



# **Ascent Resources Plc**

## Natural Resources across Latam

Energy & Natural Resources across the  
Hispanic Americas & Europe

September 2022



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# ▶ The re-birth of Ascent

## Building an ESG compatible natural resources business

### ~ Strategy

- ▶ Broaden current onshore gas portfolio against backdrop of role of gas as a transitional fuel and recent structural price increases
- ▶ Introduce ESG Metals processing projects providing early cashflow from modest upfront capital outlays
- ▶ Peru as primary target geography taking advantage of political uncertainty / pandemic impact and the resulting attractive asset entry points
- ▶ Pursue €500M+ damages claim against the Republic of Slovenia under the ECT and UK- Slovenia BIT, funded by specialist arbitration litigating lawyers

### ~ Asset Portfolio

- ▶ Legacy 75% interest in Slovenian tight gas development project
  - ▶ Average production of circa 110kscm/month of gas over first 6 months of 2022 from PG-10 & PG-11A wells
  - ▶ Mediation process September regards Ascent claim to additional revenues above a baseline number for other wells in concession area
- ▶ Initiated significant monetary damages claim, in excess of €500 million, against the Republic of Slovenia under the Energy Charter Treaty and UK-Slovenia Bilateral Investment Treaty

### ~ Investment Proposition

- ▶ Large damages claim (EURO 500M+) against Republic of Slovenia
- ▶ Pipeline of potential O&G as well as ESG Metals deals in Peru and Europe with maiden deal expected before year end



# ▶ The team

## **Andrew Dennan**



### Chief Executive Officer

- ▶ Over 15 years' experience in capital markets, corporate finance, resource asset funding and transactional experience in London
- ▶ Formerly prominent leading roles in stock broking and special situation investment management (8 years)
- ▶ BSc (hons) in Actuarial Science, Cass Business School

## **Stephen Birrell**



### Independent Non-Executive Director

- ▶ Spanish speaking, geologist with 35 years' O&G and mining experience with a deep focus on Central Eastern Europe.
- ▶ Operated across multiple jurisdictions including the Caribbean and CEE with Britoil, BP and Elf.
- ▶ BSc Honours in Applied Geology
- ▶ Chairs Remuneration Committee and the Technical/HSE Committee.

## **James Parsons**



### Executive Chairman

- ▶ Over 20 years' experience in the fields of strategy, management, finance and corporate development in the energy industry across Europe, South America and Central America
- ▶ 12 years with Royal Dutch Shell previously working in Brazil, the Dominion Republic, Scandinavia, the Netherlands and London
- ▶ Chairman of Corcel plc, Echo Energy plc and Coro Energy plc.
- ▶ A qualified accountant and BA Honours in Business Economics

## **Malcolm Graham Wood**



### Non-Executive Director

- ▶ Over 40 years' experience in energy business, well known corporate broker and market commentator
- ▶ Founding partner of Hydrocarbon Capital which provides independent advisory services to the O&G sector
- ▶ Director of the Maven Income and Growth VCT 4 PLC, a venture capital trust listed on the premium sector of the LSE where he chairs the risk committee
- ▶ Chairman of the Audit Committee; Member of the Remuneration Committee





# ► Legacy Slovenia Position and Damages Claim

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# ▶ Legacy Slovenia position

## Project Overview

- ▶ Ascent has a 75% interest in the Petisovci tight gas project (since 2007)
- ▶ Invested over €50M+
- ▶ Up to 307 bcf P10 gas reserves (157 bcf P50) net to Ascent remaining
- ▶ During 2011 Ascent drilled and stimulated wells PG 10 & 11A with an initial flow rate of 9 mmscf/d & 3.5 mmscf/d
  - ▶ Wells were put into production 2017 however required re-stimulation to maintain production
  - ▶ The permitting process has been frustrated by arbitrary decision making
  - ▶ Production now declined to circa 0.12-0.14 mmscf/d
    - ▶ Gas sold domestically to industrial buyers at a price linked to CEGH price
    - ▶ Gross revenues estimated to be circa €120,000 per month at average price of €110 / MWh

## Recent Law Change

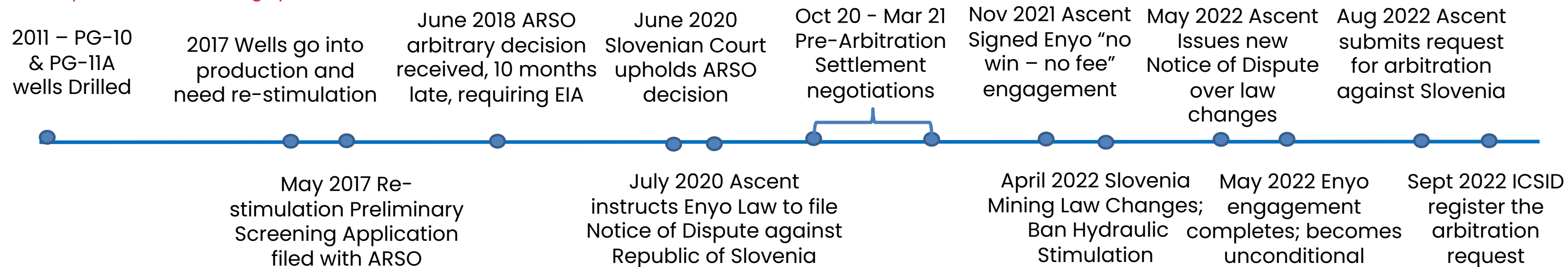
- ▶ April 2022 Slovenia passed a law to prohibit any form of hydraulic stimulation for the production of hydrocarbons

## Initiation of €500M claim against Republic of Slovenia

- ▶ August 2022 Ascent initiated arbitration proceedings with a formal submission of its request for arbitration under the International Centre for Settle of Investment Disputes ("ICSID") against the Republic of Slovenia in relation to actions which have caused damages in excess of €500M



Existing gas





## ▶ Initiated €500M+ Damages claim

### International Arbitration

- ▶ On 15 August Ascent initiated arbitration proceedings against the Republic of Slovenia ('RoS')
  - ▶ Monetary damages claim in excess of €500M
  - ▶ Claim processed under the International Centre for Settlement of Investment Disputes ("ICSID") convention
- ▶ Previously were in pre-arbitration settlement negotiations with Slovenia for 5 months following serving of Notice of Dispute to the State

### Funded Claim

- ▶ May 2022 Enyo Law LLP damages-based agreement ("no win, no fee" basis) became unconditional
- ▶ Funds Company's cost of arbitration under Energy Charter Treaty, Company only pays a portion upon a successful monetary award (or settlement amount if agreed sooner)

### Jurisdiction & Treaties

- ▶ Ascent Resources Plc and its subsidiary Ascent Slovenia Limited (which owns the Slovenian investment) are protected investors under the Energy Charter Treaty ('ECT')
- ▶ Additionally Ascent Resources Plc is a protected investor under the UK-Slovenia Bilateral Investment Treaty ('BIT')

Multiple international assets held by Slovenian sovereign entity available for enforcement if needed

### Other ECT Treaty Claims

- ▶ AIM listed Rockhopper recently awarded €190M plus interest at ~4% since 2016 in its ICSID O&G arbitration dispute with Italy
- ▶ German Companies RWE & Uniper suing Dutch Government for ~ \$2.6bn

### Slovenia's Track Record

- ▶ 4 investment treaty arbitrations against Slovenia in public domain
- ▶ Impresa Grassetto (in liquidation) Vs. RoS (2013); Interbrew Central European Holding Vs. RoS (2004); Hrvatska Elektoroprivreda Vs. RoS (2015); Addiko Bank AG (2022)
  - ▶ The first two settled (first was undisclosed quantum, second was awarded \$70.7M through settlement)
  - ▶ Slovenia lost the third and appeared to voluntarily pay the award to the successful claimant (\$34M claimed, awarded settlement amount not disclosed)
  - ▶ The last and most recent one has been suspended 6 months after the arbitration was registered "following an agreement by the parties"
- ▶ Slovenia generally seems to be keen to settle cases against it, in order to protect its investment-friendly reputation





# ► Natural Resources Initially focused on Peru

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# ► Repositioning towards ESG Metals

An emerging asset class

- ~ **Targeting low cost sustainable metal production from legacy surface stockpiled mining waste**

Focused on precious and battery metals

- ~ **Waste management, remediation and restoration of land impacted by historic mining activity is a critical element in the global ESG agenda**

ESG Metal activity rehabilitates past environmental damage (previously a liability for miners)

- ~ **Low upfront capital requirements**
- ~ **Low geological risk**
- ~ **Strong cash flows**
- ~ **Inclusive with local communities**
- ~ **Leveraging ESG Sector tailwinds and potentially benefits from government funding**



## ► Strategic introduction of ESG Metals in Peru

### ~ One of largest global mining countries in terms of reserves and production;

Silver reserves 1<sup>st</sup>

Zinc production 2017 2<sup>nd</sup>

Copper production 2021 2<sup>nd</sup>

Gold production 2022 8<sup>th</sup>

### ~ Over 100 years of historic mining activity provides

Robust mining legal framework

Competitiveness in terms of local expertise

Large concentrated accumulations of tailings

Local tax and permitting benefits from small scale operations (up-to 350tpd)

### ~ Attractive entry point given capital flight following global pandemic and recent political uncertainty

Peru suffered highest COVID-19 death rate globally

Significant economic impact on small scale miners (eg. anecdotal experiences of VAT receivables freeze)

### ~ Credit rating for Peru is rated BBB (amongst the strongest in the region)

### ~ Burgeoning small scale and artisanal miner activity on the back of strong metal commodity prices

### ~ Some of the most important players in mining industry operate in Peru

Glencore, BHP Biliton, Rio Tinto, Barrick Gold, Newmont etc.



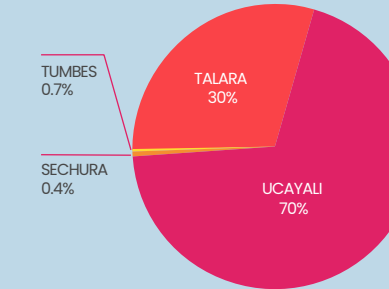
# ► Synergistic opportunities in Peru oil and gas

- One of the largest mineral producing nations in the world
  - 4th largest gas reserves holder in Central & Southern America
  - 7th largest oil reserve holder in Central & Southern America
- Second best credit rating in the region (BBB)
- Favorable regulatory framework for natural resources
  - Predictable natural resource contract model
  - Ministry of Energy and Mines and OSINERGMIN
- Clear Royalty and Tax framework
  - 15% Government Hydrocarbon Royalty combined with effective 36.5% Tax (includes 5% worker participation)
- Favorable geological conditions for discovery and production of hydrocarbons
  - Large resource inventory
  - Underexplored and underdeveloped gas resources
- Government plans to massify production and consumption of gas

## ► Gas (BCF)

5,055	Prospective Resources
5,301	Resources Contingent
12,518	Reserved Proved + Probable
8,108.7	Gas Production

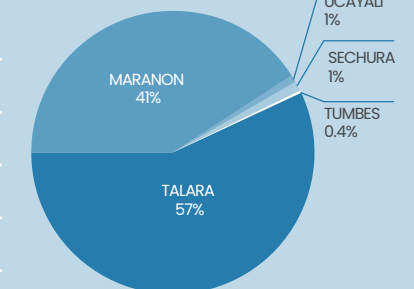
GAS (7,374 BCF)



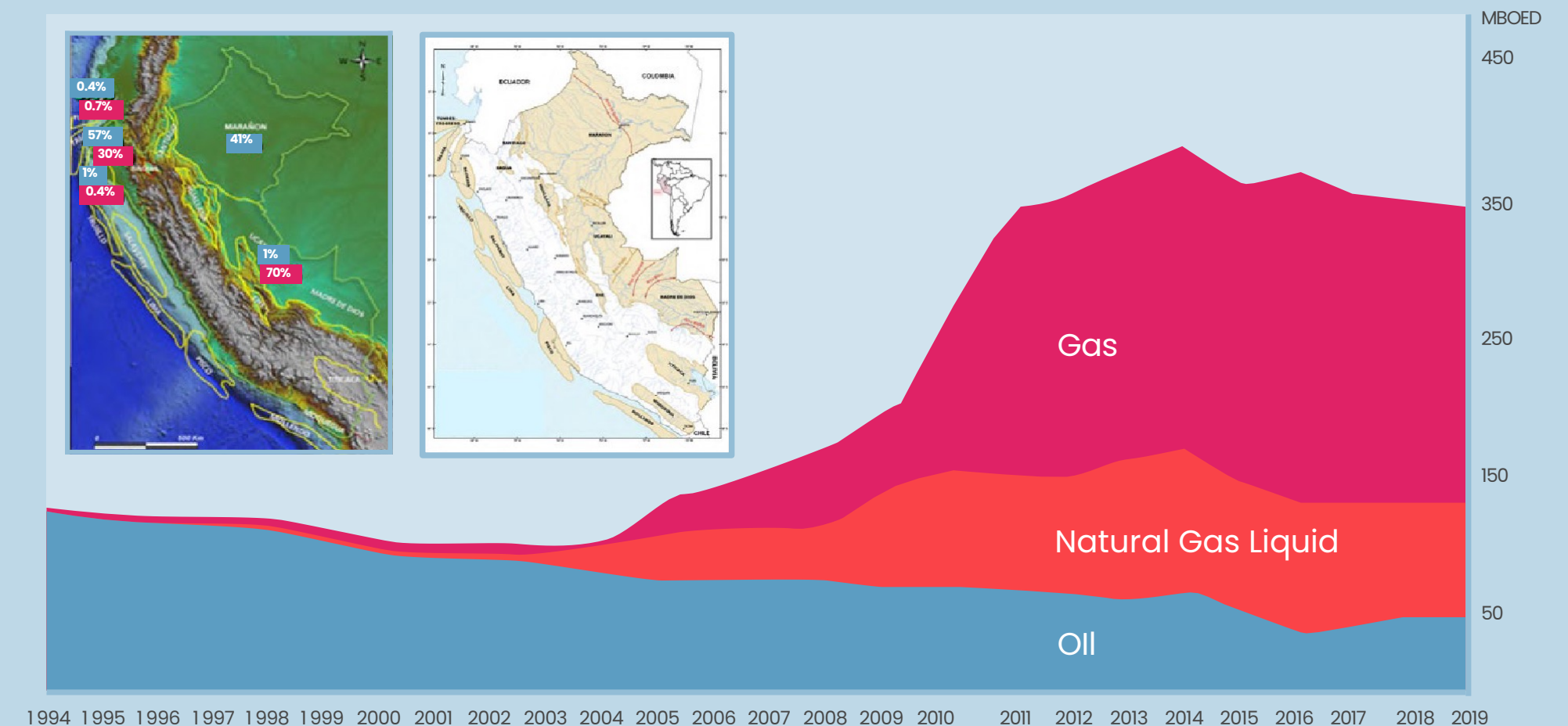
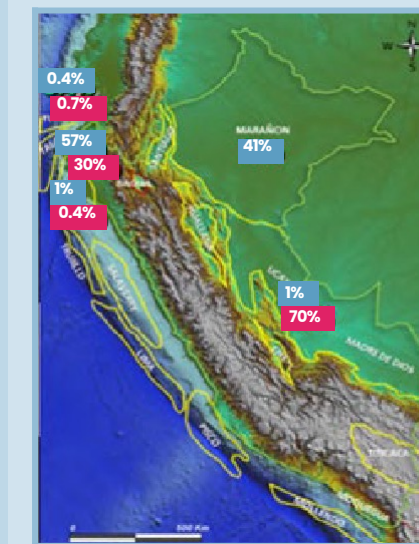
## ► Oil (MMbbl)

13,431.3	Prospective Resources
782.8	Resources Contingent
421.7	Reserved Proved + Probable
2,605.4	Gas Production

OIL (2,577 MMbbls)



## ► Hydrocarbon Production in Peru



Source: Perupetro February 2020



# ► Summary and Future Timeline

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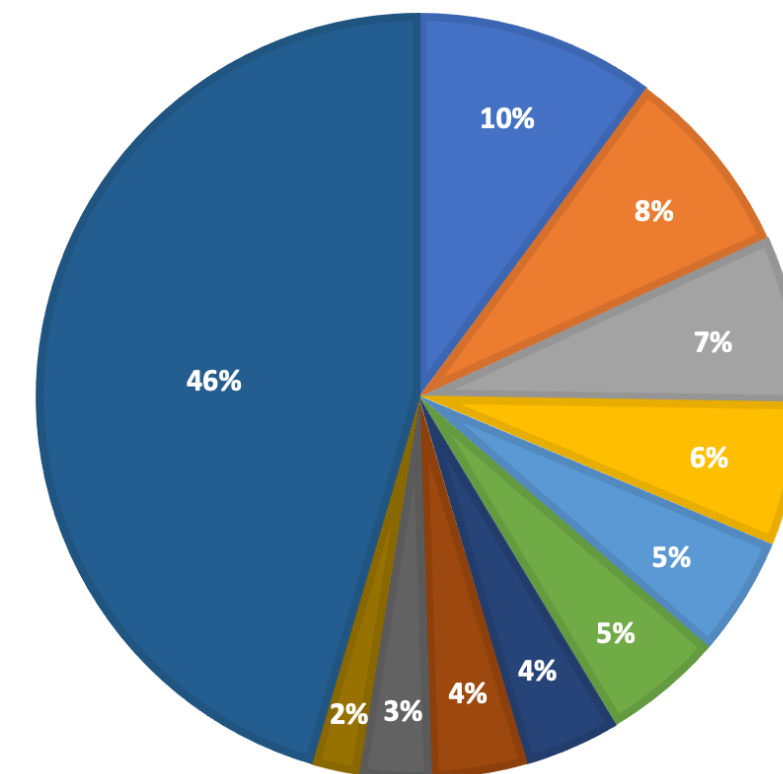
# Summary and Anticipated Timeline

## Company positioned to;

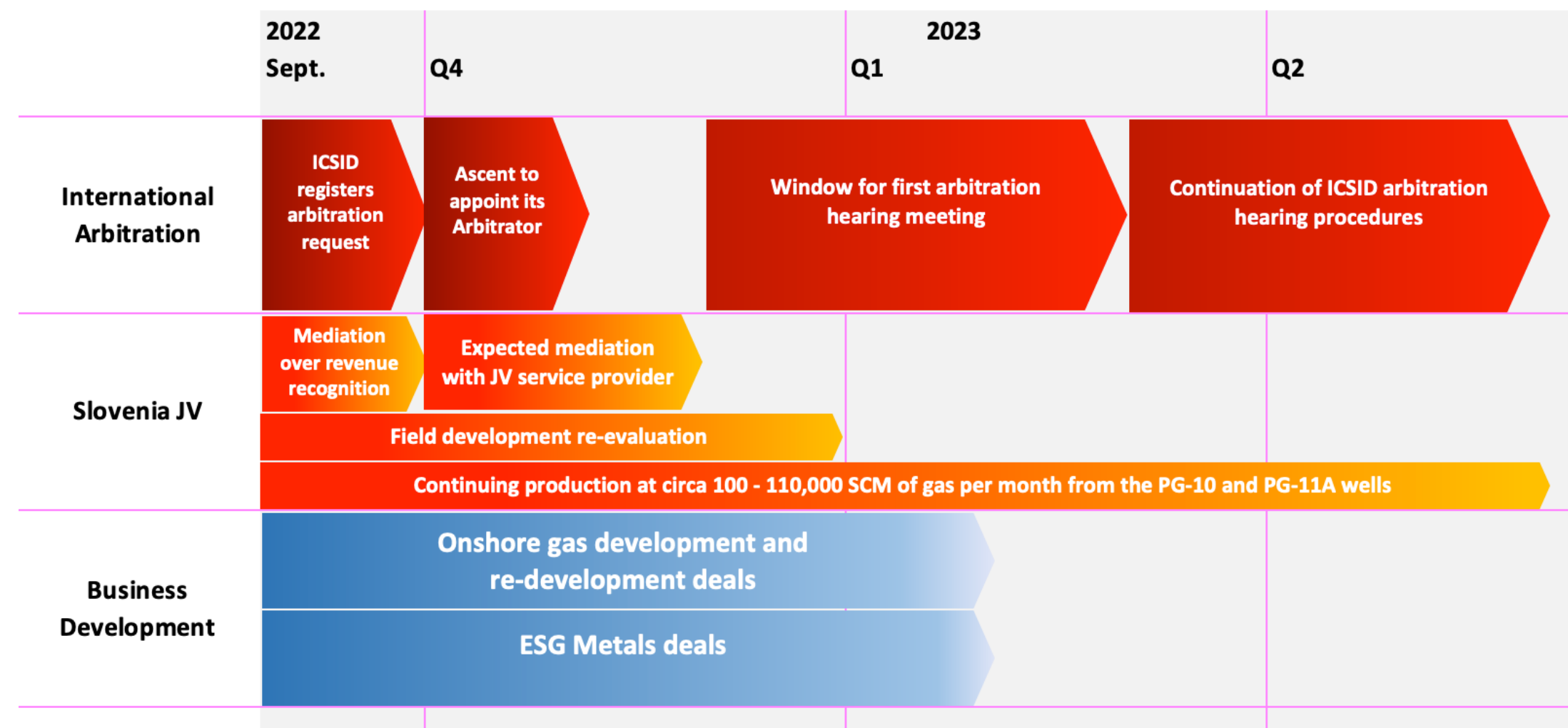
- ▶ Pursue significant monetary damages claim against Republic of Slovenia
  - ▶ Monetary damages in excess of €500M
  - ▶ Claim pursued under ECT & BIT
  - ▶ Funded through 'no win - no fee' arrangement with specialist litigation and arbitration lawyers
  - ▶ Possibility of near term settlement
- ▶ Deliver new production lead growth strategies with focus on near term production and development
  - ▶ Onshore gas development and re-development opportunities in Europe & LATAM
  - ▶ ESG Metals strategy to diversify exposure to commodity revenues
  - ▶ Target exposure to;
    - i) near term production opportunities
    - ii) buoyant commodity prices (O&G + Precious Metals)

## Company Profile;

- ▶ AIM Listed, ticker AST.L
- ▶ ~135M shares in issue
- ▶ 52 Wk High/Low: 6.05 / 2.95 pence
- ▶ Market Capitalisation: ~£6.75 million (@5p)
- ▶ Debt ~£560k (fixed term, non convertible)
- ▶ Enterprise Value: ~£7.3 million (@5p)



## Anticipated Timeline;







Energy & Natural Resources across the  
Caribbean, Hispanic America & Europe

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