24 September 2021

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

2021 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 2021.

Highlights

- $200 thousand loss for the period (H1 2020: loss of $192 thousand);
- $550 thousand successful fund raise in May 2021;
- $641 thousand cash reserves at 30 June 2021 (YE 2020: $438 thousand);
- The current Second Phase of the Licence was extended until May 2022;
- The Company continues to work on de-risking the North Falklands basin for drilling and seek partners to participate in drilling on its Licence.

For further information:

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Chairman's Statement

During the reporting period of the first half of the year there has been a significant stabilisation of the oil markets following a turbulent year in 2020. Brent crude oil prices have traded in the range of US$43 per barrel at the beginning of the year, increasing to over US$75 per barrel by the end of June 2021. This fairly steady rise in prices has been driven by increasing demand, although still below pre-Covid 19 pandemic levels, and reduced production by OPEC+.

The industry was hit hard by the unexpected sharp drop in demand and commodity prices in 2020 and responded by reducing costs, cutting capital expenditure and delaying projects. The industry is cautiously increasing activity in response to the recovery in oil prices in the first half of 2021, albeit still being hampered by operational and logistical difficulties caused by the continuing Covid-19 restrictions. Acknowledging this slowdown in activity, the Company requested an extension to the term of Licence PL001, a production licence covering an area of approximately 1,126 square kilometres in the North Falkland Basin (the "Licence"), as more time will be required to recover from this downturn. In April 2021 the Falkland Islands government agreed to a twelve-month extension to the Second Phase of the Licence to 1st May 2022.

In April 2021 the Company also announced that, subject to shareholder approval, it had raised $550,000 through a subscription for new shares by certain new shareholders and Ian Thomson, Executive Chairman of the Company. Shareholder approval for this fundraise was obtained at a General Meeting on 30th April. The net proceeds of the fundraise, when added to existing cash reserves, is sufficient to fund the Company's working capital requirements through the term of the Licence extension as well as costs expected to be incurred in technical work in furthering the Company's farmout efforts. A pilot study has been commissioned to reprocess some of the 3D seismic data which, if successful, would help to further de-risk the prospects mapped within the Company's Licence area and enhance its farmout potential.

The Company notes the decision announced on 23rd September by Harbour Energy plc, the current 60% owner and operator of the Sea Lion oilfield, to explore the options to exit the project and its other license interests in the Falkland Islands. Any impact this decision may have on the Company's activities is being assessed.

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 2021 was $200 thousand (2020: loss of $192 thousand) giving an undiluted loss per share of 0.09 cents (2020: 0.09 cents loss per share).

Administrative expenses were $205 thousand compared to $148 thousand for the same period in 2020.

Net assets of $29.6 million is an increase of $350 thousand since December 2020 as a net result of the loss for the period and a fund raise of $550 thousand.

Chairman's Statement (continued)

Financial outlook
The Group has sufficient cash resources to continue for the period of the current licence term, which expires on 1 May 2022. In order to continue as a going concern beyond that point the Company will need to raise further finance, either through a farmout partner or by raising funds in an equity issue.

The going concern comments in Note 1 on pages 8 and 9 contain further information.

Ian Thomson OBE
Chairman

Consolidated statement of comprehensive income
Period ended 30 June 2021

	Note	6 months ended 30 June 2021 unaudited $'000	6 months ended 30 June 2020 unaudited $'000	Year ended 31 December 2020 audited $'000
Administrative expenses		**(205)**	(148)	(303)
Finance income		**-**	1	1
Foreign exchange gains/(losses)		**5**	(45)	3
(Loss) from operations attributable to owners of the parent		**(200)**	(192)	(299)
Total comprehensive income for the period attributable to owners of the parent		**(200)**	(192)	(299)
(Loss) per share (cents):				
Basic and diluted	**2**	**(0.09)**	(0.09)	(0.14)

Consolidated statement of financial position
As at 30 June 2021

	Note	As at 30 June 2021 unaudited $'000	As at 30 June 2020 unaudited $'000	As at 31 December 2020 audited $'000
Assets				
Non-current assets				
Capitalised exploration expenditure		**28,903**	28,776	28,815
Current assets				
Other receivables		**83**	48	40
Cash and cash equivalents		**641**	560	438
Total current assets		**724**	608	478
Total assets		**29,627**	29,384	29,293
Liabilities				
Total and current liabilities				
Other payables		**(43)**	(43)	(59)
Total net assets		**29,584**	29,341	29,234
Capital and reserves attributable to equity holders of the company				
Share capital	**3**	**7,096**	6,696	6,696
Share premium		**30,221**	30,071	30,071
Retained losses		**(7,733)**	(7,426)	(7,533)
Total shareholders' equity		**29,584**	29,341	29,234

Consolidated statement of cash flows
Period ended 30 June 2021

	6 months ended 30 June 2021 unaudited $'000	6 months ended 30 June 2020 unaudited $'000	Year ended 31 December 2020 audited $'000
Cash flows from operating activities			
(Loss) for period	**(200)**	(192)	(299)
Adjustments for:			
Finance income	**-**	(1)	(1)
Foreign exchange gains/(losses)	**(5)**	47	(3)
Net cash (outflow) from operating activities before changes in working capital	**(205)**	(146)	(303)
(Increase)/decrease in other receivables	**(4)**	(1)	1
(Decrease) in other payables	**(16)**	(15)	1
Net cash (outflow)/inflow from operating activities	**(225)**	(162)	(301)
Investing activities			
Interest received	**-**	1	1
Proceeds from share issue	**550**	-	-
Exploration and development expenditure	**(127)**	-	(33)
Net cash inflow/(outflow) from investment activities	**423**	1	(32)
Net increase/(decrease) in cash and cash equivalents	**198**	(161)	(333)
Cash and cash equivalents at beginning of period	**438**	768	768
Exchange gains/(losses) on cash and cash equivalents	**5**	(47)	3
Cash and cash equivalents at end of period	**641**	560	438

Consolidated statement of changes in equity – unaudited
Period ended 30 June 2021

	Share capital $'000	Share premium $'000	Retained earnings/ (deficit) $'000	Total equity $'000
At 1 January 2020	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
Total comprehensive income for period to 31 December 2020	-	-	(107)	(107)
At 31 December 2020	6,696	30,071	(7,533)	29,234
Total comprehensive income for period to 30 June 2021	-	-	(200)	(200)
Shares issued during period to 30 June 2021	400	150	-	550
At 30 June 2021	**7,096**	**30,221**	**(7,733)**	**29,584**

Notes to the interim report – unaudited
Period ended 30 June 2021

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 23 September 2021.

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 2020 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 2021.

The comparative financial information for the year ended 31 December 2020 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 2020 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 2021. 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.

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.

Notes to the interim report – unaudited
Period ended 30 June 2021

1 Accounting policies (continued)

Acknowledging this slowdown in activity, the Company requested an extension to the Licence term as more time will be required to recover from this downturn. In April 2021 the Falkland Islands government agreed to a twelve month extension to the Second Phase of the Licence to 1st May 2022.

In April 2021 the holding company, Argos Resources Limited, raised $550,000 through the placing of new shares. The fund raise, when added to existing cash reserves, is sufficient to fund the Group's working capital requirements through the term of the Licence extension as well as costs expected to be incurred in technical work in furthering the farmout efforts.

In order to continue as a going concern beyond the current Licence term, which expires on 1 May 2022, the Company will need to raise further finance, either through a farmout partner or by raising funds in an equity issue.

Should the Directors be unable to raise sufficient funds, find an exploration partner, or negotiate further Licence extensions the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

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

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.

Notes to the interim report – unaudited
Period ended 30 June 2021

2. (Loss) per share

	6 months ended 30 June 2021 unaudited Number	6 months ended 30 June 2020 unaudited Number	Year ended 31 December 2020 audited Number
Shares in issue brought forward (2 pence shares)	220,713,205	220,713,205	220,713,205
Shares issued in period	14,428,001	-	-
Shares in issue carried forward (2 pence shares)	**235,141,206**	**220,713,205**	**220,713,205**
Options not exercised brought forward	6,705,818	6,705,818	6,705,818
Options not exercised carried forward	**6,705,818**	**6,705,818**	**6,705,818**

	6 months ended 30 June 2021 unaudited	6 months ended 30 June 2020 unaudited	Year ended 31 December 2020 audited
(Loss) for the period ($'000)	**(200)**	(192)	(299)
Weighted average number of ordinary shares in issue during the period	**225,177,116**	220,713,205	220,713,205
(Loss) per ordinary share (cents) Basic and diluted	**(0.09)**	(0.09)	(0.14)

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 2020 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 2021

3. Share Capital

Authorised:	**$'000**
500,000,000 ordinary shares of 2 pence each	
At 1 January 2020, 31 December 2020 and 30 June 2021	14,960

Allotted, issued and fully paid:	**Number**
Ordinary shares of 2 pence each	
At 1 January 2020 and 31 December 2020	220,713,205
Issued during the six months ended 30 June 2021	14,428,001
At 30 June 2021	235,141,206

Allotted, issued and fully paid:	**$'000**
Ordinary shares of 2 pence each	
At 1 January 2020 and 31 December 2020	6,696
Issued during the six months ended 30 June 2021	400
At 30 June 2021	7,096

4 Events after the reporting date

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