



15 August 2022

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

2022 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 2022.

Highlights

- US\$105 thousand loss for the period (H1 2021: loss of US\$200 thousand);
- US\$132 thousand cash reserves at 30 June 2022 (YE 2021: US\$304 thousand);
- The current Second Phase of the Licence was extended until December 2022;
- A loan provided by the Chairman in June 2022 provides additional working capital and the Company plans to raise additional capital to support a further extension of the Licence beyond its current expiry date of 31 December 2022; and
- Ownership changes in the adjacent Sea Lion oilfield and surging oil prices enhance outlook for the Company.

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 and Managing Director's review

The Company's PL001 Licence currently expires on 31 December 2022. The Company has submitted a formal application to extend the Licence by a further 2 years beyond this date to 31 December 2024 to undertake new technical work and to market the results of that work to potential industry partners. The technical work planned involves special reprocessing of some of the 3D seismic data on Licence PL001. The results of a pilot study undertaken in 2021 to determine the effectiveness of the special processing technique have been positive and sufficiently encouraging that the Company intends to extend that work across the main prospects identified in the eastern half of Licence PL001. The Company believes this additional work should further de-risk those prospects and enhance the farmout potential of the Licence.

Financial overview

The Group loss for the six months to 30 June 2022 was US\$105 thousand (2021: loss of US\$200 thousand) giving an undiluted loss per share of 0.04 cents (2021: 0.09 cents loss per share).

Administrative expenses were US\$90 thousand compared to US\$205 thousand for the same period in 2021.

Net assets of US\$29.3 million is a decrease of US\$105 thousand since December 2021 as a result of the loss for the period.

Financial outlook

In June 2022 Argos' Chairman agreed to fund a drawdown loan facility of £110,000 to provide short-term financial support to the Company. Any offer of a licence extension is likely to be conditional on the Company demonstrating that it has sufficient funding to carry out a work programme and cover administration costs during the Licence term. The granting of an extension is therefore likely to be dependent on the Company raising significant further funds in Q3/Q4 2022.

In order to continue as a going concern the Company will need to raise further finance and the going concern comments in Note 1 contain further information.

Ian Thomson OBE
Chairman

Consolidated statement of comprehensive income
Period ended 30 June 2022

		6 months ended 30 June 2022 unaudited \$'000	6 months ended 30 June 2021 unaudited \$'000	Year ended 31 December 2021 audited \$'000
	Note			
Administrative expenses		(90)	(205)	(355)
Foreign exchange gains/(losses)		(15)	5	(1)
(Loss) from operations attributable to owners of the parent		(105)	(200)	(356)
Total comprehensive loss for the period attributable to owners of the parent		(105)	(200)	(356)
(Loss) per share (cents):				
Basic and diluted	2	(0.04)	(0.09)	(0.15)

Consolidated statement of financial position
As at 30 June 2022

	Note	As at 30 June 2022 unaudited \$'000	As at 30 June 2021 unaudited \$'000	As at 31 December 2021 audited \$'000
Assets				
Non-current assets				
Capitalised exploration expenditure		29,174	28,903	29,135
Current assets				
Other receivables		59	83	43
Cash and cash equivalents		132	641	304
Total current assets		191	724	347
Total assets		29,365	29,627	29,482
Liabilities				
Total and current liabilities				
Other payables		(42)	(43)	(54)
Total net assets		29,323	29,584	29,428
Capital and reserves attributable to equity holders of the company				
Share capital	3	7,095	7,096	7,095
Share premium		30,222	30,221	30,222
Retained losses		(7,994)	(7,733)	(7,889)
Total shareholders' equity		29,323	29,584	29,428

Consolidated statement of cash flows
Period ended 30 June 2022

	6 months ended 30 June 2022 unaudited \$'000	6 months ended 30 June 2021 unaudited \$'000	Year ended 31 December 2021 audited \$'000
Cash flows from operating activities			
(Loss) for period	(105)	(200)	(356)
Adjustments for:			
Foreign exchange losses/(gains)	15	(5)	1
Net cash (outflow) from operating activities before changes in working capital	(90)	(205)	(355)
(Increase) in other receivables	(2)	(4)	(3)
(Decrease) in other payables	(13)	(16)	(5)
Net cash (outflow) from operating activities	(105)	(225)	(363)
Investing activities			
Exploration and development expenditure	(52)	(127)	(320)
Net cash used in investing activities	(52)	(127)	(320)
Financing activities			
Issue of ordinary shares	-	550	550
Net cash from financing activities	-	550	550
Net (decrease) /increase in cash and cash equivalents	(157)	198	(133)
Cash and cash equivalents at beginning of period	304	438	438
Exchange (losses)/gains on cash and cash equivalents	(15)	5	(1)
Cash and cash equivalents at end of period	132	641	304

Consolidated statement of changes in equity – unaudited
Period ended 30 June 2022

	Share capital \$'000	Share premium \$'000	Retained earnings/ (deficit) \$'000	Total equity \$'000
At 1 January 2021	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
Total comprehensive income for period to 31 December 2021	-	-	(156)	(156)
Adjustment due to rounding	(1)	1	-	-
At 31 December 2021	7,095	30,222	(7,889)	29,428
Total comprehensive income for period to 30 June 2022	-	-	(105)	(105)
At 30 June 2022	7,095	30,222	(7,994)	29,323

Notes to the interim report – unaudited

Period ended 30 June 2022

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 12 August 2022.

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 2021 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 2022.

The comparative financial information for the year ended 31 December 2021 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 2021 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 securing an offer of a licence extension and raising sufficient funds to meet the conditions of such an offer. 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 2022. 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 Group and Parent Company's ability to continue in operational existence is, however, subject to the following uncertainties:

Notes to the interim report – unaudited

Period ended 30 June 2022

1 Accounting policies (continued)

The Company's PL001 Licence currently expires on 31 December 2022. The Company has submitted a formal application to extend the Licence by a further two years beyond this date to undertake new technical work and to market the results of that work to potential industry partners.

Any offer of such an extension is likely to be conditional on the Company demonstrating that it has sufficient funding to carry out a work programme and cover administration costs during the Licence term. The granting of an extension is therefore likely to be dependent on the Company raising significant further funds in Q3/Q4 2022.

Failure to secure an offer of a licence extension or to raise sufficient funds to meet the conditions of such an offer will result in the Company being unable to continue as a going concern in the near term.

If a licence extension and funding are secured, then the Group's ability to achieve its long-term strategy of developing its exploration projects remains dependent on finding an exploration partner and the Group continues to seek partners to participate in drilling on its Licence. As at the date of sign off on these financial statements the oil and gas markets continue to be in a state of considerable turmoil with very high prevailing prices. The Company does not anticipate making progress on finding a partner until the oil and gas sector shows signs of greater stability but is hopeful that the drivers behind the current situation will improve the chances of achieving a successful farm-down.

If the Group is unable to find an exploration partner, raise funds or obtain further licence extensions then it may be unable to realise its assets and discharge its liabilities in the normal course of business.

All the above factors indicate the existence of material uncertainties which cast significant doubt over the Group and Parent Company's ability to continue as a going concern, some of which may crystallise before the end of 2022. The financial statements do not include the adjustments that would result if the Group 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:

Notes to the interim report – unaudited

Period ended 30 June 2022

1. Accounting policies (continued)

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.

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 2022

2. (Loss) per share

	6 months ended 30 June 2022 unaudited Number	6 months ended 30 June 2021 unaudited Number	Year ended 31 December 2021 audited Number
Shares in issue brought forward (2 pence shares)	235,141,206	220,713,205	220,713,205
Shares issued in period	-	14,428,001	14,428,001
Shares in issue carried forward (2 pence shares)	235,141,206	235,141,206	235,141,206
Weighted average number of ordinary shares in issue during the period	235,141,206	225,177,116	230,279,167
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 2022 unaudited	6 months ended 30 June 2021 unaudited	Year ended 31 December 2021 audited
(Loss) for the period (\$'000)	(105)	(200)	(356)
Weighted average number of ordinary shares in issue during the period	235,141,206	225,177,116	230,279,167
(Loss) per ordinary share (cents)			
Basic and diluted	(0.04)	(0.09)	(0.15)

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 2021 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 2022

3. Share Capital

Authorised:	\$'000
500,000,000 ordinary shares of 2 pence each	
At 1 January 2020, 31 December 2020 and 30 June 2022	14,960
<hr/>	
Allotted, issued and fully paid:	Number
Ordinary shares of 2 pence each	
At 1 January 2021	220,713,205
Issued during the six months ended 30 June 2021	14,428,001
<hr/>	
At 30 June 2021, 31 December 2021 and 30 June 2022	235,141,206
<hr/>	
Allotted, issued and fully paid:	\$'000
Ordinary shares of 2 pence each	
At 1 January 2021	6,696
Issued during the six months ended 30 June 2021	400
<hr/>	
At 30 June 2021	7,096
Adjustment due to rounding	(1)
<hr/>	
At 31 December 2021 and 30 June 2022	7,095
<hr/>	

4 Events after the reporting date

Publication of Results

As a result of the Company's extended discussions regarding its funding position, and the associated impact on the timing for the FY21 Accounts, the Company was not in a position to publish its 2021 Financial Statements by the deadline of 30 June 2022. Consequently, the Company's shares were temporarily suspended from trading on AIM on 1 July 2022, pending publication of the FY21 Accounts.

The FY21 results were subsequently published via RNS on 25 July 2022, and a full copy of the accounts were made available for download from the website. The Company's securities resumed trading on AIM on 25 July 2022.