23 September 2019

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

2019 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 2019.

Highlights

- $176 thousand loss for the period (H1 2018: profit of $37 thousand);
- $784 thousand cash reserves at 30 June 2019 (YE 2018: $788 thousand);
- The Working Interest in the Licence was transferred back to Argos in February 2019;
- The Group continues to receive quarterly cash payments from Noble and Edison of £75,000 per quarter, for a period of 450 days after the notice to withdraw, until 27 December 2019;
- The current Second Phase of the Licence expires in November 2019. Discussions about the licence term beyond that date are underway with the Falkland Islands Government.

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

In October 2018 Noble Energy Falklands Limited ("Noble") and Edison International S.p.A ("Edison") served notice of their intention to withdraw from Production Licence PL001 (the Licence) in the North Falkland Basin, in which Argos held a 5% Overriding Royalty Interest under a Participation Agreement. The Licence covers an area of approximately 1,126 square kilometres in the North Falkland Basin.

On receipt of the notice Argos exercised the option under the Participation Agreement to have the Licence reassigned to it, which effectively terminated the Participation Agreement. Although the Participation Agreement has now terminated, under the terms of that agreement the Group will continue to receive quarterly cash payments from Noble and Edison of £75,000 per quarter, for a period of 450 days after the notice to withdraw. These payments, together with current cash balances of $784,000 at 30 June 2019, leave the Group adequately financed for at least twelve months beyond sign-off.

The current Second Phase of the Licence expires in November 2019 and discussions about the licence term beyond that date are underway with the Falkland Islands Government. The Working Interest in the Licence was transferred back to Argos in February 2019 and the Company will seek to secure other partners to participate in its development.

Financial overview

The Group loss for the six months to 30 June 2019 was $176 thousand (2018: profit of $37 thousand) giving an undiluted loss per share of 0.08 cents (2018: profit of 0.02 cents per share).

Administrative expenses were $175 thousand compared to $155 thousand for the same period in 2018.

Net assets of $29.7 million reflect a decrease of $176 thousand since December 2018 as a result of the loss for the period.

Financial outlook
The cash balance of $784,000 at the end of June 2019 means that the Group is adequately financed for at least twelve months beyond sign-off.

Ian Thomson OBE
Chairman

Consolidated statement of comprehensive income
Period ended 30 June 2019

	Note	6 months ended 30 June 2019 unaudited $'000	6 months ended 30 June 2018 unaudited $'000	Year ended 31 December 2018 audited $'000
Other income		**-**	209	784
Administrative expenses		**(175)**	(155)	(334)
Finance income		**2**	2	4
Foreign exchange (losses)		**(3)**	(19)	(48)
(Loss)/profit from operations attributable to owners of the parent		**(176)**	37	406
Total comprehensive income for the period attributable to owners of the parent		**(176)**	37	406
(Loss)/earnings per share (cents):				
Basic and diluted	**2**	**(0.08)**	0.02	0.18

Consolidated statement of financial position
As at 30 June 2019

	Note	As at 30 June 2019 unaudited $'000	As at 30 June 2018 unaudited $'000	As at 31 December 2018 audited $'000
Assets				
Non-current assets				
Capitalised exploration expenditure		**28,752**	28,749	28,749
Current assets				
Other receivables		**195**	13	392
Cash and cash equivalents		**784**	884	788
Total current assets		**979**	897	1,180
Total assets		**29,731**	29,646	29,929
Liabilities				
Total and current liabilities				
Other payables		**(39)**	(147)	(61)
Total net assets		**29,692**	29,499	29,868
Capital and reserves attributable to equity holders of the company				
Share capital		**6,696**	6,696	6,696
Share premium		**30,071**	30,071	30,071
Retained losses		**(7,075)**	(7,268)	(6,899)
Total shareholders' equity		**29,692**	29,499	29,868

Consolidated statement of cash flows
Period ended 30 June 2019

	6 months ended 30 June 2019 unaudited $'000	6 months ended 30 June 2018 unaudited $'000	Year ended 31 December 2018 audited $'000
Cash flows from operating activities			
(Loss)/profit for period	**(176)**	37	406
Adjustments for:			
Finance income	**(2)**	(2)	(4)
Foreign exchange	**2**	21	50
Net cash (outflow)/inflow from operating activities before changes in working capital	**(176)**	56	452
Decrease/(increase) in other receivables	**197**	-	(378)
(Decrease)/increase in other payables	**(22)**	89	2
Net cash (outflow)/inflow from operating activities	**(1)**	145	76
Investing activities			
Interest received	**2**	2	4
Exploration and development expenditure	**(3)**	-	-
Net cash (outflow)/inflow from investment activities	**(1)**	2	4
Net (decrease)/increase in cash and cash equivalents	**(2)**	147	80
Cash and cash equivalents at beginning of period	**788**	758	758
Exchange (losses) on cash and cash equivalents	**(2)**	(21)	(50)
Cash and cash equivalents at end of period	**784**	884	788

Consolidated statement of changes in equity – unaudited
Period ended 30 June 2019

	Share capital $'000	Share premium $'000	Retained earnings/ (deficit) $'000	Total equity $'000
At 1 January 2018	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
Total comprehensive income for period to 31 December 2018	-	-	369	369
At 31 December 2018	6,696	30,071	(6,899)	29,868
Total comprehensive income for period to 30 June 2019	-	-	(176)	(176)
At 30 June 2019	**6,696**	**30,071**	**(7,075)**	**29,692**

Notes to the interim report – unaudited
Period ended 30 June 2019

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 September 2019.

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 2018 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 2019.

The comparative financial information for the year ended 31 December 2018 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 2018 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 2019. 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
Following the withdrawal of Noble and Edison the Licence was re-assigned in February 2019.

Although the Participation Agreement has now terminated the Group will continue to receive quarterly cash payments of £75,000 per quarter for a period of 450 days after the notice to withdraw.

The directors consider 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 interim report was approved. The financial statements have therefore been prepared on a going concern basis.

Notes to the interim report – unaudited
Period ended 30 June 2019

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:

Intangible assets – capitalised exploration expenditure, impairment and royalty interests

Evaluation and exploration (E&E) expenditure
As part of the 2015 farmout transaction the Group retained an ORRI of 5% of gross revenues from all hydrocarbon discoveries developed within the Licence area and the accumulated historical E&E cost was reclassified as "royalty interests". The Group therefore believes that the most appropriate method of accounting for the Noble and Edison withdrawal is to reclassify the ORRI to E&E asset accounting for it using the method, as permitted under IFRS 6 whereby all historic costs associated with oil exploration are capitalised as intangible assets, pending determination of feasibility of the project.

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

Costs incurred include appropriate technical and administrative expenses but not general overheads. If an exploration project is successful, the related expenditures are transferred to tangible assets and amortised over the estimated life of the commercial reserves. Where a licence is relinquished, a project is abandoned, or is considered to be of no further value to the Group, the related costs are written off.

Impairment
E&E assets are assessed for impairment when facts and circumstances suggest that the carrying amount may exceed the recoverable amount.

In accordance with IFRS 6 the Group firstly considers the following facts and circumstances in their assessment of whether the Group's exploration and evaluation assets may be impaired:

- whether the period for which the Group has the right to explore in a specific area has expired during the period or will expire in the near future, and is not expected to be renewed;
- whether substantive expenditure on further exploration for and evaluation of mineral resources in a specific area is neither budgeted nor planned;
- whether exploration for and evaluation of hydrocarbons in a specific area have not led to the discovery of commercially viable quantities of hydrocarbons and the Group has decided to discontinue such activities in the specific area; and,

Notes to the interim report – unaudited
Period ended 30 June 2019

1 Accounting policies (continued)

- whether sufficient data exists to indicate that although a development in a specific area is likely to proceed, the carrying amount of the exploration and evaluation assets is unlikely to be recovered in full from successful development or by sale

If any such facts or circumstances are noted the Group must perform an impairment test in accordance with the provisions of IAS 36, assessing the recoverable amount of the E&E assets together with all development and production assets, as a single cash generating unit (CGU). The aggregate carrying value is compared against the expected recoverable amount of the CGU. The recoverable amount is the higher of value in use and the fair value less costs to sell.

Any E&E impairment loss would be recognised in the income statement and separately disclosed.

Overriding royalty interest (ORRI)
In October 2018 Noble and Edison served notice of their intention to withdraw from the Licence in which the Group retained an ORRI entitling them to 5% of all oil and gas produced from all hydrocarbon discoveries developed within the Licence area. The Participation Agreement was terminated in October 2018 when Argos exercised the option to have the Licence reassigned to them and the Working Interest in the Licence was transferred back to Argos in February 2019.

The Group considered that the ORRI was similar in economic terms to holding a direct interest in the underlying licence as there was only a right to receive benefit from the ORRI on production and many of the risks faced by the Group were the same as those faced by the owner of the licence. These risks were 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; and,
- Price risk – determined by future commodity supply and demand.

Other income
Prior to termination the income from the Participation Agreement was recognised each quarter on receipt. The termination clause of the Participation agreement requires Noble & Edison to continue to pay Argos the income from the Participation Agreement for a period of 450 days after notice has been given. The full amount of income remaining under the agreement has been recognised, as Argos are contractually entitled to the income under the termination clause of the agreement. The remaining income will be received over quarterly payments until 27 December 2019.

2 Earnings/(loss) per share

	6 months ended 30 June 2019 unaudited Number	6 months ended 30 June 2018 unaudited Number	Year ended 31 December 2018 audited Number
Shares in issue brought forward (2 pence shares)	220,713,205	220,713,205	220,713,205
Shares in issue carried forward (2 pence shares)	220,713,205	220,713,205	220,713,205
Options not exercised	8,080,818	8,080,818	8,080,818
Weighted average number of ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares	228,794,023	228,794,023	228,794,023

	6 months ended 30 June 2019 unaudited	6 months ended 30 June 2018 unaudited	Year ended 31 December 2018 audited
(Loss)/profit for the period ($’000)	**(176)**	37	406
(Loss)/earnings per ordinary share (cents) Basic and diluted	**(0.08)**	0.02	0.18

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.

3 Events after the reporting date

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