

Company Registration No. 11097258 (England and Wales)

ARGO BLOCKCHAIN PLC
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2018



ARGO BLOCKCHAIN PLC

COMPANY INFORMATION

Directors	M S Edwards G Penchina T V Le Druillenec J F Bixby
Secretary	T V Le Druillenec
Company number	11097258
Registered office	Room 4 1st Floor 50 Jermyn Street London United Kingdom SW1Y 6LX
Auditor	PKF Littlejohn LLP 1 Westferry Circus Canary Wharf London United Kingdom E14 4HD
Broker	Mirabaud Securities Limited 10 Bressenden Place London United Kingdom SW1E 5DH
Bankers	NatWest Bank 208 Piccadilly London W1J 0AJ
Registrar	Computershare Investor Services PLC The Pavilions Bridgwater Road Bristol United Kingdom BS13 8AE
Solicitors	Fladgate LLP 16 Great Queen Street London United Kingdom WC2B 5DG

ARGO BLOCKCHAIN PLC

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CHAIRMAN'S STATEMENT

The Group incurred a pre-tax loss of £4,117,285 in the period from incorporation until 31st December 2018. These losses reflect the costs of the start-up of the business; the professional costs and related costs of achieving the Group's listing on the Official List of the UK Listing Authority by way of a standard listing; the roll out of the infrastructure to support the MaaS subscribers; maintaining the Group's listing; and include directors' and employees fees and salaries; general administration costs and professional fees.

Despite tumultuous industry conditions in 2018, Argo completed its maiden period of operations in a strong financial position. Following its inception in December 2017, the Group became the first cryptocurrency miner to achieve an LSE listing in August 2018. Within four months of our flotation we rapidly established and rolled out a successful MaaS platform aimed at the consumer market worldwide from outsourced operational centres in Canada. As a result, Argo exceeded its internal growth targets with the sale of more than 10,000 monthly mining packages.

Our early success was achieved in the face of deteriorating market conditions throughout the year, which saw cryptocurrency prices slump by as much as 80% with Bitcoin down from \$13,791 USD to \$3,768 between January 1st 2018 to January 1st 2019.

Notwithstanding the excellent progress made in our first year, and in the light of a prolonged and unexpectedly severe industry downturn, in February 2019 the Board took the difficult but necessary decision to temporarily cease Argo's subscription-based consumer mining service and transition to mining for its own account.

The move is aimed at de-risking the business in an uncertain industry environment, shorten our path to profitability by reducing support and marketing costs, and reposition Argo to take full advantage of opportunities as industry dynamics change and competition dissipates.

I am particularly pleased with the prudent management of cash throughout the year, enabling Argo to close the year with net cash of £16m. Our strong balance sheet is a major competitive advantage and provides the business with agility to adapt to changing industry conditions. As of 31st March 2019, net cash amounted to £15m.

2019/20 Vision and Strategy Refocus

We continue to believe strongly that the cryptocurrency market has considerable long-term potential to become a major asset class and a store of enduring value. As institutions adopt the blockchain technology underlying cryptocurrencies, they will create and maintain infrastructure that will help propel the next evolution of the market. This will allow for wide adoption and acceptance of custody and trading solutions that will, in turn, drive the adoption of crypto-mining (both Proof of Work and Proof of Stake) on a global scale.

The technology underlying crypto-mining is also moving between Proof of Work and Proof of Stake. We intend to continue to be a market leader in Proof of Work mining while at the same time exploring Proof of Stake mining technology with the goal of ultimately providing a leading product offering and trusted brand in both areas. This is entirely in line with our existing investment in hardware and our team's expertise.

Further to the announcement of 15th February 2019, Argo moved quickly to implement its strategy refocus, streamline the business and cut costs. The MaaS operation has ceased and existing infrastructure and capital have been redeployed for mining on Argo's own account, effective from 1st April 2019. As part of the transition, staff numbers have been cut by 40% and the marketing and customer support functions were significantly reduced and reassigned. The Group has also renegotiated its major input costs, contributing to an overall saving in ongoing mining operational costs by 35%.

This repositioning is expected to turn the Group EBITDA break-even in the second half of this year - ahead of the Group's original plans at the time of its flotation - even if industry conditions continue to remain challenging. In the event of a sustained recovery in market conditions, the revised strategy stands to deliver significant incremental gains long term.

The restructuring and strategy refocus is already making a positive impact and is expected to deliver the following benefits:

- 35% reduction in Group's annual operating cost base
- Generate mining profits by utilising Argo's existing hardware and hashing capacity,
- Deliver Group EBITDA break-even on a monthly basis from the second half of 2019 at current cryptocurrency market prices.

ARGO BLOCKCHAIN PLC

CHAIRMAN'S STATEMENT

In addition, due to collapse in cryptocurrency prices, the Group now has the opportunity to step-up long term investment in new mining capacity as marginal players exit the industry and some hardware prices tumble by as much as 70 per cent.

The combination of lower procurement and operating costs together with easing competition significantly improve Argo's potential for mining profitably. Investment in new hardware has the potential to enhance returns further. Based on our internal analysis, the Group believes new hardware has the capability to generate operating margins of between 30% and 40% at current cryptocurrency prices.

Accordingly, the Group plans to commence a phased expansion of its mining infrastructure in the current year. These investments will be made as new generation hardware becomes available and the Return on Investment for this hardware makes sense. The Company feels confident that it can rapidly scale operations with the combination of in-house staff and its relationships with its current outsourcing partners.

In addition to prudent investments in Proof of Work mining, the Group plans to commence a significant investment in Proof of Stake (POS) mining. Proof of Stake mining at scale is coming and the Group believes that it has significant potential as it addresses some of the major limitations of Proof of Work (POW) mining including the amount of electricity needed to power the mining network and the lengthy confirmation process involved. The Group believes that utilizing its existing investments in hardware and the expertise of its existing team it can become a recognized leader in this space in 2019.

The Board strongly believes that Argo's refreshed strategy, strong balance sheet, business agility and technology experience provides a strong foundation to ride out the current challenging market conditions and deliver long term shareholder value.

On behalf of the Board, I would also like to take this opportunity to thank all our shareholders for their unstinting support as well as commend our employees for their hard work and dedication in this landmark period for the Group.



Jonathan Bixby
Executive Chairman
17 April 2019

ARGO BLOCKCHAIN PLC

BOARD OF DIRECTORS

Jonathan Bixby (Executive Chairman)

Jonathan Bixby has significant experience in the technology and networking sectors, and in particular was:

- a founder and the CEO of Strangeloop Networks, a networking company which focused on providing hardware appliances in data centres to speed up web based properties. Strangeloop was sold to Radware (RDWR) in 2013.
- a founder and Chair of the Board of Ironpoint Technology which provided technology based content management services. Ironpoint was sold to Active Network (ACTV) in 2006.
- an investor and advisor to numerous other networking and software companies including TSO Logic, Rubikloud, Neurio and Layerboom.

Jonathan is the Company's Executive Chairman and will be ultimately responsible for all day-to-day management decisions and for implementing the Company's long and short term plans. The Chairman is accountable to the Board and acts as a direct liaison between the Board and the management of the Company, through the Company's President. The Chairman acts as the communicator for Board decisions where appropriate.

Mike Edwards (Executive Director and President)

Mike Edwards has experience of consumer technology and public markets, including the following:

- co-founded AreaConnect.com, a consumer content company which was acquired by Marchex, a Nasdaq listed company, in 2008.
- invested in early stage consumer companies such as Punch'd (later acquired by Google), Wander (later acquired by Yahoo), Summify (later acquired by Twitter) and Password Box (later acquired by Intel).
- co-founded Growlab, a seed stage accelerator focussing on consumer facing digital product. Growlab later merged with Extreme Startups to create Canada's Highline accelerator.
- co-founded and is a board member of Creative Labs, a venture capital backed startup foundry that builds consumer technology companies by leveraging the Creative Artist Agency's access to talent and audience.

Mike is the Company's President and will be responsible for designing and implementing business operations of the company including mining, software development and all marketing. The President will establish policies that promote company culture and vision and will oversee all operations of the company globally. The President acts as a direct liaison between the Board and management of the Company and communicates to the Board on behalf of management.

Timothy Le Druillenec (CFO)

Timothy is a Fellow of the Chartered Institute of Management Accountants and has provided management consultancy and accounting services to numerous public and private companies. Timothy was until recently Finance Director of Dukemount Capital PLC, a Main Market listed property company and also Finance Director of Hemogenyx Pharmaceuticals PLC. In addition, Timothy has held appointments as director and company secretary of a number of public and private limited companies.

Tim is the Company's CFO and will be primarily responsible for managing the financial risks of the Company and for financial planning and record-keeping, as well as financial reporting to higher management.

Gil Penchina (Non-Executive Director)

Gil is a seasoned investor who has invested in LinkedIn, PayPal, Cruise Automotive, Dollar Shave Club, Hooked, Wealthfront, AngelList, Indiegogo, Fastly and others. Gil is currently a partner at Ridge Ventures, formerly IDG Ventures USA.

Prior to this, Gil was a board member at Fastly, the CEO of Wikia.com, a wiki hosting service which derived its revenue from advertising and sold content and became a top 50 web property and previously worked for eBay where he held a number of roles progressing from Manager in Business Development to VP and General Manager, International with responsibility for France, Italy, Spain, Poland and Eastern Europe and Expansion in Europe.

ARGO BLOCKCHAIN PLC

STRATEGIC REPORT

FOR THE PERIOD ENDED 31 DECEMBER 2018

The directors present their strategic report on the group for the period ended 31 December 2018

Principal activity

The Group has developed a global datacentre management business facilitating accessible easy to use Cryptocurrency Mining as a Service (MaaS) readily available at scale to anyone, anywhere in the world.

Review of the business and future developments

Argo Blockchain Plc was incorporated on 5th December 2017. On 3rd August 2018 the Company was admitted to the Official List of the UK Listing Authority by way of a listing on the standard segment of the London Stock Exchange.

The Company was incorporated as GoSun Blockchain Limited on 5 December 2017 with an initial share capital of £1 divided into 1 ordinary share of £1. On 20 December 2017, the Company subdivided the initial share capital of £1 into 1,000 Ordinary Shares. On 20 December 2017, the Company issued and allotted 89,999,000 Ordinary Shares with an aggregate nominal value of £89,999.00. On 21 December 2017 the Company changed its name to Argo Blockchain Limited and re-registered as a public limited company becoming Argo Blockchain plc.

On 2 January 2018, the Company raised a gross amount of £100,000 by the issue and allotment of 10,000,000 Ordinary Shares to certain early stage investors, and on 2 February 2018, the Company raised gross proceeds of £2,500,000 by the issue and allotment of 31,250,000 Ordinary Shares to certain investors. At the same time 437,500 Ordinary Shares were issued and allotted to Timothy Le Druillenec, a director of the Company, in consideration of services provided by him to the Company and 312,500 Ordinary Shares were issued and allotted to Align Research Ltd in consideration of services provided to the Company. Subsequent to this, certain Warrant Holders exercised their warrants in respect of Ordinary Shares, and the Company allotted 5,500,000 Ordinary Shares to those Warrant Holders. On 3rd August 2018 there was a Placing of 156,250,000 ordinary shares as part of the Listing process.

Argo Blockchain plc invested in a 100% subsidiary Argo Blockchain Canada Holdings Inc. (together “the Group”) incorporated in Canada on 12 January 2018. On 8th January 2019 that company changed its name to Argo Innovation Labs Inc.

On 1st September 2018 the Company acquired 100% of Argo Mining Limited for £1. On 14th January 2019 that company changed its name to Argo Innovation Labs Limited. This Company was dormant in the period ended 31 December 2018.

The Group has still not received £834,000 of the Placing monies due from Mirabaud Securities Limited as part of the Listing process on 3rd August 2018. It is in constant dialogue with its advisers and Mirabaud with the aim of recovering those monies. The Group has a contractual arrangement with Mirabaud which in turn has a contractual arrangement with its clients and legal proceedings are being pursued and any funds recovered will be due to the Group. In the meantime, the Board has taken the prudent step of providing against this amount during the period notwithstanding the fact that efforts are being made to recover the monies.

On 15th February 2019 the Group announced a refocus of its business strategy in light of the continuing difficult trading conditions in the cryptocurrency market as digital currencies continued to face severe price pressure and volatility. As a result of the challenging conditions, the Company ceased accepting new mining subscriptions and decided to terminate all existing mining-as-a-service (MaaS) contracts by 1st April 2019. This shift in strategy followed more than six months of better-than-expected growth achieved by Argo’s consumer business since its launch in the summer of 2018. Despite continuing demand for the services, the Company temporarily moved away from MaaS to mining directly for its own account.

Performance of the business during the period and the position at the End of the Year

The Group reported a loss of £4,117,285 for the period from incorporation to 31st December 2018. These losses resulted primarily from the costs of: the start up of the business; the professional costs and related costs of achieving the Group’s listing on the Official List of the UK Listing Authority by way of a standard listing; the roll out of the infrastructure to support the MaaS subscribers; maintaining the Group’s listing; and include: directors’ and employees fees and salaries; general administration costs and professional fees. As at the Balance Sheet date the Company had net assets of approximately £21m and £16m of cash balances.

Key performance indicators

The Board of Directors monitors the activities and performance of the Group on a continuing basis. The main performance indicator applicable to the Group at this stage of its development would have been the level of subscriber to its MaaS facility. As

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STRATEGIC REPORT

FOR THE PERIOD ENDED 31 DECEMBER 2018

has been mentioned above the Group has temporarily suspended that facility and is currently mining for itself. Whilst that position continues the Board considers that key primary performance indicators for the Group are the self mining earnings and the maintenance of cash which stood at £16,389,443 at the period end.

Principal risks and uncertainties

Whilst the Group temporarily focusses on self mining, the Board considers the principal risks for the Group to be the maintenance of cash reserves and value of cryptocurrency. The Group operates in an uncertain environment and is subject to a number of risk factors. The Board consider the following to be of particular relevance but this is no means an exhaustive list as there may be other risk factors not currently known. Due to its current cash reserves the Group does not consider there to be any material risk from financing costs or interest rate volatility.

Market conditions

Market conditions, including the cryptocurrency market values and general economic conditions and their effect on exchange rates, interest rates and inflation rates, may impact the ultimate value of the Group regardless of its operating performance. The Group also faces competition from other organisations, some of which may have greater resources.

Technology risks

The company operates within a highly technological environment where software and hardware are consistently updated. To ensure the company remains as a leading provider and stays ahead of its competitors, it needs to continue to invest in its technology, software and hardware which requires a large amount of capital.

Brexit

The effect on the Group of Article 50 being triggered and the ongoing Brexit negotiations is unknown. There may be issues in of raising funds from investors in the short term although at present there is no need to do so, however investor markets in the UK have continued to be strong and it is too early to say if there will be any direct impact. The Directors continue to monitor events and as the Directors receive more information from the Government and the EU they will assess the impact to the Group and take appropriate steps as required although as the Group's operation are based in Canada it is unlikely that there will be much of an effect on the business.

Risks relating to the Group's Business strategy

The Group is dependent on the ability of the Directors to identify suitable opportunities and to implement the Group's strategy. There is no assurance that the Group's activities of mining for itself and, once cryptocurrency values increase to previous levels, providing MaaS services will be successful even though internal forecasts continue to suggest otherwise.

Dependence on key personnel and management risks

The Group's business is dependent on retaining the services of a small management team and the loss of a key individual could have an adverse effect on the future of the Group's business. The Group's future success will also depend in large part upon its ability to attract and retain highly skilled personnel. This risk is managed by offering salaries that are competitive in the current market.

Environmental and other regulatory requirements

The event of a breach with any environmental or regulatory requirements may give rise to reputational, financial or other sanctions against the Group, and therefore the Board considers these risks seriously and designs, maintains and reviews the policies and processes so as to mitigate or avoid these risks. Whilst the Board has a good record of compliance, there is no assurance that the Group's activities will always be compliant.

This Strategic Report was approved by the Board of Directors, on 17 April 2019.



.....
Jonathan Bixby
Director

ARGO BLOCKCHAIN PLC

DIRECTORS' REPORT

FOR THE PERIOD ENDED 31 DECEMBER 2018

General information

The Directors present the Annual Report and audited consolidated financial statements for the period from incorporation to 31st December 2018.

The Company's Ordinary Shares were admitted to the Official List (by way of a Standard Listing under Chapter 14 of the Listing Rules) and to trading on the London Stock Exchange's main market for listed securities on 3rd August 2018. The Company is registered in England where its head office is located whilst its operations are based in Canada where the trading subsidiary, Argo Innovation Labs Inc. is registered. During the year the Company acquired a UK subsidiary, Argo Innovation Labs Limited., which remains dormant.

Future developments

The Group has recently temporarily ceased MaaS and is self mining cryptocurrencies as detailed further in the Strategic Report.

Dividends

The directors do not propose a dividend in respect of the period ended 31st December 2018.

Corporate governance

Application of principles

As a company with a Standard Listing, the Company is not required to comply with the provisions of the Corporate Governance Code published by the Financial Reporting Council (FRC Corporate Governance Code). The Company notes that it will not undertake the following steps required by the FRC Corporate Governance Code in that:

- given the size of the Board and the Company's current status, certain provisions of the FRC Corporate Governance Code (in particular the provisions relating to the composition of the Board and the division of responsibilities between the Chairman and chief executive and executive compensation), are not being complied with by the Company as the Board considers these provisions to be inapplicable to the Company;
- the Company will not initially have separate audit and risk, nominations or remuneration committees. The Board as a whole will instead review audit and risk matters, as well as the Board's size, structure and composition and the scale and structure of the Directors' fees, taking into account the interests of Shareholders and the performance of the Company, and will take responsibility for the appointment of auditors and payment of their audit fee, monitor and review the integrity of the Company's financial statements and take responsibility for any formal announcements on the Company's financial performance;
- the FRC Corporate Governance Code recommends that the submission of all directors for re-election at annual intervals. None of the Directors will be required to be submitted for re-election until the first annual general meeting of the Company; and
- the Board does not comply with the provision of the FRC Corporate Governance Code that at least half of the Board, excluding the Chairman, should comprise non-executive directors determined by the Board to be independent. In addition, the Company has not appointed a senior independent director. The Company intends to appoint additional independent non-executive directors in the future so that the Board complies with these provisions.

However, in the interests of observing best practice on corporate governance, the Company intends to comply with the provisions of the Corporate Governance Code published by the Quote Companies Alliance (QCA Corporate Governance Code) insofar as is appropriate having regard to the size and nature of the Company and the size and composition of the Board. Further information is available on www.argomining.co, the Group's website.

Directors

The Board is responsible for the Company's objectives and business strategy and its overall supervision. Acquisition, divestment and other strategic decisions will all be considered and determined by the Board.

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DIRECTORS' REPORT

FOR THE PERIOD ENDED 31 DECEMBER 2018

The Board will provide leadership within a framework of appropriate and effective controls. The Board will set up, operate and monitor the corporate governance values of the Company, and will have overall responsibility for setting the Company's strategic aims, defining the business objective, managing the financial and operational resources of the Company and reviewing the performance of the officers and management of the Company's business. The Board will take appropriate steps to ensure that the Company complies with Listing Principles 1 and 2 as set out in Chapter 7 of the Listing Rules and (notwithstanding that they only apply to companies with a Premium Listing) the Premium Listing Principles as set out in Chapter 7 of the Listing Rules.

The Company supports the concept of an effective Board leading and controlling the Company. The Board is responsible for approving Company policy and strategy. It meets quarterly and has a schedule of matters specifically reserved to it for decision. Management supply the Board with appropriate and timely information and the Directors are free to seek any further information they consider necessary. All Directors have access to advice from the Company Secretary and independent professionals at the Company's expense. Training is available for new Directors and other Directors as necessary.

All Directors are subject to re-election every three years and, on appointment, at the first AGM after appointment. There is no separate nomination committee, given the size of the Board. All Director appointments are approved by the Board as a whole.

Communications with shareholders

Communications with shareholders are given a high priority. In addition to the publication of an annual report and an interim report, there will be regular dialogue with shareholders and analysts. The Annual General Meeting is viewed as a forum for communicating with shareholders, particularly private investors. Shareholders may question the Chairman and other members of the Board at the Annual General Meeting. All published information for shareholders is also available on the Company website, including annual and interim reports, circulars, announcements and significant shareholdings.

Accountability and Audit

The Board presents a balanced and understandable assessment of the company's position and prospects in all interim and price sensitive reports to regulators as well as in the information required to be presented by statutory requirements. There is no separate audit committee, given the size of the Board. All matters normally considered by an Audit & Risk Committee are considered by the Board as a whole.

Internal control

The Directors acknowledge they are responsible for the Company's systems of internal control and for reviewing the effectiveness of these systems. The risk management process and systems of internal control are designed to manage rather than eliminate the risk of the company failing to achieve its strategic objectives. It should be recognised that such systems can only provide reasonable and not absolute assurance against material misstatement or loss.

Further considerations under the code are disclosed on the Company's website.

Political donations and political expenditure

The Group did not make any political donations or expenditure.

Post balance sheet events

Argo Blockchain plc invested in a 100% subsidiary Argo Blockchain Canada Holdings Inc. (together "the Group") incorporated in Canada on 12 January 2018. On 8th January 2019 that company changed its name to Argo Innovation Labs Inc.

On 1st September 2018 the Company acquired 100% of Argo Mining Limited for £1. On 14th January 2019 that company changed its name to Argo Innovation Labs Limited

On 15th February 2019 the Group announced a refocus of its business strategy in light of the continuing difficult trading conditions in the cryptocurrency market as digital currencies continued to face severe price pressure and volatility. As a result of the challenging conditions, the Company ceased accepting new mining subscriptions and decided to terminate all existing mining-as-a-service (MaaS) contracts by 1st April 2019. This shift in strategy followed more than six months of better-than-expected growth achieved by Argo's consumer business since its launch in the summer of 2018. Despite continuing demand for the services, the Company temporarily moved away from MaaS to mining directly for its own account.

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DIRECTORS' REPORT

FOR THE PERIOD ENDED 31 DECEMBER 2018

Directors and directors' interests

The directors who held office during the period and up to the date of signature of the financial statements were as follows:

M S Edwards	(appointed 2 February 2018)
G Penchina	(appointed 2 February 2018)
T V Le Druillenec	(appointed 5 December 2017)
J F Bixby	(appointed 2 February 2018)
A R T Beeston	(appointed 20 December 2017, resigned 17 May 2018)

Name	Ordinary Shares at 31 December 2018	Percentage of Issued Share Capital
Jonathan Bixby*	19,350,000	6.59%
Mike Edwards*	19,350,000	6.59%
Gil Penchina	1,000,000	0.34%
Timothy Le Druillenec	437,500	0.15%
**Adrian Beeston	6,300,000	2.14%

* Jonathan Bixby's and Mike Edwards' interests are held through Durban Holdings Ltd, a company under their joint ownership and control.

** Adrian Beeston resigned as a director on 17 May 2018.

Warrants

Date of Agreement	Warrant Holder	Number of Warrants	Price per Ordinary Share	Exercise Period	Vesting Period	Transferrable	Exercised	Lock-in
26 February 2018	Timothy Le Druillenec	2,400,000	8 pence	3 years from grant	18 months from grant (25% on issue, 25% each 6 months thereafter)	No	No	12 months from date of the agreement

Options

Name	Date of Grant	Aggregate number of options granted	Exercise Price	Exercise Conditions	Lapse Date
Jonathan Bixby	25 July 2018	3,766,025	Placing Price	Admission	25 July 2024
	25 July 2018	6,563,000	Placing Price	1/3 on the first anniversary of admission, 1/36 of the total options monthly thereafter	25 July 2024
Mike Edwards	25 July 2018	3,766,025	Placing Price	Admission	25 July 2024
	25 July 2018	6,563,000	Placing Price	1/3 on the first anniversary of admission, 1/36 of the total options monthly thereafter	25 July 2024
Timothy Le Druillenec	25 July 2018	1,500,000	Placing Price	1/3 on the first anniversary of admission, 1/36 of the total options monthly thereafter	25 July 2024
Gil Penchina	25 July 2018	1,000,000	Placing Price	1/3 on the first anniversary of admission, 1/36 of the total options monthly thereafter	25 July 2024

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DIRECTORS' REPORT

FOR THE PERIOD ENDED 31 DECEMBER 2018

Going Concern

The Directors, having made due and careful enquiry, are of the opinion that the Group has adequate working capital to meet its obligations over the next 12 months. The Directors therefore have made an informed judgement, at the time of approving the financial statements, that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. As a result, the Directors have adopted the going concern basis of accounting in the preparation of the annual financial statements.

Employees

In addition to the Directors the Group had on average 5 employees during the period.

Financial Risk Management

The Group has a simple capital structure and its principal financial asset is cash. The Group has no material exposure to market risk or currency risk and the Directors manage its exposure to liquidity risk by maintaining adequate cash reserves and ensuring any debt financing is at a competitive interest rate which can be maintained within the group's cash resources going forward.

Substantial shareholdings

Name	Ordinary Shares at date of this report Admission	Percentage of Share Capital
First Investments Holding Limited	40,500,000	13.79%
Durban Holdings Ltd	38,700,000	13.17%
Miton Asset Management	25,000,000	8.51%
Hadron Capital LLP	22,173,000	7.55%
Second Wave Capital LP	11,716,604	3.99%
Janus Henderson Investors Limited	11,000,000	3.74%
First Equity	10,000,000	3.40%
IronPort Blockchain Financial Inc	9,000,000	3.06%
Jupiter Asset Management	9,000,000	3.06%

These are the substantial shareholdings as at the date of the report.

Controlling shareholder

The Group does not have a controlling shareholder.

Greenhouse gas emissions

The Group has two mining facilities in the province of Quebec. The main facility is located in the town of Mirabel, outside of Montreal. The second facility is devoted to research and development, and is located in Gatineau, Quebec, close to Ottawa, Ontario. Both of these facilities are powered by electricity supplied by Hydro Quebec, the province's main power utility provider. Hydro Quebec's power is almost 100% renewable with 94.47% being sourced from Hydro electrical power, and 5.3% of it sourced from wind, biomass, biogas, or solar power. This indicates that the Group's carbon emissions during the period were insignificant.

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DIRECTORS' REPORT

FOR THE PERIOD ENDED 31 DECEMBER 2018

Provision of information to auditor

So far as each of the Directors is aware at the time this report is approved:

- there is no relevant audit information of which the Group's auditor is unaware; and
- the Directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the Group's auditor is aware of that information.

Auditors

The auditors, PKF Littlejohn LLP have indicated their willingness to continue in office, and a resolution that they be re-appointed will be proposed at the annual general meeting.

This report was approved by the board on 17 April 2019 and signed on its behalf.



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T V Le Druillenec
Director

ARGO BLOCKCHAIN PLC

REMUNERATION REPORT

FOR THE PERIOD ENDED 31 DECEMBER 2018

This remuneration report sets out the Group's policy on the remuneration of executive and non-executive Directors together with details of Directors' remuneration packages and service contracts for the financial period ended 31 December 2018. Due to the fact there is currently only one non executive director and the stage of the Group's development a remunerations committee has yet to be formed.

Annual report on remuneration

Directors' remuneration (audited)

Details of directors' remuneration during the period ended 31st December 2018 is as follows:

Director	Salary and fees	Taxable benefits	Bonus	Pension related benefits	Share based payment	2018 Total
	£	£	£	£	£	£
<i>Executive</i>						
Jonathan Bixby	208,612	-	-	-	-	208,612
Mike Edwards	208,983	-	-	-	-	208,983
Timothy Le Druillenec	81,000	-	-	-	35,000	116,000
<i>Non-executive</i>						
Gil Penchina	16,289	-	-	-	-	16,289
*Adrian Beeston	46,858	-	-	-	-	46,858
	561,742	-	-	-	35,000	596,742

Details of the share options and warrants granted to the directors during the period are included within the Directors' Report.

*Adrian Beeston resigned on 17 May 2018.

Statement of directors' shareholding and share interests (audited)

The Directors who held office at 31 December 2018 and who had beneficial interests in the Ordinary Shares of the Company are summarised as follows:

Director	Position
Jonathan Bixby	Executive Chairman
Mike Edwards	Executive Director and President
Timothy Le Druillenec	Executive Director and CFO
Gil Penchina	Non-Executive Director
Adrian Beeston	Non-Executive Director (resigned 17 May 2018)

Details of these beneficial interests can be found in the Directors' Report.

Service Agreements and Letters of Appointment

The service contracts with Jonathan Bixby and Mike Edwards are on a continuous basis, subject to termination provisions, and are subject to termination upon 12 months' notice given by either party. The appointments of Timothy Le Druillenec and Gil Penchina are subject to a 3 year term and to termination upon 3 months' notice given by either party. Adrian Beeston resigned on 17 May 2018.

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REMUNERATION REPORT

FOR THE PERIOD ENDED 31 DECEMBER 2018

Terms of appointment

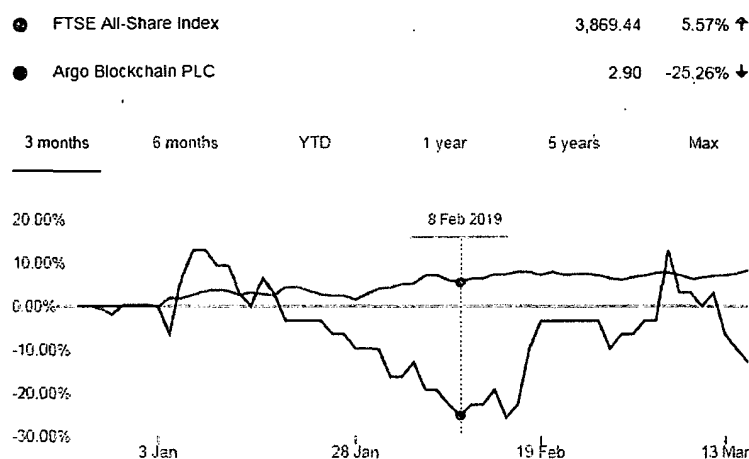
The services of the Directors, provided under the terms of agreement with the Group are dated as follows:

Director	Year of appointment	Number of years completed	Date of current engagement letter
Jonathan Bixby	2018	1	25 January 2018
Mike Edwards	2018	1	25 January 2018
Timothy Le Druillenec	2018	1	24 February 2018
Gil Penchina	2018	1	8 March 2018

Unaudited information

Performance Graph

The following graph compares the total shareholder return of an ordinary share in Argo Blockchain plc against the total shareholder return of the FTSE All-share index.



Source: https://www.google.co.uk/search?q=INDEXFTSE:ASX&e=4112296&tbm=fin&biw=1920&bih=974#scso=uid_foEFW_wail_HSBc3DoIAC_5:0&smids=/g/11f7nl7q7l&wptab=COMPARE

ARGO BLOCKCHAIN PLC

REMUNERATION REPORT

FOR THE PERIOD ENDED 31 DECEMBER 2018

Remuneration Policy

In setting the policy, the Board has taken the following into account:

- The need to attract, retain and motivate individuals of a calibre who will ensure successful leadership and management of the Group;
- The Group's general aim of seeking to reward all employees fairly according to the nature of their role and their performance;
- Remuneration packages offered by similar companies within the same sector;
- The need to align the interests of shareholders as a whole with the long-term growth of the Group; and
- The need to be flexible and adjust with operational changes throughout the term of this policy.

Remuneration Components

The remuneration policy of the Group is outlined below.

Future Policy Table

Element	Purpose	Policy	Operation	Opportunity and performance conditions
Executive directors				
Base salary	To award for services provided	The remuneration of Directors is based on the recommendations of the Chairman and comparison with other companies of a similar size and sector. Any Director who serves on any committee, or who devotes special attention to the business of the Group, or who otherwise performs services which in the opinion of the Directors are outside the scope of the ordinary duties of a Director, may be paid such extra remuneration as the Directors may determine.	Paid monthly and will be reviewable annually.	The total value of Directors' fees that may be paid is limited by the Group's Articles of Association to £150,000 per annum.
Pension	N/A	Not awarded	N/A	N/A
Benefits	N/A	Not awarded	N/A	N/A
Annual Bonus	N/A	Not awarded	N/A	N/A
Share Options	N/A	As above	N/A	N/A

ARGO BLOCKCHAIN PLC

REMUNERATION REPORT

FOR THE PERIOD ENDED 31 DECEMBER 2018

Non-executive directors				
Base salary	To award for services provided	The Board as a whole determines the remuneration of non-executive Directors based on the recommendations of the Chairman and comparison with other companies of a similar size and sector. There is no element of remuneration for performance. Any Director who serves on any committee, or who devotes special attention to the business of the Group, or who otherwise performs services which in the opinion of the Directors are outside the scope of the ordinary duties of a Directors, may be paid such extra remuneration as the Directors may determine.	Paid monthly and reviewable annually.	The total value of Directors' fees that may be paid is limited by the Group's Articles of Association to £150,000 per annum.
Pension	N/A	Not awarded	N/A	N/A
Benefits	N/A	There is no element of remuneration for performance.	N/A	N/A
Share Options	N/A	Not awarded	N/A	N/A

Notes to the future policy table

The Directors shall also be paid by the Group all travelling, hotel and other expenses as they may incur in attending meetings of the Directors or general meetings or otherwise in connection with the discharge of their duties.

Consideration of shareholder views

The Board will consider shareholder feedback received and guidance from shareholder bodies. This feedback, plus any additional feedback received from time to time, is considered as part of the Group's annual policy on remuneration.

Policy for new appointments

Base salary levels will take into account market data for the relevant role, internal relativities, the individual's experience and their current base salary. Where an individual is recruited at below market norms, they may be re-aligned over time (e.g. two to three years), subject to performance in the role. Benefits will generally be in accordance with the approved policy.

For external and internal appointments, the Board may agree that the Group will meet certain relocation and/or incidental expenses as appropriate.

Approved on behalf of the Board of Directors on 17 April 2019



Jonathan Bixby
Director

ARGO BLOCKCHAIN PLC

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE PERIOD ENDED 31 DECEMBER 2018

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company and of the profit and loss of the group for that period. In preparing these financial statements, International Accounting Standard 1 requires that directors:

- Properly select and apply suitable accounting policies;
- Present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- Provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- Make an assessment of the group and company's ability to continue as a going concern.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Website publication

The directors are responsible for ensuring the annual report and the financial statements are made available on a website. Financial statements are published on the group and company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the group and company's website is the responsibility of the directors. The directors' responsibility also extends to the on-going integrity of the financial statements contained therein.

Directors' responsibilities pursuant to DTR4 (Disclosure and Transparency Rules)

The directors confirm to the best of their knowledge:

- The group and company financial statements have been prepared in accordance with IFRSs as adopted by the European Union and Article 4 of the IAS Regulation and give a true and fair view of the assets, liabilities, financial position and profit and loss of the group and company; and
- The annual report includes a fair review of the development and performance of the business and financial position of the group and company together with a description of the principal risks and uncertainties.

ARGO BLOCKCHAIN PLC

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF ARGO BLOCKCHAIN PLC

Opinion

We have audited the financial statements of Argo Blockchain Plc (the 'parent company') and its subsidiaries (the 'group') for the period ended 31 December 2018 which comprise the Group Statement of Comprehensive Income, the Group and Parent Company Balance sheets, the Group and Parent Company Statements of Changes in Equity, the Group and Parent Company Statements of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2018 and of the group's and parent company's loss for the period then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006; and, as regards the group financial statements, Article 4 of the IAS Regulation.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements on our audit and on the financial statements. For the purposes of determining whether the financial statements are free from material misstatement, we define materiality as the magnitude of misstatement that makes it probable that the economic decisions of a reasonably knowledgeable person, relying on the financial statements, would be changed or influenced. We also determine a level of performance materiality which we use to assess the extent of testing needed to reduce an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole. When establishing our overall audit strategy, we determined a magnitude of uncorrected misstatements that we judged would be material for the financial statements as a whole. We determined materiality for the Group to be £205,000, which is of 5% loss before tax. This is considered appropriate considering the principal driving force at this stage of the business being a start up. of the business is expenditure incurred and cash at bank..

ARGO BLOCKCHAIN PLC

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF ARGO BLOCKCHAIN PLC

An overview of the scope of our audit

As part of designing our audit, which included a visit to Canada where some of the company's operations are based, we determined materiality and assessed the risk of material misstatement in the financial statements. In particular, we looked at areas involving significant uncertainty, estimates and judgement by the Directors and considered future events that are inherently uncertain. We also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How the scope of our audit responded to the key audit matter
Revenue recognition There is an inherent risk around the accuracy of revenue due to the high technology of the service being provided.	<ul style="list-style-type: none">▪ Updating our understanding of the internal control environment in operation for the significant income streams and undertaking a walk-through to ensure that the key controls within these systems have been operating in the period under audit;▪ Substantive transactional testing of income recognised in the financial statements;▪ A proof in total based on number of subscribers and membership fees; and▪ A review of post year end receipts to ensure completeness of income recorded in the accounting period;▪ Testing of the crypto-mining process to ensure delivery is in line with contractual terms, and subsequent revenue is recognised correctly and in accordance with IFRS 15
Recognition and valuation of Crypto currency assets The Group entered into several large transactions involving the purchase, mining and disposal of Crypto assets. The group has other current assets of £2,082 at the period end comprising of Crypto currencies. The type and form of these assets can differ significantly with regard to the ability to make payments, trade or exchange. In addition, not all Crypto assets have an active market whereby transactions in the digital currencies take place with sufficient frequency and volume in order to provide pricing information on an ongoing basis. Crypto assets can be subject to high levels of volatility.	<ul style="list-style-type: none">▪ Confirmed good title to the Crypto assets via the Group's wallets.▪ Reviewed and tested underlying agreements giving rise to the receipt of Crypto assets.▪ Agreed fair values at the transaction dates and period end date.▪ Confirmed that only Crypto currencies traded on an active market have been measured at fair value.▪ Post year-end review to identify transactions to support the realisation of the 31 December 2018 carrying value.

ARGO BLOCKCHAIN PLC

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF ARGO BLOCKCHAIN PLC

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the group and parent company financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion the part of the directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements and the part of the directors' remuneration report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the group and parent company financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the group and parent company financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

ARGO BLOCKCHAIN PLC

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF ARGO BLOCKCHAIN PLC

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Other matters which we are required to address

We were appointed by the Board on 21 February 2019 to audit the financial statements for the period ending 31 December 2018. Our total uninterrupted period of engagement is 1 year, covering the period ending 31 December 2018.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the group or the parent company and we remain independent of the group and the parent company in conducting our audit.

Our audit opinion is consistent with the additional report to the board.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone, other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Zahir Khaki (Senior Statutory Auditor)
For and on behalf of PKF Littlejohn LLP
Statutory Auditor
17 April 2019

1 Westferry Circus
Canary Wharf
London E14 4HD

ARGO BLOCKCHAIN PLC

GROUP STATEMENT OF COMPREHENSIVE INCOME

FOR THE PERIOD ENDED 31 DECEMBER 2018

		Period ended 31 December 2018 £
	Notes	
Revenue	4	764,562
Cost of sales	5	(1,175,964)
Gross Profit		(411,402)
Administrative expenses	5	(3,731,913)
Operating loss		(4,143,315)
Interest expense		(9,934)
Finance income		35,964
Loss before taxation		(4,117,285)
Tax on loss	9	-
Total comprehensive income attributable to the equity holders of the company		(4,117,285)
Earnings per share attributable to equity owners (pence)		
Basic and diluted earnings per share	10	(2.2p)

The income statement has been prepared on the basis that all operations are continuing operations

The accounting policies and notes on pages 27 to 49 form part of the financial statements.

ARGO BLOCKCHAIN PLC

GROUP BALANCE SHEET

AS AT 31 DECEMBER 2018

	Notes	2018 £
ASSETS		
Non-current assets		
Intangible fixed assets	12	619,500
Tangible fixed assets	13	2,457,240
Total non-current assets		<u>3,076,740</u>
Current assets		
Trade and other receivables	15	2,179,057
Other current assets	16	2,082
Cash and cash equivalents		16,389,443
Total current assets		<u>18,570,582</u>
Total assets		<u>21,647,322</u>
EQUITY AND LIABILITIES		
Equity		
Share capital	19	293,750
Share premium account	20	25,252,288
Retained loss		(4,117,285)
Total equity		<u>21,428,753</u>
Current liabilities		
Trade and other payables	22	218,569
Total liabilities		<u>218,569</u>
Total equity and liabilities		<u>21,647,322</u>

The financial statements were approved by the board of directors and authorised for issue on 17 April 2019 and are signed on its behalf by:



J Bixby
Director

The accounting policies and notes on pages 27 to 49 form part of the financial statements.

ARGO BLOCKCHAIN PLC

COMPANY BALANCE SHEET

AS AT 31 DECEMBER 2018

Company Registration No. 11097258		2018
	Notes	£
ASSETS		
Non-current assets		
Investment in subsidiaries	11	1
Total non-current assets		1
Current assets		
Trade and other receivables	15	16,764
Loan to Subsidiary		10,695,589
Cash and cash equivalents		13,117,072
Total current assets		23,829,425
Total assets		23,829,426
EQUITY AND LIABILITIES		
Equity		
Share capital	19	293,750
Share premium account	20	25,252,288
Retained losses		(1,779,612)
Total equity		23,766,426
Current liabilities		
Trade and other payables	22	63,000
Total liabilities		63,000
Total equity and liabilities		23,829,426

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's loss for the year was £1,779,612.

The financial statements were approved by the board of directors and authorised for issue on 17 April 2019 and are signed on its behalf by:



.....
J Bixby
Director

The accounting policies and notes on pages 27 to 49 form part of the financial statements.

ARGO BLOCKCHAIN PLC

GROUP STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD ENDED 31 DECEMBER 2018

	Share capital	Share premium account	Share based payment reserve	Retained losses	Total
	£	£	£	£	£
Balance at 5 December 2017	-	-	-	-	-
Period ended 31 December 2018					
Total comprehensive loss for the period	-	-	-	(4,117,285)	(4,117,285)
Transactions with equity owners					
Issue of share capital net of issue costs	293,750	25,252,288	-	-	25,546,038
Total transactions with owners	293,750	25,252,288	-	-	25,546,038
Balance at 31 December 2018	293,750	25,252,288	-	(4,117,285)	21,428,753

The accounting policies and notes on pages 27 to 49 form part of the financial statements.

ARGO BLOCKCHAIN PLC

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD ENDED 31 DECEMBER 2018

	Share capital	Share premium account	Share based payment reserve	Retained losses	Total
	£	£	£	£	£
Balance at 5 December 2017	-	-	-	-	-
Period ended 31 December 2018					
Total comprehensive loss for the period	-	-	-	(1,779,612)	(1,779,612)
Transactions with equity owners					
Issue of share capital net of issue costs	293,750	25,252,288	-	-	25,546,038
Total transactions with owners	<u>293,750</u>	<u>25,252,288</u>	<u>-</u>	<u>-</u>	<u>25,546,038</u>
Balance at 31 December 2018	<u>293,750</u>	<u>25,252,288</u>	<u>-</u>	<u>(1,779,612)</u>	<u>23,766,426</u>

The accounting policies and notes on pages 27 to 49 form part of the financial statements.

ARGO BLOCKCHAIN PLC

GROUP STATEMENT OF CASH FLOWS

FOR THE PERIOD ENDED 31 DECEMBER 2018

		Period ended 31 December 2018	
	Notes	£	£
Cash flows from operating activities			
Operating loss	23		(4,153,249)
Depreciation/Amortisation			487,697
Services settled by issue of shares			60,000
Crypto asset purchases for resale	16		329,088
Decrease/(increase) in trade and other receivables			(2,181,139)
(Decrease)/increase in trade and other payables			218,569
Net cash flow used in operating activities			(5,239,034)
Investing activities			
Purchase of intangible assets		(671,921)	
Purchase of tangible fixed assets		(2,892,516)	
Crypto asset purchases for resale	16	(329,088)	
Interest received		35,964	
Net cash used in investing activities			(3,857,561)
Financing activities			
Proceeds from issue of shares net of issue costs		25,486,038	
Net cash generated from/(used in) financing activities			25,486,038
Net increase in cash and cash equivalents			16,389,443
Cash and cash equivalents at beginning of period			-
Cash and cash equivalents at end of period			16,389,443

ARGO BLOCKCHAIN PLC

COMPANY STATEMENT OF CASH FLOWS

FOR THE PERIOD ENDED 31 DECEMBER 2018

		Period ended 31 December 2018
	Notes	£
Cash flows from operating activities		
Operating loss	23	(1,815,576)
Services settled by issue of shares		60,000
Decrease/(increase) in trade and other receivables		(16,764)
(Decrease)/increase in trade and other payables		63,000
Net cash flow used in operating activities		(1,709,340)
Investing activities		
Investment in subsidiary		(1)
Decrease/(increase) in loan to subsidiary		(10,695,589)
Purchase of tangible fixed assets		-
Interest received		35,964
Net cash used in investing activities		(10,659,626)
Financing activities		
Proceeds from issue of shares net of costs		25,486,038
Net cash generated from/(used in) financing activities		25,486,038
Net increase in cash and cash equivalents		13,117,072
Cash and cash equivalents at beginning of period		-
Cash and cash equivalents at end of period		13,117,072

ARGO BLOCKCHAIN PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2018

1 Accounting policies

Company information

Argo Blockchain plc ("the company") is a public limited company incorporated in England and Wales. The registered office is Room 4, 1st Floor 50 Jermyn Street, London, United Kingdom, SW1Y 6LX. The company was incorporated on 5 December 2017 as GoSun Blockchain Limited and changed its name to Argo Blockchain Limited on 21 December 2017. Also on 21 December 2017, the company re-registered as a public company, Argo Blockchain plc. Argo Blockchain plc acquired a 100% subsidiary, Argo Blockchain Canada Holdings Inc. (together "the Group"), incorporated in Canada, on 12 January 2018.

On 3 August 2018 the company placed 156,250,000 ordinary shares at a price of 16 pence per ordinary share and gained admission to the official list (by way of Standard Listing under chapter 14 of the Listing Rules) and to trading on the London Stock Exchange's main market for listed securities.

On 1st September 2018 the Company acquired 100% of Argo Mining Limited for £1, which was dormant in the period ended 31 December 2018.

The principal activity of the group is that of the provision of crypto mining services.

Reporting period

The financial statements cover the period from incorporation 5 December 2017 to 31 December 2018.

Significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below.

1.1 Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRS Interpretations Committee (IFRS IC) interpretations as adopted by the European Union and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention.

The financial statements are prepared in sterling, which is the functional currency of the company and Group. Monetary amounts in these financial statements are rounded to the nearest £. Entities within the Group which have a functional currency that is different to that of the parent, are presented in the Group's presentational currency of Sterling. Where group entities' functional currencies are different from the parent, the assets and liabilities presented are translated at the closing rate as at the Balance Sheet date. Income and expenses are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions).

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

1.2 Going concern

The preparation of consolidated financial statements requires an assessment on the validity of the going concern assumption. The Directors have reviewed projections for a period of at least 12 months from the date of approval of the Financial Statements. The Group currently has a low level of revenues but significant cash resources were raised, following its listing, to finance its activities. In making their assessment of going concern, the Directors acknowledge that the Group has considerable cash reserves and can therefore confirm that they hold sufficient funds to ensure the Group continues to meet its obligations as they fall due for a period of at least one year from date of approval of these Financial Statements. Accordingly, the Board believes it is appropriate to adopt the going concern basis in the preparation of the Financial Statements.

ARGO BLOCKCHAIN PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2018

1 Accounting policies (continued)

1.3 Revenue recognition

Subscription revenue

The Group recognised revenue during the period based on subscription revenues received monthly in advance of the MaaS facilities offered. Each contract was renewable on a monthly basis and the Group did not offer any longer term agreements to subscribers. The Group enters into contracts with the subscriber. Revenue arising from subscription sales under these subscription contracts is recognised when the price is determinable, the product has been delivered in accordance with the terms of the contract, the significant risks and rewards of ownership have been transferred to the customer and collection of the sales price is reasonably assured. These criteria for performance obligation are assessed to have occurred once the crypto mining service has been delivered to the customer.

Mined income

The Group recognised revenue during the period in relation to mined crypto. The Group enters into contracts with the blockchain. The performance obligation is identified to be the delivery of crypto into the Group's wallet once an algorithm has been solved. The transaction price is the fair value of crypto mined, being the fair value per yahoo finance on the transaction date, and this is allocated to the number of crypto mined. These criteria for performance obligation are assessed to have occurred once the crypto has been received in the Group's wallet.

1.4 Basis of consolidation

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

The group consists of Argo Blockchain plc and its wholly owned subsidiaries Argo Innovation Labs Inc and Argo Innovation Labs Limited, the latter remaining dormant.

In the parent company financial statements, investments in subsidiaries, joint ventures and associates are accounted for at cost less impairment.

The consolidated financial statements incorporate those of Argo Blockchain plc and all of its subsidiaries (i.e. entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired during the year are consolidated using the purchase method. Their results are incorporated from the date that control passes.

All financial statements are made up to 31 December 2018. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation.

Argo Innovation Labs Inc. has been included in the group financial statements using the purchase method of accounting. Accordingly, the group profit and loss account and statement of cash flows include the results and cash flows of Argo Innovation Labs Inc. for the period from its incorporation and acquisition on 12 January 2018.

ARGO BLOCKCHAIN PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2018

1.5 Segmented reporting

The directors consider that the Group has only one reporting segment. Accordingly, no segmental analysis is considered necessary due to the nature of how customers can subscribe to the service (i.e. can subscribe and manage their accounts from wherever they are located) and thus geographical analysis will not provide any meaningful analysis.

1.6 Intangible assets

Intangible fixed assets comprising of the Group's website and supporting software platform relates to the user interface for customers, and as such is revenue generating.

Intangible assets are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Costs relating to the development of website and software are capitalised once all the development phase recognition criteria of IAS 38 "Intangible Assets" are met. When the software is available for its intended use, amortisation is charged on a straight-line basis over the estimated useful life of 5 years.

The useful life represents management's view of the expected period over which the Group will receive benefits from the Website, as well as anticipation of future events which may impact their useful life, such as changes in technology.

1.7 Tangible fixed assets

Tangible fixed assets comprise of computer equipment and data centre improvements.

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses. Cost includes the original purchase price of the asset and any costs attributable to bringing the asset to its working condition for its intended use. An item of property, plant and equipment is recognised as an asset if it is probable that future economic benefits associated with the asset will flow to the entity, and the cost of the asset can be measured reliably.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their estimated useful lives of 3 years in the case of computer equipment and 5 years in the case of the data centre improvements.

Management assesses the useful lives based on historical experience with similar assets as well as anticipation of future events which may impact their useful life, such as changes in technology.

1.8 Fixed asset investments

In the parent company financial statements, investments in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

1.9 Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

ARGO BLOCKCHAIN PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2018

1 Accounting policies (continued)

1.10 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand and demand deposits with banks and other financial institutions, that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

1.11 Financial instruments – initial recognition and subsequent measurement

(1) Financial assets

Financial assets are recognised in the Balance Sheet when the group becomes party to the contractual provisions of the instrument.

Financial assets are classified into specified categories. The classification depends on the nature and purpose of the financial assets and is determined at the time of recognition.

Financial assets are subsequently measured at amortised cost, fair value through OCI, or fair value through profit and loss.

The classification of financial assets at initial recognition that are debt instruments depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. The Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Financial assets at amortised cost (debt instruments)

This category is the most relevant to the Group. The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Interest received is recognised as part of finance income in the statement of profit or loss and other comprehensive income. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. IFRS 9.5.4 The Group's financial assets at amortised cost include other receivables and cash and cash equivalents.

ARGO BLOCKCHAIN PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2018

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated Balance sheet) when:

- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Impairment of financial assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original EIR. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

The Group recognises an allowance for ECLs for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original EIR. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For other receivables due in less than 12 months, the Group applies the simplified approach in calculating ECLs, as permitted by IFRS 9. Therefore, the Group does not track changes in credit risk, but instead, recognises a loss allowance based on the financial asset's lifetime ECL at each reporting date.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows and usually occurs when past due for more than one year and not subject to enforcement activity.

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

(2) Financial liabilities

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Group's financial liabilities include trade and other payables and loans.

ARGO BLOCKCHAIN PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2018

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Loans and borrowings and trade and other payables

After initial recognition, interest-bearing loans and borrowings and trade and other payables are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in the statement of profit or loss and other comprehensive income when the liabilities are derecognised, as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss and other comprehensive income.

This category generally applies to trade and other payables.

Derecognition

A financial liability is derecognised when the associated obligation is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss and other comprehensive income.

1.12 Equity instruments

Equity instruments issued by the group are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the group. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

1.13 Financial risk management

Equity instruments issued by the group are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the group. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Financial Risk Factors

The Group's activities expose it to a variety of financial risks: market risk (price risk), credit risk and liquidity risk. The Group's overall risk management programme seeks to minimise potential adverse effects on the Group's financial performance.

The Group has no borrowings, but is exposed to market risk in terms of foreign exchange risk.

Risk management is undertaken by the Board of Directors.

Market Risk – price risk

The Group is exposed to price risk primarily for the costs of power and hosting at its data centres as well as the costs of computer equipment acquired to facilitate mining cryptocurrencies.

The Group is also exposed to commodity price risk by way of the values of cryptocurrencies. The Directors review all these costs on a regular basis and aim to achieve the best possible terms for the Group at the time of acquisition.

ARGO BLOCKCHAIN PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2018

Credit risk

Credit risk arises from cash and cash equivalents as well as any outstanding receivables. Management does not expect any losses from non-performance of these receivables. The amount of exposure to any individual counter party is subject to a limit, which is assessed by the Board.

The Group considers the credit ratings of banks in which it holds funds in order to reduce exposure to credit risk, which is stated under the cash and cash equivalents accounting policy.

Liquidity risk

Liquidity risk arises from the Group's management of working capital. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due.

Controls over expenditure are carefully managed, in order to maintain its cash reserves.

Capital risk management

The Group's objectives when managing capital is to safeguard the Group's ability to continue as a going concern, in order to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure. The Group has no borrowings.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

The Group monitors capital on the basis of the total equity held by the Group, being £21,428,753.

1.14 Taxation

The tax expense represents the sum of tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited to the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

ARGO BLOCKCHAIN PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2018

1.15 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of non-current assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.16 Retirement benefits

The group does not have any pension schemes.

1.17 Share-based payments

Equity-settled share based payments are measured at fair value at the date of grant by reference to the fair value of the equity instruments granted using the Black-Scholes model. The fair value determined at the grant date is expensed on a straight-line basis over the vesting period, based on the estimate of shares that will eventually vest. A corresponding adjustment is made to equity.

When the terms and condition of equity settled share-based payments at the time they were granted are subsequently modified, the fair value of the share-based payment under the original terms and conditions and under the modified terms and conditions are both determined at the date of the modification. Any excess of the modified fair value over the original fair value is recognised over the remaining vesting period in addition to the grant date fair value of the original share-based payment. The share-based payment expense is not adjusted if the modified fair value is less than the original fair value.

Cancellations or settlements are treated as an acceleration of vesting and the amount that would have been recognised over the remaining vesting period is recognised immediately.

1.18 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Rentals payable under operating leases, less any lease incentives received are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which the benefits from the lease asset are consumed.

1.19 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are determined in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the income statement for the period.

2 Adoption of new and revised standards

These are the first financial statements of the company. The company has therefore adopted all recognition, measurement and disclosure requirements of IFRS, including any new and revised standards and Interpretations of IFRS, in effect for annual periods commencing on or after 1 January 2018.

Standards which are in issue but not yet effective

At the date of authorisation of these financial statements, the following Standards and Interpretation, which have not yet been applied in these financial statements, were in issue but not yet effective.

ARGO BLOCKCHAIN PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2018

<i>Standard or Interpretation</i>	<i>Description</i>	<i>Effective date for annual accounting period beginning on or after</i>
IFRS 3	Amendments to IFRS 3 'Business Combinations' to clarify the definition of a business	1 January 2020
IFRS 16	Leases – new standard	1 January 2019
IAS 1	Amendments to IAS 1, 'Presentation of Financial Statements' regarding the definition of 'material'	1 January 2020
IAS 8	Amendments to IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors' regarding the definition of 'material'	1 January 2020
IAS 12	Amendments to IAS 12, 'Income Taxes' resulting from <i>Annual Improvements 2015-2017 Cycle</i> (income tax consequences of dividends)	1 January 2019
IFRIC 23	Uncertainty over Income Tax Treatments	1 January 2019

The company have not early adopted any of the above standards and the directors are assessing the impact on future financial statements.

3 Judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are outlined below.

Share-based payments

During the course of the period certain share based payments were made based on the fees due to certain individual for services to be performed by them in the future. In calculating these payments, where possible the Directors consulted with professional advisers to establish the market rate for these services. In addition to this, the company has also issued warrants and options which have been valued in accordance with the Black Scholes model. A lot of estimation and judgement is required by the directors when using the Black Scholes method. Further details of these estimates are available in note 17.

Valuation of intangible fixed assets

The directors considered at length whether any further impairments were required on the value of the computer equipment and website. In doing so they made use of forecasts of revenues and expenditure prepared by the Group and came to the conclusion that further impairment of those assets were unnecessary based on current forecasts.

Valuation of cryptocurrencies

The Board monitors regularly the values of the cryptocurrencies and any market forecasts. During the period, the Group entered into crypto currency transactions, which were assessed for fair value in line with the requirements of IAS38. Revaluations were made with such regularity that as at the end of the reporting period the carrying amount of the asset does not differ materially from its fair value. All revaluations were made with reference to level 1 information, being crypto currencies actively traded on the open market. As at 31st December 2018 the Group did not hold any significant amounts of crypto currency.

ARGO BLOCKCHAIN PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2018

4 Revenue

	2018
	£
UK (corporate reseller)	227,561
Canada (corporate reseller)	370,993
Subscriber revenue – worldwide	77,044
Crypto currency mining - worldwide	88,964
	<u>764,562</u>

5 Expenses by nature

	2018
	£
Administration expenses	
Salary and other employee costs	202,839
Depreciation and amortisation	67,842
Mirabaud Securities Limited provision (see below)	834,000
Legal, professional and regulatory fees	520,610
Foreign Exchange losses	152,748
Consulting fees	925,411
Advertising fees	350,564
Travel and subsistence	208,894
Crypto asset fair value movement (see note 16)	235,196
Other administration expenses	233,809
	<u>3,731,913</u>
Total administration expenses	
	3,731,913
	2018
	£
Cost of sales	
Crypto asset disposal (see note 16)	414,970
Depreciation of computer hardware	419,856
Hosting and other costs	341,139
	<u>1,175,965</u>
Total cost of sales	
	1,175,965

Mirabaud provision

The Group has still not received £834,000 of the Placing monies due from Mirabaud Securities Limited as part of the Listing process on 3rd August 2018. It is in constant dialogue with its advisers and Mirabaud with the aim of recovering those monies under the contractual agreement between the two parties. In the meantime, the Board has taken the prudent step of providing against this amount during the period notwithstanding the fact that efforts are being made to recover the monies.

ARGO BLOCKCHAIN PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2018

6 Auditor's remuneration

	2018
	£
Fees payable to the company's auditor and associates	
For audit services	
In relation to listing	40,000
Audit of the financial statements of the group for the period ended 31 December 2018	45,000
	<u> </u>

7 Employees

The average monthly number of persons (including directors) employed by the group during the period was:

	2018
	Number
Management	<u> 9 </u>
	2018
Their aggregate remuneration comprised:	£
Wages and salaries	177,531
Social security costs	4,854
Pension costs	2,353
Share based payments	35,000
	<u> 219,738 </u>

8 Directors' and key management personnel remuneration

	2018
	£
Director's remuneration for qualifying services	596,742
Other key management personnel remuneration for qualifying services	305,271
	<u> 902,012 </u>

The amounts above are remunerated through both salaries (of which, some are included in Note 7) and through service companies (as disclosed in Note 29). Details of Directors remuneration are available in the Remuneration report.

ARGO BLOCKCHAIN PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2018

9 Taxation

The actual charge for the period can be reconciled to the expected charge based on the profit or loss and the standard rate of tax as follows:

	2018 £
Loss before taxation	4,117,285
Expected tax credit based on a weighted average of 24% (UK and Canada)	(996,941)
Effect of expenses not deductible in determining taxable profit	44,068
Capital allowances in excess of depreciation	(161,140)
Other tax adjustments	63,503
Unutilised tax losses carried forward	1,050,510
	-
Taxation charge in the financial statements	-

The group has tax losses available to be carried forward and used against trading profits arising in future periods of £4,248,640.

A deferred tax asset of £1,026,354 calculated at a weighted average rate of 24% has not been recognised in respect of the tax losses carried forward on the basis that there is insufficient certainty over future profits to utilise against this amount.

10 Earnings per share

The basic earnings per share is calculated by dividing the profit attributable to equity shareholders by the weighted average number of shares in issue.

The Group and Company has in issue 48,230,103 warrants and options at 31 December 2018. The loss attributable to equity holders and weighted average number of ordinary shares for the purposes of calculating diluted earnings per ordinary share are identical to those used for basic earnings per ordinary share. This is because the exercise of warrants and options would have the effect of reducing the loss per ordinary share and is therefore anti-dilutive

	2018 £
Net loss for the period attributable to ordinary equity holders for continuing operations	(4,117,285)
Weighted average number of ordinary shares in issue	186,019,809
Basic and diluted earnings per share for continuing operations	(2.2)p

ARGO BLOCKCHAIN PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2018

11 Investments in subsidiaries

Company	Shares in subsidiaries £
Cost and carrying value	
At 5 December 2017	-
Additions	1
At 31 December 2018	1

Details of the company's subsidiaries at 31 December 2018 are as follows:

<i>Name of undertaking</i>	<i>Country of incorporation</i>	<i>Ownership interest (%)</i>	<i>Voting power held (%)</i>	<i>Nature of business</i>
Argo Blockchain Canada Holdings Inc.	Canada	100%	100%	**
Argo Mining Limited	UK	100%	100%	Dormant

** The provision of cryptocurrency mining services.

The company's interest in Argo Blockchain Canada Holdings Inc. was acquired on incorporation of Argo Blockchain Canada Holdings Inc. on 12 January 2018.

The registered office of Argo Blockchain Canada Holdings Inc. is 700-401 West Georgia Street, Vancouver BC V6B 5A1 Canada. On 8th January 2019 that company changed its name to Argo Innovation Labs Inc.

On 1st September 2018 the Company acquired 100% of Argo Mining Limited for £1. The registered office is Room 4, 1st Floor 50 Jermyn Street, London, United Kingdom, SW1Y 6LX. On 14th January 2019 that company changed its name to Argo Innovation Labs Limited. This company was dormant in the period ended 31 December 2018.

ARGO BLOCKCHAIN PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2018

12 Intangible assets

Group	Website £
Cost	
At 5 December 2017	-
Additions	<u>671,921</u>
At 31 December 2018	<u>671,921</u>
Amortisation and impairment	
At 5 December 2017	-
Amortisation charged in the period	<u>52,421</u>
At 31 December 2018	<u>52,421</u>
Carrying amount	
At 31 December 2018	<u>619,500</u>

All intangible assets are held by the subsidiary, Argo Blockchain Canada Holdings Inc.

13 Tangible fixed assets

Group	Computer equipment	Improvements to Datacentre	Total £
Cost			
At 5 December 2017			-
Additions	<u>2,807,589</u>	<u>84,927</u>	<u>2,892,516</u>
At 31 December 2018	<u>2,807,589</u>	<u>84,927</u>	<u>2,892,516</u>
Depreciation and impairment			
At 5 December 2017	-	-	-
Depreciation charged in the period	<u>421,711</u>	<u>13,565</u>	<u>435,276</u>
At 31 December 2018	<u>421,711</u>	<u>13,565</u>	<u>435,276</u>
Carrying amount			
At 31 December 2018	<u>2,385,878</u>	<u>71,362</u>	<u>2,457,240</u>

All property, plant and equipment is owned by the subsidiary, Argo Blockchain Canada Holdings Inc.

ARGO BLOCKCHAIN PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2018

14 Financial instruments

	Group 2018 £	Company 2018 £
Carrying amount of financial assets		
Debt instruments measured at amortised cost	1,630,600	10,699,089
	<u>1,630,600</u>	<u>10,699,089</u>
Carrying amount of financial liabilities		
Measured at amortised cost	218,589	63,000
	<u>218,589</u>	<u>63,000</u>

The directors consider the carrying amounts of financial instruments carried at amortised cost in the financial statements approximate to their fair values.

15 Trade and other receivables

	Group 2018 £	Company 2018 £
Amounts falling due within one year:		
Amounts due from group companies	-	10,695,589
Other receivables	1,643,424	16,764
Other taxation & social security	535,633	-
	<u>2,179,057</u>	<u>10,712,353</u>

Amounts due from group companies consist of an intercompany loan made to the 100% subsidiary, Argo Blockchain Canada Holdings Inc. and is eliminated on consolidation.

The directors consider that the carrying amount of trade and other receivables is approximately equal to their fair value.

During the period, the directors made a provision against a receivable due to the company for £834,000, as described in Note 5. No other significant receivable balances are impaired at the reporting date.

ARGO BLOCKCHAIN PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2018

16 Other current assets

Group	Crypto assets £
At 5 December 2017	-
Additions	
Crypto assets purchased for resale	329,088
Crypto assets purchased for contractual obligation	234,196
Crypto assets mined	88,964
Fair value movements	
Fair value movements on Crypto assets held	(235,196)
Disposals	
Disposal of Crypto assets	(414,970)
Carrying amount	
At 31 December 2018	<u>2,082</u>

During the period, the Group entered into transactions involving the purchase, mining and disposal of Crypto assets.

Throughout the period, the Group used spare hardware capacity to accumulate Crypto currencies and held the assets with the intention of short-term capital growth. Crypto assets amounting to the value of £88,964 were mined.

Between 11 October 2018 and 14 November 2018, the Group identified an opportunity to make short term gains from a low prevailing price on the Crypto currency market, purchasing Bitcoin and Ethereum to the value of £329,088. However, due to the continued poor performance of the Crypto currency market, only losses were realised.

During the months of October, November and December 2018, the Group entered into contracts for the provision of mining as a service. The Directors concluded that given the poor performance of the Crypto currency market in the period approaching the year end, it would not be financially advantageous to purchase the additional hardware required to satisfy the contracts. Instead, the Directors reached an agreement with the customers to supply an equivalent amount of Bitcoin equal to the amount of Crypto currency expected to be mined in accordance with the contracts. In order to fulfil the new obligation, the Group purchased additional Bitcoin to the value of £234,196. The amounts purchased for resale and the amounts mined, were also converted into Bitcoin and also transferred in the transaction above.

During the period, the fair value of Crypto assets held fell by £235,196. The fair value of the Crypto assets disposed of in order to satisfy the contracts described above was £414,970. At the period end, the Group held Crypto assets representing less than 1 Bitcoin, being a fair value of £2,082.

ARGO BLOCKCHAIN PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2018

17 Share options and warrants

The following options and warrants over Ordinary Shares have been granted by the company and are outstanding:

<i>Options / warrants</i>	<i>Grant date</i>	<i>Expiry date</i>	<i>Exercise price</i>	<i>Number of options and warrants outstanding at 31 December 2018</i>	<i>Number of options and warrants exercisable at 31 December 2018</i>
Warrants	2 February 2018	2 February 2023	£0.08	2,250,000	2,250,000
Warrants	23–26 February 2018	23–26 February 2021	£0.08	6,580,000	3,290,000
Warrants	23 February 2018	23 February 2021	£0.08	1,400,000	-
Warrants	14 – 17 June 2018	14-17 June 2021	£0.16	650,000	325,000
Warrants	15 June 2018	15 June 2021	£0.16	210,453	-
Warrants	3 August 2018	3 August 2023	£0.16	11,781,600	11,781,600
Options	25 July 2018	25 July 2024	£0.16	25,358,050	7,532,050
				48,230,103	25,178,650

Movements in the number of options and warrants outstanding and their related weighted average exercise prices are as follows:

	<i>Number of options and warrants 2018</i>	<i>Weighted average exercise price £ 2018</i>
At beginning of period	-	-
Granted	48,230,103	0.14
Exercised	-	-
Lapsed	-	-
Outstanding at 31 December 2018	48,230,103	0.14
Exercisable at 31 December 2018	25,178,650	0.14

The weighted average remaining contractual life of options and warrants as at 31 December 2018 is 4 years.

If the exercisable shares had been exercised on 31st December 2018 this would have represented 8% of the enlarged share capital.

At the grant date, the fair value of the warrants issued have been determined using the Black-Scholes option pricing model. Volatility was calculated based on data from comparable listed technology start-up companies, with an appropriate discount applied due to being an unlisted entity at the grant date. Risk free interest has been based on UK Government Gilt rates for an equivalent term. As the exercise price was equal or above the market value of the shares during the period to 31 December 2018, and share prices fell during the period, the marketability of shares was low and as such a discount rate of between 75% and 90% was placed on the fair value of the shares depending on amounts and timing. The Directors note that the expense for the fair value of options and warrants are not material during the period and therefore not included in the accounts.

ARGO BLOCKCHAIN PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2018

18 Share options and warrants (continued)

	2 February	23-26 February	14-17 June	3 August	25 July
Grant date share price	£0.08	£0.08	£0.08	£0.16	£0.08
Exercise price	£0.08	£0.08	£0.16	£0.16	£0.16
Expected volatility	40%	40%	40%	40%	40%
Option life	5/3 years	3 years	3 years	5 years	6 years
Risk-free interest rate	1%	1%	1%	1%	1%
Marketability discount	75%	75%	75%	90%	75%

19 Share capital

	Group and company 2018 £
Ordinary share capital	
<i>Issued and fully paid</i>	
293,750,000 Ordinary Shares of £0.001 each	293,750

Reconciliation of movements during the year:

	2018 Number Ordinary Shares of £0.001 each	2018 Number Ordinary Shares of £1 each
1 Ordinary Share of £1 issued at £1 on incorporation	-	1
Subdivision of ordinary shares on 20 December 2017	1,000	(1)
89,999,000 Ordinary Shares issued at £0.001 each on 20 December 2017 for cash	89,999,000	-
10,000,000 Ordinary Shares issued at £0.01 each on 2 January 2018 for cash	10,000,000	-
31,250,000 Ordinary Shares issued at £0.08 each on 2 February 2018 for cash	31,250,000	-
750,000 Ordinary Shares issued at £0.08 each on 2 February 2018 for services	750,000	-
5,500,000 Ordinary Shares issued at £0.001 each on 15 June 2018 on exercise of warrants	5,500,000	-
156,250,000 Ordinary Shares issued at £0.16 each on 3 August 2018 on placing	156,250,000	-
	<u>293,750,000</u>	<u>-</u>

On incorporation, the Company issued 1 ordinary share for consideration of £1. The Company later passed a written resolution to subdivide the 1 Ordinary Share into 1,000 ordinary shares, with a nominal value of £0.001 each.

20 Share premium account

	Group and company 2018 £
At beginning of period	-
Issue of new shares	27,461,750
Share issue expenses	(2,209,462)
	<u>25,252,288</u>

ARGO BLOCKCHAIN PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2018

21 Reserves

The following describes the nature and purpose of each reserve:

<i>Reserve</i>	<i>Description</i>
Share capital	Represents the nominal value of equity shares
Share premium	Amount subscribed for share capital in excess of nominal value
Retained earnings	Cumulative net gains and losses and other transactions with equity holders not recognised elsewhere.

22 Trade and other payables

	Group 2018 £	Company 2018 £
Other creditors	15,801	5,000
Accruals	202,768	58,000
	<u>218,569</u>	<u>63,000</u>

Within other creditors is an amount of £5,000 owed to related parties in relation to securing trade agreements and facilitating the business and expenditure accrued during the early stages of the business. See Note 29 for additional disclosure.

The directors consider that the carrying value of trade and other payables is approximately equal to their fair value.

ARGO BLOCKCHAIN PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2018

23 Cash generated from group operations

	2018
	£
Loss for the period after tax	4,117,285
Adjustments for:	
Finance income	35,964
Operating Loss per Cash Flow	4,153,249

Cash generated from operations - company

	2018
	£
Loss for the period after tax	1,779,612
Adjustments for:	
Finance income	35,964
Operating loss per Cash Flow	1,815,576

24 Capital management policy

There are currently no capital commitments contracted for by the Group.

25 Financial risk management

The group's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including foreign currency risk and interest rate risk). The group's risk management policies in respect of these financial risks are set out below.

Credit risk

Credit risk arises principally from cash and cash equivalents, as well as credit exposures from outstanding receivables.

The group and company's cash balances are held with reputable financial institutions being NatWest Bank in England and CIBC in Canada. The Group initially banked with Metrobank in England but late in 2018 was given notice that Metrobank had decided that a business dealing with cryptocurrencies, albeit through MaaS, was incompatible with their business model and therefore would cease providing banking facilities. The carrying amount of financial assets recorded in the financial statements represent the company's maximum exposure to credit risk. The company does not hold any collateral or other credit enhancements to cover this credit risk.

Liquidity risk

Liquidity risk is the risk that the group and company will not be able to meet financial obligations as and when they fall due.

The policy is to settle all liabilities within the terms of invoices which is normally within 30 days.

ARGO BLOCKCHAIN PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2018

26 Financial risk management (continued)

The carrying amounts of the group's foreign currency denominated monetary assets and liabilities at the reporting date are as follows:

	Assets 2018 £	Liabilities 2018 £
Cash and cash equivalents	3,272,371	-
Trade and other receivables	2,162,293	-
Trade and other payables	-	155,569
	<u>5,434,664</u>	<u>155,569</u>

Market risk

The Group is very dependent on the state of the cryptocurrency market and general sentiment of crypto currencies as a whole. The Group is set up to deal with these issues by switching to self mining at relatively short notice and cutting costs when and where necessary.

The balance in cash and cash equivalents consists of CAD\$1.61m and USD\$2.97m. The receivables and payables balances disclosed above are held in CAD\$.

27 Retirement benefit schemes

There are no material company pension schemes in operation.

28 Operating lease commitments

At 31 December 2018 the Group had future minimum lease payments under non-cancellable operating leases as follows:

	2018 £
<1 year	£3,956,250
1 – 2 years	£3,731,250
2 – 5 years	£2,100,000
	<u>£9,787,500</u>

The above disclosure relates to the minimum power commitment in line with the GPU agreement entered into on 8 August 2018. The commitments fell with the subsidiary and no such commitments exist for the company.

ARGO BLOCKCHAIN PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2018

29 Related party transactions

Founder agreement

The Company entered into an agreement with the Founder Shareholders, to pay them £95,000 pro rata to their percentage shareholdings in the Company. This was in consideration of their efforts to enable the Company to enter into certain memoranda of understanding and a media buying contract.

The outstanding balance as at the date of these financial statements is £5,000.

Share based payment

During the period, the Company issued shares to the value of £35,000 to Timothy Le Druillenec, a Director of the Company. This was in lieu of payment for professional services undertaken in excess of the services required by his directorship.

Rental agreement

The Company rents office space from Dukemount Capital plc, for which Timothy Le Druillenec was a Director during the period. During the period, payments of £4,620 were made with a balance of £Nil outstanding as at 31 December 2018.

The Group also rents office space from Vernon blockchain Inc, for which Peter Wall (considered to be key management personal) was a Director during the period. During the period, payments of £30,471 were made with a balance of £Nil outstanding as at 31 December 2018.

For each agreement, there is no long term commitment, and these transactions were made on an arm's length basis.

Fixed assets

During the period, the Group acquired £93,323 fixed assets from Vernon Blockchain Inc, for which Peter Wall was a Director during the period, with a balance of £Nil outstanding as at 31 December 2018.

Advertising services

During the period ended 31 December 2018, the Company paid £83,780 to Stanley Park Ventures, for which Jonathan Bixby was a Director, with a balance of £Nil outstanding as at 31 December 2018.

Key management compensation

Key management includes Directors (executive and non-executive) and senior. The compensation paid to related parties in respect of key management for employee services during the period was made only from Argo Innovation Labs Inc, amounting to: £208,612 paid to Possibilities Training Group Ltd in respect of the fees of Jonathan Bixby; £208,982 paid to MSE Management Inc. in respect of the fees of Mike Edwards; £134,706 paid to Blockchain Consulting in respect of fees of Inderpreet Hothi; £105,175 paid to Vernon Blockchain Inc in respect fees of Peter Wall. Other key management received £65,390. These are not inclusive of the related party transactions disclosed above.

ARGO BLOCKCHAIN PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2018

30 Controlling party

There is no controlling party of the Group.

31 Post balance sheet events

On 8th January 2019 the 100% owned subsidiary, Argo Blockchain Canada Holdings Inc. changed its name to Argo Innovation Labs Inc.

On 1st September 2018 the Company acquired 100% of Argo Mining Limited (a company incorporated in the UK) for £1. On 14th January 2019 that company changed its name to Argo Innovation Labs Limited.

On 15th February 2019 the Group announced a refocus of its business strategy in light of the continuing difficult trading conditions in the cryptocurrency market as digital currencies continued to face severe price pressure and volatility. As a result of the challenging conditions, the Company ceased accepting new mining subscriptions and decided to terminate all existing mining-as-a-service (MaaS) contracts by 1st April 2019. This shift in strategy followed more than six months of better-than-expected growth achieved by Argo's consumer business since its launch in the summer of 2018. Despite continuing demand for the services, the Company temporarily moved away from MaaS to mining directly for its own account.