Annual Report and Financial Statements

Year ended 31 December 2013

Registered number 05239285

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Company Overview

Ascent Resources plc (LSE:AST) ('Ascent' or 'the Company') is an independent oil and gas exploration and production ('E&P') company that was admitted on AIM, operated by the London Stock Exchange, in November 2004 (LSE:AST). Since then its portfolio has consisted of predominantly European onshore projects. Ascent operates the Petišovci tight gas project in Slovenia which is currently its sole asset.

Our strategy

The Board firmly believes that the gas field at Petišovci in Slovenia is the Company's outstanding prospect and therefore intends to focus its resources on this project. Our strategy is therefore to direct our available funding towards bringing Petišovci into production.

The Group plans to continue its exploration programme in the longer term and take advantage of the significant possible reserves and contingent resources within its areas of interest.

How we operate

Our project is operated through a local entity in a joint venture which is able to access the best local technical knowledge to help us develop our assets effectively and efficiently.

The Company utilises a full range of advanced geophysical, geological and other state-of-the-art technology to evaluate and de-risk projects and to reap maximum benefit from its appraisal, development and production activities.

Our people

Ascent has a small experienced management team, implementing a defined development programme. This is supplemented, as the need requires, with regional technical and operational expertise to ensure the highest standards are delivered on our projects.

As an important employer in our area of operation we take our environmental and social responsibilities seriously and always strive to be a good corporate citizen.

Our markets

Dependency on imported gas is very high throughout the EU, particularly in Slovenia. This and the relatively buoyant price of gas in Europe, underpins our strategy of exploration, development and production in this region.

Our operations are in close proximity to existing processing facilities, intra-field and national pipelines, ensuring low cost connection and easy access to the market.

Chairman's Statement

I am pleased to present the annual report, which covers the year ended 31 December 2013 and the subsequent period.

In summary during the period under review:

- the £5.5 million funding led by Henderson Global Investors was successfully completed
- we disposed of our investments in Hungary, the Netherlands and Italy to focus exclusively on the Petišovci project in Slovenia
- at Petišovci, after many frustrating years, key agreements with our partners were reworked to international industry standards and finally signed
- following the period end, up to a further £5 million was raised to provide working capital and fund the Petišovci project.

Asset disposals

In accordance with the strategy outlined at the time of the rescue funding, the Company embarked on disposing of its non-core assets. In April we sold our interest in the nearly depleted Hungarian assets for a consideration of €450,000. In August 2013 we sold our interests in our Dutch assets and in July 2013 we announced the sale of our difficult Italian assets.

The condition of the licences and the assets sold in Italy were such that the acquirer, Global Power Sources Srl ('GPS'), notified us of potentially serious breaches of the warranties given at the time of the sale.

While no formal legal steps were taken by GPS in relation to these matters, and no admission of liability was made by Ascent, the Company and GPS agreed that, in return for a full settlement and waiver of any and all claims or potential claims by GPS against Ascent, Ascent would issue 275 million ordinary shares to GPS, credited as fully paid, at a price of 1.2p per share. At the time of the settlement the Ascent Board did not have the authority to allot the full 275 million shares. Accordingly, 268 million shares were issued and a further 7 million of the settlement shares will be issued, credited as fully paid, following approval by shareholders at the Annual General Meeting.

The disposal of these legacy assets marked the end of the past divergent and costly asset base and allowed the full focus of the Company to be devoted to the Petišovci project in Slovenia.

The Petišovci project

Work done on this project to date, including an extensive 3D seismic survey conducted in 2009, core samples taken from Pg-11, state-of-the-art wireline logging of Pg-11 and gas tested in the A to F as well as the deeper K sands, has established that this asset has the potential to supply all Slovenia's natural gas needs for 10 years. An independent report by RPS of gas initially in place defined a gross P50 estimate of 456 Bcf and a mean of 592 Bcf. Further information is in the Operations Review.

The Company believes that this project, with its potentially high levels of recoverable gas, to be an excellent, high value asset due to its scale and its risk/reward profile.

Partners

Our partners in the Petišovci project are the Petrol Group ('Petrol') and Nafta Lendava doo ('Nafta'), who together make up Geoenergo doo ('Geoenergo'), the Concession holder.

Petrol is Slovenia's largest company and the main supplier of petroleum products in Slovenia with annual sales of some €4 billion. Petrol also has business interests in oil and gas trading and the alternative energy sector.

Nafta is a state owned company active in the production of chemicals, the treatment of waste water, fire prevention services and petroleum storage products. Nafta will supply much of the onsite assistance required for the development of the Petišovci project, particularly in relation to wastewater (formation water) treatment services, fire prevention services and, to some extent, project design services.

Under the joint venture agreements, Ascent retains a 75% economic interest and is required to fund 100% of the development costs. The remaining 25% economic interest is held by Geoenergo.

Progress in 2013

Together with investments made before Ascent bought into the asset, some €40 million has been invested into the Petišovci project to date. For many years the project was stalled by disagreements between the parties and the absence of a political will to bring the project into production.

After hard lobbying in 2012 and 2013, the project received a kick-start when, following a reordering of the local Nafta administration, new management at Nafta adopted a more pragmatic and commercial approach to the development of the field.

In May 2013, Petrol acquired Nafta Geoterm, which owns a significant portion of the existing gas processing infrastructure and pipeline network required to take the gas from our Petišovci wells to the Plinovodi terminal and connection to the national gas pipeline grid.

The major achievement of 2013 was the re-working of the main legal agreements, regulating the development of the field, into industry standard agreements in forms that will be acceptable to providers of development finance to build out the field. It would also make any sale or part sale of the asset far easier to complete.

Permitting

The Petišovci project is now in the detailed permitting phase. Progress to date has been slow, in part as Slovenia does not have an established oil and gas regulatory infrastructure and therefore many of the requests, considered standard elsewhere in the world, are new to the regulatory authorities.

During 2013, Slovenia adopted in full two major EU directives which will impact on the development of the Petišovci project. Additionally the project is required to comply with the EU tendering obligations. These developments mean that the permitting phase will take longer than previously anticipated.

Ascent has significantly strengthened its team working on permitting, with the addition of local and international experts. However, EU directives have made this a much more complicated process and it is not possible to predict exactly when the required permits will be forthcoming.

Project funding

Until the permits have been granted it is unlikely that we would be able to utilise conventional debt funding.

Once the permits are in place the Board expects to conclude a project finance facility to allow the existing wells to be connected to the national pipeline grid and several shallower wells to be deepened for production. The facility is also expected to fund the construction of a new gas treatment facility, new piping and a connection to Slovenia's national pipeline network.

Methanol plant

A very welcome development in the period under review was the sale by Nafta of a methanol plant adjacent to the Petišovci field. This plant has not been operational for several years and has been acquired by an international consortium subject to testing.

Gas used for the production of methanol does not need to be of the standard required for acceptance to the national grid. Sales of gas to the methanol plant could therefore be made before the completion of the permitting referred to above and also without the completion of a new treatment facility or the proposed new pipelines and connection to the national grid.

We are in negotiations with the new owners of the methanol plant to sell our untreated gas and expect to conclude an acceptable agreement in the coming months. Untreated gas from Petišovci could be sold for use in the methanol plant before the end of the third quarter of 2014.

Funding

As noted above, 2012 closed with the Company announcing a conditional £5.5 million rescue funding led by Henderson Global Investors, the terms of which were approved by shareholders in April 2013.

This funding allowed the Company the opportunity to rationalise its portfolio of assets and to re-focus its efforts on, by far the most promising of its assets, Petišovci in Slovenia, but as noted at the time, this was not sufficient to bring the Petišovci project into production.

Through tight cash management and a reduction in general and administrative costs of over £1 million on an annualised basis, the £5.5 million raised funded the Group through to the end of 2013.

In May 2012, the Company secured a €15 million facility from BNP Paribas ('BNPP') to finance the project into production, subject to the consent of all the signatories to the Joint Venture Agreement. In spite of considerable efforts by the Company, these consents were not granted so the BNPP facility expired in June 2013.

After this frustrating delay in obtaining consents, the Company was extremely pleased to announce, at the end of October 2013, that it had signed a series of key agreements with its Slovenian partners, putting an end to the prolonged impasse that had thwarted previous attempts to secure project finance and to move forward. The agreements signed included: (i) a revised Joint Venture agreement which significantly simplifies the relationship between the partners and removes the serious problems caused by lack of consents; (ii) an infrastructure agreement with Petrol Geoterm doo, which will facilitate the operation of the infrastructure and construction of the processing plant; and (iii) a service agreement with Petrol Geoterm doo, who will oversee the processing of hydrocarbons and their transmission to the national grid. The signing of these agreements marked a significant step forward towards bringing the Petišovci asset into production and work is being done to secure project finance for the initial phase of the field development.

With project funding for Petišovci dependent upon the completion of the permitting phase, the Company was obliged to seek additional funding. Accordingly, in February 2014 up to an additional £5 million was raised via the issue of further convertible loan notes.

Slovenia

Slovenia is a small country without a history of large scale gas production and where much of the applicable regulation has been taken from the mining industry. Until recently there has been little noticeable assistance from the variety of authorities charged with regulating the oil and gas industry. As a result, progress over the past decade has been painfully slow and many opportunities have been missed.

Once operating at full capacity the Petišovci field could provide sufficient gas for the whole of Slovenia for ten years. The recent severe, adverse economic climate in Slovenia has resulted in a change of attitude in bringing the Petišovci fields into production: it has now become a national priority. Whether this perspective will filter through to the local regulators involved in the Petišovci permitting remains to be seen.

With some €40 million invested to date in the Petišovci project, and given the Company's new focus entirely on Slovenia, Ascent has become probably the most prominent direct foreign investor in the country. Others are watching carefully and it would be a major setback to Slovenia in attracting further international investment if the new national priority for this project is not reflected in quick, local permitting decisions.

Staff

I would like to thank the staff and consultants for their continued hard work. Under Len Reece's leadership a team of long-standing and new staff has been built in Slovenia with strong technical and project management skills.

Outlook

The past year has seen the Company implement the strategy outlined at the beginning of 2013. The Company is now focussed on a single project with a strong potential and without the distractions of the past.

The Company has two principal opportunities of generating value. The first is to bring the Petišovci field into production and tie into the Slovenian national grid as previously outlined. The second is to sell untreated gas direct to the adjacent methanol plant.

Provided that either the permitting phase currently under way can be completed with the minimum of delays or the testing of the methanol plant is successful then prospects for the Company to achieve significant revenues in the foreseeable future look encouraging.

Clive Carver
Chairman
9 April 2014

Operations Review

The Petišovci Project, Slovenia

Ascent Slovenia Ltd 75% (operator), Geoenergo doo 25% (concession holder)

The Petišovci Tight Gas Project, in a 98 km^2 area in north eastern Slovenia, targets the development of substantial tight gas reservoirs known to be in Miocene clastic sediments.

Ascent first acquired an interest in the Petišovci project in 2007 and in 2009 an extensive 3D seismic survey was conducted across the Petišovci concession area.

The structure has two sets of reservoirs, the shallower Pontian and the deeper Miocene. The Miocene reservoirs, or Pg. sands, are the focus of Ascent's development objectives; however the shallow reservoirs, which were extensively developed during the 1960s, are not considered to be fully depleted.

Two new appraisal wells, Pg-10 and Pg-11, drilled in 2010/2011 to a total vertical depth of 3,497 m and 3,500 m respectively, confirmed gas in all six Middle Miocene Badenian reservoirs (‘A’ to ‘F’ Pg. sands). Gas flowed for the first time from the shallowest 'A' sands and, in addition, gas and condensate were sampled from the Lower Miocene Karpatian (‘K’ sands) reservoir. Pg-10 proved productive from the ‘F’ sands and Pg-11A (Pg-11 was side-tracked for technical reasons to Pg-11A) from the deeper ‘K’ sands. Both wells were successfully fracture stimulated resulting in flow rates of 8 MMscfd from the ‘F’ sands and 2 MMscfd from the ‘K’ sands, proving the commercial potential of both wells.

The data generated from the Pg-11 well, including three 18 m core samples and state-of-the-art wireline logging, supplemented the 2009 3D survey of the project area. The Company has reported independently verified P50 estimate of gas in place of 456 Bcf (13 Bm3; 76 MMboe).

Both wells have been recompleted ready for a production testing phase which will help to better understand the long-term productivity performance of the reservoir. The test production results will inform decisions regarding a possible full field Petišovci development. The north eastern corner of Slovenia has been an oil and gas producing area since the early 1940s and contains much of the infrastructure necessary for processing and exporting produced hydrocarbons. Some improvements to these existing facilities will be required for the test production phase.

The next step in this project’s redevelopment plan is to bring gas from Pg-10 and Pg-11A on stream via dedicated well-site facilities, through a modified, upgraded, existing, gas processing plant and from there to the national gas pipeline terminal. This will be followed by the deepening of 3 existing wells, Pg-6, 7 and 9. Processing will be necessary to reduce the carbon dioxide content of the gas from approx. 3% to less than the 1.5% required for the national transmission system specifications, to remove condensate for sale separately and to ensure dew point control by dehydration.

Less than a kilometre from the wells is a methanol production plant which was mothballed in 2010 as falls in methanol pricing had made production uneconomic. Following a recovery in methanol pricing, work has started to bring this plant back into production by mid-2014. The gas from Pg-10 and Pg-11A could be sold to this plant for methanol production. The advantages of this option are that (i) the gas would need very little processing before entering the methanol plant; (ii) the local processing plant could manage this without much modification; and (iii) the Company could derive an income as early as Q3 2014.

After a period of test gas production to monitor reservoir performance, the partners will proceed to the next phase in developing the Petišovci field, which includes: further upgrading and expansion of the processing facility for a substantially higher capacity; enlarged gas export capacity; and modifications to the national grid connection. The partners will also prepare a field development strategy for the further expansion of this significant Petišovci gas field complex.

Back-in Rights

The Hermrigen and Linden exploration permits in Switzerland cover undeveloped discoveries made by Elf Aquitaine in 1972 and 1982 with a combined estimated gas resource base of over 360 Bcf. As the original Hermrigen well was drilled before gas pipeline infrastructure was built in the area, the discovery has remained unappraised. Despite selling its interest in 2010 to eCORP, the current operator of the project, Ascent retains various back-in rights on any successful outcome of six conventional appraisal prospects, provided relevant apportioned costs are covered.

As part of the Sale and Purchase agreement with Tulip Oil, Ascent has the right to re-purchase a 10% interest in each of the Dutch licences once Tulip has made a final investment decision with respect to the commercial development of the Terschelling-Noord Field.

The sale and purchase agreement signed with Global Power Sources Srl (GPS) provides for Ascent to be granted a 48 month call option to buy back at least a 51% participation, at cost plus 5%, in any future discovery made by ARI.

Directors' Report

The Directors present their Directors' Report and Financial Statements for the year ended 31 December 2013 ('the year').

Principal activities

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

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

Business review

The Companies Act 2006 requires the Company to set out in the Directors' Report a fair review of the business of the Company during the financial year ended 31 December 2013 including an analysis of the position of the business at the end of the financial year and a description of the principal risks and uncertainties facing the Company (the 'Business Review'). The purpose of the Business Review is to enable shareholders to assess how the Directors have performed their duties under Section 172 of the Companies Act 2006, being the duty to promote the success of the Company. The Chairman's Statement and the Group Operations Review, starting on pages 3 and 7, together with the Corporate Responsibility Statement, corporate governance statements and Principal Risks and Uncertainties section of the Annual Report, which are incorporated herein by reference, are considered to fulfil the requirements of the Business Review.

Principal risks and uncertainties

The Group operates in an industry characterised by a range of business risks. The Company maintains a risk register that categorises risks under the headings: Strategic, Operations, Financial, Compliance and Knowledge. The key risks and uncertainties faced by the Group are summarised below.

- *Strategic* – the achievement of corporate objectives is dependent on the strategy followed by the Group, as well as the interaction with stakeholders and shareholders, good governance and an understanding of economic and market dynamics. This risk is mitigated by the expertise of the Company's Directors and specialists.
- *Operations* – the operations of the Group may be adversely affected by its ability to find and develop adequate gas and oil reserves, to develop and exploit new gas and oil acreage and to recruit and retain management and staff with the right technical skills. This risk is mitigated through the experience and expertise of the Company's specialists and consultants, the application of appropriate technology and the selection of appropriate prospective exploration and development assets.
- *Financial* – the Group's ability to meet its obligations and achieve objectives is influenced by its liquidity, gearing, movements in commodity prices and costs, movements in foreign exchange, funding and financial reporting requirements. Foreign exchange risk is mitigated by close monitoring of exchange rate movements and holding cash reserves with a variety of different institutions in a variety of currencies being Euro, US Dollar and British Pound. All other financial risks are mitigated by the expertise of the Company's financial staff.
- *Compliance* – the Group must comply with a range of corporate, legal and industry regulations and the nature of its operations necessitates strong controls around contractual arrangements, especially in respect of areas such as joint venture agreements. This risk is mitigated by the expertise of the Company's Directors and advisers.

- *Knowledge* – the Group is dependent on the efficient and effective operation of its information systems, and the management and reporting of project data and reserves information is key. Loss of key personnel may also lead to the potential loss of corporate 'intellectual property'. This risk is mitigated by ensuring all Company information is both readily available to the relevant Company employees and is securely maintained on a regularly backed up, password protected IT system.

Key performance indicators

The Directors consider a range of financial and non-financial key performance indicators. Financial indicators are principally focussed on the regular review of major projects, comparing actual costs with budgets and projections. More detailed assessments are also made of un-risked and risked net present values ('NPVs'), project rates of return and investment ratios such as 'success case investment efficiency'. Monthly trading and cash movements are also reviewed for each of the Group companies. Specific exploration-related key performance indicators include: the probability of geological success *(Pg.)*, the probability of commerciality or completion *(Pc)* and the probability of economic success *(Pe).*

Future developments

The Company has identified the European gas market as a relatively stable and secure arena in which to compete. The European market continues to be a net importer of gas whilst diversity of supply is central to the energy security strategy of most nations. The Company continues to seek to exploit the market through the identification and exploration of gas reserves near to core industrial and residential conurbations. It competes in the European oil and gas exploration and production sector by seeking to realise value rapidly from its assets, minimising risk through spreading investment over a range of European countries.

Financial risk management

Details of the Group's financial instruments and its policies with regard to financial risk management are given in Note 27 of the Financial Statements.

Results and dividends

The loss for the year after taxation was £3.5 million (2012: £6.0 million). The Directors do not recommend the payment of a dividend.

Post balance sheet events

On 5 February 2014 the Company announced that it had entered into an agreement with Henderson Global Investors Limited and Henderson Alternative Investment Advisor Limited (together 'Henderson') for the subscription by funds managed by Henderson of convertible loan notes of up to £5 million in principal amount.

The first £2 million of the Henderson Loan Notes was drawn down in February 2014 and will be used to fund existing project commitments in Slovenia. The balance will be available for draw down, if required, to allow the Company to make further progress towards securing the necessary permits required for gas processing facilities and pipelines in Petišovci in advance of full project finance for the construction phase of the development.

Directors

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

Leonard John Reece
Clive Nathan Carver
Nigel Sandford Johnson Moore
William Cameron Davies
John Patrick Kenny (resigned 30 April 2013)
Scott James Richardson Brown (resigned 30 April 2013)
William Graham Cooper (resigned 30 April 2013)

Relevant details of the Directors, which include committee memberships, are set out on page 14.

Directors' interests

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

Ordinary shares of 0.1p each.	**At 31 December 2013**	At 31 December 2012
Leonard Reece	**-**	-
Clive Carver	**-**	-
Nigel Moore	**119,500**	119,500
Cameron Davies	**150,000**	150,000
John Kenny *	**700,000**	700,000
Scott Richardson Brown *	**200,000**	200,000
Graham Cooper *	**-**	-

* Note that John Kenny, Scott Richardson Brown and Graham Cooper resigned during the year.

Details of Directors' share options and remuneration are set out in Note 5 to the Financial Statements under the heading 'Directors' remuneration'.

Directors' emoluments

For details of Directors' emoluments and share options please see Note 5 of the Financial Statements.

Third party indemnity provision

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

Share capital

Details of changes to share capital in the period are set out in Note 21 to the Financial Statements.

As at 2 April 2014 the Company has been notified of the following significant interests in its ordinary shares, being a holding of 3% and above:

	Number of ordinary shares	**%**
Global Power Sources Srl	300,126,793	20.68
Henderson Global Investors	182,410,041	12.57
EnQuest PLC	160,903,958	11.09
Seren Capital Management Ltd	104,018,000	7.17

Shareholder communications

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

Employees

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

The Group's employees and consultants play an integral part in executing its strategy and the overall success and sustainability of the organisation. The Group has a highly skilled and dedicated team of employees and consultants and places great emphasis on attracting and retaining quality staff. As an international oil and gas company, we facilitate the development of leadership from the communities in which we operate. There is a large pool of qualified upstream oil and gas exploration and production professionals in the areas in which we operate, and we are committed to building and developing our teams from these talent pools.

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

Disclosure of information to auditors

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

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

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

Going Concern

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

Recently, the Company raised short-term funding, by way of a convertible loan note facility of up to £5 million from Henderson Global Investors, to continue to develop the Petišovci project and cover overheads. In the Board's opinion such debt arrangements are not the ideal basis on which to sensibly develop the project over the longer term. They place a strain on the Company's balance sheet and could restrict the availability of project debt once the permitting phase has been completed.

The sale of the Company's untreated gas to the adjacent methanol plant, which is currently planned for Q3 2014, would provide sufficient cash for the Company to continue as a going concern. This however cannot be guaranteed and further cash is likely to be required to allow the full development of the project in the planned timeframe.

Existing cash resources are sufficient to meet overheads through the current financial year but further funding will be required to refinance the short-term borrowings and fund work programmes in Slovenia. Consequently the Directors are considering a range of funding options, including a strategic investor.

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

The Directors, however, remain confident of the Group's ability to operate as a going concern given the funding discussions that have and continue to take place and in light of the significant recent support from existing shareholders.

Auditors

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

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

Clive Carver
Chairman
9 April 2014

Board of Directors

Clive Carver
Non-executive Director

Clive Carver has worked in the City since 1986 and focussed exclusively on the small cap sector since 1994. He is the Executive Chairman of Roxi Petroleum plc, an AIM listed oil and gas exploration and production company operating in Kazakhstan, where he served as Non-executive Chairman from 2006 to May 2012. He is also Non-executive Director of Darwin Strategic Limited and Iafyds plc. Clive is a Fellow of the Institute of Chartered Accountants in England and Wales and is a qualified Corporate Treasurer.

Leonard Reece
Chief Executive Officer

Leonard Reece has over thirty years of E&P sector experience, of which over twenty years have been at Managing Director and CEO level. His most recent role was as CEO of Valhalla Oil and Gas AS, a private Norwegian oil company, where he was responsible for identifying, acquiring and developing commercially successful oil and gas assets. He previously held the position of Managing Director of Spectrum Energy and Information Technology Ltd, which provided multi-client surveys and high quality seismic imaging services. His extensive commercial and managerial experience is of significant value to Ascent in developing its key Petišovci asset in Slovenia.

Nigel Moore
Non-executive Director
Chairman of the Audit Committee and member of the Remuneration Committee

Nigel Moore is a Chartered Accountant and was a former partner at Ernst & Young for 30 years until 2003. For the last ten years at Ernst & Young he specialised in the oil and gas sector, advising a wide range of client companies, providing significant input to strategic options, new opportunities and helping to deliver shareholder value. Nigel is also on the Boards of Hochschild Mining plc and Vitec Group plc and is Chairman of JKX Oil and Gas plc.

Cameron Davies
Non-executive Director
Chairman of the Remuneration Committee and member of the Audit Committee

Cameron Davies is an international energy sector specialist and the former Chief Executive of Alkane Energy plc. He has an excellent track record of exploration success and growing profits in a quoted energy company. Beginning his career as a geologist, Dr Davies has over 35 years' experience in the oil and gas sectors. He founded AIM listed Alkane Energy plc in 1994 and managed the business from original concept, through venture capital funding and an IPO to become a profitable operator of gas to power generation plants using coal mine methane as fuel. He has a PhD from Imperial College, is a Fellow of the Geological Society of London and a member of the European Petroleum Negotiators Group and the PESGB.

Directors and Advisers

Directors	Clive Carver Leonard Reece Nigel Moore Cameron Davies
Secretary	Colin Hutchinson
Registered Office	5 Charterhouse Square London EC1M 6EE
Nominated Adviser and Broker	finnCap Ltd 60 New Broad Street London EC2M 1JJ
Auditors	BDO LLP 55 Baker Street London W1U 7EU
Solicitors	Taylor Wessing LLP 5 New Street Square London EC4A 3TW
Bankers	Barclays Corporate Bank 1 Churchill Place London E14 5HP
Share Registry	Computershare Investors Services Plc The Pavilions Bridgwater Road Bristol BS13 8AE
Company's registered number	05239285

Summary of Group Net Oil and Gas Reserves

Net Reserves and Resources by country

	Net Proven + Probable Reserves (Bcfe)	Net Attributable Contingent Resources (Bcfe)			Net Attributable Prospective Resources (Bcfe)		
		1-C	2-C	3-C	Low	Best	High
Slovenia	-	90.0	171.0	320.3	-	-	-

These figures are based on RPS gas-in-place estimates with a management assumption of a 50% recovery factor.

Proven Reserves are those quantities of petroleum which can be estimated with reasonable certainty to be commercially recoverable, from known reservoirs and under current economic conditions, operating methods and government regulations. There is at least a 90% probability that the quantities actually recovered will equal or exceed the estimate.

Probable Reserves are those unproven reserves which are more likely than not to be recoverable. There is at least a 50% probability that the quantities actually recovered will equal or exceed the sum of estimated proven plus probable reserves.

Contingent Resources are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations, but the applied project(s) are not yet considered mature enough for commercial development due to one or more contingencies. Contingent resources may include, for example, projects for which there are currently no viable markets or where commercial recovery is dependent on technology under development or where evaluation of the accumulation is insufficient to clearly assess commerciality.

Prospective Resources are those quantities of petroleum which are estimated to be potentially recoverable from undiscovered accumulations.

Summary of Ascent Resources plc's Licence Interests as at 31st December 2013

Permit	Subsidiary	Working Interest (%)	Permit Area Gross (km^2)	Net (km^2)	Status
Operations					
Slovenia					
Petišovci Concession	Ascent Slovenia Limited	75	98	73	Oil & gas exploitation
Back in rights					
Italy					
Fiume Arrone	Ascent Resources plc		358	251	Gas exploration
Strangolagalli	Ascent Resources plc		41	21	Oil exploitation
Switzerland					
Seeland-Frienisberg	Ascent Resources plc		364	-	Gas appraisal
Linden	Ascent Resources plc		330	-	Gas appraisal
Gros de Vaud	Ascent Resources plc		736	-	Oil & gas exploration
The Netherlands					
M10/M11	Ascent Resources plc		110	59	Gas exploration and appraisal

Glossary

M	Thousand*	cf	Cubic feet
MM	Million*	scf	Standard cubic feet
B	Billion*	scfd	Standard cubic feet per day
km^2	Square kilometres		
m^3	Cubic metres		

* These are 'oilfield' units, as commonly used in the oil and gas industry. Other units conform to the Système International d'unités (SI) convention

P90 (P50; P10) Reserves: at least a 90% (50%; 10%) probability that the quantities will equal or exceed the estimate. This is a measure of uncertainty not geological or commercial risk

Prospect: a potential trap which geologists believe may contain hydrocarbon resources

Reservoirs: a subsurface body of rock having sufficient porosity and permeability to store and transmit hydrocarbons

Production string: string of drill pipe or of tubing run into a well

Miocene: a geological epoch of the Neogene Period that extended from about 13 to 25 million years ago.

Strategic report

Section 414C of the Companies Act ('the Act') requires that the Company inform its members as to how the Directors have performed their duty to promote the success of the Company by way of a Strategic Report.

Fair review of the business

This information is contained in pages 3 to 6 of the Chairman's statement and pages 7 to 8 of the Operations review.

Principal risks and uncertainties

This information is contained in pages 9 to 10 of the Directors' report.

Analysis of the development and performance of the business

This information is contained in pages 3 to 6 of the Chairman's statement.

Analysis of the position of the business

This information is contained in pages 3 to 6 of the Chairman's statement.

Analysis using other key performance indicators

This information is contained on page 10 of the Directors' Report.

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

Clive Carver
Chairman
9 April 2014

Corporate Responsibility

Ascent operates a Management System that embodies Environmental, Health, Safety ('EHS') and Social Responsibility ('SR') principles. This system defines objectives to be met by Ascent, its subsidiaries, affiliates, associates and operated joint ventures (hereinafter collectively referred to as Ascent) in the management of EHS and SR.

The policy of the Board of Ascent is to be fully accountable for the necessary practices, procedures and means being in place so as to ensure that each EHS and SR objective is demonstrated in full and that continuous improvement practices are operating to ensure that the required practices, procedures and means are being monitored, refined and optimised as necessary. The Board will accordingly review and report regularly to external stakeholders as to the achievement of the objectives of this policy.

In accordance with this policy, the Executive Directors of Ascent are directly and collectively responsible to the Board for demonstrating that the EHS and SR objectives are attained throughout Ascent. The Executive Directors have adopted Management System Guidelines as guidance for demonstrating this.

The objectives of the Environment, Health, Safety and Social Responsibility Policy are:

- Ascent shall manage all operations in a manner that protects the environment and the health and safety of employees, third parties and the community.
- The Executive Directors provide the vision, establish the framework, set the objectives and provide the resources for responsible management of Ascent's operations.
- Leadership and visible commitment to continuous improvement are critical elements of successful operations.
- A process that measures performance relative to policy aims and objectives is essential to improving performance. Sharing best practices and learning from each other promotes improvement.
- Effective business controls ensure the prevention, control and mitigation of threats and hazards to business stewardship.
- Risk identification, assessment and prioritisation can reduce risk and mitigate hazards to employees, third parties, the community and the environment. Management of risk is a continuous process.
- Safe, environmentally sound operations rely on well-trained, motivated people. Careful selection, placement, training, development and assessment of employees, and clear communication and understanding of responsibilities are critical to achieving operating excellence.
- The use of internationally recognised standards, procedures and specifications for design, construction, commissioning, modifications and decommissioning activities is essential for achieving operating excellence.
- Operations within recognised and prudent parameters are essential to achieving clear operating excellence. This requires operating, inspection and maintenance procedures, and information on the processes, facilities and materials handled, together with systems to ensure that such procedures have been properly communicated and understood.
- Adhering to established safe work practices, evaluating and managing change, and providing up-to-date procedures to manage safety and health risks contribute to a safe workplace for employees and third parties.
- The minimisation of environmental risks and liabilities are integral parts of Ascent's operations.
- Third parties who provide materials and services (personnel and equipment) or operate facilities on Ascent's behalf have an impact on EHS and SR excellence. It is essential that third-party services are provided in a manner consistent with Ascent's EHS and SR Policy and Management System Guidelines.
- Compliance with regulatory requirements and company guidelines must be periodically measured and verified as part of the continuous improvement process.

- Preparedness and planning for emergencies are essential to ensuring that all necessary actions are taken if an incident occurs, to protect employees, third parties, the public, the environment, the assets and brand of Ascent.
- Effective reporting, incident investigation, communication and lessons learned are essential to attaining and improving performance.
- Open and honest communication with the communities, authorities and stakeholders with which Ascent operates builds confidence and trust in the integrity of Ascent.

During 2013, the Group was Operator of several exploration projects, all of which were closely managed for maintaining the EHS and SR policy aims.

There have been no convictions in relation to breaches of any applicable Acts recorded against the Group during the reporting period.

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Directors' Report, the Strategic Report and the Financial Statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the Group and Company financial statements in accordance with International Financial Reporting Standards ('IFRSs') as adopted by the European Union. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group for that period. The Directors are also required to prepare financial statements in accordance with the rules of the London Stock Exchange for companies trading securities on the AIM Market.

In preparing these financial statements the Directors are required to:

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

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

Website publication

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

Independent Auditors Report to the Members of Ascent Resources plc

We have audited the financial statements of Ascent Resources plc for the year ended 31 December 2013 which comprise the consolidated income statement and consolidated statement of comprehensive income, the consolidated and company statements of financial position, the consolidated and company statements of changes in equity, the consolidated and company statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

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

Respective responsibilities of directors and auditors

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the FRC's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2013 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Emphasis of matter

In forming our opinion of the financial statements, which is not modified, we have considered the adequacy of the disclosures made in Note 1 to the financial statements concerning the Company's ability to continue as a going concern. Further funds are required to finance the Company's planned work programme and to service existing debt facilities. While the Directors are confident of being able to acquire the finance necessary to meet capital and administrative obligations and liabilities as they fall due, a significant uncertainty exists that sufficient facilities are not currently in place.

These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. These financial statements do not include the adjustments that would result if the Company were unable to continue as a going concern.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the strategic report and directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

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

Scott Knight (senior statutory auditor)

For and on behalf of BDO LLP, statutory auditor

London

United Kingdom

9 April 2014

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Consolidated Income Statement
For the year ended 31st December 2013

	Notes	**Year ended 31 December 2013 £ ’000s**	Year ended 31 December 2012 £ ’000s
Revenue		-	79
Cost of sales		-	(26)
Gross profit		**-**	53
Administrative expenses	4	**(1,924)**	(2,379)
Loss from operating activities		**(1,924)**	(2,326)
Finance income	6	**1,423**	318
Finance cost	6	**(1,266)**	(886)
Net finance income / (costs)		**157**	(568)
Loss before taxation		**(1,767)**	(2,894)
Income tax expense	7	**-**	-
Loss for the year from continuing operations		**(1,767)**	(2,894)
Loss for the year from discontinued operations	3	**(1,825)**	(3,130)
Loss for the year		**(3,592)**	(6,024)
Loss attributable to:			
Owners of the Company		**(3,587)**	(6,032)
Non-controlling interests		**(5)**	8
Loss for the year		**(3,592)**	(6,024)
Loss per share			
Basic & fully diluted loss per share (pence)	8	**(0.32)**	(0.58)

Consolidated Statement of Comprehensive Income

For the year ended 31st December 2013

	Year ended 31 December 2013 £ '000s	Year ended 31 December 2012 £ '000s
Loss for the year	**(3,592)**	(6,024)
Other comprehensive income		
Foreign currency translation differences for foreign operations *	**(1,276)**	(616)
Recycling of foreign exchange on disposals *	**(1,324)**	-
Total comprehensive loss for the year	**(6,192)**	(6,640)
Total comprehensive loss attributable to:		
Owners of the Company	**(6,187)**	(6,648)
Non-controlling interest	**(5)**	8
Total comprehensive loss for the year	**(6,192)**	(6,640)

* Foreign currency translation differences from foreign operations may be recycled through the income statement in the future if certain future conditions arise.

Consolidated Statement of Changes in Equity

For the year ended 31st December 2013

	Share capital	Share premium	Equity reserve	Shares to be issued	Share based payment reserve	Translation reserve	Retained earnings	Total	Non-Controlling interest	Total
	£ '000s	**£ '000s**	**£ '000s**	**£ '000s**	**£ '000s**	**£ '000s**	**£ '000s**	**£ '000s**		**£ '000s**
Balance at 1 January 2012	**1,026**	**52,198**	**-**	**-**	**4,735**	**2,718**	**(25,248)**	**35,429**	**(3)**	**35,426**
Comprehensive income								**-**		**-**
Loss for the year	-	-	-	-	-	-	(6,032)	(6,032)	**8**	(6,024)
Other comprehensive income								-	-	-
Currency translation differences	-	-	-	-	-	(616)	-	(616)	-	(616)
Total comprehensive income	**-**	**-**	**-**	**-**	**-**	**(616)**	**(6,032)**	**(6,648)**	**8**	**(6,640)**
Transactions with owners								-	-	-
Transfer to non-current liabilities	-	-	-	-	(2,307)	-	-	(2,307)	-	(2,307)
Share-based payments	-	-	-	-	(527)	-	593	66	-	66
Balance at 31 December 2012	**1,026**	**52,198**	**-**	**-**	**1,901**	**2,102**	**(30,684)**	**26,543**	**5**	**26,548**
Balance at 1 January 2013	**1,026**	**52,198**	**-**	**-**	**1,901**	**2,102**	**(30,684)**	**26,543**	**5**	**26,548**
Comprehensive income								-		**-**
Loss for the year	-	-	-	-	-	-	(3,587)	(3,587)	(5)	**(3,592)**
Other comprehensive income										
Currency translation differences	-	-	-	-	-	(1,276)	-	(1,276)	-	(1,276)
FX differences recycled on discontinued operations	-	-	-	-	-	(1,324)	-	(1,324)	-	(1,324)
Total comprehensive income	**-**	**-**	**-**	**-**	**-**	**(2,600)**	**(3,587)**	**(6,187)**	**(5)**	**(6,192)**
Transactions with owners								-		**-**
Issue of convertible loan notes	-	-	518	-	-	-	-	518	-	518
Issue of shares during the year net of costs	425	3,635	-	84	-	-	-	4,144	-	4,144
Share-based payments	-	-	-	-	(5)	-	100	95	-	95
Balance at 31 December 2013	**1,451**	**55,833**	**518**	**84**	**1,896**	**(498)**	**(34,171)**	**25,113**	**-**	**25,113**

Company Statement of Changes in Equity

For the year ended 31st December 2013

	Share capital	Share premium	Equity reserve	Shares to be issued	Share based payment reserve	Retained earnings	Total parent equity
	£ '000s	£ '000s	£ '000s	£ '000s	£ '000s	£ '000s	£ '000s
Balance at 1 January 2012	1,026	52,198	-	-	4,735	(18,152)	39,807
Comprehensive income							
Loss and total comprehensive income for the year	-	-	-	-	-	(10,638)	(10,638)
Transactions with owners							
Transfer to non-current liabilities	-	-	-	-	(2,307)	-	(2,307)
Convertible loan	-	-	-	-	-	-	-
Issue of shares during the year net of costs							
Share-based payments	-	-	-	-	(527)	191	(336)
Balance at 31 December 2012	**1,026**	**52,198**	**-**	**-**	**1,901**	**(28,599)**	26,526
Balance at 1 January 2013	**1,026**	**52,198**	**-**		**1,901**	**(28,599)**	**26,526**
Comprehensive income							
Loss and total comprehensive income for the year	-	-	-	-	-	(6,190)	(6,190)
Transactions with owners							
Issue of convertible loan notes	-	-	518	-	-	-	518
Issue of shares during the year net of costs	425	3,635	-	84	-	-	4,144
Share-based payments	-	-	-	-	(5)	100	95
Balance at 31 December 2013	**1,451**	**55,833**	**518**	**84**	**1,896**	**(34,689)**	**25,093**

Consolidated Statement of Financial Position
As at 31st December 2013

Assets	Notes	**31 December 2013 £ ’000s**	31 December 2012 £ ’000s
Non-current assets			
Property, plant and equipment	9	**3**	181
Exploration and evaluation costs	11	**33,628**	32,203
Total non-current assets		**33,631**	32,384
Current assets			
Inventories		**-**	136
Trade and other receivables	13	**110**	916
Cash and cash equivalents		**184**	3,452
Total current assets		**294**	4,504
Total assets		**33,925**	36,888
Equity and liabilities			
Attributable to the equity holders of the Parent Company			
Share capital	21	**1,451**	1,026
Share premium account		**55,833**	52,198
Equity reserve		**518**	-
Shares to be issued		**84**	-
Share-based payment reserve		**1,896**	1,901
Translation reserves		**(498)**	2,102
Retained earnings		**(34,171)**	(30,684)
Total equity attributable to the shareholders		**25,113**	26,543
Non-Controlling interest		**-**	5
Total equity		**25,113**	26,548
Non-current liabilities			
Borrowings	16	**4,957**	3,554
Provisions	17	**437**	540
Other non-current liabilities	18	**2,255**	2,307
Total non-current liabilities		**7,649**	6,401
Current liabilities			
Trade and other payables	19	**409**	1,704
Borrowings	16	**754**	2,235
Total current liabilities		**1,163**	3,939
Total liabilities		**8,812**	10,340
Total equity and liabilities		**33,925**	36,888

The notes on pages 32 to 58 are an integral part of these consolidated financial statements.

These financial statements were approved and authorised for issue by the Board of Directors on 9 April 2014 and signed on its behalf by:

Clive Carver, Chairman
9 April 2014

Company Statement of Financial Position

As at 31st December 2013

	Notes	**31 December 2013 £ '000s**	31 December 2012 £ '000s
Non-current assets			
Property, plant and equipment	10	**2**	4
Investment in subsidiaries and joint ventures	12	**14,340**	14,419
Intercompany receivables	25	**18,815**	16,776
Total non-current assets		**33,157**	31,199
Current assets			
Trade and other receivables	14	**71**	56
Cash and cash equivalents		**175**	3,211
Total current assets		**246**	3,267
Total assets		**33,403**	34,466
Equity			
Share capital	21	**1,451**	1,026
Share premium		**55,833**	52,198
Equity reserve		**518**	-
Shares to be issued		**84**	-
Share-based payment reserve		**1,896**	1,901
Retained loss		**(34,689)**	(28,599)
Total equity		**25,093**	26,526
Non-Current liabilities			
Borrowings	16	**4,957**	3,065
Other non-current liabilities	18	**2,255**	2,307
Total non-current liabilities		**7,212**	5,372
Current liabilities			
Trade and other payables	20	**344**	640
Borrowings	16	**754**	1,928
Total current liabilities		**1,098**	2,568
Total liabilities		**8,310**	7,940
Total equity and liabilities		**33,403**	34,466

The notes on pages 32 to 58 are an integral part of these consolidated financial statements.

These financial statements were approved and authorised for issue by the Board of Directors on 9 April 2014 and signed on its behalf by:

Clive Carver
Chairman
9 April 2014

Consolidated Cash Flow Statement

For the year ended 31st December 2013

	Year ended 31 December 2013 £ '000s	Year ended 31 December 2012 £ '000s
Cash flows from operations		
Loss after tax for the year	**(3,592)**	(6,024)
Tax charge	**-**	60
DD&A charge	**(2)**	1,269
Decrease in receivables	**171**	353
Decrease in payables	**(547)**	(1,110)
Increase in other long-term payables	**96**	66
Decrease in inventories	**-**	136
Impairment of exploration expenditure	**-**	2,288
Increase in decommissioning provision	**-**	16
Exchange differences	**(190)**	2
Finance income	**(1,423)**	(318)
Finance cost	**1,266**	1,002
Loss on the sale of discontinued operations (net of tax)	**1,792**	-
Tax paid	**-**	(60)
Net cash used in operating activities	**(2,429)**	(2,320)
Cash flows from investing activities		
Interest received	**5**	68
Payments for investing in exploration	**(1,346)**	(780)
Disposal of discontinued operations net of cash disposed of	**(228)**	-
Disposal / (Purchase) of property, plant and equipment	**101**	(682)
Net cash used in investing activities	**(1,468)**	(1,394)
Cash flows from financing activities		
Interest paid and other finance fees	**(226)**	(1,180)
Proceeds from loans	**2,061**	5,748
Loans repaid	**(2,031)**	(484)
Loan issue costs	**(20)**	-
Proceeds from issue of shares	**887**	-
Share issue costs	**(44)**	-
Net cash generated from financing activities	**627**	4,084
Net increase in cash and cash equivalents for the year	**(3,270)**	370
Effect of foreign exchange differences	**2**	176
Cash and cash equivalents at beginning of the year	**3,452**	2,906
Cash and cash equivalents at end of the year	**184**	3,452

Company Cash Flow Statement

For the year ended 31st December 2013

	Year ended 31 December 2013	Year ended 31 December 2012
	£ ’000s	£ ’000s
Cash flows from in operations		
Loss for the year	**(6,190)**	(10,640)
Depreciation charge	**2**	2
(Increase) / Decrease in receivables	**(16)**	6,792
Increase / (Decrease) in payables	**114**	145
Increase / (Decrease) in other long-term payables	**96**	72
Settlement of warranty claim	**3,300**	-
Write off of investment	**79**	1,668
Foreign exchange	**(73)**	(415)
Finance income	**(5)**	(196)
Finance cost	**1,183**	274
Net cash generated from / (used in) operating activities	**(1,510)**	(2,298)
Cash flows from investing activities		
Interest received	**(47)**	160
Advances to subsidiaries	**(2,449)**	(1,404)
Investment in PPE	**-**	(1)
Addition to investment	**-**	(64)
Net cash flows used in investing activities	**(2,496)**	(1,309)
Cash flows from financing activities		
Interest paid	**(143)**	(315)
Repayment of loan	**(1,775)**	(484)
Proceeds from loans	**2,061**	5,300
Loan issue costs	**(20)**	-
Cash proceeds from issue of shares	**887**	-
Share issue costs	**(44)**	-
Net cash generated from financing activities	**966**	4,501
Net increase in cash and cash equivalents	**(3,038)**	894
Cash and cash equivalents at beginning of the year	**3,211**	2,317
Effects of foreign exchange differences	**2**	-
Cash and cash equivalents at end of the year	**175**	3,211

Notes to the accounts

1 Accounting policies

Reporting entity

Ascent Resources plc ('the Company' or 'Ascent') is a company domiciled and incorporated in England. The address of the Company's registered office is 5 Charterhouse Square, London EC1M 6EE. The consolidated financial statements of the Company for the year ended 31 December 2013 comprise the Company and its subsidiaries (together referred to as the 'Group') and the Group's interest in associates and joint ventures. The Parent Company financial statements present information about the Company as a separate entity and not about its Group.

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

The consolidated financial statements of the Group for the year ended 31 December 2013 are available from the Company's website at www.ascentresources.co.uk.

Statement of compliance

The Group's and Company's financial statements for the year ended 31 December 2013 were approved and authorised for issue by the Board of Directors on 9 April 2014 and the Statements of Financial Position were signed on behalf of the Board by Clive Carver.

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

Basis of preparation

In publishing the Parent Company financial statements here together with the Group financial statements, the Company is taking advantage of the exemption in section 408 of the Companies Act 2006 not to present its individual income statement and related notes that form a part of these approved financial statements. The Company loss for the year was £6.2million.

Measurement Convention

The financial statements have been prepared under the historical cost convention except for available-for-sale financial assets and financial instruments which are measured at fair value through profit and loss. The financial statements are presented in sterling and have been rounded to the nearest thousand (£ '000s) except where otherwise indicated.

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

Going Concern

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

Recently, the Company raised short-term funding, by way of a convertible loan note facility of up to £5 million from Henderson Global Investors, to continue to develop the Petišovci project and cover overheads. In the Board's opinion such debt arrangements are not the ideal basis on which to sensibly develop the project over the longer term. They place a strain on the Company's balance sheet and could restrict the availability of project debt once the permitting phase has been completed.

The sale of the Company's untreated gas to the adjacent methanol plant, which is currently planned for Q3 2014, would provide sufficient cash for the Company to continue as a going concern. This however cannot be guaranteed and further cash is likely to be required to allow the full development of the project in the planned timeframe.

Existing cash resources are sufficient to meet overheads through the current financial year but further funding will be required to refinance the short-term borrowings and fund work programmes in Slovenia. Consequently, the Directors are considering a range of funding options, including a strategic investor.

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

The Directors, however, remain confident of the Group's ability to operate as a going concern given the funding discussions that have and continue to take place and in light of the significant recent support from existing shareholders.

New and amended Standards effective for 31 December 2013 year end adopted by the Group:

i. The following new standards and amendments to standards are mandatory for the first time for the Group for financial year beginning 1 January 2013. The adoption of these standards and amendments has had no material effect on the Group's accounting policies.

Standard	Effective date	Impact on initial application
IAS 1	Presentation of items of other comprehensive income (amendments to IAS 1)	1 July 2012
IFRS 7	Disclosures—Offsetting Financial Assets and Financial Liabilities	1 January 2013
IFRS 13	Fair Value Measurement	1 January 2013
IAS 19	Employee Benefits	1 January 2013
	Improvements to IFRS (2009-2011 cycle)	1 January 2013

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 32	Amendment – Offsetting Financial Assets and Financial Liabilities	1 January 2014
IFRS 10	Consolidated Financial Statements	1 January 2014
IFRS 11	Joint Arrangements	1 January 2014
IFRS 12	Disclosure of Interests in Other Entities	1 January 2014
IAS 27	Separate Financial Statements	1 January 2014
IAS 28	Investments in Associates and Joint Ventures	1 January 2014
IAS 36	Recoverable amounts disclosures for non-financial assets	1 January 2014
IFRS 10, IFRS 11 and IFRS 12	Amendment – Transition guidance	1 January 2014
IFRS 10, IFRS 12, and IAS 27	Investment Entities	1 January 2014
IAS 19	Defined Benefit Plans: Employee Contributions	1 July 2014
	Annual Improvements to IFRSs 2010-2012 Cycle	1 July 2014
	Annual Improvements to IFRSs 2011-2013 Cycle	1 July 2014
IFRS 9	Financial instruments	n/a

The Group has not yet assessed the impact of IFRS 9. The adoption of IFRS 9 will eventually replace IAS 39 in its entirety and consequently may have a material effect on the presentation, classification, measurement and disclosures of the Group's financial instruments.

Critical accounting estimates and assumptions

The preparation of the consolidated financial statements in conformity with IFRSs requires management to make estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income, expenses and related disclosures. The estimates and underlying assumptions are based on practical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Changes in accounting estimates may be necessary if there are changes in the circumstances on which the estimate was based or as a result of new information. Such changes are recorded in the period in which the estimate is revised.

Critical judgements in applying the Group's accounting policies

The application of the Group's accounting policies may require management to make judgements, apart from those involving estimates, which can have a significant effect on the amounts amortised in the financial statements. Management judgement is particularly required when assessing the substance of transactions that have a complicated structure or legal form.

The key areas where management judgement will need to be applied will be in the areas of:

(a) *Oil and gas assets* – 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 impairment at least annually based on an estimation of the recoverability of the cost pool from future revenues of the related oil and gas reserves (see Note 11);

(b) Decommissioning provision – the cost of decommissioning is estimated by reference to operators and internal specialist staff (see Note c));

(c) Convertible loan notes – management assessed the fair value of the liability component at issue and the appropriateness of the amortisation period (see Note 16);

(d) Basis of consolidation – management consider the Company's ability to exert financial and operational control, as well as the level of voting rights and representation on the Board as a basis of consolidation;

(e) Share-based payments – management assesses the fair value of each option using an appropriate pricing model based on option and share prices, volatility and the life of the option (see Note 26).

(f) Commercial reserves – Commercial reserves are proven and probable oil and gas reserves, calculated on an entitlement basis. Estimates of commercial reserves underpin the calculation of depletion and amortisation on a unit of production basis. 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.

Basis of consolidation

The financial statements comprise the consolidation of the accounts of the Company and its subsidiary undertakings and incorporate the results of its share of jointly controlled entities using the proportional consolidation method of accounting. Consistent accounting policies have been used to prepare the consolidated financial statements.

Control is achieved where the Group has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities. The results of undertakings acquired or disposed of are consolidated from or to the date when control passes to or from the Group. For the Company's financial statements only, investments in subsidiary undertakings are stated at cost less provision for impairment.

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.

All intra-Group transactions, balances, income and expenses are eliminated on consolidation.

The total comprehensive income of non-wholly owned subsidiaries is attributed to owners of the parent and to the non-controlling interests in proportion to their relative ownership interests.

Where the Group acquires an equity interest from non-controlling parties, the excess/(shortfall) between the consideration paid and the element of the reserve for non-controlling interest that has been acquired is taken directly to retained earnings. No gain or loss is recognised through profit or loss.

Jointly controlled operations are arrangements in which the Group holds an interest on a long-term basis which are jointly controlled by the Group and one or more ventures under a contractual arrangement. The Group's exploration, development and production activities are sometimes conducted jointly with other companies in this way. Since these arrangements do not constitute entities in their own right, the consolidated financial statements reflect the relevant proportion of costs, revenues, assets and liabilities applicable to the Group's interests.

Business combinations

On acquisition, the assets, liabilities and contingent liabilities of subsidiaries are measured at their fair values at the date of acquisition. Any excess of cost of acquisition over net fair values of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill. Any deficiency of the cost of acquisition below the net fair values of the identifiable assets, liabilities and contingent liabilities acquired (i.e. discount on acquisition) is credited to profit and loss in the period of acquisition.

Non-current assets held for sale and discontinued operations

Non-current assets are classified as assets held for sale and stated at the lower of carrying amount and fair value less costs to sell if their carrying amount is to be recovered principally through a sale transaction rather than through continuing use.

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale.

Interest in jointly controlled entities

A joint venture is a contractual arrangement whereby the Group and other parties undertake an economic activity that is subject to joint control.

Where a company undertakes its activities under a joint venture arrangement directly, the Group's share of jointly controlled assets and any liabilities incurred jointly with the other ventures are recognised in the financial statements of the relevant Group Company and classified according to their nature.

Similarly, income from the sale and use of the Group's share of the output of jointly controlled assets and its share of joint venture expenses, are recognised in the financial statements of the relevant Group Company and classified according to their nature.

Increase in interests in jointly controlled entities

When an entity acquires an additional interest in jointly controlled entities the entity's portion of identifiable net assets of the jointly controlled entity acquired is measured at cost at the date of additional investment with any surplus accounted for as goodwill.

Oil and Gas Exploration Assets

The Group follows the 'successful efforts' method of accounting for exploration and evaluation costs. 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.

When production commences the accumulated costs for the relevant area of interest are transferred from intangible fixed assets to Property, Plant and Equipment as 'Developed oil and gas assets'.

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. Any impairment arising is recognised in the Income Statement for the year.

Impairment reviews on development/producing assets are carried out on each cash-generating unit identified in accordance with IAS 36 'Impairment of Assets'. Ascent's cash-generating units are those assets which generate largely independent cash flows and are normally, but not always, single development areas.

At each reporting date where there are indicators of impairment the net book value of the cash-generating unit is compared with the measurable recoverable amount, which is defined as the higher of fair value less costs to sell or value in use. If the net book value is higher, then the difference is written off to the Income Statement as impairment. Forecast production profiles are determined on an asset by asset basis using appropriate petroleum engineering techniques.

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 developed oil and gas assets

When events or changes in circumstances indicate that the carrying amount of expenditure attributable to a successful well may not be recoverable from future net revenues from oil and gas reserves attributable to that well, a comparison between the net book value of the cost attributable to that well and the discounted future cash flows from that well is undertaken. To the extent that the carrying amount exceeds the recoverable amount, the cost attributable to that well is written down to its recoverable amount and charged as an impairment.

Depletion of developed oil and gas assets

Costs carried in each well are depreciated on a unit of production basis using the ratio of oil and gas production in the period to the estimated quantity of commercial proven and probable oil and gas reserves at the end of the period plus production in the period. Costs in the unit of production calculation include the net book value of capitalised costs plus estimated future development costs.

Changes in estimates of commercial, proven and probable oil and gas reserves or future development costs are dealt with prospectively.

Decommissioning costs

Where a material liability for the removal of production facilities and site restoration at the end of the field life exists, a provision for decommissioning is recognised. The amount recognised is the net present value of estimated future expenditure determined in accordance with local conditions and requirements. An asset of an amount equivalent to the provision is also added to oil and gas exploration assets and depreciated on a unit of production basis. Changes in estimates are recognised prospectively, with corresponding adjustments to the provision and the associated asset.

Property, plant and equipment assets other than oil and gas assets

Property, plant and equipment other than oil and gas assets are stated at cost, less accumulated depreciation and any provision for impairment. Depreciation is provided at rates estimated to write off the cost, less estimated residual value of each asset over its expected useful life as follows:

Computer and office equipment – 33% straight line.

Revenue recognition

Oil and gas sales revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for the Group's share of oil and gas supplied in the period. Revenue is recognised when the risks and rewards of ownership are transferred to the purchaser of the oil or gas.

Inventories

Inventories, including materials, equipment and inventories of gas and oil held for sale in the ordinary course of business, are stated at weighted average historical costs, less provision for deterioration and obsolescence or, if lower, net realisable value.

Foreign currency

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

Transactions in foreign currency are translated to the respective functional currency of the Group entity at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated to the functional currency at the rates prevailing on the balance sheet 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, including fair value adjustments arising on consolidation, 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. They are released into the income statement upon disposal.

On consolidation, the results of overseas operations are translated into sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations, including goodwill arising on the acquisition of those operations, are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income and accumulated in the foreign exchange reserve.

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 statement of comprehensive income as part of the profit or loss on disposal.

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

Taxation

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 balance sheet 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 further shares in licence areas are treated as additions to Slovenian exploration costs at Group level and increases in Investments at Company level.

Provisions

A provision is recognised in the balance sheet 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 discounting 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 convertible loan where the convertible option is at a fixed rate, the net proceeds received from the issue of convertible loan notes 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 convertible loan notes 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 re-measured.

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

However, where, at inception, the conversion option is such that the option will not be settled by the Company exchanging a fixed number of its own equity instruments for a fixed amount of cash, the convertible loan does not meet the definition of a compound financial instrument. In such cases, the convertible loan (the host contract) is a hybrid financial instrument and the option to convert is an embedded derivative. Attached options (options entered into in consideration for entering into the host contract) on similar terms are also embedded derivatives. The embedded derivatives are separated from the host contract as their risks and characteristics are not closely related to those of the host contract and the host contract is not carried at fair value. At each reporting date, the embedded derivatives are measured at fair value with changes in fair value recognised in the income statement as they arise. The method used for revaluation is the Black Scholes method. The host contract carrying value on initial recognition is based on the net proceeds of issuance of the convertible loan reduced by the fair value of the embedded derivatives and is subsequently carried at each reporting date at amortised cost.

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

Financial assets and financial liabilities are recognised on the balance sheet when the Group becomes a party to the contractual provisions of the instrument.

Trade and other receivables are measured at initial recognition at fair value and are subsequently measured at amortised cost using the effective interest method. A provision is established when there is objective evidence that the Group will not be able to collect all amounts due. The amount of any provision is recognised in the income statement.

Cash and cash equivalents comprise cash held by the Group and short-term bank deposits with an original maturity of three months or less.

Trade and other payables are initially measured at fair value and are subsequently measured at amortised cost using the effective interest rate method.

Financial liabilities and equity instruments issued by the Group are classified in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Interest bearing bank loans, overdrafts and other loans are recorded at fair value less any directly attributable costs, with subsequent measurement at amortised cost. Finance costs are accounted for on an accruals basis in the income statement using the effective interest method.

Equity

Equity instruments issued by the Company are recorded at the proceeds received, net of any direct issue costs.

Investments and loans

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

Pension costs

Contributions are made to the individual pension scheme of a director's choice and are charged to the Income Statement as they become payable.

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').

2 Segmental Analysis

Following the disposal during the year of Italy, Netherlands and Hungary, the Group now 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 is 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 and development
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. Transfer prices between segments are set on an arm's length basis in a manner similar to transactions with third parties. 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. Initial performance is measured by the results that arise from the exploration and development works carried out. Once producing, other production performance measures are based on the production revenues achieved. This is reported to the Group's CEO by the level of capitalised exploration costs and the results from studies carried out at the individual locations of the wells. The CEO uses these measures to evaluate project viability within each operating segment.

There is no revenue in the current year from continuing operations.

2013		**Discontinued Operations**					**Continuing Operations**			**Total**	
	Italy	**Netherlands**	**Hungary**	**eliminations**	**Sub Total**	**UK**	**Slovenia**	**eliminations**	**Sub Total**	**eliminations**	**Group**
	£ ’000s	**£ ’000s**	**£ ’000s**	**£ ’000s**	**£ ’000s**	**£ ’000s**	**£ ’000s**	**£ ’000s**	**£ ’000s**	**£ ’000s**	**£ ’000s**
Hydrocarbons	-	-	304	-	**304**	-	-	-	**-**	(304)	**-**
Intercompany sales	93	-	-	(93)	**-**	213	23	(236)	**-**	-	**-**
Total revenue	**93**	**-**	**304**	**(93)**	**304**	**213**	**23**	**(236)**	**-**	**(304)**	**-**
Cost of sales	-	-	(90)	-	**(90)**	(263)	102	161	**-**	90	**-**
P&L on disposal of subsidiary / discontinued operations	(1,937)	100	45	-	**(1,792)**	-	-	-	**-**	(33)	**(1,825)**
Administrative expenses	(78)	(31)	(59)	-	**(168)**	(1,402)	(684)	162	**(1,924)**	168	**(1,924)**
Material non-cash items											
Net finance costs	(70)	-	(9)	-	**(79)**	282	(125)	-	**157**	79	**157**
Reportable segment (loss)/profit before tax	**(1,992)**	**69**	**191**	**(93)**	**(1,825)**	**(1,170)**	**(684)**	**87**	**(1,767)**	**-**	**(3,592)**
Taxation	-	-	-	-	**-**	-	-	-	**-**	-	**-**
Reportable segment (loss)/profit after taxation	**(1,992)**	**69**	**191**	**(93)**	**(1,825)**	**(1,170)**	**(684)**	**87**	**(1,767)**	**-**	**(3,592)**
Reportable segment assets											
Carrying value of exploration assets	-	-	-	-	**-**	-	32,285	-	**32,285**	-	**32,285**
Additions to exploration assets	-	-	-	-	**-**	-	1,343	-	**1,343**	-	**1,343**
Total plant and equipment	-	-	-	-	**-**	2	1	-	**3**	-	**3**
Total non-current assets	**-**	**-**	**-**	**-**	**-**	**2**	**33,629**	**-**	**33,631**	**-**	**33,631**
Other assets	-	-	-	-	**-**	33,401	430	(33,537)	**294**	-	**294**
Consolidated total assets	**-**	**-**	**-**	**-**	**-**	**33,403**	**34,059**	**(33,537)**	**33,925**	**-**	**33,925**
Reportable segmental liabilities											
Trade payables	-	-	-	-	**-**	(120)	(11)	-	**(131)**	-	**(131)**
External loan balances	-	-	-	-	**-**	(5,711)	-	-	**(5,711)**	-	**(5,711)**
Inter-group borrowings	-	-	-	-	**-**	-	(18,747)	18,747	**-**	-	**-**
Other liabilities	-	-	-	-	**-**	(2,479)	(491)	-	**(2,970)**	-	**(2,970)**
Consolidated total liabilities	**-**	**-**	**-**	**-**	**-**	**(8,310)**	**(19,249)**	**18,747**	**(8,812)**	**-**	**(8,812)**

	Discontinued Operations					Continuing Operations				Total	
2012	**Italy**	**Netherlands**	**Hungary**	**eliminations**	**Sub Total**	**UK**	**Slovenia**	**eliminations**	**Sub Total**	**eliminations**	**Group**
	£ ’000s	**£ ’000s**	**£ ’000s**	**£ ’000s**	**£ ’000s**	**£ ’000s**	**£ ’000s**	**£ ’000s**	**£ ’000s**	**£ ’000s**	**£ ’000s**
Hydrocarbons	-	-	1,576	-	**1,576**	-	13	-	**13**	(1,576)	**13**
Stock sale	18	-	11	-	**29**	-	66	-	**66**	(29)	**66**
Intercompany sales	199	-	-	(199)	**-**	280	-	(280)	**-**	-	**-**
Total revenue	**217**	**-**	**1,587**	**(199)**	**1,605**	**280**	**79**	**(280)**	**79**	**(1,605)**	**79**
Other income	41	-	-	-	**41**	**-**	**-**	**-**	**-**	**(41)**	**-**
Cost of sales	(167)	-	(1,201)	151	**(1,217)**	-	(26)	-	**(26)**	1,217	**(26)**
Profit / (Loss) from discontinued operations	-	-	-	-	**-**	-	-	-	**-**	(3,130)	**(3,130)**
Administrative expenses	(629)	(39)	263	-	**(405)**	(3,099)	(798)	1,518	**(2,379)**	405	**(2,379)**
Material non-cash items											**-**
Impairment of exploration assets	(1,836)	-	(1,142)	-	**(2,978)**	-	-	-	**-**	2,978	**-**
Impairment of investments	1,754	-	2,239	(3,993)	**-**	(5,558)	-	5,558	**-**	-	**-**
Net finance costs	(88)	-	(28)	-	**(116)**	(37)	(531)	-	**(568)**	116	**(568)**
Reportable segment (loss)/profit before tax	**(708)**	**(39)**	**1,718**	**(4,041)**	**(3,070)**	**(8,414)**	**(1,276)**	**6,796**	**(2,894)**	**(60)**	**(6,024)**
Taxation	(4)	-	(56)	-	**(60)**	-	-	-	**-**	60	**-**
Reportable segment (loss)/profit after taxation	**(712)**	**(39)**	**1,662**	**(4,041)**	**(3,130)**	**(8,414)**	**(1,276)**	**6,796**	**(2,894)**	**-**	**(6,024)**
Reportable segment assets											
Carrying value of exploration assets	-	204	96	-	**300**	-	30,772	-	**30,772**	-	**31,072**
Additions to exploration assets	103	83	-	-	**186**	-	945	-	**945**	-	**1,131**
Total plant and equipment	-	-	177	-	**177**	4	-	-	**4**	-	**181**
Total non-current assets	**103**	**287**	**273**	**-**	**663**	**4**	**31,717**	**-**	**31,721**	**-**	**32,384**
Other assets	713	887	513	-	**2,113**	34,462	(1,705)	(31,029)	**1,728**	-	**3,841**
Consolidated total assets	**816**	**1,174**	**786**	**-**	**3,439**	**34,466**	**30,012**	**(31,029)**	**33,449**	**-**	**36,225**
Reportable segmental liabilities											
Trade payables	(556)	-	(112)	-	**(668)**	(169)	(133)	-	**(302)**	-	**(970)**
External loan balances	(796)	-	-	-	**(796)**	(4,993)	-	-	**(4,993)**	-	**(5,789)**
Inter-group borrowings	(82)	(1,270)	(375)	1,727	**-**	(1,434)	(16,576)	18,010	**-**	-	**-**
Other liabilities	(28)	(2)	(295)	-	**(325)**	(1,344)	(1,912)	-	**(3,256)**	-	**(3,581)**
Consolidated total liabilities	**(1,462)**	**(1,272)**	**(782)**	**1,727**	**(1,789)**	**(7,940)**	**(18,621)**	**18,010**	**(8,551)**	**-**	**(10,340)**

3 Discontinued operations

During the year, the Company successfully accomplished its strategic aim of disposing of its non-core assets.

In April 2013 we realised €450,000 from the sale of our 48.66% share in PetroHungaria kft, the joint venture company which held the partners' interest in the Penészlek field. The sale was a way to realise the full value of the remaining production in an up-front cash payment.

In July 2013 we sold Ascent Resources Italia Srl (ARI), which held our Frosinone, Strangolagalli and Fiume Arrone interests together with loan obligations and all future work commitments to Global Power Sources Srl (GPS). Subsequently the Company became aware of a number of matters, which could have resulted in warranty claims under the terms of the Sale & Purchase Agreement (SPA). While no formal legal steps were taken by GPS, the Company took legal advice on its position and the parties agreed that in return for a full waiver of any and all claims or potential claims by GPS under the SPA, Ascent issued 275 million ordinary shares of 0.1pence each in the share capital of the company to GPS. 268 million were credited in December 2013 with the balance of 7 million to be credited following approval by shareholders at the next general meeting of the Company.

In August 2013 the Company's sold its full interest in the Netherlands Exploration Licences for €450,000 before selling expenses. The sale provided short-term cash for the Company to allow it to focus its efforts and resources on its core Petišovci project in Slovenia.

The post-tax gain on disposal of discontinued operations was determined as follows:

	31 December 2013 £ '000s	31 December 2012 £ '000s
Cash consideration received	761	
Selling expenses	(223)	
Net cash consideration	**538**	
Cash disposed of	(766)	
Net cash outflow on disposal of discontinued operations	**(228)**	
Net assets disposed of other than cash		
Property, plant & equipment	(176)	
Intangibles	(285)	
Inventory	(139)	
Trade & other receivables	(548)	
Trade & other payables	854	
Provisions	103	
Borrowings	603	
	412	
Issuance of warranty shares	(3,300)	
Recycling of foreign exchange gains	1,324	
Loss on disposal of discontinued operations	**(1,792)**	
Result of discontinued operations		
Revenue	304	1,605
Expenses other than finance costs	(258)	(4,559)
Finance costs	(79)	(116)
Tax expense	-	(60)
Loss from selling discontinued operations after tax	(1,792)	-
Loss on discontinued operations for the year	**(1,825)**	**(3,130)**

4 Administrative expenses

	Year ended 31 December 2013 £ '000s	Year ended 31 December 2012 £ '000s
Employee costs (see Note 5)	**1,114**	1,108
Operating lease costs	**-**	17
Insurance	**63**	11
Travel & accommodation	**61**	16
Share based payment charge	**96**	71
Legal & Professional	**189**	12
Audit, Accountancy & Tax	**110**	69
Listing costs	**90**	124
Consultancy costs	**123**	645
Other office costs	**78**	306
	1,924	2,379
Included within Admin Expenses		
Audit Fees	**52**	53
Fees payable to the Company's auditor other services	**7**	-
Other assurance services	**12**	-
Audit of the Company's subsidiaries	**-**	2
	71	55

5 Employees and directors

a. Employees

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

	Year ended 31 December 2013	Year ended 31 December 2012
Management and technical	**7**	**11**

	£ '000s	**£ '000s**
Wages and salaries	**895**	928
Social security costs	**123**	63
Pension costs	**-**	35
Share-based payments	**96**	68
Taxable benefits	**-**	14
	1,114	1,108

b. Directors and key management remuneration

	Year ended 31 December 2013 £ '000s	Year ended 31 December 2012 £ '000s
Fees and emoluments	415	532
Termination payments	261	-
Social security costs	65	46
Pension costs	-	35
Share-based payments (Note 27)	81	68
Taxable benefits	-	14
	822	695

c. Directors remuneration

2013	Salary/fees	Termination payments	Taxable Benefits	2013 Total
	£	£	£	£
Executive Directors				
L Reece	220,000	-	-	220,000
S Richardson Brown	61,367	148,438	-	209,805
Non-executive Directors				
C Carver	63,750	-	-	63,750
G Cooper	-	-	-	-
C Davies	30,000	-	-	30,000
N Moore	30,000	-	-	30,000
J Kenny	10,000	15,000	-	25,000
J Eng	-	98,000	-	98,000
Total	**415,117**	**261,438**	**-**	**676,555**

2012	Salary/fees	Pension	Taxable Benefits	2012 Total
	£	£	£	£
Executive Directors				
J Eng	184,870	35,302	14,192	234,364
S Richardson Brown	184,100	-	-	184,100
L Reece[1]	73,337	-	-	73,337
Non-executive Directors				
J Kenny	30,000	-	-	30,000
C Davies	30,000	-	-	30,000
N Moore	30,000	-	-	30,000
G Cooper	-	-	-	-
C Carver	-	-	-	-
Total	**532,307**	**35,302**	**14,192**	**581,801**

[1] L Reece was appointed on 17 September 2012

The highest paid Director in the year ended 31 December 2013 was Leonard Reece earning £220,000 (2012: Jeremy Eng earning £234,364.

d. Directors incentive share options

2013	As at 01-Jan-13	Granted/ (Lapsed)	As at 31-Dec-13	Date Granted	Share Price at Grant	Exercise Price	Exercise Period Start	Exercise Period End
N Moore	500,000	-	500,000	17-Nov-10	5.25p	7.313p	17-Nov-11	17-Nov-15
	500,000	-	500,000	17-Nov-10	5.25p	15p	17-Nov-11	17-Nov-15
C Davies	500,000	-	500,000	17-Nov-10	5.25p	7.313p	17-Nov-11	17-Nov-15
	500,000	-	500,000	17-Nov-10	5.25p	15p	17-Nov-11	17-Nov-15
L Reece	-	69,079,066	69,079,066	30-Apr-13	0.82p	1p	30-Apr-16	30-Apr-23
C Carver	-	26,568,871	26,568,871	30-Apr-13	0.82p	1p	30-Apr-16	30-Apr-23
S Richardson-Brown	1,000,000	-	1,000,000	01-Nov-10	4.875p	4.875p	01-Nov-11	01-Nov-15
	1,000,000	-	1,000,000	01-Nov-10	4.875p	7.313p	01-Nov-12	01-Nov-15
	2,500,000	-	2,500,000	07-Sep-11	3.16p	5p	30-Jun-12	07-Sep-16
	2,500,000	-	2,500,000	07-Sep-11	3.16p	12p	30-Jun-12	07-Sep-16
J Kenny	500,000	-	500,000	17-Nov-10	5.25p	7.313p	17-Nov-11	17-Nov-15
	500,000	-	500,000	17-Nov-10	5.25p	15p	17-Nov-11	17-Nov-15

2012	As at 01-Jan-12	Granted/ (Lapsed)	As at 31-Dec-13	Date Granted	Share Price at Grant	Exercise Price	Exercise Period Start	Exercise Period End
N Moore	500,000	-	500,000	17-Nov-10	5.25p	7.313p	17-Nov-11	17-Nov-15
	500,000	-	500,000	17-Nov-10	5.25p	15p	17-Nov-11	17-Nov-15
C Davies	500,000	-	500,000	17-Nov-10	5.25p	7.313p	17-Nov-11	17-Nov-15
	500,000	-	500,000	17-Nov-10	5.25p	15p	17-Nov-11	17-Nov-15
L Reece	-	-	-	-	-	-	17-Nov-11	17-Nov-15
S Richardson-Brown	1,000,000	-	1,000,000	01-Nov-10	4.875p	4.875p	01-Nov-11	01-Nov-15
	1,000,000	-	1,000,000	01-Nov-10	4.875p	7.313p	01-Nov-12	01-Nov-15
	2,500,000	-	2,500,000	07-Sep-11	3.16p	5p	30-Jun-12	07-Sep-16
	2,500,000	-	2,500,000	07-Sep-11	3.16p	12p	30-Jun-12	07-Sep-16
J Kenny	500,000	-	500,000	17-Nov-10	5.25p	7.313p	17-Nov-11	17-Nov-15
	500,000	-	500,000	17-Nov-10	5.25p	15p	17-Nov-11	17-Nov-15
J Eng	5,000,000	-	5,000,000	17-Nov-10	5.25p	7.313p	17-Nov-11	17-Nov-15
	5,000,000	-	5,000,000	17-Nov-10	5.25p	15p	17-Nov-11	17-Nov-15

6 Finance income and costs recognised in the year

	Year ended 31 December 2013 £ '000s	Year ended 31 December 2012 £ '000s
Finance income		
Income on bank deposits	5	35
Foreign exchange movements realised	1,366	250
Adjustment to EnQuest Provision due to change in estimate	52	-
Revaluation of derivative instrument	-	33
	1,423	**318**
Finance cost		
Interest payable on borrowings	(1,036)	(752)
Bank Charges	(230)	-
Unwinding of rehabilitation provision	-	(23)
Foreign exchange movements realised	-	(111)
	(1,266)	**(886)**

7 Income tax expense

	Year ended 31 December 2013 £ '000s	Year ended 31 December 2012 £ '000s
Current tax expense	-	58
Deferred tax expense	-	2
Total tax expense for the year	**-**	**60**

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 2013 £ '000s	Year ended 31 December 2012 £ '000s
Loss for the year	(1,765)	(6,640)
Income tax using the Company's domestic tax rate at 23.25% (2012: 24.49%)	(410)	(1,626)
Effects of:		
Net increase in unrecognised losses c/f	915	721
Change in unrecognised temporary differences	(12)	(6)
Effect of tax rates in foreign jurisdictions	22	(106)
Other non-taxable items	(531)	(505)
Other non-deductible expenses	63	1,632
Utilisation of losses brought forward	(47)	(50)
Total tax expense for the year	**0**	**60**

8 Loss per share

	31 December 2013	31 December 2012
	£ '000s	£ '000s
Result for the year		
Loss from continuing operations	**(1,767)**	(2,894)
(Loss) / profit from discontinued operations	**(1,825)**	(3,130)
Total loss for the year attributable to equity shareholders	**(3,592)**	(6,024)
Weighted average number of ordinary shares	**Number**	Number
For basic earnings per share	1,132,819,931	1,025,509,722
Loss per share (pence)		
Loss per share from continuing operations	(0.16)	(0.28)
Loss per share from discontinued operations	(0.16)	(0.30)
Total loss per share	**(0.32)**	**(0.58)**

As result for the year was a loss no dilutive EPS is disclosed. At 31 December 2013 potentially dilutive instruments in issue were 1,079,918,586 (2012: nil). Dilutive shares arise from share options and convertible loan notes issued by the Company.

9 Property plant and equipment – Group

PP&E – Group	**Office Equipment**	**Oil & Gas**	**Total**
Cost			
At 1 January 2012	62	3,152	3,214
Additions	1	681	682
Foreign exchange movements	-	155	155
At 31 December 2012	**63**	**3,988**	**4,051**
At 1 January 2013	63	3,988	4,051
Additions	2	-	2
Discontinued Operations	(41)	(3,988)	(4,029)
At 31 December 2013	**24**	**-**	**24**
Depreciation & Impairment			
At 1 January 2012	18	2,462	2,480
Depreciation for the year	40	538	578
Impairment	-	694	694
Foreign exchange movements	-	118	118
At 31 December 2012	**58**	**3,812**	**3,870**
At 1 January 2012	58	3,812	3,870
Depreciation for the year	(2)	-	(2)
Discontinued Operations	(35)	(3,812)	(3,847)
At 31 December 2013	**21**	**-**	**21**
Carrying amounts			
At 31 December 2013	**3**	**-**	**3**
At 31 December 2012	5	176	181
At 1 January 2012	44	690	734

10 Property plant and equipment – Company

	Office Equipment
Cost	
At 1 January 2012	17
Additions	1
Foreign exchange movements	-
At 31 December 2012	**18**
At 1 January 2013	18
Additions	-
Foreign exchange movements	-
At 31 December 2013	**18**
Depreciation & Impairment	
At 1 January 2012	12
Depreciation for the year	2
Foreign exchange movements	-
At 31 December 2012	**14**
At 1 January 2013	14
Depreciation for the year	2
Impairment	
Foreign exchange movements	
At 31 December 2013	**16**
Carrying amounts	
At 31 December 2013	**2**
At 31 December 2012	4
At 1 January 2012	5

11 Exploration and evaluation costs – Group

Exploration Costs - Group	**Italy**	**Hungary**	**Slovenia**	**Netherlands**	**Total**
Cost					
At 1 January 2012	12,750	5,458	31,374	334	49,916
Additions	103	-	945	83	1,131
Effects of exchange rate movements	(328)	129	(401)	(7)	(607)
At 31 December 2012	**12,525**	**5,587**	**31,918**	**410**	**50,440**
At 1 January 2013	12,525	5,587	31,918	410	50,440
Additions	-	-	1,343	3	1,346
Disposal of discontinued operations	(12,525)	(5,587)	-	(413)	(18,525)
Effects of exchange rate movements	-	-	367	-	367
At 31 December 2013	**-**	**-**	**33,628**	**-**	**33,628**
Impairment					
At 1 January 2012	10,916	4,954	-	212	16,082
Charge for the year	1,836	448	-	-	2,284
Effects of exchange rate movements	(227)	93	-	5	(129)
At 31 December 2012	**12,525**	**5,495**	**-**	**217**	**18,237**
At 1 January 2013	12,525	5,495	-	217	18,237
Charge for the year	-	-	-	-	-
Discontinued Operations	(12,525)	(5,495)	-	(217)	(18,237)
Effects of exchange rate movements	-	-	-	-	-
At 31 December 2013	**-**	**-**	**-**	**-**	**-**
Carrying value					
At 31 December 2013	**-**	**-**	**33,628**	**-**	**33,628**
At 31 December 2012	-	92	31,918	193	32,203
At 1 January 2012	1,834	504	31,374	122	33,834

For the purposes of impairment testing the intangible oil and gas assets are allocated to the Group's cash-generating units, 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 amounts for intangible exploration assets represent costs incurred on active exploration projects. These amounts are written off to the income statement as impairment expense unless commercial reserves are established or the determination process is not completed and there are no indications of impairment. The outcome of ongoing exploration, and therefore whether the carrying value of intangible exploration assets will ultimately be recovered, is inherently uncertain.

12 Investment in subsidiaries and jointly controlled entities – Company

	£000s
At 1 January 2012	16,023
Additions	64
Impairment in year	(1,668)
At 31 December 2012	**14,419**
At 1 January 2013	14,419
Additions	-
Disposals	(79)
Impairment in year	-
At 31 December 2013	**14,340**

The impairment during the prior year relates to the write down of the carrying values of Ascent Italia Resources Srl. The decision was taken in light of the likely realisable value from the asset.

Name of company	Principal activity	Country of incorporation	% of share capital held 2013	% of share capital held 2012
Ascent Slovenia Limited	Oil and Gas exploration	British Virgin Islands	100%	100%
Ascent Resources doo	Oil and Gas exploration	Slovenia	100%	100%
Ascent Production Ltd	Holding company	England	-	100%
Ascent Drilling Ltd	Holding company	England	-	100%
Ascent Hungary Ltd	Holding company	England	100%	100%
PetroHungaria kft (Joint Venture)	Oil and Gas exploration	Hungary	-	48.8%
Ascent Hungary kft	Oil and Gas exploration	Hungary	100%	100%
Pelsolaj kft (Joint Venture)	Oil and Gas exploration	Hungary	-	60%
Ascent Resources Italia Srl	Oil and Gas exploration	Italy	-	100%
Ascent Netherlands BV	Oil and Gas exploration	Netherlands	100%	100%

The legal form of PetroHungaria kft, Pelsolaj kft and Ascent Hungary kft are limited liability companies of what are in substance joint venture agreements between the Group and its partners.

All subsidiary companies are held directly by Ascent Resources plc.

13 Trade and other receivables – Group

	2013 £ ’000s	2012 £ ’000s
Trade receivables	**-**	339
VAT recoverable	**43**	332
Other receivables	**43**	212
Prepayments & accrued income	**24**	33
	110	916

14 Trade and other receivables – Company

	2013 £ ’000s	2012 £ ’000s
VAT recoverable	**5**	23
Other receivables	**42**	-
Prepayments & accrued income	**24**	33
	71	56

15 Deferred tax – Group & Company

	2013 £ ’000s	2012 £ ’000s
Group		
Total tax losses	**(23,907)**	(24,120)
Unrecorded deferred tax asset at 24% (2012: 24%)	**5,738**	**5,789**
Company		
Total tax losses	**(8,460)**	(7,168)
Unrecorded deferred tax asset at 24% (2012: 24%)	**(2,030)**	**1,720**

16 Borrowings – Group & Company

	2013	2012
Group	**£ '000s**	**£ '000s**
Current		
Loan with financial institution	**150**	1,775
Bank Loan	**-**	307
Convertible loan note	**604**	153
	754	2,235
Non-current		
Bank Loan	**-**	489
Convertible loan note	**4,957**	3,064
Derivative liability	-	1
	4,957	3,554
Company		
Current		
Loan with financial institution	**150**	1,775
Convertible loan note	**604**	153
	754	1,928
Non-current		
Bank Loan	**-**	3,064
Convertible loan note	**4,957**	-
Derivative liability	-	1
	4,957	3,065
Non-current borrowings are repayable within:		
One to two years	4,957	-
Two to three years	-	3,065

Convertible Loan Note	**2013**	**2012**
	£ '000s	**£ '000s**
Fair value of consideration received	**1,954**	3,000
Equity component	**(204)**	-
Liability component on initial recognition	**1,750**	3,000
Liability brought forward	**3,217**	552
Liability on initial recognition	**1,749**	3,000
Equity component of £3m received in Dec '12 and approved April '13	**(314)**	-
Interest expense	**920**	-
Exchange movements	**9**	(10)
Deferral of set up costs	**(20)**	(325)
Liability at 31 December	**5,561**	3,217

The Directors consider that the carrying amount of the bank and other loans approximates to their fair value. The weighted average interest rate of the bank loan is 9% (2012: 9%).

Bank loan

a) On 16 May 2013 the Group repaid in full the balance outstanding on the one year loan facility of £2.3 million with YA Global Master SPV Ltd ('Yorkville'), an investment fund managed by Yorkville Advisors LLC.

b) On 4 April 2012, the Group secured a 3 year loan facility of €1.0 million with Cassa Di Risparmio de Cento Bank. This loan was disposed of on the sale of Ascent Resources Italia Srl with an outstanding balance of £603,000.

c) On 30 November 2013 the Group secured a 6 months loan facility of £500,000 with Darwin Strategic Limited. Under the terms of the facility a 5% commitment fee was payable on draw down and interest will be payable at 12% per annum on any amounts drawn down. The facility is repayable in full together with accrued interest on 30 May 2014. At 31 December 2013 the Group had drawn down £150,000 of this funding.

17 Provisions – Group

	£000s
At 1 January 2012	**524**
Used during the year	(7)
Provisions made during the year	-
Unwinding of discount	23
At 31 December 2012	**540**
At 1 January 2013	**540**
Disposal	(103)
Provisions made during the year	-
Unwinding of discount	-
At 31 December 2013	**437**

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 between after 2022.

18 Other non-current liabilities – Group & Company

The other non-current liability of £2,255,000 (2012: £2,307,000) relates to the grant in 2011 of a nil cost option over 29,686,000 new Ordinary Shares of 0.1p each in the Company to EnQuest. The options are convertible at a price of 10p each; given the current share price the Company considers it to be likely that the option will be settled in cash rather than through the issue of equity. As a result this was reclassified in 2012 from equity to non-current liabilities. This is held at a discounted rate and repayment is due in December 2015.

The discount rate used for the purposes of calculating accretion interest was revised to 15% (2012: 10%). The interest accreted for the period was £154,008 and a credit of £205,982 was recognised due to the change in estimate.

19 Trade and other payables – Group

	2013	**2012**
	£ '000s	**£ '000s**
Trade payables	131	971
Tax and social security payable	-	151
Other payables	19	156
Accruals and deferred income	259	426
	409	**1,704**

20 Trade and other payables – Company

	2013	**2012**
	£ '000s	**£ '000s**
Trade payables	116	169
Tax and social security payable	-	24
Accruals and deferred income	209	447
Other payables	19	-
	344	**640**

21 Called up share capital

Share Capital	**2013**	**2012**
	£ ’000s	**£ ’000s**
Authorised		
10,000,000,000 ordinary shares of 0.10p each	10,000	10,000
Allotted, called up and fully paid		
1,451,114,395 (2012: 1,025,509,722) ordinary shares of 0.10p each	1,451	1,026

Reconciliation of share capital movement	**2013**	2012
At 1 January	**1,025,509,722**	1,025,509,722
Open Offer	**125,477,880**	-
Sale of Ascent Resources Italia	**32,126,793**	-
Warranty settlement to GPS	**268,000,000**	-
At 31 December	**1,451,114,395**	1,025,509,722

Shares issued during the year

Open Offer

On 30 April 2013 a General Meeting of the Company approved the Open Offer announced on 12 April 2013. The Company received valid acceptances for 125,477,880 Open Offer Shares at a price of 0.5 pence per ordinary share and 394,414 Offer Loan Notes, convertible at 200 shares for every note, from qualifying shareholders representing a take up of 40.9 per cent.

Sale of Ascent Resources Italia

On 22 July 2013 the Company announced the sale of Ascent Resources Italia Srl (ARI) to Global Power Sources (GPS). Under the terms of the sale and purchase agreement (SPA) the Company issued ARI with shares for cash consideration of €300,000 at the average market price in the 15 days prior to closing which represented 32,176,793 Ordinary Shares.

Warranty settlement to GPS

On 18 December 2013 the Company announced that it had reached a settlement with GPS in respect of a number of matters related to ARI which had the potential to result in Warranty claims under the SPA. In return for a full waiver of any and all claims or potential claims Ascent agreed to issue GPS with 275 million shares. 268 million were issued immediately with 7 million to be issued following approval by shareholders at a General Meeting.

Equity instruments issued during the year

Convertible Loan Note

On 24 December 2012 the Group entered into an agreement with Henderson Global Investors Limited and Henderson Alternative Investment Advisor Limited (together, ‘Henderson’) for the subscription by Henderson of convertible loan notes of up to £5.5 million in principal. At 31 December 2012, £3 million of this facility had been drawn with the remaining £2.5 million made available to eligible shareholders in the form of an Open Offer which was completed on 30 April 2013.

On 30 April 2013 the terms of the Open Offer were approved at a General Meeting of the Company. £394,414 of notes were taken up by eligible shareholders: £1,478,197 were taken up by Henderson and £81,144 were purchased by Clive Carver and Len Reece.

This loan was secured to provide funding for existing debts and overheads going forward. This was valued at £1,436,000 on initial recognition. At year end the carrying value of the total convertible loan is £5,711,000 (2012: £3,217,000).

The Convertible Loan is unsecured and the Loan Notes are convertible at any time, at the holder's option, at a conversion price, fixed at 0.5 pence (‘the Conversion Price’). Each Convertible Loan Note of £1 is therefore convertible into 200 Ordinary Shares.

Other matters

The Equity Financing facility

On 12 February 2013 the Company entered into an agreement with Darwin Strategic Limited (Darwin) to provide a £10 million Equity Financing Facility (EFF). The purpose of the agreement is to provide additional working capital for the Company and the Group.

Ascent is under no obligation to make a draw down and may make drawdowns at its discretion, up to the total value of the EFF, by way of issuing subscription notices to Darwin. However, there will be an additional fee payable to Darwin in the event that less than £500,000 is drawn down within the first 24 months. Following delivery of a subscription notice, Darwin will subscribe and the Company will allot to Darwin new ordinary shares in Ascent ('Ordinary Shares').

The subscription price for any Ordinary Shares to be subscribed by Darwin under a subscription notice will be the average of the eight lowest Volume Weighted Average Prices of the Ordinary Shares over the 15 trading days following the subscription notice. To be reduced pro-rata for shorter pricing periods.

Ascent is also obliged to specify in each subscription notice a minimum price below which Ordinary Shares will not be issued to Darwin. The Company will have the right (with the consent of Darwin) to modify that minimum price at any time during the relevant pricing period.

The number of Ordinary Shares which may be issued under any individual subscription notice may be up to the lower of 25 per cent of the Company's issued share capital following completion of the relevant subscription, or four times the average daily trading volume of Ascent's Ordinary Shares over the 15 trading days preceding the issue of the relevant subscription notice. This may be reduced in certain circumstances, including where the minimum price is not maintained.

The maximum amount of a subscription notice may not exceed £500,000 without Darwin's permission. Darwin is entitled to a commission of up to 5 per cent of amounts subscribed but may agree with Ascent in lieu thereof for the subscription price for the Ordinary Shares to be discounted by 5 per cent.

Darwin and Ascent may mutually agree at the end of the pricing period to a variation of subscription price. This may allow for a larger subscription via any over-allotment facility authorised by the Company.

Darwin and Ascent may terminate the EFF agreement if certain conditions are not met.

Reserve description and purpose

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

- Shares to be issued: Warranty settlement shares to be issued to Global Power Sources Srl please refer to Note 3.
- Share capital: Amount subscribed for share capital at nominal value.
- Equity reserve: Amount of proceeds on issue of convertible debt relating to the equity component, i.e. option to convert the debt into share capital.
- Share premium: Amounts subscribed for share capital in excess of nominal value less costs of shares associated with share issues.
- Share-based payment reserve: Value of share options granted and calculated with reference to a binomial pricing model. When options lapse or are exercised, amounts are transferred from this account to retained earnings.
- Translation reserve: Exchange movements arising on the retranslation of net assets of operation into the presentation currency.
- Retained earnings: Cumulative net gains and losses recognised in consolidated income.

22 Operating lease arrangements

At the balance sheet date, the Group had no outstanding commitments under non-cancellable operating leases (2012: £nil).

23 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 2013 the Group had exploration and expenditure commitments of £Nil (2012 - Nil).

24 Related party transactions

a. Group companies – transactions

	2013	2013	2012	2012
	Cash	*Services*	*Cash*	*Services*
PetroHungaria kft	-	-	(1,753)	(1,141)
Ascent Italia Srl	-	-	(85)	(105)
Ascent Netherlands BV	-	-	(362)	(486)
Ascent Slovenia Limited	**743**	**296**	1,893	1,033
Ascent Resources doo	**1,183**	**418**	-	-
Ascent Hungary kft	-	-	(8)	-
Pelsolaj kft	-	-	-	(285)
	1,926	**714**	(315)	(984)

b. Group companies – balances

	2013	2013	2012	2012
	Cash	Services	Cash	Services
PetroHungaria kft	-	-	368	-
Ascent Netherlands BV	-	-	(890)	1,123
Ascent Slovenia Limited	**14,319**	**2,895**	13,576	2,599
Ascent Resources doo	**1,183**	**418**	-	-
	15,502	**3,313**	13,054	3,722

c. Directors

Key management are those persons having authority and responsibility for planning, controlling and directing the activities of the Group. In the opinion of the Board, the Group's key management are the Directors of Ascent Resources plc. Information regarding their compensation is given in Note 5.

2013

On 30 April 2013, Clive Carver, Chairman, and Len Reece, CEO, purchased 17,500 and 63,644 Incentive Loan Notes respectively, as described in the circular sent to shareholders dated 12 April 2013. The Incentive Loan Notes are convertible loan notes of £1 each, convertible into 200 Ordinary Shares, each repayable on 31 January 2015, with a coupon of 9%.

The loan notes purchased by Len Reece are being paid for through salary; at the year-end £21,215 had been recovered from salary (Note 5) and the balance of £41,000 is included within other receivables (note 13).

2012

There were no related party transactions related to Directors other than their remuneration in 2012.

d. Henderson Global Investors

Henderson global Investors, who are a substantial shareholder in the Company, issued a £5.5m convertible loan to Ascent in 2012 and 2013. For further details see Note 16.

25 Events subsequent to the reporting period

On 5 February 2014 the Company announced that it had entered into an agreement with Henderson Global Investors Limited and Henderson Alternative Investment Advisor Limited (together 'Henderson') for the subscription by funds managed by Henderson of convertible loan notes of up to £5 million in principal amount.

The first £2 million of the Henderson Loan Notes was drawn down in February 2014 and will be used to fund existing project commitments in Slovenia. The balance will be available for draw down, if required, to allow the Company to make further progress towards securing the necessary permits required for gas processing facilities and pipelines in Petišovci in advance of full project finance for the construction phase of the development.

26 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 four years 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 2013	40,475,000	9.69
Granted during the year	113,714,768	1.00
Expired during the year	(1,775,000)	9.11
Exercised during the year	-	
Outstanding at 31 December 2013	**152,414,768**	**3.18**
Exercisable at 31 December 2013	**38,700,000**	**3.29**
Outstanding at 1 January 2012	68,453,422	5.55p
Granted during the year	3,482,578	8.36p
Expired during the year	(29,686,000)	10.00p
Exercised during the year	(1,775,000)	9.61p
Outstanding at 31 December 2012	40,475,000	9.69p
Exercisable at 31 December 2012	40,475,000	9.69p

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

Share price at grant date	0.8p – 8.12p
Exercise price	1p – 15p
Volatility	50%
Expected life	3-5 years
Risk free rate	0.5%
Expected dividend yield	0%

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

Options outstanding at 31 December 2013 have an exercise price in the range of 1p and 15p (31 December 2012: 3.175p and 15p) and a weighted average contractual life of 7.3 years (31 December 2012: 3.3 years).

27 Financial risk management

Group and Company

The Group's financial liabilities comprise bank loans, convertible loan notes, other loans and trade payables. All liabilities are measured at amortised cost with the exception of the derivative financial liability which is measured at fair value through the profit and loss. These are detailed in Notes 16 and 18.

The Group has various financial assets, being trade receivables and cash, which arise directly from its operations. All are classified as loans and receivables. These are detailed in Note 13.

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

a. Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group.

The Group does not have any significant credit risk exposure.

The Group makes allowances for impairment of receivables where there is an identified event which, based on previous experience, is evidence of a reduction in the recoverability of cash flows.

The credit risk on liquid funds (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 recorded in the financial statements represents the fair value of the Group's exposure to credit risk.

At Company level, there is the risk of impairment of intercompany 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.

b. Currency risk

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.

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 and the United States Dollar.

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

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

Sensitivity analysis

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

Group	**Euro currency change**		**US Dollar Currency change**	
	Year ended 31 December 2013	Year ended 31 December 2012	**Year ended 31 December 2013**	Year ended 31 December 2012
	£ '000s	*£ '000s*	***£ '000s***	*£ '000s*
Profit or loss				
10% strengthening of sterling	**(1)**	(770)	(13)	(3)
10% weakening of sterling	**1**	1,213	16	7
Equity				
10% strengthening of sterling	**(1,750)**	(633)	19	38
10% weakening of sterling	**2,139**	962	(24)	(47)

Company	**Euro currency change**		**US Dollar Currency change**	
	Year ended 31 December 2013	Year ended 31 December 2012	**Year ended 31 December 2013**	Year ended 31 December 2012
	£ '000s	*£ '000s*	***£ '000s***	*£ '000s*
Profit or loss				
10% strengthening of sterling	(45)	(326)	(13)	(3)
10% weakening of sterling	**55**	725	16	
Equity				
10% strengthening of sterling	**(2,462)**	(2,174)	19	38
10% weakening of sterling	**3,009**	2,657	(24)	(47)

c. Interest rate risk

The Group and Company's exposure to interest rate risk arises from cash and cash equivalents and borrowings.

At 31 December 2013 the Group and Company has GBP loans valued at £5,260,000 rates of 9% per annum and a Euro loan at sterling equivalent of £451,000.

At 31 December 2012 the Group and Company has GBP loans valued at £4,603,000 rates of 9% per annum and a Euro loan at sterling equivalent of £390,000 and the Group has a Euro loan at sterling equivalent of £796,000 at 8.5% per annum.

d. Liquidity risk

The Group and Company manages its liquidity requirements by using both short and long-term cash flow projections, supplemented by maintaining debt financing plans and active portfolio management. 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.

Maturity analysis of financial liabilities	**2013** **£ '000s**	**2012** **£ '000s**
Less than six months	798	1,843
Between six months and a year	2,158	434
Over one year	8,860	7,587

e. Capital management

The Directors recognise that this is an area in which they may need to develop specific policies should the Group become exposed to wider financial risks as the business develops.

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

	Carrying amount Year ended 31 December 2013 £ '000s	**Fair value Year ended 31 December 2013 £ '000s**	Carrying amount Year ended 31 December 2012 £ '000s	Fair value Year ended 31 December 2012 £ '000s
<u>**Group**</u>				
Financial assets				
Cash and cash equivalents	**184**	**184**	3,452	3,452
Trade receivables	**-**	**-**	420	420
Financial liabilities				
Trade Creditors	**128**	**128**	973	973
Convertible loans at fixed rate	**5,560**	**5,506**	3,217	3,616
<u>**Company**</u>				
Financial assets				
Cash and cash equivalent	**175**	**175**	3,211	3,211
Intercompany receivables	**19,225**	**19,225**	24,275	24,275
Financial liabilities				
Trade Creditors	**117**	**117**	169	169
Convertible loan at fixed rate	**5,560**	**5,506**	3,217	3,616

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 & intercompany 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, 19 and 20.

Cash and cash equivalents

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