21 August 2018

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

2018 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 2018.

Highlights

- $37 thousand profit for the period (H1 2017: $81 thousand);
- $0.88 million cash reserves at 30 June 2018 (YE 2017: $0.76 million);
- Funding continues under the Participation Agreement between the Company, Noble and Edison.

For further information:

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Chairman's Statement

The Company continues to hold a 5% Overriding Royalty Interest in Licence PL001, where Noble Energy is the Operator, in the North Falkland Basin. The Licence is adjacent to Licences PL032 and PL004 containing the large Sea Lion oil field and the Zebedee and Isobel-Elaine discoveries.

We believe that Licence PL001 is well-positioned in a proven oil basin and contains a large inventory of attractive prospects.

Under the terms of a Participation Agreement between the Company, Noble and Licence partner Edison, the Company continues to receive quarterly cash payments from Noble and Edison totalling £300,000 per annum, which are sufficient to meet the Company's ongoing costs.

Financial overview

The Group profit for the six months to 30 June 2018 was $37 thousand (2017: $81 thousand) giving an undiluted profit per share of 0.02 cents (2017: 0.04 cents per share).

Administrative expenses were $0.16 million compared to $0.14 million for the same period in 2017.

Net assets of $29.5 million reflect an increase of $37 thousand since December 2017 as a result of the profit for the period.

Financial outlook
Cash proceeds being received under the Participation Agreement continue to fully fund the Group overhead.

Ian Thomson OBE
Chairman

Consolidated statement of comprehensive income
Period ended 30 June 2018

	Note	6 months ended 30 June 2018 unaudited $'000	6 months ended 30 June 2017 unaudited $'000	Year ended 31 December 2017 audited $'000
Other income		**209**	185	380
Administrative expenses		**(155)**	(142)	(329)
Finance income		**2**	1	1
Foreign exchange (losses)/gains		**(19)**	37	66
Profit from operations attributable to owners of the parent		**37**	81	118
Total comprehensive income for the period attributable to owners of the parent		**37**	81	118
Earnings per share (cents):				
Basic and diluted	**2**	**0.02**	0.04	0.05

Consolidated statement of financial position
As at 30 June 2018

	Note	As at 30 June 2018 unaudited $'000	As at 30 June 2017 unaudited $'000	As at 31 December 2017 audited $'000
Assets				
Non-current assets				
Capitalised exploration expenditure		**28,749**	28,749	28,749
Current assets				
Other receivables		**13**	12	14
Cash and cash equivalents		**884**	678	758
Total current assets		**897**	690	772
Total assets		**29,646**	29,439	29,521
Liabilities				
Total and current liabilities				
Other payables		**(147)**	(41)	(59)
Total net assets		**29,499**	29,398	29,462
Capital and reserves attributable to equity holders of the company				
Share capital		**6,696**	6,669	6,696
Share premium		**30,071**	30,071	30,071
Retained losses		**(7,268)**	(7,342)	(7,305)
Total shareholders' equity		**29,499**	29,398	29,462

Consolidated statement of cash flows
Period ended 30 June 2018

	6 months ended 30 June 2018 unaudited $'000	6 months ended 30 June 2017 unaudited $'000	Year ended 31 December 2017 audited $'000
Cash flows from operating activities			
Profit for period	**37**	81	118
Adjustments for:			
Finance income	**(2)**	(1)	(1)
Foreign exchange	**21**	(39)	(67)
Depreciation	**-**	1	-
Net cash inflow from operating activities before changes in working capital	**56**	**42**	**50**
Decrease in other receivables	**-**	3	1
Increase/(decrease)/ in other payables	**89**	(108)	(89)
Net cash inflow/(outflow) from operating activities	**145**	**(63)**	**(38)**
Investing activities			
Interest received	**2**	1	1
Net cash inflow from investment activities	**2**	1	1
Financing activities			
Issue of ordinary shares (share options exercised)	-	-	27
Net cash inflow from financing activities	-	-	27
Net increase/(decrease) in cash and cash equivalents	**147**	(62)	(10)
Cash and cash equivalents at beginning of period	**758**	701	701
Exchange (losses)/gains on cash and cash equivalents	**(21)**	39	67
Cash and cash equivalents at end of period	**884**	678	758

Consolidated statement of changes in equity – unaudited
Period ended 30 June 2018

	Share capital $'000	Share premium $'000	Retained earnings/ (deficit) $'000	Total equity $'000
At 1 January 2017	6,669	30,071	(7,423)	29,317
Total comprehensive income for period to 30 June 2017	-	-	81	81
At 30 June 2017	6,669	30,071	(7,342)	29,398
Total comprehensive income for period to 31 December 2017	-	-	37	37
Shares issued (share options exercised)	27	-	-	27
At 31 December 2017	6,696	30,071	(7,305)	29,462
Total comprehensive income for period to 30 June 2018	-	-	37	37
At 30 June 2018	**6,696**	**30,071**	**(7,268)**	**29,499**

Notes to the interim report – unaudited
Period ended 30 June 2018

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 20 August 2018.

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 2017 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 2018.

The comparative financial information for the year ended 31 December 2017 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 2017 was unqualified and did not draw attention to any matters by way of emphasis.

The IASB has issued some new and revised standards, amendments and interpretations to existing standards, which are effective for the financial year ending 31 December 2018, principally IFRS 15 and IFRS 9. The directors have made an assessment of the impact of these standards and they are not expected to have a 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.

The directors consider that the Group's available financial resources are adequate to provide working capital for 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 2018

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)
The Group's principle asset is an ORRI which entitles the Group to 5% of gross revenues from all hydrocarbon discoveries developed within Licence PL001, situated in the North Falkland Basin.

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.

The ORRI intangible is 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 is 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 2018

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 Earnings/(loss) per share

	6 months ended 30 June 2018 unaudited Number	**6 months ended 30 June 2017 unaudited Number**	**Year ended 31 December 2017 audited Number**
Shares in issue brought forward (2 pence shares)	**220,713,205**	219,713,205	219,713,205
Options exercised	**-**	-	1,000,000
Shares in issue carried forward (2 pence shares)	**220,713,205**	219,713,205	220,713,205
Options not exercised	**8,080,818**	9,080,818	8,080,818
Weighted average number of ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares	**220,713,205**	228,794,023	220,036,493

	6 months ended 30 June 2018 unaudited	**6 months ended 30 June 2017 unaudited**	**Year ended 31 December 2017 audited**
Profit for the period ($'000)	**37**	81	118
Earnings per ordinary share (cents) Basic and diluted	**0.02**	0.04	0.05

Basic earnings per share has been computed by dividing the earnings by the weighted average number of shares in issue during the period. Diluted earnings per share is calculated by dividing the earnings by the weighted average number of shares, plus the weighted average number of dilutive securities in issue during the period but not converted.

Notes to the interim report – unaudited
Period ended 30 June 2018

3 Events after the reporting date

There were no reportable events occurring after the balance sheet date.