	**581**	-
Cost of Sales	2	**(504)**	(19)
Depreciation of oil & gas assets	10	**(214)**	(328)
Gross loss		**(137)**	(347)
Administrative expenses	3	**(1,472)**	(1,596)
Decommissioning provision	16	**(326)**	-
Goodwill impairment	9	**(203)**	-
Impairment expenses	10,11,12	**(39,721)**	-
Operating loss		**(41,859)**	(1,943)
Finance cost	5	**(32)**	(28)
Net finance costs		**(32)**	(28)
Loss before taxation		**(41,891)**	(1,971)
Income tax expense	6	**-**	-
Loss for the year		**(41,891)**	(1,971)
Other comprehensive income			
Items that may be reclassified to profit and loss			
Exchange differences on translation of foreign operations		**318**	(1,621)
Total comprehensive income for the year		**(41,573)**	(3,592)
Earnings per share			
Basic & fully diluted loss per share (Pence)	8	**(31.87)**	(1.83)

The consolidated balance sheet should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position

For the year ended 31 December 2022

Assets	Notes	**31 December 2022 £'000s**	31 December 2021 £'000s
Non-current assets			
Property, plant and equipment	10	**4**	21,111
Exploration and evaluation assets	11	**-**	18,463
Goodwill	9	**-**	653
Prepaid abandonment fund	13	**300**	300
Total non-current assets		**304**	40,527
Current Assets			
Trade and other receivables	13	**11**	8
Cash and cash equivalents	25	**325**	97
Total current assets		**336**	105
Total assets		**640**	40,632
Equity and liabilities			

Attributable to the equity holders of the Parent Company			
Share capital	20	**8,214**	7,998
Share premium account		**76,298**	75,021
Merger reserve		**570**	570
Share-based payment reserve	24	**2,131**	2,129
Translation reserve		**(276)**	(594)
Retained earnings		**(88,457)**	(46,566)
Total equity attributable to the shareholders		**(1,520)**	35,558
Total equity		**(1,520)**	35,558
Non-current liabilities			
Borrowings	15	**516**	536
Provisions	16	**663**	312
Total non-current liabilities		**1,179**	848
Current liabilities			
Borrowings	15	**5**	5
Contingent consideration on acquisition	17	**-**	450
Trade and other payables	18	**976**	771
Total current liabilities		**981**	1,226
Total liabilities		**2,160**	2,074
Total equity and liabilities		**640**	40,632

The consolidated balance sheet should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

For the year ended 31 December 2022

	Share capital £'000s	Share premium £'000s	Merger reserve £'000s	Equity reserve £'000s	Share base payment reserve £'000s	Translation reserve £'000s	Retained earnings £'000s	Total £'000s
Balance as at 1 January 2021	7,928	73,863	570	73	2,129	1,027	(44,595)	40,995
Comprehensive income								
Loss for the year	-	-	-	-	-	-	(1,971)	(1,971)
Other comprehensive income								
Currency translation differences	-	-	-	-	-	(1,621)	-	(1,621)
Total comprehensive income	-	-	-	-	-	(1,621)	(1,971)	(3,592)
Transactions with owners								
Issue of ordinary shares	70	1,216	-	-	-	-	-	1,286
Costs related to share issues	-	(58)	-	-	-	-	-	(58)
Equity value of convertible loan	-	-	-	(73)	-	-	-	(73)
Total transactions with owners	70	1,158	-	(73)	-	-	-	1,155
Balance at 31 December 2021	7,998	75,021	570	-	2,129	(594)	(46,566)	38,558
Balance at 1 January 2022	7,998	75,021	570	-	2,129	(594)	(46,566)	38,558
Comprehensive income								
Loss for the year	-	-	-	-	-	-	(41,891)	(41,891)
Other comprehensive income								
Currency translation differences	-	-	-	-	-	318	-	318
Total comprehensive income	-	-	-	-	-	318	(41,891)	(41,573)
Transactions with owners								
Issue of ordinary shares	216	1,366	-	-	-	-	-	1,582
Costs related to share issues	-	(89)	-	-	-	-	-	(89)
Share-based payments	-	-	-	-	2	-	-	2
Total transactions with owners	216	1,277	-	-	2	-	-	1,495
Balance at 31 December 2022	**8,214**	**76,298**	**570**	**-**	**2,131**	**(276)**	**(88,457)**	**(1,520)**

The consolidated balance sheet should be read in conjunction with the accompanying notes.

Consolidated Cash Flow Statement

For the year ended 31 December 2022

	Year ended 31 December 2022 £'000s	Year ended 31 December 2021 £'000s

Cash flows from operations		
Loss after tax for the year	(41,891)	(1,971)
Depreciation	214	328
Impairment of PPE and exploration asset	39,721	-
Goodwill impairment	203	-
Decommissioning provision	326	-
Change in receivables	3	42
Change in payables	205	75
Increase in share-based payments	2	12
Exchange differences	6	42
Net cash used in operating activities	(1,211)	(1,472)
Cash flows from investing activities		
Payments from fixed assets	(1)	(3)
Net cash used in investing activities	(1)	(3)
Cash flows from financing activities		
Loans advanced	-	375
Loans repaid	(20)	-
Interest paid	(32)	-
Proceeds from issue of shares	1,581	1,140
Share issue costs	(89)	(58)
Net cash generated from financing activities	1,440	1,457
Net increase / (decrease) in cash and cash equivalents for the year	228	(18)
Effect of foreign exchange differences	-	-
Cash and cash equivalents at beginning of the year	97	115
Cash and cash equivalents at end of the year	325	97

The consolidated balance sheet should be read in conjunction with the accompanying notes.

Notes to the Financial Statements

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 2022 comprise the Company and its subsidiaries (together referred to as the 'Group'). 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 UK-adopted international accounting standards and with the requirements of the Companies Act 2006.

The Group's and Company's financial statements for the year ended 31 December 2022 were approved and authorised for issue by the Board of Directors on 28 June 2023 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 UK-adopted international accounting standards and with the requirements of the Companies Act 2006.

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 £44,159,000 (2021: loss of £1,550,000).

The presentational currency of the Group is British Pounds Stirling ("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 Group and Company financial statements have been prepared under the going concern assumption, which presumes that the Group and Company will be able to meet its obligations as they fall due for the foreseeable future.

The Company has raised £0.4 million in new equity since the balance sheet date from new and existing investors and has settled revenue disputes with its JV partner and settled invoice disputes with its JV operator such that a net €288,000 was received by the Company. Under the Group's forecasts, the funds raised together with existing bank balances provide sufficient funding for at least two months, as of the date of the publication of this report, based on anticipated outgoings.

In addition to the need to raise additional funding in the next two months, the forecasts are sensitive to the timing and cash flows associated with the continuing situation in Slovenia, and discretionary spend incurred with executing the ESG Metals Strategy through acquisition. As such, the Company will need to raise new capital within the forecast period to fund such discretionary spend.

Negotiations with potential new investors is ongoing and 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, there is a material uncertainty to the going concern of the Group.

New and amended Standards effective for 31 December 2022 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 2022. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements:

Standard	Description
Amendments to IFRS 3	Business Combinations - Reference to the Conceptual Framework
Amendments to IFRS 16	Property, Plant and Equipment
Amendments to IFRS 37	Provisions, Contingent Liabilities and Contingent Assets
N/A	Annual Improvements to IFRS Standards 2018-2020 Cycle

The new standards effective from 1 January 2022, as listed above, did not have a material effect on the Group's financial statements.

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 and IFRS Practice Statement 2 Disclosure of Accounting Policies	1 January 2023*
IAS 8 amendments	Accounting policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates	1 January 2023*
IAS 12 amendments	Income Taxes - Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023*
IAS 17 amendments	Insurance contracts - Initial Application of IFRS 17 and IFRS 9 - Comparative Information	1 January 2023*

**Subject to UK endorsement*

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.

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 development 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 November 2023. The Board considers these factors to be an ordinary risk for oil and gas developments.

In April 2022, the Republic of Slovenia approved amendments to its Mining Law which include a total ban on hydraulic stimulation. The Company believes that this ban has substantially destroyed the economic value of the Petisovci field. Consequently, the operational and development review conducted by the Company determined that further field development was not economically viable and that the current producing wells had a remaining production life of 5.5 years. The result of the impairment review identified an impairment charge of £17,800,000 and the carrying value of exploration assets at 31 December 2022 are nil (2021: £18,463,000).

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 15)

Carrying value of property, plant and equipment (developed oil and gas assets) (Note 10) - In April 2022, the Republic of Slovenia approved amendments to its Mining Law which include a total ban on hydraulic stimulation. Consequently, the operational and development review conducted by the Company determined that further field development was not economically viable and that the current producing wells had a remaining production life of 5.5 years. The result of the impairment review identified an impairment charge of £21,665,000 and the carrying value of property, plant and equipment assets at 31 December 2022 was nil (2021: £21,106,000).

The 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. 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 £214,000 (2021: £328,000) 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 2022 the Board has concluded that no deferred tax asset is yet applicable. This is included at Note 7.

Decommissioning costs (Note 16)

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. A change in the key assumptions used to calculate rehabilitation provisions could have a material impact on the carrying value of the provisions.

The carrying value of these provisions in the financial statements represents an estimate of the future costs expected to be incurred to rehabilitate each well, which is reviewed at least annually. Future costs are estimated by internal experts, with external specialists engaged periodically to assist management. These estimates are based on current price observations, taking into account developments in technology and changes to legal and contractual requirements. Expectations regarding cost inflation are also incorporated. He carrying value of these provisions have not been discounted to provide a present value of these future costs due to the near-term uncertainty of when these costs may materialise.

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. In April 2022, the Republic of Slovenia approved amendments to its Mining Law which include a total ban on hydraulic stimulation. Consequently, the operational and development review conducted by the Company determined that further field development was not economically viable and that the current producing wells had a remaining production life of 5.5 years. Recognising the loss in economic value, management took the decision fully impair the receivable in the Company accounts (2021: £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.

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, the Petišovci joint venture in Slovenia in which Ascent Slovenia Limited (a 100% subsidiary of Ascent Resources plc) has a 75% working interest, however whilst in a cost recovery position the Company is entitled to 90% of hydrocarbon revenues produced.

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 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.

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.

Foreign currency

The Group's strategy is focussed on developing oil and gas projects and ESG metals 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 2022 was £1: €1.1308 (2021: £1:€1.1900).

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.

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.

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.

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.

Share-based payments

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 share-based payments. The expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied.

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 financial liability and charged as transaction cost deducted against the loan and held subsequently at fair value. 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.

The Share premium reserve relates to amounts subscribed for share capital in excess of nominal value less costs of shares associated with share issues.

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 Merger reserve relates to the value of shares, in excess of nominal value, issued with respect of the Trameta acquisition in 2016.

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. 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. The Company follows the five step process set out in IFRS 15 for revenue recognition.

Revenue is derived from the production of hydrocarbons under the Petišovci Concession, which Ascent Slovenia Limited holds a 75% working interest, however whilst in a cost recovery position the Company is entitled to 90% of hydrocarbon revenues produced. 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.

During the year the information required to determine the transaction price of the revenues relating to producing assets under the Petišovci Concession was not available. The contractual terms under the Joint arrangement in Slovenia are under dispute and it was therefore unclear at the year end whether the performance obligations had been met. For these reasons, no revenue has been recognised during the year in accordance with IFRS 15.

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 hydrocarbon revenues produced whilst in a cost recovery position in the Petišovci area 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.

2022	UK £,000s	Slovenia £'000s	Elims £'000s	Total £'000s
Hydrocarbon sales	-	581	-	581
Intercompany sales	417	12	(429)	-
Total revenue	417	593	(429)	581
Cost of sales	-	(504)	-	(504)
Administrative expenses	(719)	(642)	(111)	(1,472)
Material non-cash items				
Depreciation	(1)	(213)	-	(214)
Impairment	(43,622)	(25,795)	29,696	(39,721)
Goodwill impairment	(203)	-	-	(203)
Decommission provision	-	(326)	-	(326)
Net finance costs	(31)	(1)	-	(32)
Reportable segment profit/(loss) before taxation	(44,159)	(26,888)	28,156	(41,891)
Taxation	-	-	-	-
Reportable segment profit/(loss) after taxation	(44,159)	(26,888)	28,156	(41,891)
Reportable segment assets				
Carrying value of exploration assets	-	18,463	-	18,463
Impairment to exploration assets	-	(18,820)	-	(18,820)
Effect of exchange rate movements	-	357	-	357
Total plant and equipment	4	-	-	4
Prepaid abandonment fund	-	300	-	300
Investment in subsidiaries	-	-	-	-
Intercompany receivables	-	-	-	-
Total non-current assets	4	300	-	304
Other assets	326	10	-	336
Consolidated total assets	330	310	-	640
Reportable segment liabilities				
Trade payables	(219)	(757)	-	(976)
External loan balances	(521)	-	-	(521)
Inter-group borrowings	-	(34,536)	34,536	-
Other liabilities	-	(663)	-	(663)
Consolidated total liabilities	(740)	(35,956)	34,536	(2,160)

2021	UK £,000s	Slovenia £'000s	Elims £'000s	Total £'000s
Hydrocarbon sales	-	-	-	-
Intercompany sales	-	13	(13)	-
Total revenue	-	13	(13)	-
Cost of sales	-	(19)	-	(19)
Administrative expenses	(1,520)	(89)	13	(1,596)
Material non-cash items				
Depreciation	-	(328)	-	(328)
Net finance costs	(27)	(1)	-	(28)
Reportable segment profit/(loss) before taxation	(1,547)	(424)	-	(1,971)
Taxation	-	-	-	-

Reportable segment profit/(loss) after taxation	(1,547)	(424)	-	(1,971)
Reportable segment assets				
Carrying value of exploration assets	-	18,753	-	18,753
Additions to exploration assets	-	-	-	-
Effect of exchange rate movements	-	(290)	-	(290)
Total plant and equipment	-	21,111	-	21,111
Prepaid abandonment fund	-	300	-	300
Investment in subsidiaries	16,099	-	(15,446)	653
Intercompany receivables	27,526	-	(27,526)	-
Total non-current assets	43,625	39,874	(42,972)	40,527
Other assets	115	(10)	-	105
Consolidated total assets	43,740	38,694	(42,972)	40,632
Reportable segment liabilities				
Trade payables	(494)	(277)	-	(771)
External loan balances	(541)	-	-	(541)
Inter-group borrowings	-	(32,677)	32,677	-
Other liabilities	(450)	(312)	-	(762)
Consolidated total liabilities	(1,485)	(33,266)	32,677	(2,074)

Revenue from customers

Revenue for 2022 was £581,000 (2021: nil). The on-going dispute with the JV partner was partially resolved in August 2022 resulting in the recognition of revenue, and receipt of funds, from the hydrocarbon production for the period April 2020 to December 2021. Hydrocarbon production for 2022 is still subject to dispute and has not been recognised in the 2022 year. The performance obligations are set out in the Group's revenue recognition policy. 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 2022 £'000s	Year ended 31 December 2021 £'000s
Employee costs	812	1,067
Shared based payment charge	2	-
Depreciation	214	328
Auditor's remuneration:		
Audit fees - PKF	52	45
Fees payable to the Company's auditor for other services	-	-
	52	45

4. Employees and directors

a) Employees

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

	Year ended 31 December 2022	Year ended 31 December 2021
Management and technical	**7**	7

b) Directors and employee's remuneration

	Year ended 31 December 2022 £'000s	Year ended 31 December 2021 £'000s
Employees and directors		
Wages and salaries	**667**	826
Social security costs	**91**	145
Pension costs	**1**	2
Bonuses	**53**	86
Share base payments	**2**	-
Taxable benefits	**13**	8
	827	1,067

c) Director's remuneration

Please see Remuneration report on pages 32-33.

5. Finance income and costs recognised in the year

Finance costs	Year ended 31 December 2022 £'000s	Year ended 31 December 2021 £'000s
Interest charge on loans	**(30)**	(26)
Bank charges	**(2)**	(2)
	(32)	(28)

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

6. Income tax expense

	Year ended 31 December 2022 £'000s	Year ended 31 December 2021 £'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 2022 £'000s	Year ended 31 December 2021 £'000s
Loss for the year	**(41,891)**	(1,971)
Income tax using the Company's domestic tax rate at 19% (2021: 19%)	**(7,959)**	(375)
Effects of:		
Net increase in unrecognised losses c/f	**7,959**	375
Effect of tax rates in foreign jurisdictions	**-**	-
Other non-deductible expenses	**-**	-
Total tax expense for the year	**-**	-

7. Deferred tax - Group and Company

	Year ended 31 December 2022 £'000s	Year ended 31 December 2021 £'000s
Group		
Total tax losses - UK and Slovenia	**(95,118)**	(53,277)
Unrecorded deferred tax asset at 19% (2021: 19%)	**16,170**	9,049
Company		
Total tax losses	**(59,249)**	(15,080)
Unrecorded deferred tax asset at 19% (2021: 19%)	**10,072**	1,548

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 2022 £'000s	Year ended 31 December 2021 £'000s
Result for the year		
Total loss for the year attributable to equity shareholders	**(41,891)**	(1,971)
Weighted average number of shares	**Number**	Number
For basic earnings per share	**133,972,082**	108,007,151
Loss per share (pence)	**(31.27)**	(1.83)

As the result for the year was a loss, the basic and diluted loss per share are the same. At 31 December 2022, potentially dilutive instruments in issue were 65,969,404 (2021: 29,262,396). Dilutive shares arise from share options and warrants issued by the Company.

9. Business combinations

There have been no acquisitions during the period, however the Board strategically expect acquisitions to be a common component of growth in the future.

In April 2020, the Company acquired 100% of the share capital of Energetical Limited, a UK Company with exclusive rights

In April 2020, the Company acquired 100% of the share capital of Energetical Limited, a UK Company with exclusive rights to secure a Production Sharing Contract ("PSC") on a producing onshore Cuban oil licence. The initial consideration for the acquisition of Energetical comprised of the issue of six million new ordinary shares valued at £203,000 and a further £450,000 (see note 17) of contingent consideration that would be payable on the execution of production sharing contracts.

Consideration - new ordinary shares issued at 3.38p	203
Contingent consideration (note 17)	450
Total consideration and value of goodwill	**653**

The exclusive MOU covering the rights to negotiate PSCs with the exclusivity lapsed on 31 December 2021 and the MOU remaining on a non-exclusive basis until the end of April 2022. The Company took to decision to cease evaluating assets in Cuba on 15 August 2022 and to fully impair the value goodwill.

Goodwill	
At 1 January 2022	653
Impairment	(653)
At 31 December 2022	-

10. Property, plant and equipment

Cost	Computer Equipment £'000s	Developed Oil & Gas Assets £'000s	Total £'000s
At 1 January 2021	6	24,594	24,600
Additions	5	-	5
Effect of exchange rate movements	-	(1,631)	(1,631)
At 31 December 2021	11	22,963	22,974
At 1 January 2022	11	22,963	22,974
Additions	1	-	1
Effect of exchange rate movements	-	1,203	1,203
At 31 December 2022	12	24,166	24,178
Depreciation			
At 1 January 2021	(6)	(1,811)	(1,817)
Charge for the year	-	(328)	(328)
Effect of exchange rate movements	-	282	282
At 31 December 2021	(6)	(1,857)	(1,863)
At 1 January 2022	(6)	(1,857)	(1,863)
Charge for the year	(2)	(212)	(214)
Impairment	-	(21,193)	(21,193)
Effect of exchange rate movements	-	(904)	(904)
At 31 December 2022	(8)	(24,166)	(24,174)
Carrying value			
At 31 December 2022	4	-	4
At 31 December 2021	5	21,106	21,111
At 1 January 2021	-	22,783	22,783

Impairment of £21,193,000 (2021: nil) has been recognised during the year. In April 2022, the Republic of Slovenia approved amendments to its Mining Law which include a total ban on hydraulic stimulation. Consequently, the operational and development review conducted by the Company determined that further field development was not economically viable and that the current producing wells had a remaining production life of 5.5 years. Details of the impairment judgments and estimates in the fair value less cost to develop assessment as set out in Note 1.

11. Exploration and evaluation assets - Group

Cost	**Slovenia £'000s**	**Total £'000s**
At 1 January 2021	18,753	18,753
Effects of exchange rate movements	(290)	(290)
At 31 December 2021	18,463	18,463
At 1 January 2022	18,463	18,463
Impairment	(18,820)	(18,820)
Effects of exchange rate movements	357	357
At 31 December 2022	-	-
At 31 December 2022	-	-
At 31 December 2021	18,463	18,463
At 1 January 2021	18,753	18,753

Impairment of £18,820,000 (2021: nil) has been recognised during the year. In April 2022, the Republic of Slovenia approved amendments to its Mining Law which include a total ban on hydraulic stimulation. Consequently, the operational and development review conducted by the Company determined that further field development was not economically viable and that the current producing wells had a remaining production life of 5.5 years. As at 31 December 2022 the net present value was significantly lower than the carrying value of the assets which indicated that an impairment of 100% of intangible oil and gas assets was warranted. Details of the impairment judgments and estimates and the fair value less cost to develop assessment as set out in Note 1.

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.

The residual value of the intangible oil and gas assets represents the amount provided for decommissioning costs (note 16) less the amounts in the Prepaid Abandonment Fund (note 13).

less the amounts in the Prepaid Abandonment Fund (note 13).

12. Investments in subsidiaries - Company

	2022 £'000s	2021 £'000s
Cost		
At 1 January	16,102	16,096
Additions	0	6
At 31 December	16,102	16,102
Accumulated impairment		
At 1 January	-	-
Impairment	(16,102)	-
At 31 December	-	-
Net book value		
At 31 December	-	16,102

Impairment of £16,102,000 (2021: nil) has been recognised during the year. In April 2022, the Republic of Slovenia approved amendments to its Mining Law which include a total ban on hydraulic stimulation. Consequently, the operational and development review conducted by the Company determined that further field development was not economically viable and that the current producing wells had a remaining production life of 5.5 years. As at 31 December 2022 the net present value was significantly lower than the carrying value of the assets which indicated that an impairment of 100% of investment in subsidiaries.

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 2022	% of share capital held 2021
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 Hispanic Resources UK Limited 5 New Street Square London EC4A 3TW	Oil and gas exploration	England and Wales	100%	100%
Ascent Hispanic Ventures, S.L. C Lluis Muntadas, 8 08035 Barcelona	Oil and gas exploration	Spain	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

	2022 £'000s	2021 £'000s
VAT recoverable	33	42
Prepaid abandonment liability	300	300
Prepayments & accrued income	(22)	(34)
	311	308
Less non-current portion	(300)	(300)
Current portion	11	8

The prepaid abandonment liability represents funds the Group has deposited into a bank account to be made available for the purposes of decommissioning wells that are currently in production.

14. Trade and other receivables - Company

a) Trade Receivables

	2022 £'000s	2021 £'000s
VAT recoverable	14	19
Prepayments & accrued income	10	9
	24	28

b) Intercompany Receivables

	2022 Cash £'000s	2022 Services £'000s	2022 Total £'000s	2021 Cash £'000s	2021 Services £'000s	2021 Total £'000s
Ascent Slovenia Limited	-	-	-	17,368	5,404	22,772
Ascent Resources doo	-	-	-	2,951	1,730	4,681
Trameta doo	-	-	-	11	-	11

Ascent Hispanic Ventures	-	-	-	56	-	56
	-	-	-	20,386	7,134	27,520

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.

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. In April 2022, the Republic of Slovenia approved amendments to its Mining Law which include a total ban on hydraulic stimulation. Consequently, the operational and development review conducted by the Company determined that further field development was not economically viable and that the current producing wells had a remaining production life of 5.5 years. As at 31 December 2022 the net present value was significantly lower than the carrying value of the assets which indicated that an impairment of 100% of intercompany receivables at the Company level was warranted. Impairment for the year under review was £27,520,000 (2021: nil).

15. Borrowings - Group and Company

	2022	2021
Group	**£'000s**	**£'000s**
Current		
Borrowings	-	-
Convertible loan notes	5	5
Non-current		
Borrowing	516	536
	521	541
Company		
Current		
Borrowings	-	-
Convertible loan notes	5	5
Non-current		
Borrowing	516	536
	521	541

In December 2022, the Company reprofiled its outstanding debt with Riverfort Global Opportunities. The total outstanding obligation stood at £566,000 with the Company repaying £50,000 of the total outstanding payment obligations of £561,620, with £25,000 in cash plus £25,000 which will be satisfied with the issue of 625,000 new shares. The remaining balance of £511,620 was re-profiled such that it will incur a coupon of 8 per cent and now be redeemable in six equal cash instalments of £92,091.60 as of 14 September 2023 and monthly thereafter with final payment on 14 February 2024.

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

16. Provisions - Group

	£000s
At 1 January 2021	328
Foreign exchange movement	(16)
Provision	-
At 31 December 2021	312
At 1 January 2022	312
Foreign exchange movement	13
Provision	338
At 31 December 2022	663

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. The Company has placed £300,000 on deposit as collateral against this liability see Note 13.

17. Contingent consideration due on Acquisition

	2022	2021
Group	**£'000s**	**£'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 in cash and a further £350,000 in shares. The Company has not discounted the contingent consideration since the impact would not be material. The Company took to decision to cease evaluating assets in Cuba on 15 August 2022 and as such write down the value of the contingent consideration in full.

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

	2022	2021
	£'000s	**£'000s**
Trade payables	437	581
Tax and social security payable	44	16
Accruals and deferred income	495	174
	976	771

19. Trade and other payables - Company

	2022	2021
	£'000s	**£'000s**
Trade payables	138	309

Tax and social security payable	28	10
Accruals and deferred income	53	174
	219	493

20. Called up share capital

	2022 £'000s	2021 £'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
109,376,804 ordinary shares of 0.5p each	763	547
	8,214	7,998

Reconciliation of share capital movement	2022 number	2021 number
At 1 January	109,376,804	95,283,281
Issue of shares during the year	43,041,211	14,093,523
At 31 December	152,418,015	109,376,804

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

Shares issued during the year

- On 19 January 2022, the Company raised £600,000 via a placing of 18,181,818 ordinary shares with investors.
- On 19 January 2022, the Company issued 303,030 ordinary shares at a price of 3.30p to a professional advisor in lieu of fees.
- On 3 February 2022, the Company issued 1,636,363 ordinary shares at a price of 3.30p to professional advisors in lieu of fees and to staff in lieu of bonus.
- On 14 April 2022, the Company received £242,500 in respect to a warrants exercise over 6,062,500 new ordinary shares.
- On 1 December 2022, the Company raised £600,000 via a placing of 15,000,000 ordinary shares with investors.
- On 1 December 2022, the Company issued 1,232,500 ordinary shares at a price of 4.00p to professional advisors in lieu of fees.
- On 1 December 2022, The Company issued 625,000 ordinary shares at a price of 4.00p to Riverfort Global Opportunities as a repayment of loan.

Shares issued during the prior year

- On 6 January 2021, the Company issued 208,991 ordinary shares at a price of 5.74p to a professional advisor in lieu of fees.
- On 11 January 2021, the Company received £62,500 in respect to a warrants exercise over 833,333 new ordinary shares. Additionally, the Company issued 66,667 new shares at 7.5p in lieu of the 8% cash coupon.
- On 12 January 2021, the Company received £55,000 in respect to a warrants exercise over 1,000,000 new ordinary shares.
- On 2 February 2021, the Company received £7,500 in respect to a warrants exercise over 187,500 new ordinary shares.
- On 4 February 2021, the Company received £62,500 in respect to a warrants exercise over 833,333 new ordinary shares. Additionally, the Company issued 66,667 new shares at 7.5p in lieu of the 8% cash coupon.
- On 5 February 2021, received £62,500 in respect to a warrants exercise over 900,000 new ordinary shares.
- On 11 February 2021, the Company raised £1m via a placing of 9,997,032 ordinary shares with investors.

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 2022, the Group had exploration and expenditure commitments of £ Nil (2021 - Nil).

22. Related party transactions

There is no ultimate controlling party for the Company.

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.

2022

There were no transactions involving directors during the year (2021: nil).

23. Events subsequent to the reporting period

In February 2023 the Company granted an aggregate of 4,600,000 options over ordinary shares as had been announced by

RNS on 11 November 2022.

On 23 February 2023 the Company announced that it had signed a Strategic Collaboration Agreement with Beryl International (Pty) Ltd in which the parties agree to work together to identify and potentially fund both those LATAM ESG Metals opportunities already identified by Ascent and new African opportunities introduced by Beryl. In support of the collaboration, Beryl has agreed to subscribe for£ 1,000,000 in new equity via a direct subscription at 4 pence per new share. The Subscription will be conducted in two tranches, with a first tranche of £300,000 in new equity closing on 21 March 2023 and the balance of £700,000 closing on or before 30 June 2023.

On 21 March 2023 the Company announced that, following the inclusion of South Africa to the FATF's 'grey list' on 24 February 2023 and the consequent additional processes required to complete international funds transfers out of South Africa, the direct subscription from Beryl, as announced on 23 February 2023, has now been delayed. It is now expected that settlement of the £1 million subscription at 4 pence per new subscription share will take place in one full £1 million tranche on completion of the capitalisation of the Mauritius domiciled special purpose vehicle created by Beryl for this investment.

On 4 April 2023 the Company announced that achieved a positive resolution in the mediation process between ASL and Geoenergo as joint venture ("JV") partners and Petrol Geo as JV service provider. Geoenergo has agreed to settle all outstanding hydrocarbon revenues owed to ASL from January 2022 to February 2023 which total €1,724,689 and ASL has agreed to settle all outstanding JV operating costs owed to Petrol Geo for €1,436,000.

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 2021	7,348,142	53.12
Outstanding at 31 December 2021	7,348,142	53.12
Exercisable at 31 December 2021	1,450,763	248.72
Outstanding at 1 January 2022	7,348,142	253.72
Granted during the year	500,000	5.00
Expired during the year	-	
Outstanding at 31 December 2022	7,848,142	50.05
Exercisable at 31 December 2022	1,450,763	248.72

The value of the options is measured by the use of a Black Scholes Model. The inputs into the Black Scholes Model made in 2022 were as follows:

Share price at grant	3.85
Exercise price	5.00
Volatility	59.45%
Expected life	5 years
Risk free rate	1%
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 2022 have an exercise price in the range of 2.9p and 7.78p (31 December 2021: 2.9p and 7.78p) and a weighted average contractual life of 4.5 years (31 December 2021: 4.5 years). The amount recognised in the income statement for the year ended 31 December 2022 was £2,000 (2021: nil).

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

Issued	**Exercisable from**	**Expiry date**	**Number outstanding**	**Exercise price**
27 January 2022	Anytime until	26 January 2024	20,303,030	5.00p
27 January 2022	Anytime until	26 January 2024	1,000,000	5.00p
14 April 2022	Anytime until	14 April 2025	9,093,750	4.00p
1 December 2022	Anytime until	1 December 2024	15,000,000	5.00p
1 December 2022	Anytime until	1 December 2024	4,600,000	5.00p

	Warrants	**Weighted Average Price (pence)**
Outstanding at 1 January 2022	21,914,254	6.80
Granted during the year	49,996,780	4.82
Exercised during the year	(6,062,500)	4.00
Expired during the year	(7,727,272)	5.50
Outstanding at 31 December 2022	58,121,262	5.20
Exercisable at 31 December 2022	**58,121,262**	**5.20**

The warrants outstanding at the period end have a weighted average remaining contractual life of 2.2 years. The exercise prices of the warrants are between 4.00 - 7.50p per share.

25. Notes supporting the statement of cash flows

Group	**2022 £'000s**	**2021 £'000s**
Cash at bank and available on demand	325	97
Cash held on deposit against bank guarantee	-	-

	325	97

Company		
Cash at bank and available on demand	302	88
Cash held on deposit against bank guarantee	-	-
	302	88

Significant non-cash transactions are as follows:

	2022 £'000s	2021 £'000s
Interest charged on loans	30	26

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 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 £97,000 and trade and other receivables of £42,000. 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	
	2022 £'000s	2021 £'000s	2022 £'000s	2021 £'000s
Trade and other receivables	-	-	-	-
Cash and cash equivalents	29	9	6	7
Trade and other payables	(314)	(277)	-	2
Net exposure	(285)	(268)	6	9

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.

	Euro currency change	
Group	Year ended 31 December 2022	Year ended 31 December 2021
Profit or loss		
10% strengthening of sterling	124	40
10% weakening of sterling	(151)	(48)

Equity		
10% strengthening of sterling	69	(3,598)
10% weakening of sterling	(85)	4,398
Company		
Profit or loss		
10% strengthening of sterling	-	-
10% weakening of sterling	-	-
Equity		
10% strengthening of sterling	-	(3,045)
10% weakening of sterling	-	3,722

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 2022, the Group and Company has GBP loans valued at £521,000 rates of 8% per annum. At 31 December 2021, the Group and Company had GBP loans valued at £536,000 rates of 8% per annum.

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	
	2022	2021	2022	2021
Categorisation of Borrowings - Group	£'000s	£'000s	£'000s	£'000s
Less than six months - loans and borrowings	-	-	-	-
Less than six months - trade and other payables	-	-	-	-
Between six months and a year	-	-	-	-
Over one year	516	536	516	536

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 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:

Categorisation of Financial Assets and Liabilities - Group	**Carrying amount Year ended 31 December 2022**	**Fair Value Year ended 31 December 2022**	**Carrying amount Year ended 31 December 2021**	**Fair Value Year ended 31 December 2021**
Financial assets				
Cash and equivalents - unrestricted	325	325	97	97
Cash and equivalents - restricted	-	-	-	-
Trade receivables	11	11	8	8
Prepaid abandonment fund (refundable)	300	300	300	300
Financial liabilities				
Trade and other payables	599	599	771	771
Loans at fixed rate	516	516	536	536

Capital management - Company	**Carrying amount Year ended 31 December 2022**	**Fair Value Year ended 31 December 2022**	**Carrying amount Year ended 31 December 2021**	**Fair Value Year ended 31 December 2021**
Financial assets				
Cash and equivalents - unrestricted	302	302	88	88
Trade receivables	26	26	28	28
Financial liabilities				
Trade and other payables	283	283	493	493
Loans at fixed rate	516	516	536	536

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 and contingencies

On 10 March 2021, the Company announced that its JV Service Provider, Petro Geo, issued a local enforcement order attempting to claim payment for an unsubstantiated amount of €662,288 plus interest of €12,103. Post the period under review the Company settled this dispute with Petrol Geo settling all outstanding invoices from 2019 to February 2023.

Decommissioning costs for the Petišovci Project are estimated to be €9m, consisting of €0.5m for each of the 16 proposed wells plus an additional €1m for pipes and related infrastructure. Decommissioning costs become payable at the end of a wells operational life and a provision for decommissioning costs is made only when a well is put into production. The estimate for pipes and infrastructure is based on all wells being put into operation. With the change in the Slovenian mining law in in April 2022 creating a ban on hydraulic stimulation, further development of the concession is uncertain as is the development of additional wells. A provision of £663,000 (Note 16) has been made for the decommissioning of the PG10 and PG11A wells that are currently in production and represents the Group's share of the restoration costs for the Petišovci field.

Publication of the Annual Report

The Company confirms that the Company's annual report and financial statements for the year ended 31 December 2022 (the "Annual Report") will be published to shareholders and will be on the Company's website shortly.