10 September 2014

Frontier Resources International Plc (AIM Ticker: FRI)

("Frontier" or the "Company")
Registered in England and Wales number 06573154

Unaudited interim results for the six months ended 30 June 2014

CHAIRMAN'S STATEMENT

I am pleased to present the Company's unaudited interim results for the six months ended 30 June 2014.

Introduction

Frontier Resources International Plc, which was founded in April 2008, is focused on onshore oil and gas exploration in the Middle East and Southern Africa where the Company has technical knowledge and expertise. The Company currently has three exploration projects in Oman, Namibia and Zambia.

Funding

The operations of the Group are currently being financed from funds which the Company raised from private and public placings of its shares. As the Group is not revenue generating it is reliant on the continuing support from its existing and future shareholders. Accordingly and in common with many companies in the oil and gas exploration and development stages, the Group raises its cash for exploration and development programmes in discrete tranches to finance its work programme commitments.

The Company listed on the London Stock Exchange's AIM Market ("AIM") in July 2013, securing funding to initiate operations in Oman. As reported to shareholders at the time of admission to AIM in July 2013, Frontier Group needs substantial financial resources to develop its assets. The Company on 26 June 2014 issued to institutional and other investors 40,000,000 new ordinary shares at a placing price of 1.5p per Placing Share to raise USD914,000 net of expenses. The Group continues to evaluate the options for funding its work programme commitments and ongoing working capital requirements, including farming-out an interest or seeking strategic partners in its exploration projects. The Group has created a data room and continues to approach industry partners with the intention of farming out an interest in each of its exploration projects in Oman, Namibia and Zambia.

The Directors, in their continuing support of the Group business needs, have also agreed to continue the deferral of a proportion of their remuneration until at least 1 January 2015, an extension of 3 months from the 1 October 2014 date agreed at the time of admission to AIM. Further information is given in Note 10 Related party transactions to the Unaudited Interim Financial Information.

The net proceeds of the June 2014 Placing are providing additional working capital for the Company to progress these farm-out discussions and enable additional technical analysis on Block 38, in particular the reprocessing and interpretation of a minimum of 400 kilometers of legacy 2D seismic data over the area where the Company has identified potential presence of an Ara formation intra-salt play on the Block and to commence planning of the 3D seismic programme.

Going Concern

Cash balances at the date of approval of these accounts are approximately USD400,000.

Whilst the Placing proceeds will not provide sufficient working capital to fund its planned activities for the next 12 months, the Company anticipates funding its further exploration activity and general working capital from the proceeds of a farm-out of one or more of its interests in the second half of this year. Shareholders' attention is drawn to the Going Concern section within Note 2 Significant accounting policies to the Unaudited Interim Financial Information, where further information is provided

The Group has prepared cash flow projections reflecting the requirements of the Group's operations and exploration plans, the expected funds to be raised and the potential proceeds of any farm-ins during 2014-15. The detailed assessment indicates that the Group should be able to continue to meet its liabilities as they fall due and meet its minimum spend commitments on its licenses for a period of not less than 12 months from the date of the approval of these accounts.

Whilst the directors are confident that they are taking all the necessary steps to ensure that the funding will be available, there can be no guarantee or certainty that the funds required will become available within the foreseeable future. If future funding was not to become available in an appropriate timescale, the directors would need to consider alternative strategies and an impairment review may be required in respect of the carrying value of the Group's assets.

Material uncertainties therefore exist that may cast doubt on the Group's and Company's ability to continue as a going concern and its ability to meet its commitments and discharge its liabilities in the normal course of business and to continue to develop its license areas.

Nevertheless after making enquiries and considering the uncertainties described above, the directors have a reasonable expectation that funding will be available and that the Group will have sufficient cash to fund its planned activities and to continue its operations for the foreseeable future, and at least for one year from the date of approval of these accounts.

The accounts have, therefore, been prepared on the going concern basis. The accounts do not contain any adjustments relating to the recoverability and classification of recorded assets that might be necessary should the Company and Group not be able to continue as a going concern.

Future progress

The Board looks forward to updating shareholders on progress in the second half of the year, a period which is critically important to Frontier's development.

Ric Piper
Chairman
9 September 2014

CHIEF EXECUTIVE OFFICER'S STATEMENT

Financial Performance in the Period

- The Group's total comprehensive loss for the six months to 30 June 2014 was USD681,000 (30 June 2013: USD588,000).

- The basic and diluted loss per share was 0.40 cents (30 June 2013: 0.71 cents).

- Frontier raised USD914,000 net of expenses (40 million shares placed at 1.5p) in the six months ended 30 June 2014.

As foreseen at the time of Admission to AIM, given that the Company is at an early stage of development, it is not anticipated that there will be any earnings arising from the Company's activities in the short to medium term. Accordingly, the Board does not expect to recommend or pay any dividends in the foreseeable future.

Operational Performance

Oman
Frontier's 100% owned Block 38, located in the Dhofar Region of southwest Oman, covers an area of approximately 17,425 square kilometers. A six year Exploration and Production Sharing Agreement (EPSA) was signed on 25 November 2012. Frontier is the operator. The Oman EPSA is a six-year agreement comprising two

three-year phases. The approval from the Oman Government for the second three-year phase is subject to Frontier's completion of the first three-year of an agreed upon work program.

The Oman EPSA includes an indicative total cost of USD20 million on exploration activities in the first three-year phase. During the Period the Company evaluated the available geological, geophysical and potential field data. Following Admission to AIM, the Company has now completed the reprocessing of older seismic data. This information could be used to design a 3D seismic survey, the results of which could lead to the drilling of a well if a suitable structure is identified.
As previously reported the Company will need to raise further funding in due course to implement the next stage of exploration in Oman which would comprise 3D seismic and drilling.

From the declaration of commerciality, which under the Oman EPSA means the date on which the Government of Oman approves a field development plan for the commercial discovery of crude oil or natural gas and as appropriate a gas sales agreement becomes effective, an Oman Government company will be entitled to a 25% participating interest in the Oman EPSA.

The Company selected BGP Inc., the U.S. subsidiary of the China National Petroleum Corporation, as the contractor to utilise its proprietary software package to provide high quality data processing services by re-processing selected 2D seismic data from the vintage seismic data sets on the concession. These data sets were originally acquired by previous operators on the Block that included Phillips Petroleum, BP, Petroleum Development Oman and Sinopec. The results of the re-processing will be integrated into the overall seismic dataset on Block 38 to come up with an interpretation that will help guide Frontier to optimise the location of a future 3D seismic survey.

The Company has in first half 2014 completed the initial interpretation of available legacy 2D seismic data, both original and those data re-processed during 2013 by BGP in Houston. These reprocessed data have enabled the Company to identify geologic horizons and potentially attractive exploration targets previously unseen on the original seismic.

These targets, or their stratigraphic equivalents, include formations within Precambrian - Cambrian units, many of which contain hydrocarbons at the analog Khazzan - Makarem Field in central Oman currently under development by BP as presented at the Gas Arabia Summit in December 2011.

In addition to the above formations there is also the potential presence of an Ara formation intra- salt play on the Block as seen after recent reprocessing of a test line. There is a plan to acquire new seismic data to mature the identified leads to prospect level and accordingly the Company is hi-grading the portfolio to determine the optimal location for a 3D seismic survey.

Namibia
Frontier's Blocks, located in the Owambo Basin in northern Namibia, cover an area of approximately 18,933 square kilometres. A two year exploration licence was granted on 20th January 2012 and extended in January 2014 for an additional two years to end January 2016. Frontier is the operator with a 90% working interest. The National Petroleum Corporation of Namibia ("NAMCOR"), the Namibian National Oil Company, has a 10% carried interest in the licence. The Namibia licence has mandatory work programme commitments of USD250,000 for the period to January 2016.

In 2013, the Company engaged Exploration Technologies Inc. ("ETI") of Houston, Texas to utilize ETI's proprietary sampling system to conduct a soil gas survey across the concession, Blocks 1717 and 1817 ('the Blocks"). The survey was completed early in 2014.

ETI utilised custom designed metal probes to collect soil gas samples and shipped these to their Houston laboratory to analyse for C1-C4 hydrocarbon gases (Methane, Ethane, Propane, Butane) contained within the soil gas samples. The samples are collected using a Global Positioning System (GPS) instruments delineated regional grid along existing roads, tracks, paths and any terrain that was accessible via a field vehicle and/or walking. The objective is to allow the detailed mapping of the magnitude, distribution and composition of naturally occurring light hydrocarbon seepage over the study area.

Surface geochemical prospecting has been used in the past in the western region of the Owambo basin and appears to be a viable tool for determining the potential for the presence of source rock in the eastern area of the Owambo basin where Frontier's concession is located. The geochemical data acquired during the survey will be integrated with existing geologic and geophysical data to improve understanding of the hydrocarbon potential of the Blocks and to help focus on the most prospective areas for additional exploration operations.

Based upon the results of this initial survey and the fact that the samples were acquired only along widely spaced roads and tracks, Frontier has in February 2014 obtained a two year extension to the licence period so that additional sampling may take place during 2014. This new soil gas data will be used to further assist in delineating potential oil-prone areas that will be high-graded for 2D seismic acquisition and the integration of pertinent geologic data.

Zambia

Frontier's Block 34 ("the Block") located in the Kafue Trough in southwestern Zambia, covers an area of approximately 6,427 square kilometers. A four year exploration licence was granted on 25 March 2011. Frontier is the operator with a 100% working interest while Metprosol, a local Zambian company, has a 10% carried interest in the licence. The Zambia licences has work programme commitments of USD500,000 for the initial periods to 24 March 2015

In 2013, the Company completed land gravity survey and its modelling on the Block. Two profiles with a combined length of 210 kilometers were acquired during late June and early July 2013 by Symons Geophysical Company of Windhoek, Namibia with supervision by Frontier's local representative. These were subsequently modelled and interpreted by Earthfield Technology, specialists in gravity and magnetic data acquisition, modelling and interpretation, based in Houston, Texas. The modelling was undertaken to provide information on the depth to basement and the corresponding estimate of the potential sediment thickness on the Block in addition to providing a geological explanation for the various gravity responses (highs and lows) seen on the raw data.

Results of the modelling confirmed that an observed gravity low is most likely associated with a sediment accumulation much thicker than originally interpreted from the older regional gravity data over the area. This sedimentary section is estimated to be of similar thickness to the section seen in the rifts that are currently being successfully explored for hydrocarbons along the East African Rift System in Kenya, Uganda and most recently Ethiopia.

One of the more distinguishing characteristics on the two profiles is a prominent gravity high response seen towards the centre of the Block. This feature has been interpreted as an intra-rift basement high. At the southern end of the Block significant breaks in the gravity data indicate the presence of rift bounding faults.

The results and interpretation of the gravity profiles combined with the results of source rock analysis on a core sample from shallow well GS 61 located on the Block has greatly improved the Company's understanding of the potential prospectivity of this Block. Frontier is now actively planning the next phase of the exploration program which may include the acquisition of additional gravity and/or magnetic data and soil gas analysis over the entire Block.

Future outlook

The Group continues with its work programmes in Oman, Zambia and Namibia and is seeking to raise the necessary funding its work programme commitments and ongoing working capital requirements, including farming-out an interest or seeking strategic partners in its exploration projects.

I look forward to reporting to our shareholders about the continued development of these activities.

Frontier Resources International Plc

Interim consolidated statement of comprehensive income

	Notes	Six months ended 30 June 2014 USD'000	Six months ended 30 June 2013 USD'000	Year ended 31 December 2013 USD'000
		Unaudited	Unaudited	**Audited**
Revenue		**-**	-	**11**
Cost of sales		**-**	-	**(5)**
Gross loss			-	**6**
Administrative expenses		**(373)**	(331)	**(849)**
Share-based payments	4	**(69)**	(40)	**(189)**
AIM admission expenses		**-**	(185)	**(300)**
Equity Swap Agreement cost		**-**	-	**(498)**
Operating loss		**(442)**	(556)	**(1,830)**
Finance costs		**-**	(1)	**(3)**
Loss before tax		**(442)**	(557)	**(1,833)**
Taxation	5	**-**	-	**-**
Loss for the period		**(442)**	(557)	**(1,833)**
Other comprehensive income:				
Exchange differences arising on translation of foreign operations		**(239)**	(31)	**215**
Total comprehensive loss for the period		**(681)**	(588)	**(1,618)**
Loss per share (cents)	6			
Basic and diluted		(0.40c)	(0.71c)	**(1.94c)**

Frontier Resources International Plc

Interim consolidated statement of financial position

	Notes	At 30 June 2014	At 30 June 2013	At 31 December 2013
		USD'000	USD'000	USD'000
		Unaudited	Unaudited	Audited
ASSETS				
Non-current assets				
Property, plant and equipment		**3**	1	**3**
Exploration and evaluation assets	7	**2,526**	1,202	**2,176**
Total non-current assets		**2,529**	1,203	**2,179**
Current assets				
Trade and other receivables		**905**	70	**308**
Cash and cash equivalents		**144**	110	**366**
Total current assets		**1,049**	180	**674**
TOTAL ASSETS		**3,578**	1,383	**2,853**
EQUITY AND LIABILITIES				
Equity attributable to holders of the parent				
Share capital	8	**2,412**	1,264	**1,731**
Share premium	8	**5,094**	2,786	**4,861**
Share-based payment reserve		**529**	311	**460**
Foreign exchange reserve		**(17)**	(24)	**222**
Retained losses		**(5,540)**	(3,822)	**(5,098)**
Total equity		**2,478**	515	**2,176**
Current liabilities				
Trade and other payables		**1,100**	868	**677**
TOTAL EQUITY AND LIABILITIES		**3,578**	1,383	**2,853**

Frontier Resources International Plc

Interim consolidated statement of changes in equity

	Share Capital	Share Premium	Retained Losses	Share-based Payment Reserve	Foreign Exchange Reserve	Total Equity
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
As at 1 January 2014	**1,731**	**4,861**	**(5,098)**	**460**	**222**	**2,176**
Loss for the period	**-**	**-**	**(442)**	**-**	**-**	**(442)**
Other comprehensive loss	**-**	**-**	**-**	**-**	**(239)**	**(239)**
Issue of share capital	**681**	**341**	**-**	**-**	**-**	**1,022**
Issue costs recognised in equity	**-**	**(108)**	**-**	**-**	**-**	**(108)**
Share based payments	**-**	**-**	**-**	**69**	**-**	**69**
As at 30 June 2014 (Unaudited)	**2,412**	**5,094**	**(5,540)**	**529**	**(17)**	**2,478**

As at 1 January 2013	1,205	2,447	(3,265)	271	7	665
Loss for the period	-	-	(557)	-	-	(557)
Other comprehensive loss	-	-	-	-	(31)	(31)
Issue of share capital	59	339	-	-	-	398
Share based payments	-	-	-	40	-	40
As at 30 June 2013 (Unaudited)	1,264	2,786	(3,822)	311	(24)	515

The following describes the nature and purpose of each reserve within owners' equity.

Share capital	Amount subscribed for share capital at nominal value.
Share premium	Amount subscribed for share capital in excess of nominal value.
Retained losses	Cumulative net losses recognised in the financial statements.
Share-based payment reserve	Amounts recognised for the fair value of share options granted
Foreign exchange reserve	Exchange differences on translating foreign operations.

Frontier Resources International Plc

Interim consolidated statement of cash flows

	Notes	**Six months ended 30 June 2014 USD'000**	Six months ended 30 June 2013 USD'000	**Year ended 31 December 2013 USD'000**
		Unaudited	Unaudited	**Audited**
Net cash (used in)/ from operating activities		**(547)**	586	**(1,009)**
Cash flows from investing activities				
Purchase of plant and equipment		-	-	**(3)**
Expenditures for exploration and evaluation		(350)	(887)	**(1,791)**
Net cash used in investing activities		**(350)**	(887)	**(1,794)**
Cash flows from financing activities				
Net proceeds from issue of share capital		914	398	**2,940**
Interest paid		-	(1)	**(3)**
Net cash from financing activities		**914**	397	**2,937**
Net increase in cash and cash equivalents		**17**	96	**134**
Cash and cash equivalents at the beginning of period		**366**	16	**16**
Effect of foreign exchange rate changes		(239)	(2)	**216**
Cash and cash equivalents at end of period		**144**	110	**366**

Notes to the Unaudited Interim Financial Information

1 General information

Frontier Resources International Plc is a Public Company incorporated in the United Kingdom under registered number 06573154 with its registered office at Staple Court, 11 Staple Inn Buildings, London WC1V 7QH, England.

The Company is an AIM-listed company in London.

2 Significant accounting policies

Basis of preparation

The interim financial information for the six months ended 30 June 2014, which was approved by the Board of Directors on 9 September 2014, does not constitute statutory accounts as defined by section 434 of the Companies Act 2006. The financial information presented is unaudited and has been prepared using the same accounting policies as those adopted in the financial statements for the year ended 31 December 2013 and expected to be adopted in the financial year ending 31 December 2014. The financial statements for the year ended 31 December 2013 were reported on by the Company's auditors and delivered to the Registrar of Companies. The report of the auditors was unqualified and did not contain an adverse statement under section 498 (2) or (3) of the Companies Act 2006. The auditors' report included an 'emphasis of matter' in connection with the Group's going concern position.

In the opinion of the Directors, the condensed half-year accounts for the period present fairly the financial position and the results from operations and cash flows for the period.

The condensed half-year accounts include unaudited comparative figures for the half year ended 30 June 2013 and comparatives for the year ended 31 December 2013 that have been extracted from the audited financial statements for that year.

No new IFRS standards, amendments or interpretations became effective in the six months to the 30 June 2014 which had a material effect on this consolidated interim financial information.

The interim financial information is presented in US Dollars (USD) rounded to the nearest thousand dollars (USD'000).

Accounting Policies

The condensed half year accounts have been prepared using accounting policies based on International Financial Reporting Standards (IFRS and IFRIC Interpretations) issued by the International Accounting Standards Board ("IASB") as adopted by the European Union, including IAS 34 'Interim Financial Reporting' and IFRS 6 'Exploration for and Evaluation of Mineral Resources' and on the historical cost basis.

The Group's financial risk management objectives and policies are consistent with those disclosed in the 2013 annual report.

Going Concern

The half-year accounts have been prepared on a going concern basis.

The Group made a loss of USD681,000 during the half year ended 30 June 2014 and continues to be loss making.

At 30 June 2014, the Group had cash balances of USD144,000 and net assets of USD2,478,000. Included in Trade and other receivables at that date is USD828,000 for the proceeds of the share placing (see note 12). Trade and other payables at that date include USD619,000 for amounts due to the directors of the Company (see note 10).

Cash balances at the date of approval of these accounts are approximately USD400,000.

In common with many companies in the oil and gas exploration and development stages, the Group raises its cash for exploration and development programmes in discrete tranches to finance its work programme commitments.

The operations of the Group are currently being financed from funds which the Company raised from private and public placing of its shares. The Group is not yet revenue generating so is therefore still reliant on the continuing support from its existing and future shareholders.

As reported to shareholders at the time of admission to AIM in July 2013, the Group needs substantial financial resources to develop its assets. The directors always expected to raise further funding in mid-2014 and accordingly the Company on 26 June 2014 issued to institutional and other investors 40,000,000 new ordinary shares at a placing price of 1.5p per Placing Share to raise £600,000 (USD1,022,000) before expenses; USD914,000 net of expenses. The proceeds of the placing have all been received at the date of approval of these accounts.

The placing proceeds will not provide enough working capital to fund the Group's planned activities for the next 12 months from the date of approval of these accounts. The Group continues to evaluate the options for funding its work programme commitments and ongoing working capital requirements, including farming-out an interest or seeking strategic partners in its exploration projects. The Group has already created a data room and approached industry partners with the intention of farming out an interest in each of its exploration projects in Oman, Namibia and Zambia. The Company therefore anticipates funding its further exploration activity and general working capital from the proceeds of these intended financing actions.

The Group has prepared cash flow projections reflecting the requirements of the Group's operations and exploration plans, the expected funds to be raised and the potential proceeds of any farm-ins during 2014-15. The detailed assessment indicates that the Group should be able to continue to meet its liabilities as they fall due and meet its minimum spend commitments on its licenses for a period of not less than 12 months from the date of the approval of these accounts.

Whilst the directors are confident that they are taking all the necessary steps to ensure that the funding will be available, there can be no guarantee or certainty that the funds required will become available within the foreseeable future. If future funding was not to become available in an appropriate timescale, the directors would need to consider alternative strategies and an impairment review may be required in respect of the carrying value of the Group's assets.

Material uncertainties therefore exist that may cast doubt on the Group's and Company's ability to continue as a going concern and its ability to meet its commitments and discharge its liabilities in the normal course of business and to continue to develop its license areas.

Nevertheless after making enquiries and considering the uncertainties described above, the directors have a reasonable expectation that funding will be available and that the Group will have sufficient cash to fund its planned activities and to continue its operations for the foreseeable future, and at least for one year from the date of approval of these accounts.

The accounts have, therefore, been prepared on the going concern basis. The accounts do not contain any adjustments relating to the recoverability and classification of recorded assets that might be necessary should the Company and Group not be able to continue as a going concern.

3 Operating segment information

In the opinion of the directors, the operations of the Group currently comprise of one operating segment, being oil and gas exploration. These interim financial statements reflect all the activities of this single operating segment. Segments are determined by reference to the Group's internal organisation and reporting to the directors which bases its structure on products and geographical areas.

4 Share options and share based payments

The Company grants share options at its discretion to directors, management and advisors. 6,419,230 share options are exercisable at 30 June 2014 from the total outstanding of 11,169,230 that are exercisable no later than 25 September 2023.

The Company has outstanding at 30 July 2014, share warrants of 2,957,221 exercisable at 6p any time before 5 July 2018.

A charge of USD69,000 has been recognised in the six months ended 30 June 2014 (six months ended 30 June 2013: USD40,000) and is included in the statement of comprehensive income.

5 Taxation

The Group has incurred tax losses for the six months ended 30 June 2014 and a corporation tax charge for the period is not anticipated.

6 Loss per share

	Six months ended 30 June 2014	Six months ended 30 June 2012	**Year ended 31 December 2013**
Loss attributable to the shareholders of the Company (USD'000)	**(442)**	(557)	**(1,833)**
Weighted average number of ordinary shares	**110,329,925**	78,440,410	**94,563,612**
Basic loss per share (cents)	**(0.40c)**	(0.71c)	**(1.94c)**
Weighted average number of ordinary shares allowing for the exercise of options	**116,749,155**	83,809,640	**100,347,362**

The Company did not issue share options in the six months to 30 June 2014 or the comparative six month period. The diluted loss per share has been kept the same as the basic loss per share as the conversion on share options decreases the basic loss per share, thus being anti-dilutive.

7 Exploration and evaluation assets

Cost (USD'000)	**Six months ended 30 June 2014**	Six months ended 30 June 2013	**Year ended 31 December 2013**
Brought forward	2,176	1,135	**1,135**
Additions and movements	350	67	**1,041**
Carried forward	**2,526**	1,202	**2,176**
Geographic analysis			
Oman	1,450	790	**1,163**
Namibia	861	327	**812**
Zambia	215	85	**201**
Total	**2,526**	1,202	**2,176**

The Exploration and Production Sharing Agreement (EPSA) was signed In October 2012 with the Government of the Sultanate of Oman for a 100% interest in Block 38. The EPSA is a six year agreement comprising two three year phases. The Block covers an area of 17,425 square kilometers and is located in the Dhofar region of southwest Oman in the southern part of the Rub Al Khali Basin. The Block has only three wells drilled and is considered prospective for oil and gas given the production from the nearby Block 6 which is operated by Petroleum Development Oman.

The Namibia licence that was granted for an initial two year period from 20 January 2012 for blocks, 1717 and 1817 in the Owambo Basin covering approximately 18,000 square kilometres has been extended in January 2014, by the Minister of Mines and Energy in Namibia, for a further two years to 20 January 2016.

The Zambia licence was awarded, jointly with local partner, Metprosol, in March 2011 for a four year period and covers Block 34 in the Kafue Trough 150 kilometres southwest of the capital Lusaka for an area of approximately 5,888 square kilometres. Frontier is the operator with a 90% working interest while Metprosol, a local Zambian company, has a 10% carried interest in the licence.

8 Share capital and share premium

On 26 June 2014, the Company issued to institutional and other investors 40,000,000 new ordinary shares at a placing price of 1.5p per Placing Share to raise £600,000 (USD1,022,000) before expenses. Expenses offset to equity were USD108,000.

The changes to issued share capital and share premium were as follows:

Company	Ordinary shares (number)	Share Capital USD'000	Share Premium USD'000
At 1 January 2013	75,238,339	1,205	2,447
Issue of share capital	3,689,166	59	339
At 30 June 2013	78,927,505	1,264	2,786
Issue of share capital	31,128,000	467	2,075
At 31 December 2013	**110,055,505**	**1,731**	**4,861**
Issue of share capital	**40,000,000**	**681**	**196**
At 30 June 2014	**150,055,505**	**2,412**	**5,057**

9 Notes to the statement of cash flows

Cash flows from continuing operating activities	Six months ended 30 June 2014 USD'000 Unaudited	Six months ended 30 June 2013 USD'000 Unaudited	Year ended 31 December 2013 USD'000 Audited
Operating loss	**(442)**	(556)	**(1,830)**
Adjustments for:			
Other non-cash items	**1**	-	**(1)**
Depreciation of plant and equipment	**-**	-	**1**
Restricted cash	**-**	750	**750**
Increase in trade and other receivables *[1]	**(597)**	(44)	**(282)**
Increase in trade and other payables *[2]	**422**	396	**164**
Share based payments	**69**	40	**189**
Net cash (used in)/from operating activities	**(547)**	586	**(1,009)**

*1 Included in the increase in trade and other receivables for 30 June 2014, is USD828,000 for the proceeds of the share placing on 26 June 2014 (see note 12).
*2 Included in the increase in trade and other payables for 30 June 2014, is USD159,000 for the remuneration deferred by directors (see note 10).

10 Related party transactions

These comprise (a) transactions between the Company and its subsidiaries which have been eliminated on consolidation; (b) compensation and other payments to key management personnel (including directors); (c) consultancy fees for finance management services that were paid to Cambridge Financial Partners LLP and Oloco Limited, companies in which Barbara Spurrier (appointed a Director of the Company in 2013) has a financial interest.

The Group owes Michael J Keyes, the CEO at 30 June 2014 USD228,000 (30 June 2013 and 31 December 2013: USD228,000) which is unsecured and will be settled in cash. No guarantees have been given or received. In addition, the Group owes Michael J. Keyes USD15,000 for benefits in kind (30 June 2013: USDNil; 31 December 2013: USD17,000).

The Group also owes Directors USD376,000 (30 June 2013: USDNil) 31 December 2013: USD217,000 for emoluments voluntarily deferred from the date of the AIM admission on 5 July 2013 until 1 October 2014 or, if earlier, the date on which the Company raises further significant funding. The part deferred is: CEO 62.5%, other Directors 33.0%.

The Directors, in their continuing support of the Group business needs, have agreed to continue the deferral of a proportion of their remuneration until at least 1 January 2015, an extension of 3 months from the date agreed at the time of admission to AIM of 1 October 2014.

11 Control

The Company is under the control of its shareholders and not any one party.

12 Subsequent events

The Company has received after 30 June 2014 all the £600,000 (USD1,022,000) proceeds, before expenses, of the share placing of 26 June 2014.

ENDS