

ARGO BLOCKCHAIN PLC

Company Registration No. 11097258 (England and Wales)

ARGO BLOCKCHAIN PLC ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

ARGO BLOCKCHAIN PLC

COMPANY INFORMATION

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Company secretary	J Savage
Company number	11097258
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CHAIRMAN'S STATEMENT

I am pleased to report that in 2019 Argo achieved strong growth and made major strides towards its long-term goal of being the leading publicly traded crypto-miner in the world. This was the first full year of operations since the Group was founded and listed on the London Stock Exchange. These results are also the first to be announced since I joined the Board in January.

The focus of 2018, our inaugural period, was to develop a strategic plan based off offering crypto mining as a service and to raise the necessary capital to launch that business. However, due to a prolonged and severe industry downturn in late 2018 and 2019, it was necessary to pivot from operating a consumer-facing business to mining for our own account.

Managing this significant reset of our business model took considerable time, expense and energy. Despite the challenges, Argo made the strategic change successfully and managed to execute a substantial investment in mining infrastructure prior to the year-end. Total capital expenditure in the year amounted to £15m, funded almost entirely from internal sources and cash generated from its growing mining activities.

Revenue for the year increased by 11-fold from £0.76m to £8.62m and Argo delivered a positive EBITDA of £1.39m compared with a £3.66m EBITDA loss in the previous year. The attributable loss fell sharply to £0.69m from £4.12m in 2018.

The results were achieved in a volatile and uncertain pricing environment for Bitcoin, which began the year at a price around US\$3,800, then soared to almost US\$12,000 in the second quarter before retracing back to under US\$7,000 during the final quarter.

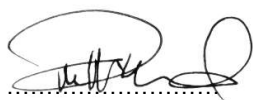
A number of Board level changes occurred during the year as Argo realigned its leadership team for the next phase of its growth. Jonathan Bixby and Mike Edwards stepped down as executive directors in May 2019 and January 2020 respectively.

In early January 2020, Peter Wall, previously vice president of operations, became chief executive, while I assumed the role of executive chairman. Matthew Shaw was appointed an independent non-executive director in July, while Gil Penchina stepped down from a similar role late last year.

Progress made in 2019 means that Argo is now favourably positioned to capitalise on the biggest change facing the industry in the past four years – namely, the halving of Bitcoin rewards available to miners which will occur in May of this year. Based on previous experience, the halving of rewards will increase pressure on miners using older technology, likely making their mining efforts unprofitable. This will most likely decrease the network hashrate, which should have the effect of reducing the mining difficulty. We expect this change to work to Argo's advantage, as the Group's infrastructure is built from the newer generation of efficient mining machines.

Thanks to Argo's strong operational base and know-how, the Board remains confident of delivering further growth. Long-term prospects for cryptocurrencies, led by Bitcoin, also continue to strengthen. Institutional investors, large scale industrial clients as well as major jurisdictions show a growing interest in digital currencies as a new investment class. At the same time, investor confidence in fiat currencies may be undermined as the COVID-19 pandemic, following in the wake of the 2008 global financial crises, prompts many governments to loosen their monetary and fiscal policies to unprecedented levels. This may spur wider acceptance of Bitcoin's utility over the long term.

On behalf of the Board, I would also like to thank all shareholders for their support and Argo's staff and commercial partners for their hard work during the year. We are an agile and lean group with a large, efficient mining platform. As a result, Argo is in excellent shape and the Board looks to the future with confidence.



Ian MacLeod
Executive Chairman
28 April 2020

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BOARD OF DIRECTORS

Peter Wall (CEO)

Peter was a member of the management team that founded Argo and was Vice President of Operations prior to becoming CEO. He has been responsible for overseeing the day-to-day operations of the mining organisation as well as the management of the software development team. Peter is a technology entrepreneur based in Ottawa, Canada and is President of Vernon Blockchain, a company specialising in the design, build and management of cryptocurrency mining operations in Canada and worldwide. Peter has been involved in cryptocurrency mining in Quebec, both as a personal miner and a consultant, for the past five years.

Ian MacLeod (Executive Chairman)

Ian has more than 20 years of international experience providing strategic legal advice at board level. Since 2007, Ian has served as Corporate Secretary and General Counsel to the Teligence Group of Companies in Canada which operate in telecoms, payments, ecommerce and software development. He is responsible for acquisitions, structuring and the strategic direction of the Teligence portfolio.

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. In addition, Timothy has held appointments as director and company secretary of a number of listed companies.

Matthew Shaw (Non-Executive Director)

Matthew brings over 25 years' experience as an international banker, corporate adviser and serial entrepreneur specialising in the technology and the cryptocurrency sectors. His current portfolio of leadership roles include Protos Asset Management, a Swiss company he founded that manages a cryptocurrency fund, which invests in early stage cryptocurrency and blockchain businesses and actively risk manages liquid tokens using advanced quantitative strategies. He is also president of a proprietary family investment company investing in digital assets, fintech and other technology sectors.

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STRATEGIC REPORT

The directors present their strategic report on the Group for the year ended 31 December 2019.

Principal activity

The Group's principal activity is that of crypto asset mining.

Review of the business and future developments

Argo Blockchain Plc was incorporated on 5 December 2017. Argo Blockchain Plc invested in a 100% subsidiary Argo Innovation Labs Inc. (together "the Group") incorporated in Canada on 12 January 2018. On 3 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.

Argo entered 2020 with a clear business strategy and its mining operations continue to gain momentum as new production capacity is brought onstream. As announced previously 918 BTC were mined in the first quarter of 2020, more than double the number produced in the previous three months, resulting in £6m revenue based on average BTC prices for Q1 2020.

With our mining infrastructure set to increase to 18,000 machines shortly, Argo remains on track to generate further strong growth in the first half compared to the corresponding period last year. Having successfully completed a major expansion, the current focus is to optimise operations and increase efficiency levels further.

Trading conditions are likely to remain dynamic amid social and market uncertainty related to the Covid-19 pandemic and the upcoming 'halving' of the reward of BTC.

While cryptocurrency mining is challenging, given the dynamic nature of the effort required to mine rewards, overall the Board considers Argo to be well positioned to benefit from a sustained improvement in the Bitcoin price and mining conditions. As a result, the Board looks to the future with cautious optimism.

Group Strategy and Business Model

In early 2019, Argo shifted from operating a consumer-facing mining-as-a-service business to mining for our own account. This strategic change significantly lowered annual operating costs, as marketing, customer acquisition, client support, account management and other expenses associated with running a consumer-focused business were eliminated. In addition, the Group reduced its head count from 11 to 7.

In 2019, as Argo worked to build the Group into a major player in the cryptocurrency mining world, we adopted a three-step strategy for our mining operations. First, we identified and purchased the most efficient and cost-effective machines available, at a time when prices were low. Second, our technical team installed and optimised those machines to achieve the best performance possible. Lastly, we monitored and configured the machines as required to ensure excellent results.

Argo's overall mining capacity increased from 1,700 machines located at two sites in 2018 to approximately 7,000 machines in production at three sites in Canada by the end of 2019. Overall, 90% of our enlarged mining capacity is currently deployed to mine BTC. Argo rounded off the year with further investment in its mining capacity with an order for 10,000 T17 Antminer machines, which went into production slightly ahead of schedule in Q1 2020.

In line with Argo's risk mitigation policy, Bitcoins generated by mining operations are sold for fiat currency at regular intervals, but the timing of such sales is determined by Argo's management team led by chief executive Peter Wall.

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

Revenue for the year increased by 11-fold from £0.76m to £8.67m and Argo delivered a positive EBITDA of £1.39m compared with a negative EBITDA of £3.66m in the previous year. The attributable loss fell sharply to £0.69m from £4.12m.

Trading conditions in the first half were significantly better than in the second half as Argo benefitted from a tripling in Bitcoin prices to almost \$12,000, resulting in a cash mining margin of over 70% in the Q2. However, prices saw a major correction during the Q4 as difficulty levels rose.

During the second half Argo also incurred a number of negative items including foreign exchange losses of £0.04m, crypto asset fair value movements of £0.33m and termination fees of £0.24m.

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Total administrative expenses were £3.89m (2018: £3.73m). Depreciation of computer hardware amounted to £2.08m (2018: £0.42m) and was accounted under cost of sales.

Cash balances were £0.16m as at 31 December 2019 (2018: £16.39m) and short-term loans relating to new hardware purchases amounted to £1.1m as at that date. The decrease in cash balances reflects a £15m investment in mining infrastructure. Digital assets held at the year end amounted to £1m.

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 is the mining earnings from its of large-scale crypto mining facilities.

KPI	2019	2018	% Change
Mining earnings	8,348,184	88,964	9,284%
Total revenue	8,616,879	764,562	1,027%

The Group has now established the infrastructure and has sufficient capital invested in mining hardware in order for the above KPI to be comparable in the future.

Principal risks and uncertainties

Whilst the Group focusses on self-mining, the Board considers the principal risk for the Group to be volatility in the cryptocurrency market and the general sentiment of crypto assets as a whole. 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.

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.

Cyber Risk

The Group holds digital assets via software and hardware which may prove to be vulnerable to data security breaches in the future. Data security breach incidents may compromise the confidentiality, integrity or availability of data such that the data is vulnerable to access or acquisition by unauthorised persons. These data security breaches may result in the unrecoverable loss of digital assets. The Group's hardware devices and remote servers holding the Group's data may be breached and result in the loss of valuable data.

Cryptocurrency Price Volatility

Revenues are denominated in cryptocurrency or tokens. These 'digital assets' can be subject to high levels of volatility and it may not always be possible for the Group to trade out or effectively hedge its position. The Group will always seek to manage the price volatility risk and actively monitors its portfolio of digital assets.

Cryptocurrency exchange rates have exhibited strong volatility. Many factors outside of the control of the Group can affect the market price of cryptocurrencies, including, but not limited to, national and international economic, financial, regulatory, political, terrorist, military, and other events, adverse or positive news events and publicity, and generally extreme, uncertain, and volatile market conditions. Extreme changes in price may occur at any time, resulting in a potential loss of value of our entire portfolio of cryptocurrencies, complete or partial loss of purchasing power, and difficulty or a complete inability to sell or exchange our digital currency.

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.

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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 will continue to 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.

Promotion of the Company for the benefit of the members as a whole

The Directors believe they have acted in the way most likely to promote the success of the Company for the benefit of its members as a whole, as required by s172 of the Companies Act 2006.

The requirements of s172 are for the Directors to:

- Consider the likely consequences of any decision in the long term,
- Act fairly between the members of the Company,
- Maintain a reputation for high standards of business conduct,
- Consider the interests of the Company's employees,
- Foster the Company's relationships with suppliers, customers and others, and
- Consider the impact of the Company's operations on the community and the environment.

The Company operates as a crypto mining business, which is inherently speculative in nature and, with volatile revenue, at times may be dependent upon fund-raising for its continued operation. The nature of the business is well understood by the Company's members, employees and suppliers, and the Directors are transparent about the cash position and funding requirements.

The application of the s172 requirements can be demonstrated in relation to some of the key decisions made during 2019:

Pursuit of an aggressive asset acquisition strategy: the choice between raising new funds from equity or from utilising existing cash resources and a small amount of debt was driven by the Board's belief that the prevailing share price during the year was not reflective of the Company's value, and was considered to be the best route to enhanced shareholder values for existing members.

Change in focus from Mining as a Service to self mining: on 1 April 2019 the Board announced a refocus of its business strategy in light of the continuing difficult trading conditions in the cryptocurrency market as digital currencies faced severe price pressure and volatility. As a result of the challenging conditions, the Group ceased accepting new mining subscriptions and terminated all existing mining-as-a-service (MaaS) contracts and commenced self mining. The Board consider this was an extremely positive move for the business and whilst it has not ruled returning to MaaS to some extent it nevertheless continues with this strategy and believes that its increasing mining machines will ultimately bring rewards to the business and its shareholders.

Expanding our position in Canada and USA: having established our presence in Canada, and developed a good working relationship with our partners and suppliers there, the decision to expand the facility with GPU.One was driven by the Board's view that the long-term future of mining is strong. Expanding our relationship with our existing partner, GPU.One, was seen as a mutually beneficial decision, having formed strong working relationships with them on the initial facility.

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As a crypto mining company with operations based in Canada, the Board takes seriously its ethical responsibilities to the communities and environment in which it works.

The interests of employees are a primary consideration for the Board and an inclusive share-option programme allows them to share in the future success of the company. Personal development opportunities are encouraged and supported.

This report was approved by the board on 28 April 2020 and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'Peter Wall', written over a dotted line.

Peter Wall
Chief Executive Officer

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DIRECTORS' REPORT

General information

The Directors present the Annual Report and audited consolidated financial statements for the year ended 31 December 2019.

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 3 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. The Company owns 100% of a UK subsidiary, Argo Innovation Labs Limited., which remains dormant.

Future developments

The Group continues to focus its strategy on self mining cryptocurrencies as detailed further in the Strategic Report.

Dividends

The directors do not propose a dividend in respect of the period ended 31 December 2019.

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 including, when circumstances permit, whether the payment of dividends, issue or buy back of shares is appropriate.

Attendance at Board meetings:

Member	Meetings attended
M S Edwards	9 of 9
G Penchina	7 of 9
T V Le Druillenec	9 of 9
J F Bixby	5 of 5
M I Shaw	2 of 2

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 regularly 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.

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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.

Political donations and political expenditure

The Group did not make any political donations or expenditure.

Post balance sheet events

On 2 January, the Group announced the appointment of Peter Wall as a director and CEO, and Gil Penchina resigned as non-executive director. Ian MacLeod was appointed as a non-executive director.

On 27 January, the Group announced the appointment of Ian MacLeod as Chairman and the departure as a director of Mike Edwards.

On 5 February, an announcement was made as to the grant of options to the management team.

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:

Director	Appointment/resignation during the year
M S Edwards	Resigned 27 January 2020
P G Wall	Appointed 1 January 2020
G Penchina	Resigned 1 January 2020
T V Le Druillenec	-
J F Bixby	Resigned 16 May 2019
M I Shaw	Appointed 17 July 2019
I D Macleod	Appointed 1 January 2020

Directors' share holdings		
Director	Ordinary Shares at 31 December 2019	Percentage of Issued Share Capital
M S Edwards*	21,600,000	7.35%
T V Le Druillenec	437,500	0.15%
M I Shaw	-	-
G Penchina	1,000,000	0.34%

* Mike Edwards' interests are held through Durban Holdings Ltd, a company under his ownership and control.

Directors' warrant holdings								
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	18m from grant (25% on issue, 25% each 6m thereafter)	No	No	12 months from date of the agreement

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Directors' option holdings					
Name	Date of Grant	Aggregate number of options granted	Exercise Price	Exercise Conditions	Lapse Date
Mike Edwards	25 July 2018	3,766,025	16 pence	Admission	25 July 2024
Mike Edwards	25 July 2018	6,563,000	16 pence	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	16 pence	1/3 on the first anniversary of admission, 1/36 of the total options monthly thereafter	25 July 2024
Matthew Shaw	17 July 2019	1,000,000	16 pence	1/3 on the first anniversary of admission, 1/36 of the total options monthly thereafter	17 July 2025

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.

The Directors have considered the impact of Covid-19 on the Group, in the context of their operations and the wider crypto currency market. The Group's management and staff are operating remotely, and all mining facilities are running as normal. The Directors continue to monitor the crypto currency market and consider the corresponding difficulty adjustments to be balancing the price fluctuations. At this stage, the Directors do not envisage a long term impact to the Group resulting from Covid-19, but will continue to monitor the situation.

Financial Risk Management

The Group has a simple capital structure and its principal financial assets are cash and digital assets. The Group is subject to market risk by way of being exposed to volatility in crypto asset value and variations in foreign exchange rates. The Group has little exposure to credit risk due to holding its reserves with credible institutions. The Group may also be exposed to liquidity and capital risk, due to the nature of operations and the requirements for mining hardware acquisition. The Group manage these risks through portfolio management and maintenance of sufficient working capital. Further details of risks can be seen within the Strategic Report or in the Notes to the accounts.

Substantial shareholdings

Name	Ordinary Shares at date of this report	Percentage of Share Capital
First Investments Holding Limited	41,100,000	13.99%
1219626 BC Ltd	23,340,000	7.95%
Hadron Capital LLP	13,548,000	4.61%
Trium Capital	9,750,000	3.32%
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.

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Greenhouse gas emissions

The Group has two mining facilities in the province of Quebec. The main facility is located in the town of Baie Comeau and the other in Mirabel, outside of Montreal. 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 99% being sourced from Hydro electrical power. According to statistics provided by Hydro Quebec, hydro power emits between 6g (run-of-river) and 17g (reservoir) of CO₂ per kWh, compared to 620g for thermal natural gas and 879g for thermal coal. Whilst there is no practical method to find exact figures, the Group estimates its total CO₂ emissions for year in the table below:

Description	Source/Comment	CO2 emissions (tons)
Estimated total kWh x hydro power emissions	hydroquebec.com – based on prudent calculation approach	1,196
Director and staff internal travel	myclimate.org - based on 18 return flights	22
Director and staff external travel	myclimate.org – based on 9 return flights (US and UK)	9
TOTAL CO₂ emissions		1,227

The Group is mindful of carbon emissions and looks to obtain clean energy sources wherever possible. The use of renewable energy sources and a low staff headcount allows the Group to maintain low emissions.

Employee and business relationships

The Group consists of a small team, currently 4 directors and 3 key management personnel, which facilitates the direct and frequent communication between all parties and thereby the interests of all concerned are considered on a regular basis. Due to nature of a small team and the wide and varied skills possessed all key strategic business decisions are discussed and analysed by all concerned.

A significant part of any business is maintaining a good relationship with its suppliers and the Group is well aware of the need to ensure that its main supplier GPU.One, which provides hosting and power facilities, is managed carefully and to that extent took an investment in that business during the year, as disclosed later in the financial statements, with the aim of securing that relationship.

Provision of information to auditor

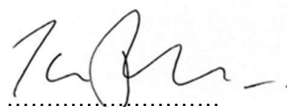
So far as each of the Directors is aware at the time this report is approved:

- 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 28 April 2020 and signed on its behalf by:



Timothy Le Druillenec

Finance Director

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REMUNERATION REPORT

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 year ended 31 December 2019. 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.

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.

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.	Paid monthly and will be reviewable annually.	Total value for performance of Director's duties 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	Based on recommendations of the Chairman in relation to contributions to the Group.	N/A	N/A
Share Options	N/A	Awarded as part of a management incentive	N/A	N/A
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.	Paid monthly and reviewable annually.	Total value for performance of Director's duties 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.

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.

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Directors' remuneration (audited)

Details of directors' remuneration during the year ended 31 December 2019 is as follows:

Director	Salary and fees	Taxable benefits	Bonus	Pension related benefits	Share based payment	2019 Total
	£	£	£	£	£	£
Executive directors						
*Jonathan Bixby	177,146	-	-	-	-	177,146
*Mike Edwards	236,194	-	107,361	-	-	343,555
Timothy Le Druillenec	90,000	-	45,000	-	-	135,000
Non-executive directors						
*Gil Penchina	15,980	-	-	-	-	15,980
Matthew Shaw	17,086	-	-	-	-	17,086
	536,406	-	152,361	-	-	688,767

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

*Jonathan Bixby resigned on 16 May 2019, Mike Edwards on 27 January 2020 and Gil Penchina on 1 January 2020.

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

Total pension entitlements (audited)

The Company does currently not have any pension plans for any of the Directors and does not pay pension amounts in relation to their remuneration.

The Company has not paid out any excess retirement benefits to any Directors or past Directors.

Payments to past directors (audited)

The Company has not paid any compensation to past Directors.

Statement of directors' shareholding and share interests (audited)

The Directors who held office at 31 December 2019 and who had beneficial interests in the Ordinary Shares of the Company are summarised as follows:

Director	Position	Resigned
Mike Edwards	Executive Chairman	Resigned 27 January 2020
Timothy Le Druillenec	Executive Director and CFO	-
Gil Penchina	Non-Executive Director	Resigned 1 January 2020
Matthew Shaw	Non-Executive Director	-

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

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Service Agreements and Letters of Appointment

The service contract with Mike Edwards was on a continuous basis, subject to termination provisions, and subject to termination upon 12 months' notice given by either party. The appointments of Timothy Le Druillenec, Matthew Shaw and Gil Penchina are subject to a 3 year term and to termination upon 3 months' notice given by either party. Gil Penchina resigned on 1 January 2020 and Mike Edwards on 27 January 2020.

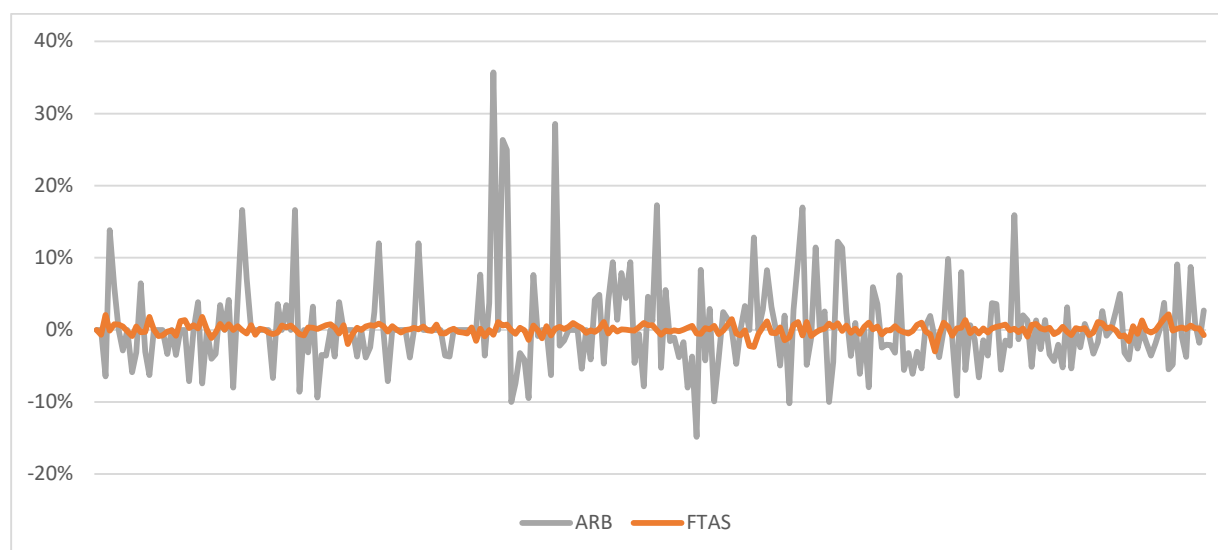
Terms of appointment

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
Peter Wall	2020	0	14 January 2020
Mike Edwards	2018	2	25 January 2018
Timothy Le Druillenec	2018	2	24 February 2018
Gil Penchina	2018	2	8 March 2018
Matthew Shaw	2019	-	7 September 2019
Ian MacLeod	2020	-	28 December 2019

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, over the year of 2019.



Data source: uk.finance.yahoo.com

For the year ended 2019, ARB saw a rise in share price from 3.88 to 5.70, an increase of 47%. In the same period, FTAS rose from 3,681.37 to 4,217.82, an increase of 15%.

Consideration of employment conditions elsewhere in the Group

The committee has not consulted with employees about executive pay but considers that the current remuneration of Executive Directors is consistent with pay and employment benefits across the wider Group.

UK 10-year CEO table and UK percentage change table

The Directors have considered the requirement for a UK 10-year CEO table and UK percentage change table. The Directors do not currently consider that including these tables would be meaningful because, the CEO remuneration is not currently linked to performance, therefore any comparison across years or with the employee group would be significantly skewed and would not add any information of value to shareholders. The CEO's remuneration is disclosed in full in the Directors' remuneration section. The Directors will review the inclusion of this table for future reports.

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Relative importance of spend on pay

The Directors have considered the requirement to present information on the relative importance of spend on pay compared to shareholder dividends paid. Given that the Company does not currently pay dividends we have not considered it necessary to include such information.

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

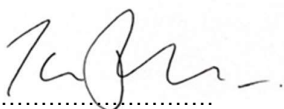
Base salary levels will take into account market data for the relevant role, internal relativities, the individual's experience and their current base salary. Where an individual is recruited at below market norms, they may be re-aligned over time (e.g. two to three years), subject to performance in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

Other matters

The Company does not currently have any annual or long-term incentive schemes in place for any of the Directors and as such there are no disclosures in this respect.

This report was approved by the board on 28 April 2020 and signed on its behalf by:



.....
Timothy Le Druillenec
Finance Director

ARGO BLOCKCHAIN PLC

CORPORATE GOVERNANCE REPORT

The QCA 10 Principles of Corporate Governance

The Board of Directors of Argo Blockchain Plc recognises the importance of sound corporate governance and has decided to apply the Corporate Governance Code published by the Quoted Companies Alliance (the "QCA Code").

The QCA Code sets out a standard of minimum best practice for small and midsize quoted companies. The QCA's ten principles of corporate governance are set out below.

Principle 1: Establish a strategy and business model which promotes long-term value for shareholders

The Group is a UK based provider of cryptocurrency mining with its facilities located in Canada and the US. The business focusses on acquiring the most up to date and efficient hardware to support its mining facilities at the most cost-effective prices and utilises renewable energy sources (wherever possible) at the most competitive prices.

Principle 2: Seek to understand and meet shareholder needs and expectations

The Group seeks to communicate with shareholders to ensure that its financial performance and strategy are clearly understood. This is achieved through regular updates by RNS to the London Stock Exchange and meetings with various shareholders. The Group attends investor conferences in the UK and ensures its website provides accurate information and is kept up to date.

Principle 3: Take into account wider stakeholder and social responsibilities and their implications for long-term success

Our stakeholder groups include our employees in Canada and our business partners. Employees are kept up to date as much as possible by way of weekly meetings and have access to the Board at all times. We aim to recruit and retain our staff by ensuring our pay and conditions are competitive in the market place and offer training where appropriate. We seek to maintain a good business relationship with our business partners who are well-respected experts in their field.

Principle 4: Embed effective risk management, considering both opportunities and threats, throughout the organisation

The Group has only four directors and minimal employees and as such maintains internal financial controls commensurate with that small number. The Board is responsible for overall company strategy and ensuring it is implemented and operates close supervision of all purchasing and revenue functions.

Regular financial reporting is performed in Canada and the UK and consolidated results are prepared by the Finance Director and reviewed by the Board and clarification sought where necessary. Due to the small number of directors and employees, there is much closer supervision of all aspects of the business by the Chairman which allows for action to be taken if inefficiencies or irregularities are uncovered.

Principle 5: Maintain the board as a well-functioning, balanced team led by the chair

The Board includes the Executive Chairman, Chief Executive Officer, Finance Director and Non-Executive Director. The Board considers that each director has the required level of expertise and experience in his field and regular Board meetings are held to discuss all key matters.

Principle 6: Ensure that, between them, the directors have the necessary up-to-date experience, skills and capabilities

The Board considers that as a whole it contains individuals who between them have the necessary level of skills and experience in the field in which they operate. All the directors receive regular updates on the Group's operational and financial performance and attend frequent Board meeting where key issues are discussed at length. The Board is responsible for the appointment, removal and re-election of directors and when such a decision is required it will take account of the Company's need for a balance of market, operational and financial expertise. All directors have the ability to take independent professional advice at the company's expense where they consider it necessary to ensure they fulfil their duties in an appropriate manner.

Principle 7: Evaluate board performance based on clear and relevant objectives, seeking continuous improvement.

The Board is constantly reviewing the Group's and its own performance based on internally set performance indicators.

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Principle 8: Promote a corporate culture that is based on ethical values and behaviours

The Board considers it acts in a professional manner at all times and imparts that corporate culture throughout the Group. It also considers that at all times it promotes ethical values and behaviour to its employees.

Principle 9: Maintain governance structures and processes that are fit for purpose and support good decision making by the board

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;
- 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.

The Company's Standard Listing means that it is also not required to comply with those provisions of the Listing Rules which only apply to companies on the Premium List. The UK Listing Authority will not have the authority to (and will not) monitor the Company's compliance with any of the Listing Rules which the Company has indicated that it intends to comply with on a voluntary basis, nor to impose sanctions in respect of any failure by the Company so to comply.

Principle 10: Communicate how the company is governed and is performing by maintaining dialogue with shareholders and other relevant stakeholders

By way of the Annual Report and the financial statements, half year Interims, General Meetings, Annual General Meetings and RNS Market updates the Company communicates with its existing and potential shareholders. In addition, the Company has a comprehensive website: www.argoblockchain.com.

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DIRECTORS' REPONSIBILITIES STATEMENT

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 group and parent company 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, the directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and accounting estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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 group and 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 group and 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.

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INDEPENDENT AUDITOR'S REPORT

Opinion

We have audited the financial statements of Argo Blockchain plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2019 which comprise the group Statement of Comprehensive Income, the group and parent company Statements of Financial Position, 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 2019 and of the group's and parent company's loss for the year 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.

Emphasis of matter

We draw your attention to note 3 of the financial statements, which describes the group's assessment of the COVID-19 impact on its ability to continue as a going concern. The Group has explained that the events arising from the COVID-19 outbreak do not impact its use of the going concern basis for preparation nor do they cast significant doubt about the group's ability to continue as a going concern for a period of at least twelve months from the date when the financial statements are authorised for issue.

Our opinion is not modified in this respect.

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.

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Our application of materiality

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.

Materiality for the group financial statements was set at £126,300 (2018: £205,000). This was calculated based on 1.5% of total revenue for the year, revised from the 2018 benchmark used being 5% of loss before tax. Using our professional judgement, we have determined this to be the principal benchmark within the financial statements as it will be most relevant to stakeholders in assessing the financial performance of the group in its early years of development. This benchmark is key in being able to demonstrate to stakeholders year on year growth in revenue, and achieving greater profitability as a result. The prior period was the first reporting period for the group, as well as the listing process undertaken in this period. As revenue was not generated throughout the year, and losses were expected, it was the key focus of management to reduce losses as significantly as possible. In the current year, the group has shifted its focus of generating revenues from offering mining as a service, to mining for themselves. This is a key change for the group, and a driving factor for the growth of the business. This is also disclosed as the KPI within the strategic report and hence supports the principal benchmark of the group.

Materiality for the parent company financial statements was set at £33,981 (2018: £70,000). This was calculated based on 5% of loss before tax. We have determined this to be the principal benchmark of the parent company, as revenue is generated solely through its subsidiary. Management target to restrict the parent company expenditure to a minimum, in order to utilise funds within the growth of the trading subsidiary.

We also determine a level of performance materiality which we use to assess the extent of testing needed to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole. Performance materiality for the group financial statements was set at £75,780 and the parent company was set at £23,787, being 60% and 70% of materiality for the financial statements as a whole respectively.

We agreed to report to those charged with governance all corrected and uncorrected misstatements we identified through our audit with a value in excess of £6,315 (2018: £3,500) and for the parent company a value in excess of £1,699 (2018: £2,222). We also agreed to report any other audit misstatements below that threshold that we believe warranted reporting on qualitative grounds.

An overview of the scope of our audit

The scope of our audit was influenced by our application of materiality. The quantitative and qualitative thresholds for materiality determine the scope of our audit and the nature, timing and extent of our audit procedures.

As part of our planning, we assessed all components of the group for their significance under ISA (UK) 600 in order to determine the scope of the work to be performed. Those entities of the group which were considered to be significant components, being Argo Blockchain Plc and Argo Innovation Labs Inc, were subject to full scope audit procedures in accordance with ISA (UK) 600 for group reporting purposes. Procedures were then performed to address the risks identified and for the most significant assessed risks of material misstatement, the procedures performed are outlined below in the key audit matters section of this report.

Argo Innovations Labs Limited is a dormant member of the group headed by Argo Blockchain plc and therefore no audit work has been performed on this entity.

We did not rely on the work of any component auditors.

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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
<p>Revenue recognition (Note 7)</p> <p>There is an inherent risk around the accuracy of revenue due to the high technology of the service being provided.</p> <p>Revenues are received from the mining pool, which incorporate both block rewards and transaction fees. The fair value of crypto assets received are subject to high levels of volatility, therefore generating a significant risk of misstatement in respect of the accuracy of revenue recognised.</p>	<p>Our work in this area included:</p> <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; ■ Performing substantive transactional testing of income recognised in the financial statements; ■ Performing a revenue proof in total based on the number of subscribers and membership fees; ■ Performing 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 the applicable framework; and ■ Ensuring disclosure in the financial statements is adequate. <p>Testing in respect of this Key Audit Matter was appropriately covered by the above testing performed.</p>
<p>Recognition and valuation of Crypto currency assets (Note 22)</p> <p>The Group entered into several large transactions involving the purchase, mining and disposal of Crypto assets. The group has other current assets of £1,116,475 at the period end comprising of Crypto currencies.</p> <p>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. Therefore, there is a significant risk of material misstatement of said assets, due to both the significant management</p>	<p>Our work in this area included:</p> <ul style="list-style-type: none"> ■ Confirming good title to the Crypto assets via the Group's wallets; ■ Reviewing and testing underlying agreements giving rise to the receipt of Crypto assets; ■ Agreeing the fair values of the Crypto Assets at the transaction date and year end date; ■ Confirming that only the Crypto currencies traded on an active market have been measured at fair value; and

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estimate involved and the volatility attributed to crypto assets.	<ul style="list-style-type: none">■ Performing a post year-end review to identify transactions which support the realisation of the 31 December 2019 carrying value. <p>Testing in respect of this Key Audit Matter was appropriately covered by the above testing performed.</p>
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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 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 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

ARGO BLOCKCHAIN PLC

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.

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 20 January 2020 to audit the financial statements for the period ending 31 December 2019. Our total uninterrupted period of engagement is 2 years, covering the periods ending 31 December 2018 to 31 December 2019. 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.

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our sector experience and through discussion with the directors. We considered the extent of compliance with those laws and regulations as part of our procedures on the related financial statements items. We communicated laws and regulations throughout our audit team and remained alert to any indications of non-compliance throughout the audit. As with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

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

28 April 2020

15 Westferry Circus

Canary Wharf

London E14 4HD

ARGO BLOCKCHAIN PLC

GROUP STATEMENT OF COMPREHENSIVE INCOME

	Note	Year ended 31 December 2019 £	Period ended 31 December 2018 £
Revenue	7	8,616,879	764,562
Cost of sales	8	(5,559,796)	(1,175,964)
Gross profit/(loss)		3,057,083	(411,402)
Administrative expenses	8	(3,890,898)	(3,731,913)
Operating loss		(833,815)	(4,143,315)
Interest expense		(40,853)	(9,934)
Finance income		5,617	35,964
Loss before taxation		(869,051)	(4,117,285)
Tax on loss	12	-	-
Other comprehensive income			
Items which may be subsequently reclassified to profit or loss:			
- Currency translation reserve	25	178,240	-
Total other comprehensive income, net of tax		178,240	-
Total comprehensive income attributable to the equity holders of the Company		(690,811)	(4,117,285)
Earnings per share attributable to equity owners (pence)			
Basic and diluted earnings per share	13	(0.2p)	(2.2p)

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

The accounting policies and notes on pages 34 to 52 form part of the financial statements.

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GROUP STATEMENT OF FINANCIAL POSITION

	Note	As at 31 December 2019 £	As at 31 December 2018 £
ASSETS			
Non-current assets			
Investments	15	58,140	-
Financial assets fair valued through profit & loss	16	1,346,236	-
Intangible fixed assets	17	481,935	619,500
Tangible fixed assets	18	15,399,312	2,457,240
Other receivables	19	4,151,400	-
Total non-current assets		21,437,023	3,076,740
Current assets			
Trade and other receivables	21	2,085,699	2,179,057
Digital assets	22	1,040,964	2,082
Cash and cash equivalents		161,342	16,389,443
Total current assets		3,288,005	18,570,582
Total assets		24,725,028	21,647,322
EQUITY AND LIABILITIES			
Equity			
Share capital	24	293,750	293,750
Share premium account	24	25,252,288	25,252,288
Foreign currency translation reserve	25	178,240	-
Accumulated deficit	25	(4,986,336)	(4,117,285)
Total equity		20,737,942	21,428,753
Current liabilities			
Trade and other payables	26	3,987,086	218,569
Total liabilities		3,987,086	218,569
Total equity and liabilities		24,725,028	21,647,322

The Group financial statements were approved by the board of directors and authorised for issue on 28 April 2020 and are signed on its behalf by:



Peter Wall
Chief Executive Officer

The accounting policies and notes on pages 34 to 52 form part of the financial statements.

ARGO BLOCKCHAIN PLC

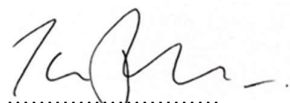
COMPANY STATEMENT OF FINANCIAL POSITION

Company Registration No. 11097258

	Note	As at 31 December 2019 £	As at 31 December 2018 £
ASSETS			
Non-current assets			
Investments	14	1	1
Total non-current assets		1	1
Current assets			
Trade and other receivables	21	23,227,957	10,712,353
Cash and cash equivalents		40,097	13,117,072
Total current assets		23,268,054	23,829,425
Total assets		23,268,055	23,829,426
EQUITY AND LIABILITIES			
Equity			
Share capital	24	293,750	293,750
Share premium account	24	25,252,288	25,252,288
Accumulated deficit	25	(2,469,233)	(1,779,612)
Total equity		23,076,805	23,766,426
Current liabilities			
Trade and other payables	26	191,250	63,000
Total liabilities		191,250	63,000
Total equity and liabilities		23,268,055	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 total comprehensive loss for the year was £689,621 (2018: £1,779,612).

The Company financial statements were approved by the board of directors and authorised for issue on 28 April 2020 and are signed on its behalf by:



Timothy Le Druillenec
Finance Director

The accounting policies and notes on pages 34 to 52 form part of the financial statements.

ARGO BLOCKCHAIN PLC

GROUP STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium account	Foreign currency translation reserve	Retained earnings	Total
	£	£	£	£	£
Balance at 5 December 2017	-	-	-	-	-
Total comprehensive loss for the period:					
Loss for the period	-	-	-	(4,117,285)	(4,117,285)
Other comprehensive income	-	-	-	-	-
Total comprehensive income 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
Balance at 31 December 2018	293,750	25,252,288	-	(4,117,285)	21,428,753

	Share capital	Share premium account	Foreign currency translation reserve	Retained earnings	Total
	£	£	£	£	£
Balance at 1 January 2019	293,750	25,252,288	-	(4,117,285)	21,428,753
Total comprehensive loss for the period:					
Loss for the period	-	-	-	(869,051)	(869,051)
Other comprehensive income	-	-	178,240	-	178,240
Total comprehensive income for the period	-	-	-	(869,051)	(690,811)
Transactions with equity owners:					
Issue of share capital net of issue costs	-	-	-	-	-
Balance at 31 December 2019	293,750	25,252,288	178,240	(4,986,336)	20,737,942

The accounting policies and notes on pages 34 to 52 form part of the financial statements.

ARGO BLOCKCHAIN PLC

COMPANY STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium account	Foreign currency translation reserve	Retained earnings	Total
	£	£	£	£	£
Balance at 5 December 2017	-	-	-	-	-
Total comprehensive loss for the period:					
Loss for the period	-	-	-	(1,779,612)	(1,779,612)
Other comprehensive income	-	-	-	-	-
Total comprehensive income 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
Balance at 31 December 2018	293,750	25,252,288	-	(1,779,612)	23,766,426

	Share capital	Share premium account	Foreign currency translation reserve	Retained earnings	Total
	£	£	£	£	£
Balance at 1 January 2019	293,750	25,252,288	-	(1,779,612)	23,766,426
Total comprehensive loss for the period:					
Loss for the period	-	-	-	(689,621)	(689,621)
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the period	-	-	-	(689,621)	(689,621)
Transactions with equity owners:					
Issue of share capital net of issue costs	-	-	-	-	-
Balance at 31 December 2019	293,750	25,252,288	-	(2,469,233)	23,076,805

The accounting policies and notes on pages 34 to 52 form part of the financial statements.

ARGO BLOCKCHAIN PLC

GROUP STATEMENT OF CASH FLOWS

	Note	Year ended 31 December 2019 £	Period ended 31 December 2018 £
Cash flows from operating activities			
Operating loss		(833,815)	(4,143,315)
Adjustments for:			
Depreciation/Amortisation	8	2,221,201	487,697
Foreign exchange movements on non-monetary opening balances		178,240	-
Services settled by issue of shares		-	60,000
Interest expense		(40,853)	(9,934)
Working capital changes:			
Increase in trade and other receivables	19, 21	(4,058,043)	(2,179,057)
Increase in trade and other payables	26	2,684,300	218,569
Crypto asset purchases for resale	21, 22	312,530	329,088
Increase in digital assets as receivables	22	(1,038,882)	(2,082)
Net cash flow from/(used in) operating activities		(575,322)	(5,239,034)
Investing activities			
Investment in GPU.One	15	(58,140)	-
Convertible loan note with GPU.One	16	(1,346,236)	-
Purchase of intangible assets		-	(671,921)
Purchase of tangible fixed assets	18	(15,025,708)	(2,892,516)
Crypto asset purchases for resale	21, 22	(312,530)	(329,088)
Interest received		5,617	35,964
Net cash used in investing activities		(16,736,997)	(3,857,561)
Financing activities			
Increase in short term loans	26	1,084,218	-
Proceeds from issue of shares net of issue costs		-	25,486,038
Net cash generated from financing activities		1,084,218	25,486,038
Net increase in cash and cash equivalents		(16,228,101)	16,389,443
Cash and cash equivalents at beginning of period		16,389,443	-
Cash and cash equivalents at end of period		161,342	16,389,443

The accounting policies and notes on pages 34 to 52 form part of the financial statements.

ARGO BLOCKCHAIN PLC

COMPANY STATEMENT OF CASH FLOWS

	Note	Year ended 31 December 2019 £	Period ended 31 December 2018 £
Cash flows from operating activities			
Operating loss		(694,532)	(1,815,576)
Services settled by issue of shares		-	60,000
Increase in trade and other receivables	21	(37,198)	(16,764)
Increase in trade and other payables	26	128,250	63,000
Net cash flow from/(used in) operating activities		(603,480)	(1,709,340)
Investing activities			
Investment in subsidiary	14	-	(1)
Increase in loan to subsidiary	21	(12,478,406)	(10,695,589)
Interest received		4,911	33,964
Net cash used in investing activities		(12,473,495)	(10,659,626)
Financing activities			
Proceeds from issue of shares net of issue costs		-	25,486,038
Net cash generated from financing activities		-	25,486,038
Net increase/(decrease) in cash and cash equivalents		(13,076,975)	13,117,072
Cash and cash equivalents at beginning of period		13,117,072	-
Cash and cash equivalents at end of period		40,097	13,117,072

The accounting policies and notes on pages 34 to 52 form part of the financial statements.

ARGO BLOCKCHAIN PLC

NOTES TO THE FINANCIAL STATEMENTS

1. COMPANY INFORMATION

Argo Blockchain plc ("the company") is a public company, limited by shares, and 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 1 September 2018 the Company acquired 100% of Argo Mining Limited for £1, which was dormant in the period ended 31 December 2018 and 2019.

The principal activity of the group is that of a crypto asset mining.

The financial statements cover the year ended 31 December 2019.

2. 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.

3. SIGNIFICANT ACCOUNTING POLICIES

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

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 an increasing level of revenues from its crypto mining activities. In making their assessment of going concern, the Directors acknowledge that the Group has increasing cash reserves now that it has paid off the final balance owed for the acquisition of 17,000 mining machines now in operation 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. The Directors have considered the impacts of Covid-19 and conclude that there are no material factors that are likely to affect the ability of the Group to continue as a going concern. Accordingly, the Board believes it is appropriate to adopt the going concern basis in the preparation of the Financial Statements.

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Revenue recognition

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 cointracker.io 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. Mining earnings are made up of the baseline block reward and transaction fees of between 5 to 10%, however, these are bundled together in the daily deposits from mining and therefore not capable of being analysed separately.

Corporate Resellers: This income stream is in respect of the sale of packages for the provision of a specified power level over a given time frame. One sale was made during the year, for 3 months of 12,000 TH power of the Group's mining machines for which the Group earned £239,000. The Group recognises this income once the performance obligations of power and time and been met.

Subscription revenue: Prior to refocusing the Group's strategy away from mining as a service ("Maas") in the early part of the year, 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 previously entered into contracts with the subscriber. Revenue which arose from subscription sales under these subscription contracts was recognised when the price was determinable, the product had been delivered in accordance with the terms of the contract, the significant risks and rewards of ownership had been transferred to the customer and collection of the sales price was reasonable assured. These criteria for performance obligation were assessed to have occurred once the crypto mining service had been delivered to the customer.

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. On the basis that Argo Innovation Labs Limited was dormant during the year and is immaterial to the Group, it was not included in these consolidated financial statements.

All financial statements are made up to 31 December 2019. 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.

Segmented reporting

The directors consider that the Group has only one significant reporting segment being crypto mining and all this is earned by the Canadian subsidiary. The allocation of costs to secondary revenue streams would be impracticable. Accordingly, no segmental analysis is considered necessary due to the nature of the business.

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Intangible assets

Intangible fixed assets comprising of the Group's website and supporting software platform relates partly to the user interface for customers, and as such has been revenue generating and will be should the Group return to MaaS

Intangible assets are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recorded within administration expenses.

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.

Tangible fixed assets

Tangible fixed assets comprise of mining and 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 mining and computer equipment and 5 years in the case of the data centre improvements, on a straight line basis. Depreciation is recorded in the Statement of Comprehensive Income within cost of sales.

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.

Digital assets

Digital assets, including tokens and cryptocurrency, which do not qualify for recognition as cash and cash equivalents or financial assets, and have an active market which provides pricing information on an ongoing basis.

The Group has assessed that it acts in a capacity as a commodity broker trader as defined in IAS2, Inventories, in characterising its holding of Digital assets as inventory. If assets held by commodity broker-traders are principally acquired for the purpose of selling in the near future and generating a profit from fluctuations in price or broker-traders' margin, such assets are accounted for as inventory, and changes in fair value (less costs to sell) are recognised in profit or loss.

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.

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. The Group considers the credit risk on cash and cash equivalents to be limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies.

Financial instruments

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.

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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, 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

Equity Instruments: The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established. Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

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. The Group's financial assets at amortised cost include other receivables and cash and cash equivalents.

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.

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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. The Company has an Intercompany loan due from its 100% Canadian subsidiary for which there is no formal agreement including payment date and therefore it cannot be considered to be in breach of an agreement and accordingly the loan is not subject to adjustments and is maintained at its book value in the financial statements.

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.

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.

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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.

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.

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. Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries, associates and joint arrangements only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference 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.

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.

The group does not have any pension schemes.

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.

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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. At each reporting end date, non-monetary assets and liabilities that are determined in foreign currencies are retranslated at the rates prevailing on the opening balance sheet date. Gains and losses arising on translation are included in the other comprehensive income and contained within the Foreign currency translation reserve.

4. FINANCIAL RISK FACTORS

The Group's activities expose it to a variety of financial risks: market 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. Risk management is undertaken by the Board of Directors.

Market Risk

The Group is dependent on the state of the cryptocurrency market and general sentiment of crypto assets as a whole. During the year the Group managed the company's cryptocurrency through a carefully structured active management strategy for all Group held crypto assets. It is designed to protect the Company in the event that crypto prices decrease, but would also have the potential to provide an upside in a rising crypto asset market. This strategy was executed both internally and through a treasury services contract with Protos Asset Management, a Swiss-based company with a focus on asset management. Internally, the Argo team exchanged cryptocurrency to fiat currency on a weekly and monthly basis through exchange accounts held at Binance, Coinsquare, and Kraken. For treasury management - Protos used a 'trend-following' strategy to adjust Argo's cryptocurrency holdings on a weekly basis into various cryptocurrencies and stable coins.

The Group is also subject to market fluctuations in foreign exchange rates. The subsidiary (Argo Innovation Labs Inc.) is based in Canada, and transacts in CAD\$, USD\$ and GBP. Crypto currency is primarily convertible into fiat through USD currency pairs and through USD denominated stable coins, and is the primary method for the Group for conversion into cash. The Group monitors exchange rates on a constant basis and maintains bank accounts in all applicable currency denominations.

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 counterparty is subject to a limit, which is assessed by the Board.

The Group considers the credit risk on cash and cash equivalents to be limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies.

The company considers the intercompany loan to its subsidiary (Argo Innovation Labs Inc.) fully recoverable through review of projected cash flows and acceptance of regular repayments.

The carrying amount of financial assets recorded in the financial statements represent the Group'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 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.

The Board updates cashflow projections on a regular basis and closely monitors the cryptocurrency market on a daily basis. Accordingly, the Group's controls over expenditure are carefully managed, in order to maintain its cash reserves.

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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. 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 entered into short-term financing arrangements during the year, to increase capital for mining hardware purchases. As at 31 December 2019, £1,084,218 remained outstanding and is due to be fully repaid by June 2020.

The Group monitors capital on the basis of the total equity held by the Group, being £20,737,942.

5. ADOPTION OF NEW AND REVISED ARTICLES

The Company has 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 2019.

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.

Standard or Interpretation	Description	Effective date for annual accounting period beginning on or after
IFRS 3	Amendments to IFRS 3 'Business Combinations' to clarify the definition of a business	1 January 2020
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

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

6. KEY JUDGEMENTS AND ESTIMATES

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

In the prior period, share based payments were made based on the fees due to certain individuals 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 23.

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Valuation of tangible and intangible fixed assets

The directors considered at length whether any further impairments were required on the value of the mining and computer equipment, and website and underlying software. 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 IAS2, Inventories. In characterising its holding of Digital assets as inventory. If assets held by commodity broker-traders are principally acquired for the purpose of selling in the near future and generating a profit from fluctuations in price or broker-traders' margin, such assets are accounted for as inventory, and changes in fair value (less costs to sell) are recognised in profit or loss. 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 2019 the Group held £1,040,964 of crypto currency (see note 22).

7. REVENUE

	2019 £	2018 £
UK (corporate reseller)	-	227,561
Canada (corporate reseller)	239,453	370,993
Subscriber revenue – worldwide	29,242	77,044
Crypto currency mining - worldwide	8,348,184	88,964
Total revenue	8,616,879	764,562

Due to the nature of Crypto currency mining, it is not possible to provide a geographical split of the revenue stream.

8. EXPENSES BY NATURE

	2019 £	2018 £
Administrative expenses		
Salary and other employee costs	289,272	202,839
Depreciation and amortisation	137,565	67,842
Expensed provision	-	834,000
Legal, professional and regulatory fees	607,190	520,610
Foreign Exchange losses	401,038	152,748
Consulting fees	1,186,450	925,411
Advertising fees	104,806	350,564
Travel and subsistence	168,567	208,894
Crypto asset fair value movement	333,853	235,196
Research costs	103,973	-
Senior management loss of office	236,194	-
Other expenses	321,990	233,809
Total administrative expenses	3,890,898	3,731,913

	2019 £	2018 £
Cost of sales		
Crypto asset disposal	-	414,970
Depreciation of mining hardware	2,083,636	419,856
Hosting and other costs	3,476,160	341,139
Total cost of sales	5,559,796	1,175,965

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9. AUDITOR'S REMUNERATION

	2019 £	2018 £
In relation to the listing to the London Stock Exchange		40,000
In relation to statutory audit services	50,000	45,000
Total auditor's remuneration	50,000	95,000

10. EMPLOYEES

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

	2019 Number	2018 Number
Management	7	9

Their aggregate remuneration comprised:

	2019 £	2018 £
Wages and salaries	268,620	177,531
Social security costs	16,592	4,854
Pension costs	4,060	2,353
Share based payments	-	35,000
	289,272	219,738

11. DIRECTORS' AND KEY MANAGEMENT REMUNERATION

	2019 £	2018 £
Director's remuneration for qualifying services	688,767	596,742
Senior management loss of office	236,194	-
Key management personnel	578,103	305,270
Total remuneration for directors and key management	1,503,064	902,012

The amounts above are remunerated through both salaries (of which, some are included in note 10) and through service companies (as disclosed in note 28). Further details of Directors' remuneration are available in the Remuneration report. The highest paid director during the year was Mike Edwards, earning £343,555.

12. 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:

	2019 £	2018 £
Loss before taxation	(869,051)	(4,117,285)
Expected tax credit based on a weighted average of 24% (UK and Canada)	(208,572)	(996,941)
Effect of expenses not deductible in determining taxable profit	31,871	44,068
Capital allowances in excess of depreciation	(1,141,206)	(161,140)
Other tax adjustments	94,129	63,503
Unutilised tax losses carried forward	1,223,778	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 £8,728,978 (2018: £3,629,902). A deferred tax asset of £2,094,955 (2018: £871,176) 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 the level of future profits to utilise against this amount.

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13. 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 44,854,769 warrants and options at 31 December 2019. 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.

	2019	2018
Net loss for the period attributable to ordinary equity holders for continuing operations (£)	(690,811)	(4,117,285)
Weighted average number of ordinary shares in issue	293,750,000	186,019,809
Basic and diluted earnings per share for continuing operations (pence)	(0.2)	(2.2)

14. INVESTMENT IN SUBSIDIARIES

Company	Shares in subsidiaries £
Cost and carrying value	
At 5 December 2017	-
Additions	1
At 31 December 2018	1
Cost and carrying value	
At 1 January 2018	-
Additions	-
At 31 December 2019	1

Details of the company's subsidiaries at 31 December 2019 are as follows:

Name of undertaking	Country of incorporation	Ownership interest (%)	Voting power held (%)	Nature of business
Argo Innovation Labs Inc.	Canada	100%	100%	**
Argo Innovation Labs Limited	UK	100%	100%	Dormant

** The provision of cryptocurrency mining services.

The company's interest in Argo Innovation Labs Inc. was acquired on incorporation of that Company, previously named 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 8 January 2019 that company changed its name to Argo Innovation Labs Inc.

On 1 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 14 January 2019 that company changed its name to Argo Innovation Labs Limited. This company was dormant in the year ended 31 December 2019.

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15. INVESTMENTS

Group	£
At 1 January 2019	-
Additions:	
Investment in shares in GPU.One Holding Inc.	58,140
At 31 December 2019	58,140

On 27 June 2019 the Group made a strategic investment in GPU.one Holding Inc, (3682 av. du Musée, Montréal (Québec) H3G 2C9) a Canadian corporation which hosts the Group's mining gear and supplies power. The Group acquired 192,308 Class A Shares at a price of CDN\$0.52 per share for CDN\$100,000. This represents an interest of 0.4% in the share capital of GPU.one Holding Inc.

16. FINANCIAL ASSETS FAIR VALUED THROUGH PROFIT & LOSS

Group	£
At 1 January 2019	-
Additions:	
Investment in convertible loan note in GPU.One Holding Inc.	1,346,236
At 31 December 2019	1,346,236

During the period, the Group entered into a convertible loan note in the amount of CDN\$2,314,334, without a coupon, repayable on 26 June 2027 and convertible, subject to certain conditions, into Class A Shares based on a price per share of 90% of the fair value of GPU.one at the time of conversion. The directors have reviewed the treatment of this asset and consider it should be treated as a non-current financial asset fair valued through profit or loss, at £1,346,236. The financial asset was revalued on a fair value basis at the year ended 31 December 2019.

Based on the issue price of the Class A Shares to the Group and the current issued share capital of GPU.one Holding Inc. if the conversion took place now this would represent an interest of approximately 10% of GPU.one Holding Inc.

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17. INTANGIBLE FIXED ASSETS

Group	Website £
Cost	
On incorporation	-
Additions	671,921
At 31 December 2018	671,921
Additions	-
At 31 December 2019	671,921
Amortisation and impairment	
On incorporation	-
Amortisation charged during the period	52,421
Impairment losses	-
At 31 December 2018	52,421
Amortisation charged during the period	137,565
Impairment losses	-
At 31 December 2019	189,986
Carrying amount	
At 31 December 2018	619,500
At 31 December 2019	481,935

All intangible assets are held by the subsidiary, Argo Innovation Labs Inc.

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18. TANGIBLE FIXED ASSETS

Group	Mining and Computer Equipment £	Improvements to Datacentre £	Total £
Cost			
On incorporation	-	-	-
Additions	2,807,589	84,927	2,892,516
At 31 December 2018	2,807,589	84,927	2,892,516
Additions	15,025,708	-	15,025,708
At 31 December 2019	17,833,297	84,927	17,918,224
Depreciation and impairment			
On incorporation	-	-	-
Amortisation charged during the period	421,711	13,565	435,276
Impairment losses	-	-	-
At 31 December 2018	421,711	13,565	435,276
Amortisation charged during the period	2,066,248	17,388	2,083,636
Impairment losses	-	-	-
At 31 December 2019	2,487,959	30,953	2,518,912
Carrying amount			
At 31 December 2018	2,385,878	71,362	2,457,240
At 31 December 2019	15,345,338	53,974	15,399,312

All property, plant and equipment is owned by the subsidiary, Argo Innovation Labs Inc.

19. OTHER RECEIVABLES (NON-CURRENT)

	Group 2019 £	Company 2019 £	Group 2018 £	Company 2018 £
Deposits	4,151,400	-	-	-
Total carrying amount of other receivables	4,151,400	-	-	-

On 26 June 2019 the Group agreed an amendment to the master service agreement with GPU.One Holding Inc. whereby the service contract for the supply of hosting and power would attract lower costs and terminate on 26 June 2022. Early termination of the contract by the Group would result in costs equivalent to 4 months of power usage, deductible from the deposit. These deposits are fixed and are to be drawn down upon during the final months of the contract term as a prepayment for hosting and power.

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20. FINANCIAL INSTRUMENTS

	Group 2019 £	Company 2019 £	Group 2018 £	Company 2018 £
Carrying amount of financial assets				
Measured at amortised cost	4,226,912	23,173,994	1,630,600	10,699,089
Measured at fair value through profit & loss	2,387,200	-	-	-
Total carrying amount of financial assets	6,614,112	23,173,994	1,630,600	10,699,089
Carrying amount of financial liabilities				
Measured at amortised cost	3,547,719	78,000	218,589	63,000
Total carrying amount of financial liabilities	3,547,719	78,000	218,589	63,000

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

21. TRADE AND OTHER RECEIVABLES

	Group 2019 £	Company 2019 £	Group 2018 £	Company 2018 £
Amounts due from group companies	-	23,173,994	-	10,695,589
Other receivables	268,842	33,975	1,643,424	16,764
Other taxation and social security	1,816,857	19,988	535,633	-
Total trade and other receivables	2,085,699	23,227,957	2,179,057	10,712,353

Amounts due from group companies consist of an intercompany loan made to the 100% subsidiary, Argo Innovation Labs Inc. and is eliminated on consolidation. This debtor is greater than 90 days and is considered recoverable through regular payments from the subsidiary.

Other receivables consist of prepayments for expenses and an amount of £75,512 paid for crypto assets purchased but not received as at 31 December 2019.

Other taxation and social security consist of purchase tax in the UK and Canada. UK VAT debtors are less than 30 days old. Canadian GST and QST debtors are greater than 90 days as at 31 December 2019.

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

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22. DIGITAL ASSETS

Group	£
At 1 January 2019	2,082
Additions	
Crypto assets purchased and received	237,018
Crypto assets mined	8,348,184
Total additions	8,585,202
Disposals	
Crypto assets sold	(7,212,466)
Total disposals	(7,212,466)
Fair value movements	
Movements on crypto asset sales	(132,107)
Movements on crypto assets held at the year end	(201,747)
Total fair value movements	(333,854)
At 31 December 2019	1,040,964

The Group mined crypto assets during the year, which are recorded at fair value on the day of acquisition. Movements in fair value between acquisition (date mined) and disposal (date sold), and the movement in fair value in crypto assets held at the year end, are recorded in the profit and loss account.

At the period end, the Group held crypto assets representing a fair value of £1,040,964. The breakdown of which can be seen below:

Group Crypto asset name	Coins/tokens	Fair value £
BTC	63	339,839
PAX and USDT (stable coin – fixed to USD)	404,108	321,615
XTZ	153,198	158,688
ETH	548	54,149
BEAM	66,967	27,600
XRP	130,143	19,001
ZEC	795	17,155
LTC	536	16,859
BCH	107	16,551
EOS	5,240	10,320
Alternative coins	Various	59,187
At 31 December 2019		1,040,964

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23. SHARE OPTIONS AND WARRANTS

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

Options / warrants	Grant date	Expiry date	Exercise price	Number of options and warrants outstanding at 31 December 2019	Number of options and warrants exercisable at 31 December 2019
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	6,580,000
Warrants	23 February 2018	23 February 2021	£0.08	1,400,000	1,400,000
Warrants	14 – 17 June 2018	14-17 June 2021	£0.16	650,000	650,000
Warrants	15 June 2018	15 June 2021	£0.16	210,453	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	15,029,025	9,084,664
Options	25 July 2018	30 August 2022	£0.16	5,953,691	5,953,691
Options	17 July 2019	17 July 2025	£0.16	1,000,000	-
				44,854,769	37,910,408

	Number of options and warrants	Weighted average exercise price £
At 1 January 2019	48,230,103	0.14
Granted	1,000,000	0.16
Exercised	-	-
Lapsed	(4,375,334)	0.16
Outstanding at 31 December 2019	44,854,769	0.14
Exercisable at 31 December 2019	37,910,408	0.14

The weighted average remaining contractual life of options and warrants as at 31 December 2019 is 3 years. If the exercisable shares had been exercised on 31st December 2019 this would have represented 11% 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 2019, 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.

Black-Scholes table					
	2 February 2018	23-26 February 2018	14-17 June 2018	3 August 2018	25 July 2018
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	4/2 years	2 years	2 years	4 years	4 years
Risk-free interest rate	1%	1%	1%	1%	1%
Marketability discount	75%	75%	75%	90%	75%

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24. SHARE CAPITAL

	2019 £	2018 £
Ordinary share capital		
Issued and fully paid		
293,750,000 Ordinary Shares of £0.001 each	293,750	293,750
Share premium account		
At beginning and end of period	25,252,288	25,252,288

25. RESERVES

The following describes the nature and purpose of each reserve:

Reserve	Description
Share capital	Represents the nominal value of equity shares
Share premium	Amount subscribed for share capital in excess of nominal value
Foreign currency translation	Cumulative effects of translation of opening balances on non-monetary assets between subsidiary functional currency (Canadian dollars) and Group functional and presentational currency (Sterling).
Retained earnings	Cumulative net gains and losses and other transactions with equity holders not recognised elsewhere.

26. TRADE AND OTHER PAYABLES

	Group 2019 £	Company 2019 £	Group 2018 £	Company 2018 £
Trade creditors	2,463,501	78,000	-	-
Accruals and other creditors	439,367	113,250	218,569	63,000
Short term loans	1,084,218	-	-	-
Other taxation and social security	-	-	-	-
Total trade and other creditors	3,987,086	191,250	218,569	63,000

Within other creditors is an amount of £5,000 (2018: £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.

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

27. COMMITMENTS AND OPERATING LEASES

The Group's material contractual commitments relate solely in regards to the master services agreement with GPU.one, which provides hosting, power and support services. Whilst management do not envisage terminating agreements with GPU.one in the immediate future, it is impracticable to determine monthly commitments due to large fluctuations in power usage and variations on foreign exchange rates, and as such a commitment over the contract life has not been determined. The Director's consider that the early termination fee, drawn down from deposits held by GPU.one (see note 19) represents the minimum committed payment due.

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28. RELATED PARTY TRANSACTIONS

Rental agreement

The Company rents office space from Dukemount Capital plc, for which Timothy Le Druillenec was a Director during the period up until 1 February 2019. During the period, payments of £3,300 were made with a balance of £Nil outstanding as at 31 December 2019.

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 £9,314 (2018: £30,471) were made with a balance of £16,299 outstanding as at 31 December 2019 (2018: £Nil).

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

Protos Asset Management

During the year, the Group obtained services from Protos Asset Management in regards to crypto portfolio management. Protos Asset Management is paid a monthly management fee of USD\$5,000 and a percentage performance payment based on the relative success of the portfolio against the market. Matthew Shaw, appointed on 17 July 2019 as a non-executive of Argo Blockchain Plc founded Protos Asset Management. During the period of his directorship, the Group paid £83,553 in service fees.

Key management compensation

Key management includes Directors (executive and non-executive) and senior management. 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: £413,340 paid to Possibilities Training Group Ltd in respect of the fees and Termination payment of Jonathan Bixby; £343,555 paid to MSE Management Inc. in respect of the fees of Mike Edwards; £17,086 paid to POMA Enterprises Limited in respect of fees of Matthew Shaw; £250,218 paid to Blockchain Consulting in respect of fees of Inderpreet Hothi; £216,639 paid to Vernon Blockchain Inc in respect fees of Peter Wall. Other key management received £19,643. These are not inclusive of the related party transactions disclosed above.

29. CONTROLLING PARTY

There is no controlling party of the Group.

30. POST BALANCE SHEET EVENTS

On 5 February, an announcement was made as to the grant of options to the management team.

The assessment of the COVID-19 situation will need continued attention and will evolve over time. In our view, COVID-19 is considered to be a non-adjusting post statement of financial position event and no adjustment is made in the financial statements as a result. The rapid development and fluidity of the COVID-19 virus make it difficult to predict the ultimate impact at this stage. Due to the nature of the Group's activities, the impact has been minimal. Management will continue to assess the impact of COVID-19 on the Group and Company, however, it is not possible to quantify the impact, if any, at this stage.