19 September 2016

ARGOS RESOURCES LIMITED
("Argos" or "the Company")

2016 Interim Financial Results

Argos Resources Limited (AIM: ARG.L), the Falkland Islands based company focused on the North Falkland Basin, is pleased to announce its interim financial results for the six months ended 30 June 2016.

Highlights

- $4 thousand loss from expensed overhead (H1 2015: $0.8 million);
- $0.5 million cash reserves at 30 June 2016 (YE 2015: $0.5 million);
- Force Majeure under the Farmout Agreement resulted in deferral of the planned exploration well on the Rhea prospect;
- Participation Agreement between the Company, Noble and Edison replaced the Farmout Agreement ensuring continued funding.

Mr. Ian Thomson, Chairman of Argos, said:

"It was very disappointing to have been so close to drilling commencing on our Licence, only to suffer the delay which ensued from the cancellation of the rig contract. However, a new Participation Agreement was completed promptly and in a very co-operative way between the Parties ensuring that our Overriding Royalty Interest in the Licence continues into the future and our ongoing running costs are covered, so we remain well positioned. Both Noble and the Company continue to be very positive about the exploration potential of the Licence Area."

For further information:

Argos Resources Limited (+500 22685)
www.argosresources.com
Ian Thomson, Chairman
John Hogan, Managing Director

Cenkos Securities plc (Nomad & Broker)
Derrick Lee (+44 131 220 9100)
Neil McDonald (+44 131 220 6939)

Chairman’s Statement

On 12 February 2016 Argos received notification from Noble, the Operator of Licence PL001, in which Argos holds a 5% Overriding Royalty Interest, that it had cancelled its contract on the Eirik Raude drilling rig for operational reasons and as a consequence it was exercising its rights under the terms of the Farmout Agreement between Noble, Edison and Argos to declare Force Majeure. This meant that the planned exploration well on the Rhea prospect, on Licence PL001, would not be drilled during the 2015/16 drilling campaign using the Eirik Raude deepwater rig.

On 22 February 2016 the Company announced that a new Participation Agreement between the Company, Noble and Edison to reflect the various changes created as a consequence of Force Majeure had replaced the Farmout Agreement. The principal terms of the Participation Agreement are to confirm the continuation of the Company’s 5% Overriding Royalty Interest in Licence PL001; to confirm that Noble and Edison will make quarterly cash payments to the Company totalling £300,000 per annum and to agree to seek an extension of the Second Licence Phase to allow additional time for a well to be drilled as required under the terms of the Licence.

On 5 August 2016 the Company announced that a three-year extension to Licence PL001 had been approved by the Executive Council of the Falkland Islands Government and by the UK Secretary of State for Foreign and Commonwealth Affairs. This approval will extend the current Second Phase of the Licence to November 2019, after which a Third Licence Phase of 10 years is available to the Licensees.

Financial overview

Losses for the Group for the six months to 30 June 2016 were $4 thousand (2015: $0.8 million) giving a loss per share of 0.002 cents (2015: 0.35 cents).

Administrative expenses were $0.3 million compared to $0.7 million for the same period in 2015.

Net assets of $29.3 million have decreased marginally by $4 thousand since December 2015 as a result of the small loss incurred.

Financial outlook
Following the implementation of cost saving measures earlier in 2016 the cash proceeds being received under the Participation Agreement will fully fund the Group until first oil production.

Ian Thomson OBE
Chairman

Consolidated statement of comprehensive income
Period ended 30 June 2016

	Note	6 months ended 30 June 2016 unaudited $'000	6 months ended 30 June 2015 unaudited $'000	Year ended 31 December 2015 audited $'000
Other income		**308**	-	-
Administrative expenses		**(265)**	(750)	(1,115)
Finance income		**1**	1	2
Foreign exchange losses		**(48)**	(6)	(41)
Loss before tax		**(4)**	(755)	(1,154)
Loss from operations attributable to owners of the parent		**(4)**	(755)	(1,154)
Total comprehensive income for the period attributable to owners of the parent		**(4)**	(755)	(1,154)
Basic and diluted loss per share (cents)	**2**	**(0.002)**	(0.35)	(0.53)

Consolidated statement of financial position
As at 30 June 2016

	Note	As at 30 June 2016 unaudited $'000	As at 30 June 2015 unaudited $'000	As at 31 December 2015 audited $'000
Assets				
Non-current assets				
Capitalised exploration expenditure		**28,921**	29,100	28,921
Plant and equipment		**1**	6	3
		28,922	29,106	28,924
Current assets				
Other receivables		**13**	90	52
Cash and cash equivalents		**532**	789	451
Total current assets		**545**	879	503
Total assets		**29,467**	29,985	29,427
Liabilities				
Total and current liabilities				
Other payables		**(138)**	(279)	(94)
Total net assets		**29,329**	29,706	29,333
Capital and reserves attributable to equity holders of the company				
Share capital		**6,669**	6,643	6,669
Share premium		**30,071**	30,071	30,071
Retained losses		**(7,411)**	(7,008)	(7,407)
Total shareholders' equity		**29,329**	29,706	29,333

Consolidated statement of cash flows
Period ended 30 June 2016

	6 months ended 30 June 2016 unaudited $'000	6 months ended 30 June 2015 unaudited $'000	Year ended 31 December 2015 audited $'000
Cash flows from operating activities			
Loss for period	**(4)**	(755)	(1,154)
Adjustments for:			
Finance income	**(1)**	(1)	(2)
Depreciation	**2**	9	13
Net cash outflow from operating activities before changes in working capital	**(3)**	(747)	(1,143)
Decrease in other receivables	**39**	6	16
Increase in other payables	**91**	192	46
Net cash inflow/(outflow) from operating activities	**127**	(549)	(1,081)
Investing activities			
Interest received	**1**	1	3
Exploration and development expenditure	**-**	(22)	(22)
Proceeds from the farmout transaction	**-**	-	2,750
Costs directly attributable to farmout transaction	**-**	-	(2,543)
Net cash inflow/(outflow) from investment activities	**1**	(21)	188
Financing activities			
Issue of ordinary shares (share options exercised)	-	-	26
Net cash inflow from financing activities	-	-	26
Net increase/(decrease) in cash and cash equivalents	**128**	(570)	(867)
Cash and cash equivalents at beginning of period	**451**	1,363	1,363
Exchange losses on cash and cash equivalents	**(47)**	(4)	(45)
Cash and cash equivalents at end of period	**532**	789	451

Consolidated statement of changes in equity – unaudited
Period ended 30 June 2016

	Share capital $'000	Share premium $'000	Retained earnings/ (deficit) $'000	Total equity $'000
At 1 January 2015	**6,643**	**30,071**	**(6,253)**	**30,461**
Total comprehensive income for period to 30 June 2015	-	-	**(755)**	**(755)**
At 30 June 2015	**6,643**	**30,071**	**(7,008)**	**29,706**
Total comprehensive income for period to 31 December 2015	-	-	**(399)**	**(399)**
Shares issued (share options exercised)	**26**	-	-	**26**
At 31 December 2015	**6,669**	**30,071**	**(7,407)**	**29,333**
Total comprehensive income for period to 30 June 2016	-	-	**(4)**	**(4)**
At 30 June 2016	**6,669**	**30,071**	**(7,411)**	**29,329**

Notes to the interim report – unaudited
Period ended 30 June 2016

1 Accounting policies

General information
Argos Resources Limited is a limited liability company incorporated and domiciled in the Falkland Islands under registration number 10605. The address of its registered office is Argos House, H Jones Road, Stanley, Falkland Islands.

This consolidated interim report was approved for issue by the directors on 16 September 2016.

Basis of preparation
The financial information included within this interim report has not been reviewed nor audited and is based on the consolidated financial statements of Argos Resources Limited and its subsidiary Argos Exploration Limited ("the Group"). The consolidated financial statements are prepared in compliance with the recognition and measurement requirements of International Financial Reporting Standards as adopted by the European Union (IFRSs) and interpretations of those standards as issued by the International Accounting Standards Board (IASB). They do not include all disclosures that would otherwise be required in a complete set of financial statements and should be read in conjunction with the 2015 annual report. These accounts have been prepared in accordance with the accounting policies that are expected to be applied in the report and accounts of Argos Resources Limited for the year ending 31 December 2016.

The comparative financial information for the year ended 31 December 2015 has been derived from the full statutory financial statements for that period which were prepared in compliance with IFRSs. The Independent Auditors' Report on the annual report and financial statements for 2015 was unqualified and did not draw attention to any matters by way of emphasis.

The IASB has issued various new and revised standards, amendments and interpretations to existing standards that are not effective for the financial year ending 31 December 2016 and have not been adopted early. The directors do not expect these standards and interpretations to have material impact on the financial statements.

Going concern
There is a risk that Noble and Edison withdraw from the Participation Agreement. In such circumstances the licence would revert back to Argos, subject to government approval, but funding would need to be found to cover overheads. Given that Noble and Edison have committed to the Participation Agreement, their withdrawal is considered unlikely.

The terms of Licence PL001 provide that a well must be drilled by the end of the Second Licence Phase in November 2016 if the Licence is to be extended into Phase 3. Noble and Edison have secured a three year extension to 2019 of the Second Licence Phase from the Government to allow for additional time for such a well to be drilled.

The directors consider that the Group is therefore fully funded for the foreseeable future and that the Group's available financial resources are adequate to provide working capital for the foreseeable future, being at least 12 months from the date on which the financial statements were signed. The financial statements have therefore been prepared on a going concern basis.

Notes to the interim report – unaudited
Period ended 30 June 2016

1 Accounting policies (continued)

Significant accounting judgements, estimates and assumptions
The Group makes certain estimates and assumptions regarding the future in relation to intangible assets and impairment of these assets. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed as follows:

Overriding royalty interest (ORRI)
As part of the farmout transaction the Group retained an ORRI of 5% of gross revenues from all hydrocarbon discoveries developed within the Licence and following completion in September 2015 the accumulated historical E&E cost was re- classified as "royalty interests".

The Group considers that the ORRI is similar in economic terms to holding a direct interest in the underlying licence as there is only a right to receive benefit from the ORRI on production and many of the risks faced by the Group are the same as those faced by the owner of the licence. These risks are seen as:

Existence risk - whether oil is found in commercially extractable quantities;
Production risk – whether the operator is able to get any discovery to commercial production;
Timing risk – commencement and quantity as determined by the operator;
Price risk – determined by future commodity supply and demand.

The Group believes therefore that the most appropriate method of accounting for the retained ORRI is to classify it as an intangible asset in accordance with IAS 38.

As an initial fair value cannot be reliably determined the ORRI intangible has been measured at cost, which was the carrying amount of the E&E asset given up, with no gain or loss. The ORRI is therefore presented as an intangible asset and will be carried at cost less accumulated amortisation and any impairment provision.

Income receivable under the participation agreement
The quarterly income receivable under the participation agreement has been credited to the income statement on the basis that the purpose is to cover overhead.

Impairment
The ORRI will be assessed for indicators of impairment at each period end under IAS 36. If such an indication is identified, the recoverable amount of the asset is estimated in order to determine the extent of any impairment. The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated cash flows are discounted to their present value using a pre-tax discount rate. If the recoverable amount of the asset is estimated to be less than its carrying value, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is also recognised in the income statement.

Notes to the interim report – unaudited
Period ended 30 June 2016

1 Accounting policies (continued)

Should an impairment loss subsequently reverse, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of an impairment loss is also recognised in the income statement.

On production the income generated by the ORRI will be recognised as revenue in the income statement and the intangible asset will be amortised on a systematic basis.

2 Loss per share

	6 months ended 30 June 2016 unaudited Number	6 months ended 30 June 2015 unaudited Number	Year ended 31 December 2015 audited Number
Shares in issue brought forward (2 pence shares)	**219,713,205**	218,863,205	218,863,205
Options exercised	**-**	-	850,000
Shares in issue carried forward (2 pence shares)	**219,713,205**	218,863,205	219,713,205

	6 months ended 30 June 2016 unaudited	6 months ended 30 June 2015 unaudited	Year ended 31 December 2015 audited
Loss for the period ($'000)	**(4)**	(755)	(1,154)
Weighted average number of ordinary shares in issue during the period	**219,713,205**	218,863,205	219,265,945
Basic and diluted loss per ordinary share (cents)	**(0.002)**	(0.35)	(0.53)

In accordance with IAS 33 as the Group is reporting a loss for this period, the preceding interim period and the year to 31 December 2015 the share options are not considered dilutive because the exercise of share options would have the effect of reducing the loss per share.

Notes to the interim report – unaudited
Period ended 30 June 2016

3 Events after the reporting date

Argos holds an Overriding Royalty Interest in Licence PL001 which was due to expire in November 2016. On 5 August 2016 the Company announced that a three-year extension to Licence PL001 had been approved by the Executive Council of the Falkland Islands Government and by the UK Secretary of State for Foreign and Commonwealth Affairs. This approval will extend the current Second Phase of the Licence to November 2019, after which a Third Licence Phase of 10 years is available to the Licensees.