18 September 2020

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

2020 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 2020.

Highlights

- $192 thousand loss for the period (H1 2019: loss of $176 thousand);
- $560 thousand cash reserves at 30 June 2020 (YE 2019: $768 thousand);
- The current Second Phase of the Licence expires in May 2021. The Company intends to request an extension to the Licence period.

For further information:

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Chairman's Statement

During the reporting period of the first half of the year, Brent crude oil prices plummeted from over \$65/bbl at year-end 2019 to a low of \$20/bbl in April 2020, before recovering somewhat to around \$42/bbl by the end of June. The fall in prices was driven initially by competition from OPEC for market share and then exacerbated later in the period by the significant drop in global energy demand as a result of the Covid-19 pandemic supressing oil and gas consumption globally.

The industry has been hit hard by this unexpected sharp drop in demand and commodity prices, and has responded by reducing costs, cutting capital expenditure and delaying projects. Acknowledging this slowdown in activity, the Company intends to request an extension to the Licence term, which currently runs to 1st May 2021, as more time will be required to recover from this downturn.

Despite the above, the Company continues to seek partners to participate in drilling on its Licence and is currently engaged with a number of counterparties who have expressed interest. Given the current challenging environment the Company believes it may be some time before any expressions of interest are translated into commitments.

Financial overview

The Group loss for the six months to 30 June 2020 was \$192 thousand (2019: loss of \$176 thousand) giving an undiluted loss per share of 0.09 cents (2019: 0.08 cents loss per share).

Administrative expenses were \$148 thousand compared to \$175 thousand for the same period in 2019.

Net assets of \$29.3 million reflect a decrease of \$192 thousand since December 2019 as a result of the loss for the period.

Financial outlook
The industry slowdown has meant that some costs which were expected to be incurred in the current year have been delayed and the Group has sufficient cash resources to continue for a period of at least 12 months from the date these financial statements were signed. In order to continue as a going concern beyond that the Company will need to raise further finance. The going concern comments in Note 1 on pages 7 and 8 contain further information.

Ian Thomson OBE
Chairman

Consolidated statement of comprehensive income
Period ended 30 June 2020

	Note	**6 months ended 30 June 2020 unaudited $'000**	**6 months ended 30 June 2019 unaudited $'000**	**Year ended 31 December 2019 audited $'000**
Administrative expenses		**(148)**	(175)	(433)
Finance income		**1**	2	4
Foreign exchange (losses)/gains		**(45)**	(3)	28
(Loss) from operations attributable to owners of the parent		**(192)**	(176)	(401)
Total comprehensive income for the period attributable to owners of the parent		**(192)**	(176)	(401)
(Loss) per share (cents):				
Basic and diluted	**2**	**(0.09)**	(0.08)	(0.18)

Consolidated statement of financial position
As at 30 June 2020

	Note	As at 30 June 2020 unaudited $'000	As at 30 June 2019 unaudited $'000	As at 31 December 2019 audited $'000
Assets				
Non-current assets				
Capitalised exploration expenditure		**28,776**	28,752	28,737
Current assets				
Other receivables		**48**	195	86
Cash and cash equivalents		**560**	784	768
Total current assets		**608**	979	854
Total assets		**29,384**	29,731	29,591
Liabilities				
Total and current liabilities				
Other payables		**(43)**	(39)	(58)
Total net assets		**29,341**	29,692	29,533
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		**(7,426)**	(7,075)	(7,234)
Total shareholders' equity		**29,341**	29,692	29,533

Consolidated statement of cash flows
Period ended 30 June 2020

	6 months ended 30 June 2020 unaudited $'000	6 months ended 30 June 2019 unaudited $'000	Year ended 31 December 2019 audited $'000
Cash flows from operating activities			
(Loss) for period	**(192)**	(176)	(401)
Adjustments for:			
Finance income	**(1)**	(2)	(4)
Foreign exchange	**47**	2	(28)
Share based remuneration expense	**-**	-	89
Net cash (outflow) from operating activities before changes in working capital	**(146)**	(176)	(344)
(Increase)/Decrease in other receivables	**(1)**	197	377
(Decrease) in other payables	**(15)**	(22)	(3)
Net cash (outflow)/inflow from operating activities	**(162)**	(1)	30
Investing activities			
Interest received	**1**	2	4
Exploration and development expenditure	**-**	(3)	(82)
Net cash inflow/(outflow) from investment activities	**1**	(1)	(78)
Net (decrease) in cash and cash equivalents	**(161)**	(2)	(48)
Cash and cash equivalents at beginning of period	**768**	788	788
Exchange (losses)/gains on cash and cash equivalents	**(47)**	(2)	28
Cash and cash equivalents at end of period	**560**	784	768

Consolidated statement of changes in equity – unaudited
Period ended 30 June 2020

	Share capital $'000	Share premium $'000	Retained earnings/ (deficit) $'000	Total equity $'000
At 1 January 2019	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
Total comprehensive income for period to 31 December 2019	-	-	(225)	(225)
Share based income expense	-	-	89	89
Share based income adjustment for expired options	-	-	(23)	(23)
At 31 December 2019	6,696	30,071	(7,234)	29,533
Total comprehensive income for period to 30 June 2020	-	-	(192)	(192)
At 30 June 2020	**6,696**	**30,071**	**(7,426)**	**29,341**

Notes to the interim report – unaudited
Period ended 30 June 2020

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 17 September 2020.

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 2019 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 2020.

The comparative financial information for the year ended 31 December 2019 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 2019 was unqualified but did draw attention to note 1 of these financial statements which explains that the Group and Parent Company's ability to continue as a going concern is dependent on the finding of an exploration partner and obtaining further funding. As stated in note 1, these conditions indicate the existence of a material uncertainty which may cast significant doubt over the Group's and Parent Company's ability to continue as a going concern. The audit opinion was not however modified in respect of this matter.

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 2020. 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
The interim report has been prepared on the going concern basis as, in the opinion of the directors, there is a reasonable expectation that the Group and the Company will continue in operational existence for the foreseeable future.

Following the withdrawal of Noble and Edison the Licence was re-assignment to Argos in February 2019 and the Falkland Islands Government agreed to extend the Licence to 1 May 2021.

Notes to the interim report – unaudited
Period ended 30 June 2020

1 Accounting policies (continued)

The Company's ability to achieve its long term strategy of developing its exploration projects is dependent on finding an exploration partner. The advent of Covid-19 caused an unexpected sharp drop in energy demand, suppressing commodity prices, and the industry responded by reducing costs, cutting capital expenditure and delaying projects.

The Company continues to seek partners to participate in drilling on its Licence and is currently engaged with a number of counterparties who have expressed interest. However, given the current challenging environment the Company believes it may be some time before any expressions of interest are translated into commitments, which will necessitate an extension to the current Licence term, which expires on 1 May 2021.

The industry slowdown has meant that some costs which were expected to be incurred in the current year have been delayed and the Group has sufficient cash resources to continue for a period of at least 12 months from the date these financial statements were signed. In order to continue as a going concern beyond that the Company will need to raise further finance, either through a farmout partner or by raising funds in an equity issue.

As described above, the Company continues to seek partners to participate in drilling on its Licence and is currently engaged with a number of counterparties who have expressed interest. The Company is also discussing fund raising options and will seek a Licence extension. However, there are currently no binding agreements in place. Should the Directors be unable to raise sufficient funds, find an exploration partner, or negotiate a Licence extension the Company may be unable to realise its assets and discharge its liabilities in the normal course of business.

These factors indicate the existence of a significant material uncertainty which may cast doubt over the Group's and Company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Group or Company were unable to continue as a going concern.

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 period are discussed as follows:

Intangible assets – capitalised exploration expenditure, impairment and royalty interests
Evaluation and exploration (E&E) expenditure
The Group believes that the most appropriate method of accounting for E&E expenditure is to capitalise any costs incurred, including appropriate technical and administrative expenses but not general overheads, as intangible assets pending determination of feasibility of the project, as permitted under IFRS 6.

Notes to the interim report – unaudited
Period ended 30 June 2020

1 Accounting policies (continued)

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,
- 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.

2 (Loss) per share

	6 months ended 30 June 2020 unaudited Number	6 months ended 30 June 2019 unaudited Number	Year ended 31 December 2019 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 brought forward	6,705,818	8,080,818	8,080,818
Options expired during the period	-	-	(1,375,000)
Options not exercised carried forward	**6,705,818**	**8,080,818**	**6,705,818**

	6 months ended 30 June 2020 unaudited	6 months ended 30 June 2019 unaudited	Year ended 31 December 2019 audited
(Loss) for the period ($'000)	**(192)**	(176)	(401)
Weighted average number of ordinary shares in issue during the period	**220,713,205**	220,713,205	220,713,205
(Loss) per ordinary share (cents) Basic and diluted	**(0.09)**	(0.08)	(0.18)

Basic loss per share has been computed by dividing the loss by the weighted average number of shares in issue during the period.

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 2019 the share options are not considered dilutive because the exercise of share options would have the effect of reducing the loss per share.

3 Events after the reporting date

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