



52-wk Range:	2.5-10.75p	Market Cap (M):	£24.4
12 month target	£0.20	EV (M):	£28.4

## Oil & Gas

### Sale of Swiss Portfolio

#### Summary

Ascent Resources is a pure European exploration play with interests in Italy, Hungary and Slovenia.



#### Key Metrics

Shares Outstanding (M):	380.1
Closing Price (GBP):	4.88p

#### Event

Ascent Resources sold its 100% owned Swiss subsidiary, PEOS AG ('PEOS'), to eCORP Europe International Ltd. ('eCORP'), for a consideration of €8m, while retaining various farm-in options on certain potentially successful discoveries. Out of the total consideration, €5m are payable immediately and €3m are payable on completion of agreed commercial conditions. Ascent keeps an option to participate in the potential upside from any discovery with a right to acquire 45% of any conventional discovery from the Hermrigen 2, Essertines 2 and Linden 2 appraisal wells by paying 45% of drilling costs post any discovery and a right to 22.5% of any discovery from certain conventional prospects by paying 22.5% of the drilling costs post discovery – both with no obligation to participate. eCorp irrevocably commits to drill the Hermrigen-2 appraisal well and permitting is underway for drilling in Q4 2010. The Swiss assets are estimated by Tracs International to contain gross contingent conventional resources in excess of 600Bcf of gas.

#### Comment

We welcome this positive deal on the Swiss assets. Ascent has realised €8m in cash from the assets and keeps some equity in the exploration upside of the licences; however in case of failure there are no associated costs for the Company. eCORP Europe International Ltd is a US company specialised in gas storage and unconventional plays. Ascent will remain as technical advisors. We have adjusted our valuation model for the impact of the deal as well as for the recent result of the Fontana-1 and Pen-106 wells. The positive impact of the Swiss deal compensates for the negative drilling results and the resulting balance is not material enough for us to change our NAV.

#### Recommendation

We remain buyers with an unchanged 20p price target.

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### Lionel Therond

Lionel has worked at Fox-Davies since April 2009. Prior to this, he had 13 years experience as an investor at JPMorgan Asset Management and had previously spent 10 years in the Oil&Gas industry at Shell. Lionel graduated in Geology and Geophysics (MSc) before gaining an MBA at Insead; he is also a CFA charterholder.

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Research disclosure as of 22 April 2010

Company Name	Disclosure
Ascent Resources (AST)	7, 8

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Fox-Davies corporate client & coverage universe as of 22 April 2010

Company	Ticker	Recommendation	Date	Target Price	Last Price
Oil & Gas					
Ascent Resources	AST LN Equity	BUY	22.04.10	£0.20	£0.05
Borders & Southern Petroleum	BOR LN Equity	BUY	01.02.10	£1.50	£0.58
Circle Oil	COP LN Equity	BUY	25.03.10	£0.80	£0.38
Desire Petroleum	DES LN Equity	HOLD	29.03.10	£1.00	£0.50
Enegi Oil	ENEG LN Equity	HOLD	17.12.09	£0.10	£0.12
Falklands Oil & Gas	FOGL LN Equity	BUY	01.02.10	£4.00	£1.52
Gulf Keystone	GKP LN Equity	BUY	15.03.10	£2.00	£0.83
Gulfsands Petroleum	GPX LN Equity	HOLD	22.04.10	£3.00	£3.22
Matra Petroleum	MTA LN Equity	BUY	26.01.10	£0.11	£0.05
Max Petroleum	MXP LN Equity	BUY	24.03.10	£0.50	£0.20
Petrokamchatka	PKP CN Equity	HOLD	14.01.10	C\$0.15	C\$0.115
Po Valley	PVE AU Equity	BUY	16.10.09	A\$3.00	A\$0.785
Range Resources	RRL LN Equity	BUY	17.12.09	£0.08	£0.04
Rockhopper Exploration	RKH LN Equity	HOLD	01.02.10	£1.10	£0.49
San Leon Energy	SLE LN Equity	NA	NA	NA	£0.21
Sterling Energy	SEY LN Equity	HOLD	01.02.10	£1.50	£1.30
Tower Resources	TRP LN Equity	HOLD	23.03.10	£0.02	£0.01
Victoria Oil & Gas	VOG LN Equity	BUY	21.04.10	£0.09	£0.04

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