Interim Financial Statements

Six months ended 30 June 2019

Company Number 05239285

Chairman's statement

Ascent is in a period of refocusing its efforts to bring the Company back to positive production growth while also looking to diversify its asset base within Central and Eastern Europe. We are currently working on an updated plan to achieve that while continuing to progress the current efforts to improve production in our existing wells at the Petišovci gas field in Slovenia. The twelve months ahead brings a real opportunity for Ascent to capitalize on its existing production base and the wider opportunities within its material asset position in Slovenia, while pursuing further diversification that will now gain impetus following the recent appointment of John Buggenhagen as CEO who has extensive knowledge of, and contacts in the region, in order to generate significant shareholder value.

The period under review has created challenges for the Company. Whilst in April 2019 we received the IPPC permit needed to build a processing plant, in June 2019 we were informed that we would, in effect, not receive the permits needed to re-stimulate our existing producing wells. Without such permits, we will be unable to develop and deliver the full potential of the deeper tight gas reservoir potential within the Petišovci field. In conjunction with Geoenergo, our joint venture partner in Petišovci, we will be seeking full compensation for such actions through the Courts and otherwise.

Being unable to intervene in the tighter gas reservoirs has, however, led us to study other options for producing from the wider concession at Petišovci which would not involve hydraulic stimulation. During the period, we commissioned a report from the reprocessing of the data from a 3D seismic survey to establish what other conventional oil and gas reservoirs we could target within the large Petišovci license that covers 3,592 hectares and contains some 148 historical well site locations drilled since the 1940's. We have now received this report and our initial interpretation of it is highly encouraging and, over the next 6 weeks or so and together with our partner Geoenergo, we will be evaluating and prioritising potential shallow conventional oil and gas targets and associated well site locations.

As evidenced above, in spite of the challenges faced in Slovenia, the Board will continue to look for ways to capture the full value of its investment in the country.

Outside of Slovenia, we are currently evaluating several attractive opportunities in the wider geographical region which offer near-term production and material reserves. This work continues, led by John Buggenhagen, our recently appointed CEO, who has extensive knowledge of, and contacts in, Central and Eastern Europe.

In addition, we have undergone a cost reduction exercise in Slovenia and at the PLC level with headcount and the number of retained advisers reduced as far as practical.

In July, after the period end, we announced that Cameron Davies, our former Non-executive Chairman and Colin Hutchinson the former CEO were stepping down. I would like to thank both Cameron and Colin for their years of service to the Company. Under their stewardship the Company brought Petišovci into production, secured access to the export pipeline and negotiated a successful agreement with INA.

The need to mitigate the natural production decline from our two deep gas wells, coupled with the positive actions to diversify mentioned above, has resulted in us seeking investment and working capital. We have therefore announced today that we have secured an investment of up to approximately £0.9 million through RiverFort Global Opportunities. These funds will be used to implement our strategy to expand activities in Slovenia and into additional attractive projects in the region.

The recent past has been challenging; however, we have identified and are now implementing our revised strategy and we look forward to reporting on our initial progress in the coming months.

Louis Castro
Non-executive Chairman
19 September 2019

CEO's report

Financial performance

Revenue for the first six month of 2019 was £242,000, down from £1,281,000 in the prior period due to declining production volumes.

Closing cash at 30 June 2019 was £531,000 which included £174,000 of restricted cash that was held on deposit to cover the €200,000 bank guarantee which supports the INA Gas Sales Agreement. This restricted cash has been transferred back to the Company since the end of the period as the current production volumes do not necessitate such a guarantee.

During the period the Company raised £1,113,000 before costs in two equity placings in January and April 2019. There was a cash outflow from operations of £939,000 and an outflow of £132,000 from investment in future operations which resulted in a net cash outflow for the six months of £22,000.

Operational performance

Production KPI's	Jan-2019	Feb-2019	Mar-2019	Apr-2019	May-2019	Jun-2019
Total production (000s Cubic Metres)	413	311	334	296	292	250
Total production (MCF)	14,577	10,998	11,810	10,455	10,325	8,828
Average daily - 000s cubic metres	14.7	11.1	10.8	9.3	8.9	7.4
Average daily - MMscfd	0.5	0.4	0.4	0.3	0.3	0.3
Condensate production (litres)	16,956	12,744	14,634	12,798	12,798	12,798
Litres per 1000 cubic metres of gas	41	41	44	43	44	51
BOE - Gas	2,513	1,896	2,036	1,803	1,780	1,522
BOE - Condensate	107	80	92	80	80	80
Revenue €k	74.2	47.7	45.0	40.6	37.6	24.1
Average € per MCF	5.1	4.3	3.8	3.9	3.6	2.7

Total production for the six months to 30 June 2019 was 1.8 million cubic metres of gas and 0.3 million litres of condensate.

Outlook

I am excited to take over as CEO of the Company and begin to reinvent Ascent as a successful Central European E&P player focused on managing risk using technical expertise and financial discipline. There is a lot of opportunity in the region and we are evaluating several of these with a focus on diversifying the Company's assets through near term production growth. The recent past has been difficult for Ascent, waiting for permits from the Slovenian authorities to re-stimulate wells and grow production at the Petišovci gas field near Lendava in Slovenia ("Petišovci"). Meanwhile, production from the Pg-10 and Pg-11A wells continues to decline pending re-stimulation. The forward direction of the company is to offset decline with new reserves while continuing to work to capture the significant value at Petišovci.

The Company and its partner in Slovenia (the "Partners") continue to press forward with the ongoing permitting efforts, including the current appeals to the administrative court in Slovenia, to re-stimulate existing and new reservoir intervals in the Pg-10 and Pg-11A wells, to access the significant gas reserves at Petišovci. The Petišovci gas field has a multi-layered reservoir structure with hydrocarbon reservoirs in 15 identified gas bearing sands. Pg-10 currently produces from the 'F' sand and Pg-11A from the 'L, M and N' sands. Once these sands have depleted, the current well structure can be reused, and the wells recompleted targeting additional layers and re-stimulating existing layers.

In addition to local efforts to obtain the necessary permits, Ascent is working with its advisers to best plan a legal strategy to protect our investment and asset base given the recent decision by the Slovenian Environmental Agency to require an

Environmental Impact Assessment for stimulation of the existing wells. The Company believes this decision is incorrect under the current laws of Slovenia and the EU.

It is important to keep in sight the significant value that exists at Petišovci, including the gathering and processing infrastructure, and the ability to immediately monetise that production through the current gas sales agreement with INA which we are hopeful can be extended with an increase in production in the future.

The issuance of the IPPC permit in June to construct a new Central Processing Plant ("CPP") next to the existing CPP is a step in the right direction. While there is capacity to increase production through the existing export facilities, with the levels of production projected in the future field development plan, it would be more economic to treat these through a modern upgraded facility adjacent to the field in Slovenia. This facility would allow Slovenian gas to be treated in Slovenia and sold to Slovenian customers, further capturing local value while adding to the country's energy base.

In the meantime, the Company needs to diversify its asset base both in Slovenia and the region, including taking advantage of the newly reprocessed Petišovci 3D seismic survey to appraise new conventional targets to bridge the gap and focus on increasing the Partners' reserve and production base.

We continue to search for new opportunities in the region that will take reliance away from Slovenia and diversify the opportunities for finding new reserves. We are working on several opportunities and will update shareholders as this process continues.

John E Buggenhagen
Chief Executive Officer
19 September 2019

Consolidated Income Statement
for the Period ended 30 June 2019

	Period ended 30 June 2019 £ '000s	Period ended 30 June 2018 £ '000s
Revenue	**242**	1,281
Cost of sales	**(187)**	(404)
Gross profit	**55**	877
Administrative expenses	**(821)**	(888)
Depreciation	**(222)**	(599)
Loss from operating activities	**(988)**	(610)
Finance income	**-**	5
Finance cost	**(6)**	(6)
Net finance costs	**(6)**	(1)
Loss before taxation	**(994)**	(611)
Income tax expense	**-**	-
Loss for the period after tax	**(994)**	(611)
Loss for the year attributable to equity shareholders	**(994)**	(611)
Loss per share		
Basic & fully diluted loss per share (Pence)	**(0.04)**	(0.03)

Consolidated Statement of Comprehensive Income
for the Period ended 30 June 2019

	Period ended 30 June 2019 £ '000s	Period ended 30 June 2018 £ '000s
Loss for the year	**(994)**	(611)
Other comprehensive income		
Foreign currency translation differences for foreign operations	**(780)**	(178)
Total comprehensive gain / (loss) for the year	**(1,774)**	(789)

Consolidated Statement of Changes in Equity

for the Period ended 30 June 2019

	Share capital	Share premium	Merger Reserve	Equity reserve	Share based payment reserve	Translation reserve	Retained earnings	Total
	£ '000s	£ '000s	£ '000s	£ '000s	£ '000s	£ '000s	£ '000s	£ '000s
Balance at 1 January 2018	**6,101**	**71,647**	**300**	**16**	**1,569**	**1,090**	**(36,992)**	**43,731**
Comprehensive income								-
Loss for the year	-	-	-	-	-	-	(611)	(611)
Other comprehensive income								
Currency translation differences	-	-	-	-	-	(178)	-	(178)
Total comprehensive income	**-**	**-**	**-**	**-**	**-**	**(178)**	**(611)**	**(789)**
Transactions with owners								
Share-based payments and expiry of options	-	-	-	-	200	-	-	200
Balance at 30 June 2018	**6,101**	**71,647**	**300**	**16**	**1,769**	**912**	**(37,603)**	**43,142**
Balance at 1 January 2018	**6,101**	**71,647**	**300**	**16**	**1,569**	**1,090**	**(36,992)**	**43,731**
Comprehensive income								-
Loss for the year	-	-	-	-	-	-	(1,365)	(1,365)
Other comprehensive income								
Currency translation differences	-	-	-	-	-	310	-	310
Total comprehensive income	**-**	**-**	**-**	**-**	**-**	**310**	**(1,365)**	**(1,055)**
Transactions with owners								
Conversion of loan notes	-	1	-	-	-	-	-	1
Shares issued under the Trameta acquisition	45	-	270	-	(315)	-	-	-
Share-based payments and expiry of options	-	-	-	-	403	-	-	403
Balance at 31 December 2018	**6,146**	**71,648**	**570**	**16**	**1,657**	**1,400**	**(38,357)**	**43,080**
Balance at 1 January 2019	**6,146**	**71,648**	**570**	**16**	**1,657**	**1,400**	**(38,357)**	**43,080**
Comprehensive income								-
Loss for the year	-	-	-	-	-	-	(994)	(994)
Other comprehensive income								
Currency translation differences	-	-	-	-	-	(780)	-	(780)
Total comprehensive income	**-**	**-**	**-**	**-**	**-**	**(780)**	**(994)**	**(1,774)**
Transactions with owners								**-**
Issue of shares during the year net of costs	671	384	-	-	-	-	-	**1,055**
Share-based payments and expiry of options	-	-	-	-	168	-	-	**168**
Balance at 30 June 2019	**6,817**	**72,032**	**570**	**16**	**1,825**	**620**	**(39,351)**	**42,529**

Consolidated Statement of Financial Position

As at 30 June 2019

	30 June 2019	31 December 2018
Assets	**£ '000s**	£ '000s
Non-current assets		
Property, plant and equipment	**23,490**	23,779
Exploration and evaluation costs	**18,844**	18,968
Prepaid abandonment fund	**240**	240
Total non-current assets	**42,574**	42,987
Current assets		
Inventory	**3**	3
Trade and other receivables	**110**	233
Cash and cash equivalents	**352**	376
Restricted cash	**179**	180
Total current assets	**644**	792
Total assets	**43,218**	43,779
Equity and liabilities		
Attributable to the equity holders of the Parent Company		
Share capital	**6,817**	6,146
Share premium account	**72,032**	71,648
Merger reserve	**570**	570
Equity reserve	**16**	16
Share-based payment reserve	**1,825**	1,657
Translation reserves	**620**	1,400
Retained earnings	**(39,351)**	(38,357)
Total equity attributable to the shareholders	**42,529**	43,080
Non-Controlling interest	**-**	-
Total equity	**42,529**	43,080
Non-current liabilities		
Borrowings	**47**	44
Provisions	**269**	263
Total non-current liabilities	**316**	307
Current liabilities		
Trade and other payables	**373**	392
Total current liabilities	**373**	392
Total liabilities	**689**	699
Total equity and liabilities	**43,218**	43,779

Consolidated Statement of Cash Flows

for the six months ended 30 June 2019

	Period ended 30 June 2019 £ '000s	Period ended 30 June 2018 £ '000s
Cash flows from operations		
Loss after tax for the year	**(994)**	(611)
Depreciation	**222**	599
Change in inventory	**-**	-
Change in receivables	**123**	151
Change in payables	**(19)**	(147)
Increase in share-based payments	**168**	200
Exchange differences	**(445)**	(58)
Finance income	**-**	(5)
Finance cost	**6**	6
Transfer to / from restricted cash	**-**	-
Net cash generation from (used in) operating activities	**(939)**	135
Cash flows from investing activities		
Payments for fixed assets	**2**	(407)
Payments for investing in exploration	**(134)**	(227)
Prepayment to the abandonment fund	**-**	-
Net cash used in investing activities	**(132)**	(634)
Cash flows from financing activities		
Interest paid and other finance fees	**(6)**	-
Proceeds from issue of shares	**1,113**	-
Share issue costs	**(58)**	-
Net cash generated from financing activities	**1,049**	-
Net increase in cash and cash equivalents for the year	**(22)**	(499)
Effect of foreign exchange differences	**(3)**	-
Cash and cash equivalents at beginning of the year	**556**	1,076
Cash and cash equivalents at end of the year	**531**	577

Notes to the Interim Financial Statements

For the six months ended 30 June 2019

1. Accounting Policies

Reporting entity

Ascent Resources plc ('the Company') is a company domiciled in England. The address of the Company's registered office is 5 New Street Square, London EC4A 3TW. The unaudited consolidated interim financial statements of the Company as at 30 June 2019 comprise the Company and its subsidiaries (together referred to as the 'Group').

Basis of preparation

The interim financial statements have been prepared using measurement and recognition criteria based on International Financial Reporting Standards (IFRS and IFRIC interpretations) issued by the International Accounting Standards Board (IASB) as adopted for use in the EU. The interim financial information has been prepared using the accounting policies which will be applied in the Group's statutory financial statements for the year ended 31 December 2019 and were applied in the Group's statutory financial statements for the year ended 31 December 2018.

The Group has adopted the standards, amendments and interpretations effective for annual periods beginning on or after 1 January 2019. The adoption of these standards and amendments did not have a material effect on the financial statements of the Group.

The Company adopted IFRS 9 'Financial Instruments' and IFRS 15 'Revenue from Customers' in the six-month period, following the standards becoming effective for periods commencing on or after 1 January 2019.

IFRS 9 'Financial instruments' addresses the classification and measurement of financial assets and financial liabilities and replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income (OCI) and fair value through profit or loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset.

There is now a new expected credit loss model that replaces the incurred loss impairment model used in IAS 39. The Group has applied the modified retrospective approach to transition. The adoption of IFRS 9 did not result in any material change to the consolidated results of the Group. Following assessment of the consolidated financial assets no changes to classification of those financial assets was required. The Group has applied the expected credit loss impairment model to its financial assets.

IFRS 15 introduced a single framework for revenue recognition and clarify principles of revenue recognition. This standard modifies the determination of when to recognise revenue and how much revenue to recognise. The core principle is that an entity recognises revenue to depict the transfer of promised goods and services to the customer of an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The adoption of IFRS 15 did not result in any material change to the Group's revenue recognition following analysis of its contract.

All amounts have been prepared in British pounds, this being the Group's presentational currency.

The interim financial information for the six months to 30 June 2019 and 30 June 2018 is unaudited and does not constitute statutory financial information. The comparatives for the full year ended 31 December 2018 are not the Group's full statutory accounts for that year. The information given for the year ended 31 December 2018 does not constitute statutory financial statements as defined by Section 435 of the Companies Act. The statutory accounts for the year ended 31 December 2018 have been filed with the Registrar and are available on the Company's web site www.ascentresources.co.uk. The auditors' report on those accounts was unqualified. It did not contain a statement under Section 498(2)-(3) of the Companies Act 2006.

Going Concern

The Financial Statements of the Group are prepared on a going concern basis.

Production from Pg-10 and Pg-11A has declined and anticipated production revenue is not expected to cover anticipated costs until the Company has the funding and the permits required for further well re-entries.

On 19 September 2019, the Company completed a £0.9million subscription with Riverfort Global Opportunities PCC Limited which will provide funds for working capital and project costs, however the Company may require further funding to cover further development in Slovenia and future expansion within the region over the next twelve months.

The Directors have a range of different options including, but not limited to new borrowings, corporate transaction or new equity placings.

However, there can be no guarantee over the outcome of these options and as a consequence there is a material uncertainty of the Group's ability to raise the necessary finance, which may cast doubt on the Group's ability to operate as a going concern. Further, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

Principal Risks and Uncertainties:

The principal risks and uncertainties affecting the business activities of the Group remain those detailed on pages 46-48 of the Annual Review 2018, a copy of which is available on the Company's website at www.ascentresources.co.uk.

2. Operating loss is stated after charging

	Period ended 30 June 2019 £ '000s	Period ended 30 June 2018 £ '000s
Employee costs	390	368
Share based payment charge	168	200
Included within Admin Expenses		
Audit Fees	35	32
Fees payable to the company's auditor other services	-	-
	35	**31**

3. Finance income and costs recognised in loss

	Period ended 30 June 2019 £ '000s	Period ended 30 June 2018 £ '000s
Finance income		
Foreign exchange movements realised	-	5
	-	**5**
Finance cost		
Accretion charge on convertible loan notes	**(3)**	(5)
Bank Charges	**(3)**	(1)
	(6)	(6)

4. Loss per share

	Period ended 30 June 2019	Period ended 30 June 2018
	£ '000s	£ '000s
Result for the period		
Total loss for the year attributable to equity shareholders	**994**	611
Weighted average number of ordinary shares	**Number**	Number
For basic earnings per share	**2,470,032,012**	2,268,750,320
Loss per share (Pence)	**(0.04)**	(0.03)

5. Property, plant & equipment and Exploration and Evaluation assets

	Computer Equipment	Developed Oil & Gas Assets	Total Property Plant & Equipment	Exploration & evaluation
Cost	**£000s**	**£000s**	**£000s**	**£000s**
At 1 January 2018	6	24,135	24,141	18,587
Additions	-	407	407	227
Effect of exchange rate movements	-	(105)	(105)	5
At 30 June 2018	**6**	**24,437**	**24,443**	**18,819**
At 1 January 2018	**6**	**24,135**	**24,141**	**18,587**
Additions	-	411	411	319
Effect of exchange rate movements	-	262	262	62
At 31 December 2018	**6**	**24,808**	**24,814**	**18,968**
At 1 January 2019	**6**	**24,808**	**24,814**	**18,968**
Additions	-	3	3	134
Effect of exchange rate movements	-	(73)	(73)	(258)
At 30 June 2019	**6**	**24,738**	**24,744**	**18,844**
Depreciation				
At 1 January 2018	-	(239)	(239)	-
Charge for the year	(3)	(596)	(599)	-
Effect of exchange rate movements	(1)	1	-	-
At 30 June 2018	**(4)**	**(834)**	**(838)**	**-**
At 1 January 2018	**-**	**(239)**	**(239)**	**-**
Charge for the year	(2)	(791)	(793)	-
Effect of exchange rate movements	-	(3)	(3)	-
At 31 December 2018	**(2)**	**(1,033)**	**(1,035)**	**-**
At 1 January 2019	**(2)**	**(1,033)**	**(1,035)**	**-**
Charge for the year	(2)	(220)	(222)	-
Effect of exchange rate movements	-	3	3	-
At 30 June 2019	**(4)**	**(1,250)**	**(1,254)**	**-**
Carrying value				
At 30 June 2019	**2**	**23,488**	**23,490**	**18,844**
At 31 December 2018	4	23,775	23,779	18,968
At 30 June 2018	2	23,603	23,605	18,819

6. Trade & other receivables

	30 June 2019 £ '000s	30 December 2018 £ '000s
Trade receivables	**67**	198
VAT recoverable	**37**	29
Prepaid abandonment liability	**240**	240
Prepayments & accrued income	**6**	6
	350	473
Less non-current portion	**(240)**	(240)
Current portion	**110**	233

7. Trade & other payables

	30 June 2019 £ '000s	30 December 2018 £ '000s
Trade payables	251	282
Tax and social security payable	36	15
Other payables	18	29
Accruals and deferred income	68	66
	373	**392**

8. Borrowings

	30 June 2019 £ '000s	30 December 2018 £ '000s
Group		
Non-current		
Convertible loan notes	**47**	44
	47	44

Convertible Loan Note	30 June 2019 £ '000s	30 December 2018 £ '000s
Liability brought forward	**44**	36
Interest expense	**3**	8
Liability at the end of the period	**47**	44

9. Share Capital

	30 June 2019 £ '000s	30 December 2018 £ '000s
Authorised		
10,000,000,000 ordinary shares of 0.20p each	20,000	20,000
Allotted, called up and fully paid		
2,626,648,452 (2018: 2,291,310,686) ordinary shares of 0.20pence each	6,817	6,101
Reconciliation of share capital movement	**Number**	Number
Opening	**2,291,310,686**	2,268,750,320
Loan note conversions	-	60,366
Issue of Trameta consideration shares	-	22,500,000
Placings	**335,337,766**	-
Closing	**2,626,648,452**	2,291,310,686

10. Events after the reporting period

On 29 July 2019 the Company announced that Dr John Buggenhagen had been appointed as CEO and Louis Castro as Non-Executive Chairman. Colin Hutchinson informed the Board of his decision to step down as a director of the Company in order to pursue other business interests while continuing to support the Board on a part-time basis as Finance Director until suitable alternative arrangements have been made. Dr Cameron Davies informed the Board of his decision to retire as Chairman with immediate effect.

On 19 September 2019 the Company entered into a subscription agreement for £1,080,750 before costs, with Riverfort Global Opportunities PCC Limited ("The Investor"), through a subscription for 393,000,000 shares at 0.275 pence per ordinary share ("The Subscription"), a premium of 10% to the closing bid price on 19 September 2019. The Company entered into three agreements with the Investor, being the Subscription, an equity sharing agreement and a loan agreement such that it will receive £420,000 on closing and the balance will be received over the next twelve months. The amount ultimately received by the Company will be related to share price performance so that the Company will receive more should the share price improve but will receive less should the share price not increase. As part of the arrangements, the Company will also issue 43,000,000 Warrants, following approval from shareholders. The exercise price of the warrants will be the lower of 120 percent of the share price on the closing date or the price of any subsequent equity issue in the 18-month period post-closing.