

Question from DanLane

Can you give us a bit more colour on the narrative around negotiations with Slovenia? There is a sense it was becoming a game of chicken - is that over or are we still waiting to see who blinks first?

James Parsons (Chairman)

Thanks for this question. As you probably know the company served a notice of dispute on the Slovenian State last year. This initiated a period of direct settlement talks which in the end did not result in an immediate direct settlement. The Company is therefore now finalising the funding of the claim (heads were announced last week) and will then formally initiate arbitration. We believe, and our lawyers believe, that we have a strong case and we intend as a Board to do everything we can to defend our interests and maximise any possible damages award. You asked if we see the claim as a “game of chicken”. Our view is that a claim against a State is always a serious one and we are well past the stage of just talking about the claim and threatening to initiate legal action. So this is less about being a game of chicken and more about Ascent pursuing professionally its rights under certain treaties and laws. To continue the animal analogy for the moment (!) the “elephant in the room” here is whether Slovenia will settle along the way or play the claim out to the end. In our view the reason Slovenia didn’t agree a direct settlement so far are fairly technical and will all, without exception, be addressed as part of our Pre work for arbitration (we consciously chose not to address them in the direct settlement process). That, to our mind, coupled with Slovenia’s historic record of settling arbitration disputes implies there is a strong possibility that we won’t have to wait for the whole claim to play out and in fact we intend that our funding arrangement specifically covers off the possibility of a settlement during arbitration (ie we don’t have to pay so much to the founder if we settle early). I hope this additional colour is helpful.
9:59 AM

Question from Penelope1

While I appreciate that the current Management team have only been in place for 12 months will they acknowledge that shareholders invest for a positive return on their money. Would they acknowledge the performance of the share price over the last 5 years & how long term shareholders have lost significant amounts of money based on commentary by Management. Would they also acknowledge that genuine long term shareholders are concerned with the lack of income being generated currently while expenses are being generated. Specifically how will the Management team address the performance of the share price over the next 2 years to provide long term holders with a return on their investment? Thank you in advance.

James Parsons (Chairman)

Thanks for this question. What we can acknowledge, as a recently appointed Board, is that Ascent has indeed a long history and we are acutely aware, as you state, that there are some loyal long term shareholders who originally invested at much much higher levels. Our role here isn't, I'm afraid, to provide assurances to anyone on future share price (no Board can do that!). What I can offer however is some commentary on what I have sought to do since assuming the role of Chairman... and that is to properly fund the company, fund and then initiate a high quality claim against Slovenia, sort out the Slovenian asset, staff the company and Board properly and finally (and probably most importantly) deliver on our growth strategy (which as announced includes Cuba and a focus on ESG Metals). Inevitably progress has been a little slower than planned, in part due to COVID 19 and the associated restrictions (particularly on travel) however I really feel the company is already in significantly better shape than before. Ascent has now a strong cash balance, line of sight on funding of a huge claim against the Slovenian State, an exciting opportunity set in Cuba (which post recent US elections is in our view set to re-rate relatively quickly) and a rather unique focus on and opportunity for acquisitions in ESG metals as a new asset class which offers both very high potential returns and low capital intensity. So to circle

back to your question - we believe by delivering on these items we will indeed offer significant returns to shareholders (both those loyal long term shareholders you mention and new ones!).
10:00 AM

Andrew Dennan (Chief Executive Officer)

Good morning. Thank you for joining us this morning, we look forward to answering your questions. I am joined by our CFO Spencer Davey and our Executive Chairman, James Parsons.

Question from Matt

Hi Andrew. How will you be progressing with Cuba now or any other special situations

Andrew Dennan (Chief Executive Officer)

Hi Matt, thanks for your question. We see Cuba as a huge untapped resource rich opportunity and believe following the recent US elections that the Cuban economy has great potential to re-rate in the coming years. As announced in April, the Company has extended its exclusive MOU to negotiate the production sharing contracts to the four Cuban onshore blocks as a result of delays in country due to COVID-19 related travel restrictions hindering the finalisation of the qualification process and PSC negotiations, meanwhile the technical team have been busy building a field development plan initially focused on production Block 9B which we look forward to sharing with our investors over the summer months. In February the Company added the hugely exciting and growing ESG Metals space to its strategy and is actively pursuing precious and base metal opportunities in this space in wider territories as well as Cuba where a number of ESG Metal and mining opportunities in the precious, base and battery metals space are also under review.

10:05 AM

Question from SteveM

If any large sum is won during the arbitration proceedings will a proportion be returned to long term shareholders that have suffered for years being invested in AST??

James Parsons (Chairman)

We really can't speculate on what the Board would propose to do with a successful damages award. I do personally have some thoughts on this and a plan in my mind but it is premature to be speculating and anyway it is possible / likely that it would require a shareholder vote. I suggest we cross this bridge when we get to it - it will be a luxury problem to have! Having said all that I would highlight that we are acutely aware of the history at Ascent and are very focused on doing the best we can for shareholders.

10:05 AM

Question from Matt

What do you see the drivers in the short term for ascents shareprice

Andrew Dennan (Chief Executive Officer)

Matt, the Company is busy building its Net Asset Value, executing on a number of initiatives and is positioned to i) deliver binding, non-equity dilutive, non-recourse funding for the Company's claims against Slovenia; ii) advance on our Cuban entry (subsurface model build and field development program focused on producing Block 9B initially); iii) secure a maiden position in the ESG Metals space; iv) continue engagement with Slovenian partners to steward our primary asset towards achieving its potential. We expect all of these to be material to our valuation and we look forward to updating shareholders on the milestones achieved as a result of these work streams

10:06 AM

Question from SteveM

Why have nine of the highly paid directors on the board not bought any AST shares??

James Parsons (Chairman)

Good morning Steve. Actually I bought shares in December 2020 (two tranches from memory).

10:01 AM

Andrew Dennan (Chief Executive Officer)

Hi Steve, With regards to Director equity ownership please be advised that James is interested in 341,947, Ewen Ainsworth is interested in 454,545 and I am interested in 1,900,000 shares. Between the Board and Senior Executive team, insiders have acquired interests in circa 3% of the current outstanding share capital over approximately the last 12 months.

10:08 AM

Question from SteveM

Are the wells in Slovenia still extracting gas which is being sold to INA??

Spencer Davey (Chief Financial Officer)

As announced on 12 April 2021, the JV expects gas production to continue at intermittent production rates which will be sold, whilst economical to do so, domestically to local industrial buyers at the daily spot price, which has risen towards and beyond €25 MWh in recent weeks (up from €5 MWh year-on-year).

10:11 AM

Question from SteveM

Exactly when is the completion of the EIA and how likely is it we will get the permits needed once complete?

Andrew Dennan (Chief Executive Officer)

Priority one is the concession renewal which is currently ongoing and on schedule for submission in Q3 (ahead of its expiry next year) following which the EIA workstreams will be finalised along with permits.

10:12 AM

Question from SteveM

Due to the low income levels AST has currently why aren't the board cutting their salaries??

James Parsons (Chairman)

Similar to other AIM companies, our Remuneration Committee is formed of independent Directors and matters relating to executive salaries / incentivisation are handled by this committee. The underpinning logic is that salaries are market benchmarked and variable pay and equity incentives are linked to performance (which is set in a scorecard at the beginning of each year). We have set out a clear growth strategy, including Cuba and ESG Metals, and from my perspective its important we attract and retain the best talent we can to deliver that. I'm personally happy with the team and believe we have the right balance of cost and talent.

10:12 AM

Question from SteveM

What progress (if any) has been made in Cuba??

Andrew Dennan (Chief Executive Officer)

Hi Steve, please see our earlier response: Question #8

10:15 AM

Question from mspenser

Will you ever win against the Slovack authorities?

James Parsons (Chairman)

I assume this question relates to Ascent's claim against the State of Slovenia. As you will see from one of our answers to another question we have initiated a claim and are in the process of securing the funding for that claim (heads announced last week). We cant guide on the outcome of the claim (none of us can see the future!) however we believe we have a strong claim and have every intention of maximising the returns to our shareholders.

10:18 AM

Question from AlexShaw

Following on from an earlier question; you have exciting plans in Cuba which will require significant capital investment, if they are to be realised. Would it not make sense to hold on to any Slovenian litigation proceeds (if any) to invest in Cuba, rather than distributing them to shareholders, and then returning to shareholders at a later date to raise new funds? (Apologies for the long winded question!)

James Parsons (Chairman)

Hello Alex. Thank you for your question. As I responded to another investor who asked a question, we really cant speculate on what we would do with a successful damages award. However what I would say is that if we win or settle the claim then I personally would expect that the quantum of any such award / settlement (given the scale of the damages) would likely far exceed our need for capital in Cuba.

10:23 AM

Question from Mick

How concerned are the board with the auditor's report and their comment on the ability of Ascent to raise future funding, given that in the Annual report, it is clear that further funding will be required?

Andrew Dennan (Chief Executive Officer)

Mick, Thanks for your question. We are sensitive towards dilution and hope to have evidenced that to shareholders through the last twelve months with placings at/around spot prices at the time of issue and loan and warrants at a premium to spot prices at the time of issue. The Company currently has a strong cash balance and near term corporate milestones to achieve.

10:24 AM

Spencer Davey (Chief Financial Officer)

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

10:25 AM

Question from benrana

Assuming worst-case - no proceeds are generated by the Slovenian claim - how much new funding will be required to progress the Cuban and Metals projects? (Im also assuming proceeds from current gas sales are minimal but correct me if im wrong)

James Parsons (Chairman)

This is a difficult question to answer. In reality deals / acquisitions come in all shapes and sizes - some require capital upfront, others don't require any. What I can assure you is that we are acutely conscious of the balance here between dilution to shareholders and the need to grow the company into our chosen areas of strategy interest and to do so quickly. Apologies for not being able to provide a simple answer !

10:26 AM

Question from AlexShaw

What is Ascent's exact relationship with ALIGN RESEARCH LIMITED?

Andrew Dennon (Chief Executive Officer)

Align are contracted by the company to provide research services. Additionally Align have offered the Company a loan and warrant financing package which has resulted in them now becoming a stakeholder in the Company as disclosed by TR1

10:26 AM

Question from jaffacakes

could i ask how the FDP is progressing pls and did you discover that there was sellable gas during the FDP investigation

Andrew Dennon (Chief Executive Officer)

FDP is being finalised as part of the concession renewal process. Gas sales continue to local industrial buyers (and price is now above €25 /MWh)

10:32 AM

Question from Ryan

Do you have timescales on securing the funding for the Slovenia claim and the progressing through to arbitration?

Andrew Dennon (Chief Executive Officer)

Ryan, rest assured this is a top priority of ours and as announced last week we have signed non-binding HOT for a full funding, non-equity dilutive and non-recourse solution that subject to closing will enable the Company to hold Slovenia accountable in tandem with executing on industrial growth in new countries of interest!

10:35 AM

Andrew Dennon (Chief Executive Officer)

Hi Everyone, we're having some technical issues on our side - once we have fixed this our session will resume.

Question from benrana

Follow on from my previous question relating to future funding requirements: you mention only that you dont know how much the future costs for metals will be. You must have a rough idea of cost of development for the Cuba project?

James Parsons (Chairman)

I was just checking and don't believe we have provided any public domain estimates for capital required for Cuba therefore it's not possible for us to provide them here in this Q&A (which is only able to be based on public domain information). To some degree we can control the capital requirements by flexing the work programme and focusing on early cash flows which we would naturally do. Overall what I can say is that we believe Cuba is easily fundable and provides a low cost entry to a very high upside portfolio.

10:44 AM

Question from benrana

What is the current cash balance and annual salary costs?

Spencer Davey (Chief Financial Officer)

Hi Ben, the last stated cash balance we can disclose is from the 2020 annual report, which was £115k (31 Dec 2020). However as stated in events subsequent to the reporting period, the Company raised £1m in a placement in February, and had £192.5k in warrant exercises. Employee costs for 2020 was £729k.

10:45 AM

Question from Mick

Are the results of the seismic survey review, undertaken a while ago, published and available to Shareholders?

Andrew Dennan (Chief Executive Officer)

3D seismic was shot back in 09/10 and was reprocessed in 17/18 - some of the outputs of which you would have seen in the Company presentations since If you have any specific interests, please send an email to info3@ascentresources.co.uk and I will endeavour to assist you further
10:50 AM

Andrew Dennan (Chief Executive Officer)

We're wrapping up this Q&A session, if you have any final questions please submit them now.

Question from AlexShaw

This Q&A session has been very helpful and informative - thank you. Will a downloadable document of the Q&As be available after the event?

Andrew Dennan (Chief Executive Officer)

Alex, Thanks for your feedback, we will make a copy of the transcript available to view on the Company website

10:53 AM

Question from SteveM

Arbitration, how long will this process take? Have the new lawyers given any indication of how quickly the process will take?

Andrew Dennan (Chief Executive Officer)

I recall an average time to complete arbitration is approx 3 years, some claims have been resolved as quickly as 90 days and others can take 4/5 years. Slovenia have had 3 arbitration cases against them, 1 they lost and paid the damages award voluntarily and within the time period stipulated, the other 2 Slovenia settled after arbitration had been initiated but before it concluded

10:55 AM

Andrew Dennan (Chief Executive Officer)

Thank you for joining us this morning, and for the many questions we have received. We look forward to hopefully engaging face to face in the not too distant future!