STRATEGIC INFRASTRUCTURE SOLUTIONS GLOBALLY

InfraStrata Plc
Annual Report & Financial Statements 2019

Contents

Company Information

Directors	Mr J M Wood (Chief Executive Officer & Interim Chairman) Mr A S Raman (Chief Finance Officer) Mr M J M Groat (Non-Executive Director)
Company secretary	Fieldfisher Secretaries Limited
Registered office	Fieldfisher LLP Riverbank House 2 Swan Lane London EC4R 3TT
Auditors	PKF Littlejohn LLP 15 Westferry Circus London E14 4HD
Solicitors	Fieldfisher LLP Riverbank House 2 Swan Lane London EC4R 3TT
Nominated Adviser & Joint Broker	Allenby Capital 5 St Helen's Place London EC3A 6AB
Joint Broker	Arden Partners plc 125 Old Broad Street London EC2N 1AR

Chairman's Report

It has been a privilege to serve as interim Chairman of InfraStrata plc (the "Company") since March 2019; we have had a transformational year. I am delighted to be writing what will be my first and last yearly statement as interim Chairman, looking back at what we have achieved and looking forward, as we move into the next phase.

2019 has been a very active year on various fronts. As reported last year, we successfully completed the Front-End Engineering and Design Study ("FEED Study") for the Islandmagee gas storage project. The FEED Study and its results underpinned further negotiations with both offtake partners and project financiers. We are very pleased to have entered into a binding term sheet for a gas storage capacity offtake deal with Vitol S.A. ("Vitol") in June 2019. Once we have entered into the final Gas Storage Agreement with Vitol based on this term sheet, the deal will run for a minimum of 12 years. The commercial structure agreed with Vitol allows us to not only capture the baseload winter-summer price spread annually but also provides us with significant upside through participation in spot and short-term price arbitrage opportunities. Our salt caverns are designed to respond rapidly to changes in the physical conditions of the UK gas market (under or over supply) which in turn creates opportunities to absorb price volatilities in the spot gas markets. Therefore, whilst the salt caverns facilitate the balancing of the UK gas network in periods of stress, this deal also allows us to capture incremental margins associated with spot price volatilities.

The technical and commercial capabilities of the gas storage project have now been proven and independently assessed by numerous potential partners. The final piece of the licensing regime that needs to be put in place is the full marine licence. Between August 2018 and April 2019, the Department of Agriculture, Environment and Rural Affairs ("DAERA") had a change in stance in relation to the issuance of the full marine licence, from having accepted the data submitted until April 2019 to requiring us to update the various marine related reports. Upon reflection, this changed position provided DAERA and, consequently, the Company adequate protection respectively against any potential legal challenges at subsequent stages of the project life cycle. Whilst the Company has always worked towards maintaining its "draft" marine license status, any pre-enabling marine works would inevitably require a marine environmental baseline study as a starting point. Taking this into consideration, we decided to proceed as DAERA determined in order to achieve the best outcome for all parties involved. I am very pleased to report that DAERA has studied our latest reports in great depth and has instructed the Company to issue notices to commence the formal 42-day public consultation period. Upon completion of this period and satisfaction of any questions received, we are confident that DAERA will be able to grant the full marine licence. Once that is achieved, we will formally have all the licences in place, and it would enable us to take the next steps towards project construction. All the above provides the foundations to raise equity and debt at the project level as well as capitalise on any potential government assistance that may become available. Further, discussions are currently on-going with various financing partners, with the intention to complete project financing and commence construction. As a Board, we are trying to ensure that we extract the best value that is available in the financing markets in order to protect shareholder value. We will be making announcements in due course as soon as all the various financing avenues have been thoroughly analysed and a robust financing deal has been agreed. The report of our Chief Finance Officer in subsequent sections of this report provides more details on the various financing activities at the corporate and project levels.

As early as December 2018, we, as a Board, took a decision that we would embark on a mission of transforming the Company from a one-asset entity into an organisation that has multiple assets in its portfolio, each asset being at different phases of its respective life-cycle. In keeping with that strategy, we entered into an exclusivity agreement in July 2019 for a Floating Storage and Regasification Unit Project ("FSRU Project") located in Barrow-in-Furness. I am pleased to report that since then, we have conducted a substantial amount of technical and commercial due diligence in order to ascertain the viability of this project. Our findings have been very encouraging thus far, yet more work needs to be done before we are able to secure this project on commercially attractive terms. Further, since we announced our intention to acquire the FSRU Project, we have seen a very healthy interest from globally recognised Liquified Natural Gas ("LNG") companies that operate across the spectrum of the LNG chain, from construction to monetisation. Expressions of Interest ("EoI") have been received from the largest LNG companies in Japan, South Korea and North West Europe who desire to partner with us on the construction of the FSRU Project. In addition, very healthy interest has now been established with some of the largest LNG trading houses in the world to book storage and regasification capacity on a long-term basis. With the ongoing debate surrounding climate change, we believe that natural gas will become the predominant feedstock for power generation and will overtake coal and fuel oil consumption in the years to come. This bodes well for our vision and strategy of deploying capital and other resources into such energy related infrastructure projects.

As a Company, we welcome the introduction and commercialisation of new technologies and projects to mitigate the adverse effects of climate change. It is a pressing concern that needs to be addressed both at the policy and project levels. However, clean energy technologies that exist today, while very exciting, still suffer from intermittency in power generation. Until such time as clean energy technologies are capable of delivering steady baseload energy, natural gas will continue to support global energy networks making sure that our offices and homes are lit and heated. Additionally, we have now confirmed that our gas storage caverns can be suitable for storing hydrogen. Should the use of hydrogen across the UK gas network grid become mainstream, the Islandmagee gas storage project will be ideally placed to play a crucial role in the hydrogen storage market.

In line with our vision of expanding our portfolio of assets, the single biggest achievement for the Company this year, post the balance sheet date, was the acquisition of the assets of Harland and Wolff. On 5 December 2019, we formally completed the acquisition and acquired the keys to this iconic and historic facility in Belfast and are rapidly on the way to generating our first ever operating revenues in the Company's history. The acquisition of Harland and Wolff was hard fought. We are proud of the fact that our executive management team secured the assets in the face of significant global competition. It was the single-minded focus, determination and nimbleness of the team that achieved this historic and commercially significant outcome. The acquisition of Harland and Wolff enables us to not only bring in-house a large part of the engineering and fabrication requirements for the Islandmagee gas storage project and FSRU project, with resultant time and cost savings, but also opens a plethora of commercial revenue generating opportunities for the Company across multiple business segments. Our CEO's report in subsequent sections of this report provides a detailed vision and strategy for the Company in the months and years to come. As a Board, we remain firmly committed to this strategy.

The Board made a commitment to our shareholders that we would be revenue generating by the end of calendar year 2019 and with our contract win announced on 6 December 2019, we have fulfilled that commitment. We will now focus our attention towards growing those revenue numbers

Chairman's Report (continued)

and achieving a position of being self-sustaining and cashflow positive.

The financial year that has gone past has been challenging in numerous ways – Brexit uncertainties, difficult capital market conditions, geo-political tensions etc. The single biggest challenge for the Board has been to break the perception associated with the Company's legacy of being a semi-dormant AIM company regularly seeking funding via share placings in order to sustain its activities. We believe that with at least three projects in play, the Islandmagee gas storage project, the FSRU project and Harland and Wolff, we have broken that market perception and have positioned ourselves as a dynamic and ambitious organisation that seeks to build a substantial business creating significant value for its shareholders in the process. Until such time that we are consistently revenue generating, there will continue to be pressures on cash. We took a conscious decision to limit our cash-burn rate as much as possible and raise monies in the capital market only for specific purposes. I am pleased that we have achieved a significant set of project results with a highly restricted monthly cash-outflow. Going forward, we will continue to monitor and restrict our overheads in order to ensure that we extract the maximum value for every pound spent. I understand and appreciate the pain that equity dilution causes. However, I strongly believe that we have added substantially more value than the dilution that has been caused in the short term. This is primarily because the book value of the assets purchased are significantly higher than the monies that we have raised to acquire them. Looking further out, we believe that the longer-term value accretion to shareholders has increased substantially and our overall corporate financial risk is now spread across the two assets that we currently own.

As we move into the new calendar year, we will be introducing new non-executive directors and expanding the Board of Directors. As a Board, we must be aligned, share a common ethos and, most importantly, be unanimous in our strategy for the Company. The reconstituted Board of Directors will be mandated to oversee and strengthen our corporate governance protocols and adequately challenge the executive management team. As a Company, we are set to grow rapidly in the forthcoming year, and we recognise the critical need for a well-qualified, astute and motivated Board of Directors. The appointment of Clive Richardson as Chairman of the Company, with effect from 1 February 2020 and as announced on 27 December 2019, is a firm step forward towards building such a Board of Directors.

Finally, I wish to place on record my heart-felt thanks to everyone who has been associated with the Company through this year – our suppliers, contract counterparties and advisers. I would especially like to thank our shareholders for the faith that they have placed in the Company and for having supported us during the Harland and Wolff acquisition. Without their support, this would not have been possible. I also wish to thank our new institutional shareholders who subscribed to our shares during the equity fundraise that took place in November 2019. I warmly welcome them into the Company.

As we move forward, we have surrounded ourselves with some of the biggest and most credible names across all aspects of the Company's activities – institutional shareholders, world class advisers and contractors, globally renowned clients and joint venture partners and, of course, ownership of one of the most iconic heavy engineering brands in the world. To distil our thinking using a famous quotation: ***"We can see further than others because we are standing on the shoulders of giants."***

John Wood
Interim Chairman & CEO
08 January 2020

Strategic Report

Chief Executive Officer's Strategic Report

Overview

As I pass my first anniversary as Chief Executive Officer of InfraStrata plc, it has been a very challenging but exciting twelve months to consolidate our position as a small but growing company. At the same time, I believe that we have made tremendous progress in the various activities that we have undertaken through the year. After successfully completing the Front-End Engineering and Design (FEED) for our Islandmagee gas storage project at the end of 2018, we commenced a deep detailed review of all aspects of the business. Additionally we had a number of work streams that had to be completed in their entirety over and above the FEED scope and we put significant resources into completing these legacy workstreams. Upon reflection, 2019 has been a year of stabilisation and building the foundations for 2020 and beyond. With the acquisition of the assets of Harland and Wolff in December 2019, we are set up for a thrilling 2020 and beyond as we start to realise the potential of the business that we are building and the substantial increase in shareholder value that will come as a part of this journey.

John Wood
Chief Executive Officer

In last year's Annual Report, I set out some clear objectives:

1. Being revenue generative during 2019 after twelve years of regular dilution

I am delighted to report that we have achieved that milestone through our subsidiary, Harland & Wolff (Belfast) Limited, by securing two ship maintenance contracts from Sea Trucks on the day we completed the acquisition transaction of the assets of Harland and Wolff.

2. Moving away from being a one project company

With the completion of the purchase of the assets of Harland and Wolff in December 2019, we have completed this objective as well. We also have several exciting projects under evaluation, especially the Floating Storage and Regasification Unit Project ("FSRU project") for which we currently have exclusivity until 8 January 2020.

3. Delivering the Final Investment Decision ("FID") for our Islandmagee Gas Storage Project

Whilst we are well advanced and have made excellent progress this year in our financing negotiations for the Islandmagee gas storage project, we have taken a key decision to delay FID from Q4 2019 as a result of the outcome of the General Election and the fact that we are now extremely likely to leave the European Union.

The equity deal offered that we were carefully considering and the offers that we received previously would have resulted in the Company selling down a substantial portion of equity in the project to the incoming project equity funding partner. Following on from the General Election, we believe that there will be other funding options that may enable the Company to retain more equity in the project by utilising new schemes that are likely to be put in place in 2020 as a consequence of Brexit.

We understand there will be more clarity on what these new funding schemes are during the first part of 2020. If they are found to be unsuitable, commercially, strategically or procedurally, we will not pursue them. Instead, we will seek to revert to the arrangements that we were working on in 2019. It is the Board's opinion that we need to fully explore these new options prior to making a final commitment on FID given the potentially significant impact that these new funding options might have on our project equity position. We have had discussions with our potential project equity partners, and they understand our position to delay FID given the changing political and associated financial landscape.

Although we have only been able to complete two out of our three main objectives, we believe this approach to FID is in the best long-term interests of the business, which may substantially improve shareholder value in the mid to long term.

We are delighted to welcome Clive Richardson to the business as our new Chairman (with effect from 1 February 2020). We believe that the skills and experience that he brings will position us well for the future. We are extremely lucky that he has agreed to join us, and we now have a diverse and experienced board with strength and depth.

The task of converting the draft marine licence to a full marine license became more complicated during 2019. The Department of Agriculture, Environment and Rural Affairs ("DAERA") moved the goal posts as a result of a few local protestors who do not want gas storage or, for that matter, any other project in "their back yard", as it were. This group has opposed every project in the region over the past five years. We have, however, dealt with the change in requirements with good grace and announced the commencement of the 42-day public consultation to enable the full marine licence to be issued to us as soon as such public consultation period closes, and responses have been assessed.

Clearly this is a high-profile work stream and we have undertaken substantial amounts of additional environmental surveys and baseline establishment works to ensure that our data set is complete, up-to-date and goes over and above the legal requirements.

We are not aware of any reason as to why the marine licence will not be issued. We expect this to be done early in 2020 after following due process. We have not had any issues raised by DAERA, which we believe indicates that they are comfortable with the data and reports produced that satisfy full compliance with current regulations.

We are extremely pleased to have completed the acquisition of the assets of Harland and Wolff. The deal from commencement to completion was achieved in three months. Given the multiple stakeholder groups involved in this process, completion within these timelines is an achievement that we are all very pleased with. The final acquisition cost was well under the Board's valuation as well as independent valuations conducted and, therefore, represents an excellent investment. The income stream for this multi-purpose fabrication facility will come from internal group projects and external projects. Early indications show that revenue generation is likely to come from the following sectors:

- Internal Projects
- Ship Repair & Maintenance
- Ship Conversion
- Offshore infrastructure/assets
- Fabrication
- Recycling

When operating at full capacity, the Board estimates that the facility could eventually generate significant revenues, dependent on our marketing efforts, flow of internal projects and the development of our pool of skilled labour.

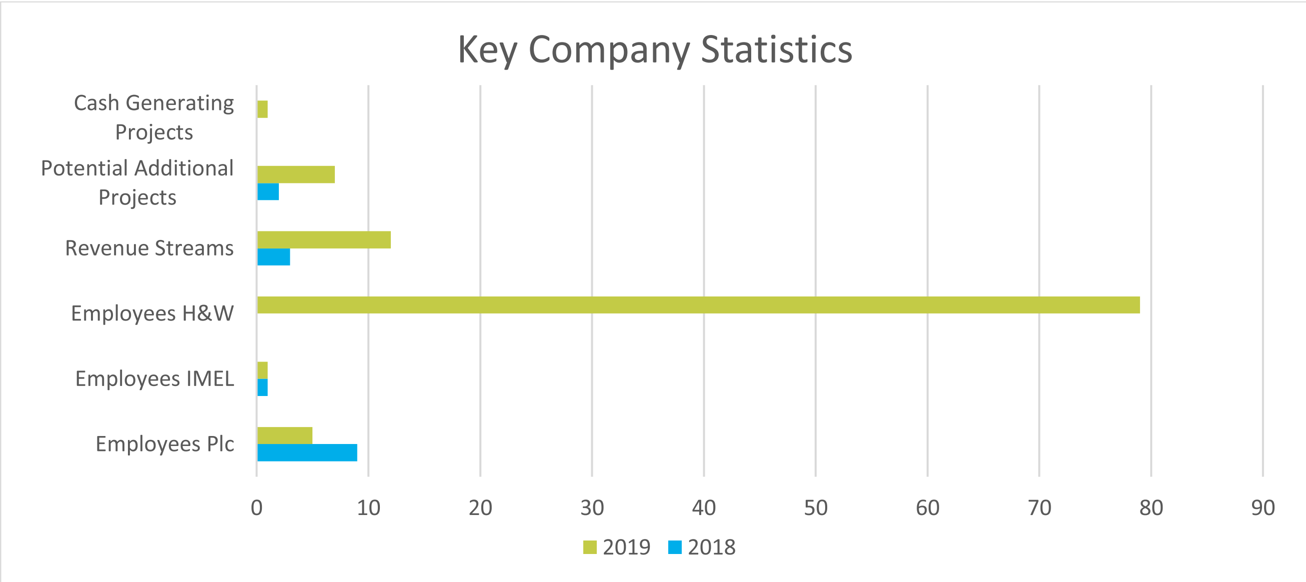
This acquisition provides the Company with the opportunity to substantially reduce the overall CAPEX of our flagship Islandmagee gas storage project in addition to being cash generating and self-sufficient, potentially negating the need to return to the stock market on a regular basis in order to provide cash inflow for ongoing operations.

We remain in constant dialogue with Meridian Holdings in relation to the proposed

FSRU project. We now have several potential offtake partners who are very keen on acquiring the capacity that this asset will bring to the market. Preliminary discussions thus far have indicated that they may also provide some funding as part of the offtake agreement. Whilst this is a highly exciting project we will only proceed when we are fully satisfied with our evaluation of the risks involved. We expect a decision to be taken on our involvement within H1 2020.

Within Islandmagee Energy Hub Ltd we have several additional and interesting projects that are still in the incubation stage. We will look at developing these projects given that the hydrogen and carbon capture markets are showing some interesting levels of traction as we move into 2020.

We have introduced a new approach to Safety, Health and Environment (SHE) which we will be rolling out during 2020. Safety is of upmost importance in our minds and we will do all we can to ensure that no harm comes to any of our employees or to our environment.



Board

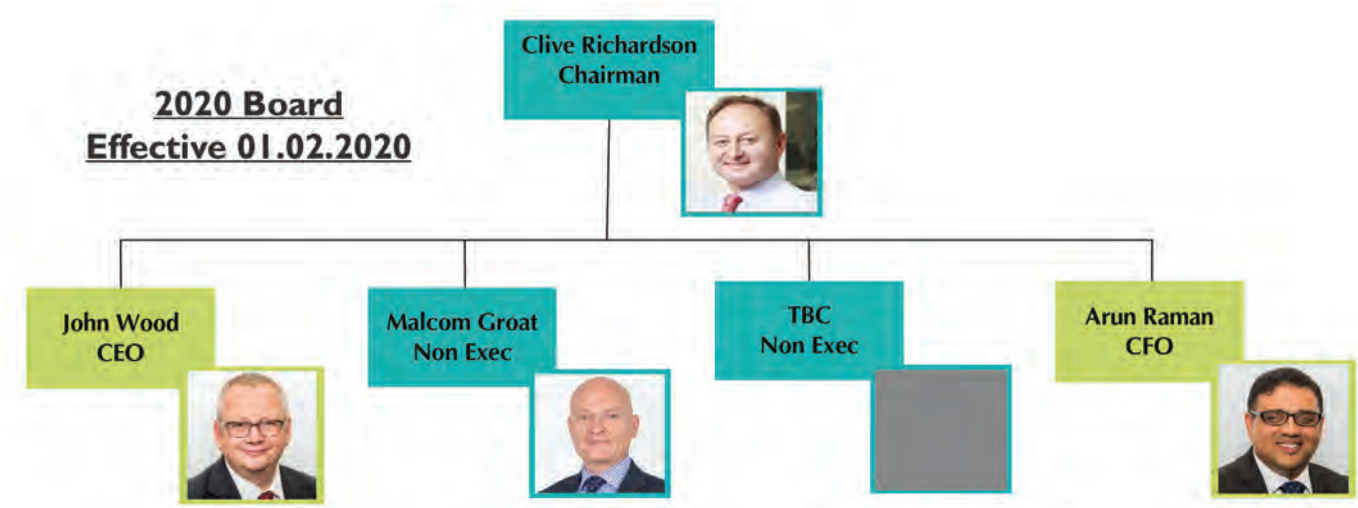
At the beginning of 2019, our then Chairman Graham Lyon tendered his resignation from the business in order to concentrate on other projects. I would like to place on record my thanks to Graham for all his efforts in arresting the free fall of the Company and its subsidiaries, commencing the turnaround of the business, laying the foundations of a new team and providing a stable platform.

I have had the privilege of acting, in an interim capacity, as Chairman for the remainder of 2019. Whilst in an ideal world, we would have appointed an immediate replacement, the Board wished to find the right candidate, limit cash burn and ensure that it had a clear strategic direction prior to making a new appointment. Dealing with all the legacy matters and ironing out the regulatory issues in relation to Islandmagee opened up an entirely new long list of high-quality candidates who had decades of corporate and strategy experience.

We have, therefore, concluded that the board moving into 2020 will now be expanded with the addition of a new Non-Executive Director and our new chairman thus positioning us for growth in 2020 and beyond.

We have now made one board appointment, **Clive Richardson**, who will fulfill the role of Chairman from 1 February 2020. We are confident that Clive will add extensive value to our business in the long term. Clive has significant experience in large contract delivery across multiple markets including defence and maritime and has been on the board of several organisations. The added strength and depth of knowledge that Clive brings will complement the skills of the existing board and provide significant support to the executive team.

Chief Executive Officer’s Strategic Report (continued)



Clive Richardson - Chairman

On 27 December 2019 we were delighted to announce that Clive Richardson has been appointed as our new Chairman, with effect from 1 February 2020. Whilst I have enjoyed my interim stint in this role, it is great to welcome Clive with his wealth of experience into the role in order to allow me to fully concentrate on my main objective of driving the business forward as CEO during 2020. Clive will take up this position from 01 February 2020. This appointment will strengthen our board substantially, provide further governance and facilitate a clear strategic path going forward.

Most recently, Clive was Group CEO of V. Group, one of the world’s largest providers of commercial ship management services with over 1,000 vessels under management. Clive held P&L responsibility, reporting to the main board, and achieved significant organic growth for shareholders throughout his tenure, also making several acquisitions. Clive also introduced a core operating framework and enhanced controls and governance which led to a significant reduction in overheads, as well as leading the recapitalisation of the business as required.

Between 2007 and 2009, Clive was Chief Operating Officer, EMEA, and Chairman, QinetiQ Ventures for QinetiQ plc, formerly known as the Defence Evaluation and Research Agency which was subsequently privatised in February 2006. This signalled the start of rapid growth and the business now reports annual revenues of £1.4 billion. Clive held P&L responsibility for all operations outside of North America and during his tenure, undertook three acquisitions in Australia and two acquisitions in the information security sector. Clive was also Chairman of QinetiQ Ventures’ partnership with Coller Capital in the £80m Cody Gate Ventures fund.

Between 1989 and 2007 Clive was an executive at BAE Systems Plc. He held several senior roles during his time there, including Chief Executive of Insyte, Managing Director at Royal Ordnance plc and Commercial Director at BAe Airbus. During his career Clive also held senior positions at Marconi Electronic Devices Ltd and Westland Helicopters Limited.

Between 2004 and 2009 Clive was a member of the National Defence Industries Council, (the Government and Industry defence consultation authority) and he was President of Tech UK, (the UK trade association for the IT, telecoms and electronics sector), between 2009 and 2011.


SEATRUCK PERFORMANCE

STRATEGIC VISION

The development of a long-term strategic vision for the Company was the first activity that I undertook after being appointed Chief Executive Officer. It was clear that a one project company was very high risk and unsustainable in the long term. Our vision is, therefore, to be a leading, global energy infrastructure development and asset management company, being intimately involved through the entire lifecycle of projects from conception to decommissioning. We will participate in some projects from end to end of the lifecycle, whilst in the case of others, we may only develop or acquire to operate them.

Our goal is to spread the Company's risk profile over several projects and operations. Whilst, initially, we have restricted ourselves to a single geographical location, we have global aspirations in the longer term. The key update in our strategy from last year to this year is a more concentrated approach to asset management, operations and maintenance.

The model, whilst relatively simple, will allow us to continue to enhance our balance sheet year on year. Income will be generated from four main areas of operations; each new project may be different and have specific nuances that need to be critically assessed. Therefore, individual technical and commercial models will be developed to ensure that maximum value is derived from every potential project. The four areas of expertise that we hold and that will lead to income generation and incremental shareholder value are:

- Front End Project Development to FID (Final Investment Decision) – Carried equity interest
- Construction Management & Project Delivery – Management fee agreement
- Asset Operation, Management and Optimisation – Management and operations fee agreement
- Retained equity income generation – Project profit sharing via dividend distribution

Our strategic goal is to have numerous projects and facilities at various stages of their respective lifecycles. The Board will identify and assess projects that substantially fit the following criteria:

- Substantial infrastructure;
- Facility operational management;
- Key strategic requirement for the assets;
- Political stability in the project location;
- Long life operations of between 20 and 40 years;
- Risk of development can be mitigated to an acceptable level; and/or
- State backed projects where grants for feasibility and construction may be available.

The Board is focused on being in a position to consider returning cash to shareholders in the form of dividends, whilst retaining sufficient funds to invest in new value enhancing projects, as soon as possible.

HARLAND AND WOLFF ASSET ACQUISITION

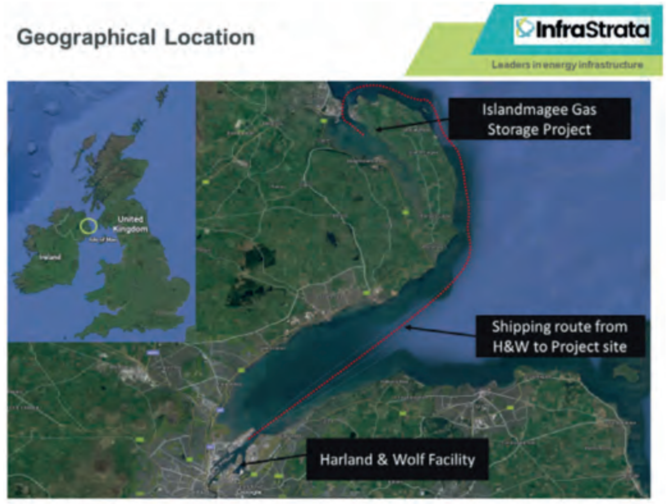
During the FEED study it was clear that one of the challenges for the Islandmagee gas storage project was the transportation of several large items of plant and equipment onto site.

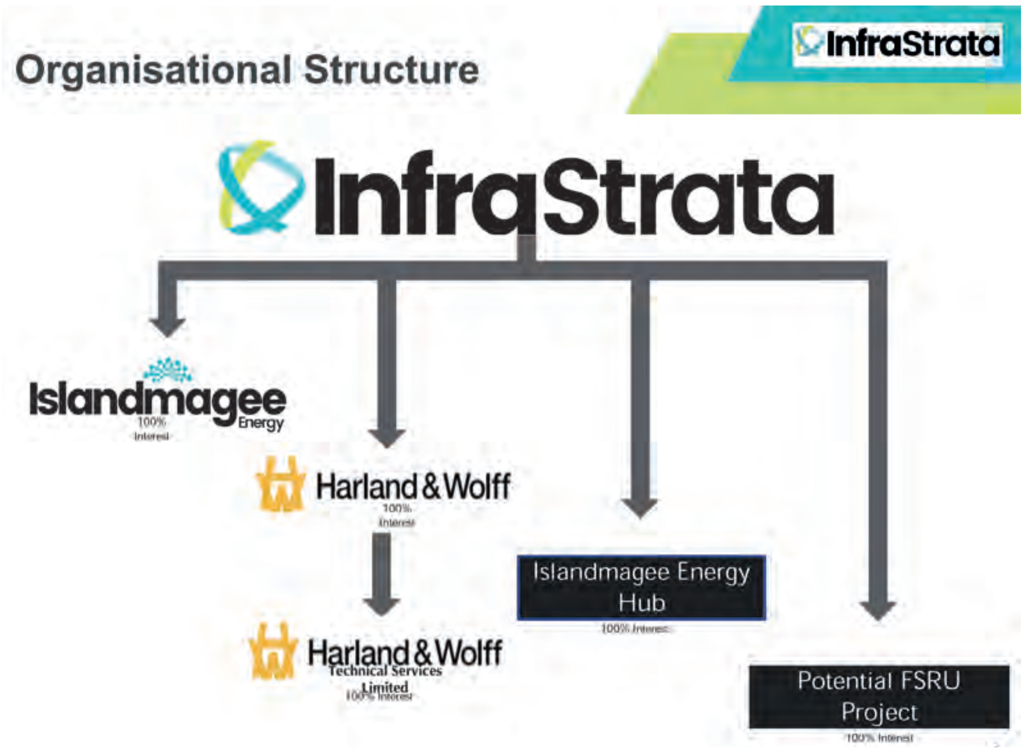
Given the restrictions relating to weight and physical size of component structures, we put a lot of detailed analysis into the transportation plan. In an effort to determine the most cost-effective transportation route, numerous locally available sites and facilities were considered. The Harland and Wolff site was visited in March 2019 and considered to be an optimum staging facility for the project.

The advantage of being able to construct larger modules and have less assembly work on-site was calculated to offer a substantial CAPEX cost reduction for the Islandmagee gas storage project. With the relatively short coastal passage of 23 nautical miles Harland and Wolff is a fantastic acquisition from, inter alia, a geographical perspective.

With more modules/components that can now be transported via barge, this will lead to significantly less traffic on the local roads. In addition, it will facilitate a higher level of utilisation of the Northern Irish workforce. We have made a commitment at all stages of our flagship Islandmagee gas storage project to utilise, where possible, the local workforce. The utilisation of local labour and construction within a nearby facility like Harland and Wolff will ease the supervisory burden on the Company, increase efficiency and save on costs. From an overall Group perspective, retention of margins on fabrication work within a group company as opposed to passing it on to a third-party fabrication company added to the attractiveness of Harland and Wolff.

The other potential projects that are held within Islandmagee Energy Hub Limited and the potential FRSU project, further strengthen the Harland and Wolff acquisition rationale. In addition to our internal projects, we believe that there are other lucrative asset management markets that we can penetrate over time in order to reduce the overheads burden on our internal projects as they come through into Harland and Wolff. On that premise, clearly the facility lends itself to other asset-based activities such as ship maintenance, conversion and fabrication works across multiple sectors.





The corporate structure that is currently in place consists of four subsidiaries that are 100% owned by InfraStrata UK Ltd, which in turn is 100% owned by the Company. All subsidiaries should be able to be self-sufficient whilst benefiting from trading relationships, where possible, with each other. Harland & Wolff (Belfast) Limited has a 100% owned subsidiary, Harland & Wolff Technical Services Limited which will carry out preliminary and detailed design as well as consultancy works across a wide variety of projects.

ISLANDMAGEE ENERGY LIMITED

Overview

Our flagship Islandmagee gas storage project was first established back in 2010 when a layer of salt was discovered 1500m underneath Larne Lough. This salt layer is ideal for the establishment of underground gas storage caverns. The storage caverns are formed by drilling wells from the well pad into the salt layer thereafter removing the salt (in a brine solution) and discharging it into the fast-flowing Irish Sea via the leaching plant and pumping station. The rates and levels of discharge are highly regulated activities governed by the regulations set by the Department of Agriculture, Environment and Rural Affairs (“DAERA”). Our proposed discharge rates are well within the legal environmental limits and we have further proposed a monitoring programme that is in excess of these legal requirements.

The gas injection and withdrawal facility will be constructed on the surface and this will facilitate moving gas from the network to be injected into the caverns in times of excess supply and, conversely, withdrawn from the caverns back into the gas network when there is a shortage of gas supply.

The project is at an advanced stage and technically ready to award a construction contract. Whilst the project has progressed over the years, all areas of the project had not previously been brought up to the same level of completion. This year has been about just that, following on from feedback during the tender process undertaken in Q1 2019. Clearly this has taken longer than we would have liked. After moving into the CEO’s position, I undertook a full gap analysis of all the elements of the project. This gap analysis highlighted several additional work streams that needed to be completed in order to bring the project to a “shovel-ready” status. I am pleased to report that these additional work streams have now been successfully completed.

We have additionally revisited all aspects of the project to ensure that it complies with or exceeds regulatory standards. We have also established internal systems and processes that significantly exceed current regulations. This has achieved two objectives: one, it has sought to mitigate concerns of locally formed protest groups; and two, it has created an environment that is likely to avoid potential delays in the future. One area where, legally, we could have argued that the data was still compliant regardless of it being old in nature was that surrounding the marine licence. We took the decision to bring forward the pre-baselining environmental work in order to protect against the possibility of objections that might be raised at a later stage when construction is well underway. This work has now been undertaken and submitted to DAERA. As part of this work stream, a public consultation exercise will be conducted between 20th December 2019 and 7th February 2020 to satisfy any questions raised. This process is routine in nature, and we see no reason why the full marine licence will not be issued in due course early in 2020. Unfortunately, with the establishment of a local protest group it has lengthened the processing time to advance through the various stages of the regulatory system, over which we have no control.

Marine Licence

During 2019 we made excellent progress to seek to convert the draft marine licence into a full marine licence. The marine licence is required to discharge salt into the Irish sea inside the 12 nautical mile limit. As part of the marine licence, an abstraction and discharge licence is also required. Discharge outside the 12 nautical mile limit was an option that was considered as plan "B" given that the discharge requirements to be put in place were less onerous. A review was undertaken during 2019 in relation to this plan "B". However, this has not been taken any further due to all planned activities currently falling well inside the existing environmental limits.

The project currently has a draft marine licence as well as a full abstraction and discharge licence. Given the age of the previously available environmental studies and the potential for objections, the Board took the decision to bring forward the pre-construction baseline activities for all environmental survey works. These works were carried out in the waters and coastal areas surrounding the point of brine discharge. Numerous activities were undertaken including measuring tidal flows, noise studies, bird studies, various marine habitat studies, seabed samples, trawl sampling and other marine related field work in order to collate and prepare a complete set of data.

The field work was undertaken by independent marine scientists. The samples were then analysed in laboratories prior to the final reports being submitted to InfraStrata. In addition, brine discharge models were constructed by a third-party expert and further independently verified and corroborated by another independent third-party expert. These workstreams were carried out during the summer and autumn of 2019 and have been now adopted by DAERA as core project documentation.

Whilst not legally necessary, the Board believed the data from these workstreams would be required in early 2020 given that this was always a condition of the draft licence. With the completion of all the work and collation of the latest data, there will now be substantial protection against any challenge that may be posed in relation to historic data. In addition, a public consultation has been agreed to share the new data that has been gathered throughout 2019. The new data shows no adverse effects and demonstrates an improvement in some areas. As a result of these efforts we believe a full marine licence incorporating an updated abstraction and discharge licence will be awarded in 2020.

The documents, inter alia, supplied, reviewed and approved by DAERA are as follows:

- Environmental Conditions Update Report
  - Appendix A - General Arrangement Drawings
  - Appendix B - Brine Dispersion Modelling Report - FEED Update
  - Appendix C - Underwater Noise Modelling Plots
  - Appendix D - Benthic Survey Reports (Aquatic Services Unit)
  - Appendix E - Ecological Survey for Birds (RPS)
  - Appendix F - Cumulative Effects Assessment Stage 1 & 2
  - Appendix G - Biodiversity Data received from CEDaR
- The Updated Shadow Habitats Regulation Assessment

As part of the marine licence, we will be installing a monitoring system. This system is designed to ensure that we only discharge into the Irish Sea what has been licensed to be discharged. There will be a system of buoys installed at sea at agreed distances from the discharge point. These buoys will come with a suite of sophisticated and fully calibrated scientific equipment that will measure the discharge of brine at specific points.

The 2nd independent reviewer of the brine discharge model noted that it was the most sophisticated and detailed set of models produced for this purpose.

Chief Executive Officer's Strategic Report (continued)

The equipment will relay data back to shore in real time where it will be monitored by the Company and DAERA. Should at any point the level of brine discharge increase over the licensed limits, an alarm message will be sent to DAERA and the brine discharge operation will be ceased until such time as the level of brine reverts to the licensed levels.

We are aware of no reason why the marine licence will not be issued. The public consultation commenced on 20 December 2019 and will end on 07 February 2020. Whilst only 42 days are legally required for a public consultation process, we have allowed a few extra days due to the intervening holiday season. During this period the Company will hold several consultation sessions that will build on the sessions that were conducted between March and October 2019.

Project Funding

We have always assumed in our economic modellings that the Islandmagee gas storage project would be funded via commercial equity and debt. Whilst there remains the possibility of acquiring some government or quasi-government funding especially after the outcome of the December 2019 General Election, we have been cautious in our approach towards making funding assumptions for our flagship project. Additionally, we have had various offers that we have been negotiating to term sheet stage. Each term sheet would require the Company to sell down a portion of the equity to the incoming equity provider resulting in our remaining equity stake to be in the region of circa 20-30% along with the return of our back costs which currently sit at circa £15m.

We have been working hard towards signing heads of terms on an equity deal in 2019. The Board has, however, decided to pause this process for a limited period. With the recent General Election result clearly indicating that we will be leaving the European Union, we believe that this change in circumstance will open up access to several funding initiatives in the UK which may facilitate the Company retaining the majority of the equity in Islandmagee Energy Limited. This is important given the significant revenue streams that are expected to flow from this project through its lifetime.

Whilst some shareholders will view this decision and delay as disappointing, I have always stated that we are continually seeking to improve long term shareholder value. We have been monitoring the situation for several months and have held back from making a decision. With the marine licence consultation running through until February and the assessment period that will follow, we believe there is a window of opportunity to explore this option. We will seek to revert to the offers that we recently had on the table should this current initiative not yield the results that we desire. We believe that we will need a window of between three and six months during 2020 to fully assess the options, timescales and criteria involved in any new proposed funding routes.

Reversal of the Scotland Northern Ireland Pipeline (SNIP)

Earlier in 2019, the Company, in conjunction with Mutual Energy, submitted a speculative application to the European Union to fund a FEED study for reversal, twinning and various upgrade works in relation to the SNIP. When it became clear that the UK was leaving the EU, we were advised that no further grants would be made available.

The Board believed this would be the most probable outcome but decided to make an application nevertheless to determine if any real appetite existed to award us a grant for studies as opposed to a grant for works. Our previous cost estimates already have an allowance for the FEED costs to progress this project. Ultimately, if we are to fund the CAPEX of this project it will generate an income stream over an extended period that will cover the cost of development. Equally, Mutual Energy, as the operator, may choose to fund this directly and enter into a utilisation agreement with Islandmagee Energy Limited.

Given the perilous state of gas storage in the UK, especially with the United Kingdom now set to leave the European Union, it is essential

for the United Kingdom and the Island of Ireland to have immediately available gas storage. The risk of blackouts will increase significantly given that interconnectors from the EU will be closed in an emergency situation, at which point gas supplies will be restricted. When fully operational, the Islandmagee gas storage project is expected to contribute 25% of the UK's available gas storage capacity and is set to become a key strategic asset to ensure security of gas supply to the island of Ireland and the UK mainland as well.

The binding Heads of Terms that have been signed with Vitol, prior to the Gas Storage Agreement, facilitate bringing the caverns online sequentially up to a total of 500 million cubic metres of gas storage. The cavern formation and operational schedule would not have the requirement for the reversal of the SNIP until five years after the commencement of construction of the initial three caverns. We remain confident of agreeing a commercially viable solution with Mutual Energy in this intervening period so that we do not have any capacity related restrictions when all 7 caverns are in full commercial operation.

Gas Storage Agreement (GSA)

As previously mentioned, a lot of detailed work was undertaken during the negotiation of the Heads of Terms. Implementation of these terms into the GSA is progressing well and will be brought to conclusion in 2020. Drafts have now been exchanged between the parties. Given that the commercial model that is being used is pioneering and has not been devised previously, a number of back tests and independent assessments have been conducted in order to prove the effectiveness of this new commercial gas storage model. The fact that we have managed to secure an element of the traders' profit into our agreement in addition to receiving 100% of the classic seasonal spread bodes well for the future. For the avoidance of doubt, the funding model that we adopt to construct the project will not affect the GSA.

HARLAND & WOLFF (BELFAST) LIMITED

Harland & Wolff (Belfast) Limited is the group's new subsidiary company that was used to acquire the assets of Harland and Wolff from the administrators. This acquisition was completed on 5 December 2019. We launched an initial bid for the assets by paying a non-refundable deposit of £500,000 in order to get first mover advantage.

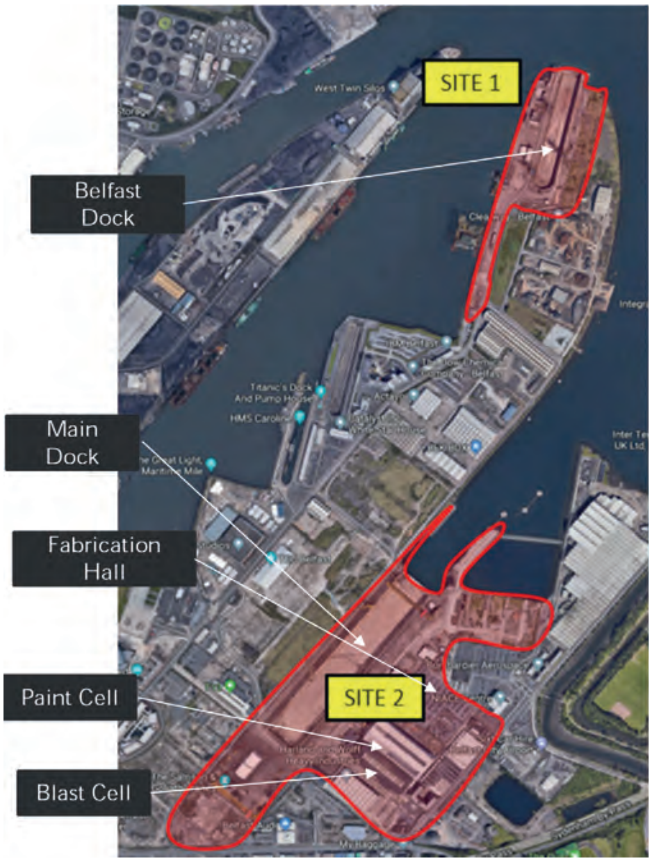
The final deal that has been agreed with the administrators is as follows:

Structured payments

1 October 2019	Deposit paid – exclusivity secured	£0.50m
4 December 2019	Interim part payment	£3.30m
30 April 2020	Final payment	£1.45m
	TOTAL COST	**£5.25m**

The Facility is made up of two sites. Site one includes the Belfast Dry Dock and site two includes the new building and fabrication dock along with 30,000m² of undercover fabrication space.

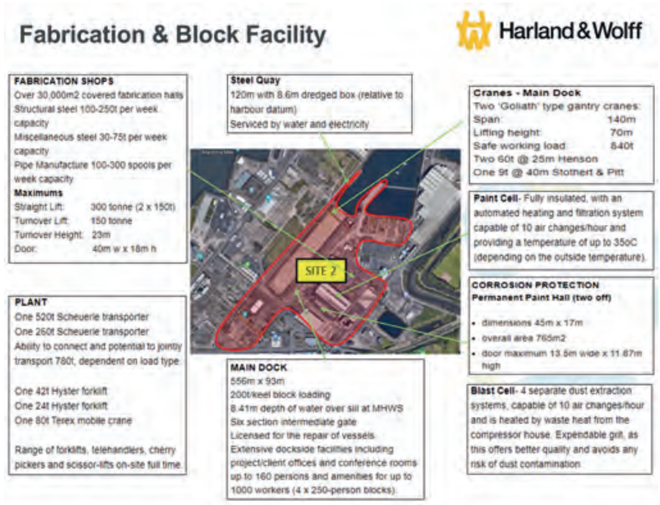
The facilities have deep water access and over 900m of quayside berths between the two facilities. There are various deep water pockets around both sites that will facilitate larger deep drafted vessels and structures to berth and be worked on.



Two of the largest docking facilities in Europe with deep water access

Chief Executive Officer’s Strategic Report (continued)

30,000m2 Fabrication
8.6m Deep Water Access
11.58m Dock Access



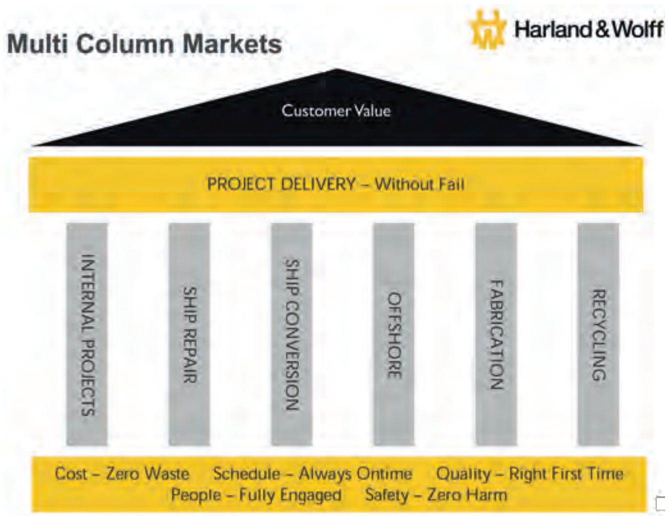
Whilst our primary purpose for acquiring the assets of Harland and Wolff and establishing Harland & Wolff (Belfast) Limited is to undertake various fabrication activities for our flagship Islandmagee gas storage project and subsequent projects to be developed over time, we are conscious that we need to keep the rate of cash burn on overheads down to a minimum.

It is still early days given that we formally acquired the assets only on 05 December 2019, but we have been able to identify certain sectors where we will be able to secure some additional projects to ensure continuity of employment and further develop the skill set of the employees whilst reducing the overhead burden of owning the facility. We have been fortunate to have secured the first two vessel dockings for asset maintenance, the first of which docked on 21 December 2019. These contracts represent the first ever operating revenues for the Company.

Across all the markets from which we may look to secure projects, the addressable market size in the UK is circa £15.15bn before applying sensitivities, capacity constraints, competitiveness and competency. The key indicator at this stage is that we clearly have a large addressable market and of which we are confident that we can obtain a small yet significant market share. The new management team will further evaluate each market and the opportunities available as we progress through 2020.

Internal Projects
The Company will continue to work through various valuation processes and consider new projects to develop. It is likely that these projects will require a certain degree of fabrication and utilisation of the facilities available at Harland and Wolff. Typical projects in this sector will range in value from £100-300m with a duration of 2-4 years.

Ship Repair
Projects in this area will cover general routine maintenance and asset management of marine assets including vessels and will utilise mainly the Belfast Dry Dock and the numerous quayside berths available onsite. This sector will be split further down into cruise & ferry, defence, commercial and high-speed vessels. Contracts can vary in value from £150,000 - £5m with a duration of between 7-14 days in dock or alongside the quay. Ease of entry into this market and relatively low commercial risks are positive factors for this sector. We have already entered this activity with the award of two contracts in December 2019 by Sea Truck Ferries Limited.



Ship Conversion
This area is more complex than standard ship repairs and requires a more experienced management team. As detailed later on in this report, we have assembled a team capable of handling these types of projects. The general sectors for this type of work are across cruise, construction vessels, defence and ferry. Contract values can vary from £10m - £70m with a normal duration of 14-30+ days. The entry point for this level of projects is more complex and requires an experienced team to ensure the techno-commercial risks are understood and adequately mitigated. With an experienced team now in place, we will be well positioned to enter this market during 2020.

Offshore infrastructure / assets
The facilities and employees of Harland & Wolff already enjoy vast experience in this sector. The dock sizes lend themselves to larger projects such as Floating Production Storage and Operating vessels (“FPSO”), offshore structures and vessels as well as spooling and subsea structures. This sector has a mixed use of the facilities ranging from the utilisation of the fabrication halls through to blasting and painting rooms and finally, the use of the quayside and dry docks. Contracts can vary in value from £1m - £70m+ with project

durations ranging from 14 days to in excess of 120 days for more complex projects. Given their experience over the last decade, the team are well positioned to enter this market in the near future.

Steel Fabrication

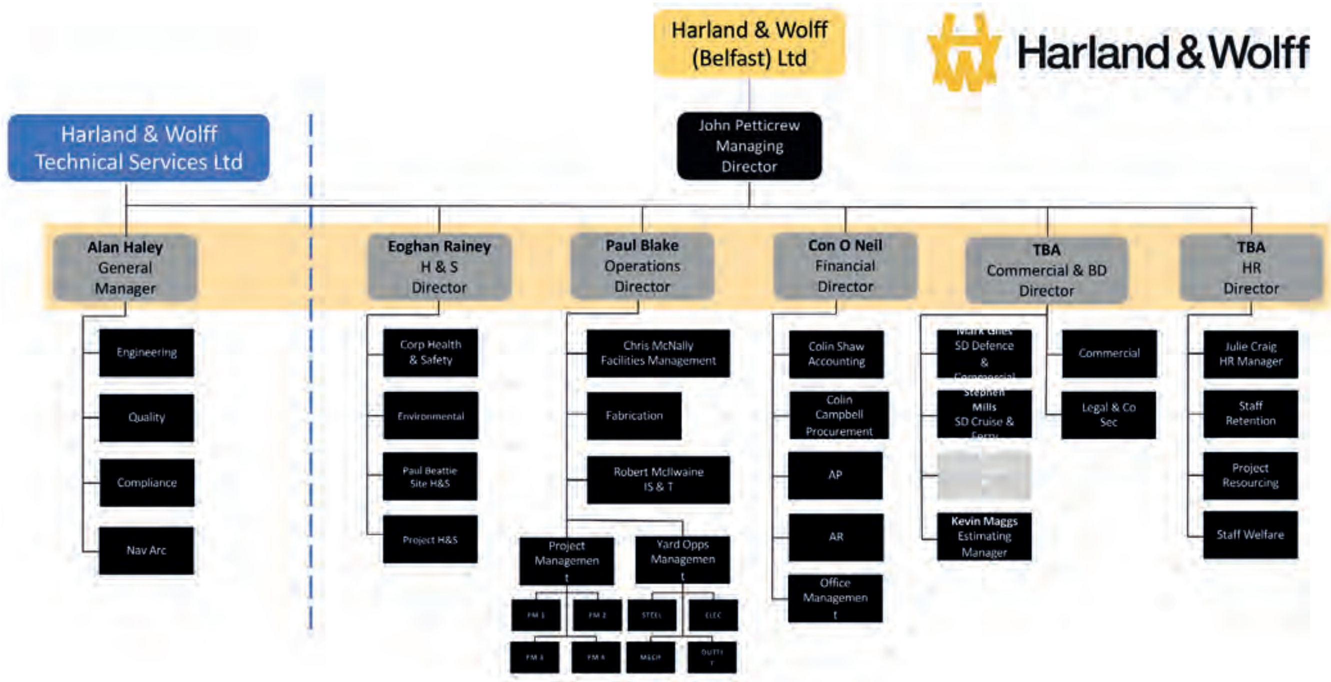
The facility has 30,000m2 of undercover fabrication space and has blast and paint coating facilities that complement fabrication. Clearly, this area will be extremely busy dealing with internal projects and it is, therefore, essential that this sector makes progress early in 2020 to upskill the workforce. There are numerous contracts that we may be able to secure to advance this area including construction industry steel for office buildings and factories, renewable and offshore infrastructure projects and completing defence vessel blocks including the construction of new vessels. The contract value in this sector is varied and can be from £0.1m up to £200m+. This forms an integral part of physical asset lifecycle management and each project will always be handled on a case by case basis in order to understand its risk profile whilst maintaining economic efficiency.

Recycling / Decommissioning

The facility is one of a limited number in the UK that has a recycling licence into which disused and damaged structures and vessels can be brought and decommissioned in an environmentally friendly manner. General markets include offshore structures, production and defence vessels and subsea structures.

New Management Team

In addition to Harland & Wolff (Belfast) Limited we have also recently incorporated a new company, Harland & Wolff Technical Services Limited, which is 100% owned by Harland & Wolff (Belfast) Limited. This company shall incorporate all engineering functions internally, as well as serving external clients globally. The formation of the new team is a blend of global experience and the decades of experience of operations in the Harland & Wolff facility. The team has the experience to deliver the Islandmagee gas storage project, ship repair, ship conversion, fabrication, offshore and recycling projects.



The new team at Harland and Wolff includes:

John Petticrew	**Managing Director**
Paul Blake	Operations Director
TBA	Commercial & BD Director
Stephen Mills	Director Sales Cruise & Ferry
Mark Giles	Director Sales Defence & Commercial
Con O Neil	Financial Director (Existing H&W employee)
Alan Haley	GM Harland & Wolff Technical Services Limited (Existing H&W employee)
Eoghan Rainey	Acting Health & Safety Director (Existing H&W Employee)

Chief Executive Officer's Strategic Report (continued)

John Petticrew has had decades of experience running similar facilities globally, his recent role was Vice President Operations at Seaspan Shipyard in Vancouver, Canada. John had 2,000 employees reporting into him with 5 divisional directors. In this role John oversaw the production for the National Shipbuilding Strategy for Canada building six vessels for the Navy and Coast Guard.

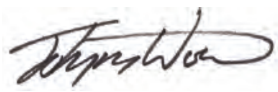
John was the Vice President of Engineering also for Seaspan, Technical Director for Gulf Marine Services and the Senior Project Director for Lamprell Energy Limited and held the position of New Building Manager for Dubai Dry Docks.

Commencing in 1987, John spent a decade at Saint John Ship Building serving as Superintendent and Production Manager. He brings with him a wealth of experience across fabrication, oil & gas, defence, ship repair and vessel construction.

Paul Blake has recently accepted the position as Operations Director of Harland and Wolff. Until recently Paul was the Head of Projects at ASRY (Arab Shipbuilding & Repair Yard Co in Bahrain. Prior to this Paul was a Project Manager at the Grand Bahamas Shipyard specialising in cruise vessel upgrades. Paul also held posts as Director and General Manager Atlantic & Peninsula Pty Ltd in Australia and as General Manager/Ship Repair Director at Topaz Energy & Marine in Dubai.

Stephen Mills and Mark Giles are proven sales executives and have decades of experience across all sectors and are a great addition to the team. We are currently in the process of finalising the appointment of the new Commercial and Business Development Director.

The new team at Harland and Wolff along with the existing workforce now have the requisite depth of knowledge and experience to turn this facility around into an efficient and profitable business in the months and years to come. I look forward to building a profitable and sustainable business around this iconic facility and globally renowned brand.



John Wood
Chief Executive Officer
08 January 2020

Chief Finance Officer's Report

Overview

I am delighted to write my maiden report to you with the intention of sharing my reflections on the last year through this annual report. I joined the Company initially as a Non-Executive Director in July 2018 and formally joined the executive management team as Chief Finance Officer in March 2019. At the very outset, I would like to thank my predecessor, Andy Duncan, for the formative work that he put in while laying down the foundations of a strong and robust finance function.

John Wood, our CEO, and I inherited management of the Company that was at the crossroads of its corporate existence. Our challenge was to effectively recreate the Company and turn it around from a one-project company into an organisation that has a sustainable future with multiple assets in its portfolio. For a company of our size, this has not been an easy task. However, with the progress of the Islandmagee gas storage project, the acquisition of assets of Harland and Wolff ("Harland and Wolff") and the progress being made with the FSRU project, we are confident of converting this aspiration into reality. The key to a successful business is to have the ability to generate sustainable cashflows, build a tangible balance sheet that de-risks the overall profile of the Company and to, ultimately, translate all of the above into enhanced shareholder value. I believe that we have, through this year, laid the firm foundations of meeting these objectives.

Arun Raman
Chief Finance Officer

Operational Highlights

We ended the year with a net loss before tax of £1.18 million (2018: loss of £963,413). We had no revenues to report during the financial year. Our total operating costs for the year were £1.39 million (2018: £863,413). Given the scale of our activities through the year, we have been very careful about our cash-burn rate and have kept it to appropriate levels. Payments to employees, suppliers and counterparties have been at market and, sometimes, sub-market rates in a combination of cash and shares, primarily with a view to preserving as much cash as possible. However, till such time as we are fully revenue generating, material uncertainty exists that may cast significant doubt on the group's ability to continue as a going concern. Further details are available in the Auditor's Report and Note 2 to the accounts.

On 06 December 2019, we announced the first ever operating revenues in the Company's history. This is a significant achievement and comes on the back of the acquisition of Harland and Wolff. The first revenues announcement validates that the acquisition has now set us on the path of being revenue generative in the months and years to come.

We made a commitment to our shareholders that we would be revenue generating in 2019. Whilst we have fulfilled that commitment, it was equally important for us, as a Board, to embark on the path of being financially self-sustaining and cash positive. In the remainder of calendar year 2020, I expect continued financing and cashflow pressures until we reach a position of being cash break-even. With the acquisition of Harland and Wolff and funding progress being made on the Islandmagee gas storage project, we now have the capability of achieving this goal. In the meanwhile, we will continue to closely monitor our overheads.

Prior year adjustment

The 2019 financial statements include a prior year adjustment in relation to the warrant reserve in the Company's statement of financial position. Prior year adjustments reflect a reversal of the share-based payment expense recognised against the share premium account as warrants were investor warrants,and were not issued in respect of services provided to the Company. As a result, the warrant reserve now shows a balance of nil (2018: £285,432) and the share premium account has been increased by £285,432. This prior year adjustment has neither impacted the Company's Statement of Comprehensive Income for either period presented nor retained earnings.

Islandmagee Gas Storage Project

In regard to the Islandmagee gas storage project, the challenge was to bring the project to a point that made it bankable. The completion of the FEED study and the entering into a binding term sheet with Vitol to become a long-term capacity offtake client for 100% of the storage capacity have achieved that objective. Today, we consider that we have a project that is "shovel-ready", bankable and worthy of project finance investment. The journey to bring the project to this stage has not been easy. Whilst a lot of technical work was already completed, additional investment was required through the year to complete unfinished work, update the necessary marine and environmental reports ahead of DAERA's 42-day public consultation process, acquire the remaining tracts of land and, generally, bring the project to a position of being financeable.

As I write this report, advanced discussions have been undertaken with project equity partners to finance the construction of the Islandmagee gas storage project. Whilst we would like these discussions to move at a much faster pace and come to fruition as soon as possible, there are certain realities that we need to recognise:

1. Gas storage is a unique mid-stream sector of which very few investors have a deep knowledge and understanding. Unlike traditional onshore and above-ground oil storage installations, gas storage is technically more challenging and, therefore, requires additional layers of technical due diligence to be completed.
2. The method by which gas storage is priced is vastly different from oil / product storage. The correlation between the gas storage capacity charge and gas prices is high. Coupled with this, as a salt cavern facility, there is a very high correlation with spot gas price volatility as well. Whilst a market related storage capacity charge bodes well for the economics of the project, it is usually not easy for investors to understand the intricate mechanics of how the different layers of storage economics are constructed – from baseload seasonal spreads to spot optimisation to value capture in Sudden Movement ("SUMO") events. It has, therefore, taken us time to break down these inherently complex structures in order to make them understandable to a general infrastructure investor.

I am pleased to report that this exercise has been successful and the investors whom we have been engaged with now have an in-depth understanding of the commercial structure of gas storage. Following the conclusion of the recent General Election, we believe that there could be additional funding opportunities available to us that will allow the Company to retain a larger portion of the project equity than originally envisaged. The Board has, therefore, decided that we must explore these

Chief Finance Officer's Report (continued)

additional options and determine if they are commercially feasible within an appropriate timeframe. Where we determine that these new funding options are unsuitable, either due to commercial reasons or the length of time that it would take to put them in place, we shall endeavour to revert to one of the existing potential project investors and conclude negotiations as soon as practicable. Additionally, we continue to keep other investor options open to provide us the optionality of seeking investment from other sources. Whilst discussions with a couple of core investors have been at an advanced stage, we have intentionally chosen to keep discussions on-going with others in the event current discussions do not come to fruition.

Capital raising activities

In January 2019, we raised a sum of £1.50 million before costs through an equity placing at 1.20 pence per share. The proceeds were utilised for land acquisitions, engineering design works to facilitate further CAPEX savings and other pre-construction enabling works.

Post the balance sheet date, in August 2019, we raised a further £700,000 before costs at 0.45 pence per share in order to fund the costs of establishing a pre-construction environmental baseline.

Further, in November and December 2019, we raised a total of £6,210,210 before costs. Further details of these capital raises, as well as details of a loan agreement, can be found in the paragraph below entitled "Harland and Wolff Acquisition".

These funds were principally raised in order to acquire the principal assets of the former Harland and Wolff (Heavy Industries) Limited and Harland and Wolff Group Plc from administrator BDO NI, as well as for general working capital purposes.

We consider that we now have the most advanced new gas storage project in the UK. From a commercial perspective, having a first mover advantage is crucial as the UK energy market transitions away from coal and fuel oil to gas and renewables for its demand requirements. With the acquisition of Harland and Wolff, we have been able to add a significant quantum of tangible and real fixed assets to our Group balance sheet. This has de-risked our financial position and provided us with the ability to raise sensible levels of debt in the corporate debt markets.

The financial markets through the course of this year have probably been the most challenging since the 2008 financial crisis. Uncertainties surrounding Brexit had an adverse impact on overall investor sentiment. The problems associated with the various Woodford funds sapped liquidity in capital markets, depressed stock prices and made it more difficult to attract new monies. The impact of these events was felt across the board and every company, big and small, experienced financing pressures. We successfully navigated our way through these tough market conditions to not only progress with the Islandmagee gas storage project but to also activate our strategy of becoming a multi-asset company. As Brexit uncertainties ease off post the recent General Election, we expect to see renewed optimism flowing through the financial markets with greater availability of both equity and debt capital.

EU Grant Reclaim

We expect to receive our EU grant reclaim of Euros 1.60 million shortly. I appreciate the frustration and apprehensions of shareholders given the length of time it has taken to process this reclaim. This has been down to the complex processes that we have had to navigate in order to formally submit our reclaim. We have had to go through multiple technical and financial audits. Further, we have had to co-ordinate with multiple Member States and the various regulatory departments within each Member State. The challenge has been to co-ordinate the requirements of each Member State and satisfy each of their Terms of Reference in order to obtain sign-off from each of them, jointly and severally. I am pleased to report that we have successfully completed all these processes and we expect to receive the grant reclaim proceeds in early 2020.

Harland and Wolff Acquisition

An immensely proud moment for all of us in the acquisition of the Harland and Wolff assets was when we took control of the facility on 5 December 2019. We raised a sum of £6 million before costs at a price of 0.30 pence per share via a share placing to fund the acquisition. In addition, we raised a sum of £210,210 through a subscription offer to qualifying shareholders and a PrimaryBid Offer, also at 0.30 pence per share. We also entered into a conditional loan agreement (the"Loan") for a sum of £2.20 million with Riverfort Global Opportunities PCC and YA II PN Ltd (the "Investors") in order to fund the initial deposit of £500,000 that was paid to BDO NI (the "Administrators") as part consideration of the total consideration price of £5.25 million, of which a final instalment of £1.45 million is payable by 30 April 2020. The first drawdown of the Loan was for a sum of £700,000 and a second drawdown of £500,000 (after costs and initial interest payment) was initiated to pay for the November 2019 overheads for the Harland and Wolff facility. Whilst the first drawdown is subject to conversion into equity shares at the Investors' option, the second drawdown is a pure debt facility that is due to be repaid by 15 February 2020. Full terms of the Loan are set out in the Company's announcements of 1 October 2019 and 11 and 14 November 2019.

The share placing was a success and I am pleased to welcome a new set of institutional investors to the Company, some of whom hold disclosable interests of 3% and above. An ideal shareholder base in any public listed company consists of a healthy mix of institutional investors who are expected to provide a long-term interest and retail investors who bring liquidity to the stock respectively. I believe that we are now heading towards that optimal ratio between institutional and retail holdings. The fact that the placing was institutional led is a testament to the confidence that our new investors have in the strategy of the Company and in the functioning of the executive management.

We have now established the foundations of making our Company growth oriented and cash generative. Over the course of the current financial year, we shall continue to make progress on all fronts with a focus on generating value for all our shareholders. As we move towards an optimal ratio of institutional and retail shareholders, a larger balance sheet and stronger cash generation, the Company is now well placed to explore innovative external financial structures that are cost-effective. My intention is to keep any future shareholder dilution to a minimum through an optimum mix of internal cash generation and sensible levels of corporate debt.

Every company faces financing challenges throughout its life cycle, but the key is to deal with today's priorities with an eye on tomorrow's potential.

Arun Raman
Chief Finance Officer
08 January 2020

Directors' Report
for the year ended 31 July 2019

Directors' Report (continued)
for the year ended 31 July 2019

The directors present their report and the audited consolidated financial statements for the year ended 31 July 2019.

DIRECTORS OF THE GROUP

The directors, who held office during the year, were as follows:

Mr J M Wood (Chief Executive Officer & Interim Chairman)

Mr A S Raman (Executive Director)

Mr M J M Groat (Non-Executive Director) (appointed 22 March 2019)

Mr G V Lyon (Resigned 7 March 2019)

Mr M P Beardmore (Resigned 18 December 2018)

Mr A R Pocock (Resigned 12 September 2018)

GENERAL

InfraStrata plc is incorporated and domiciled in England and Wales.

HEALTH, SAFETY AND ENVIRONMENT

There were no reportable health, safety or environmental incidents during the financial year.

SHARE CAPITAL

At the date of this report 3,682,856,289 ordinary shares are issued and fully paid (including all warrants exercised and fully paid at the date of this report). Details of movements in share capital during the year are given in note 19 to the financial statements; post year end movements are detailed in note 28.

RESULTS AND DIVIDENDS

The Group recognised cash revenue from continuing operations of £Nil (2018: £Nil). Management and administrative expenses totalled £1,383,294 (2018: £863,413). The Group incurred a loss of £1,182,712 (2018: loss of £963,413). The loss for 2019 when added to the cumulative losses of £28,272,541 brought forward and movements between reserves leaves a retained loss of £29,455,253 to be carried forward.

The directors do not recommend the payment of a dividend (2018: £nil).

RISK MANAGEMENT

The financial risk management objectives and policies of the Company in relation to the use of financial instruments, and the exposure of the Company and its subsidiary undertakings to its main risks, credit risk and liquidity risk, are set out in note 27 to the financial statements. The principal risks and uncertainties relating to the Group's business and how we mitigate them are detailed in subsequent paragraphs.

PRINCIPAL RISKS AND UNCERTAINTIES

The board is responsible for the effectiveness of the Group's risk management activities and internal control processes. As a participant in the gas storage development industry, the Group is exposed to a wide range of business risks in the conduct of its operations. The Group is exposed to financial, operational, strategic and external risks which are further described below. These risks are not exhaustive and additional risks or uncertainties may arise or become material in the future. A robust process of risk management and mitigation has been introduced into the business and all risks associated with the Islandmagee Energy project ("the Project") have been fully assessed.

FINANCING RISK - THE RISK OF NOT OBTAINING SUFFICIENT FINANCING

Access to adequate working capital is critical to our ability to pursue our existing and future projects and to continue as a going concern. A deterioration of the capital markets may reduce our ability to raise new equity funding. We work closely with our professional advisers and brokers to identify the optimum approach and timing to secure new equity financing to provide working capital.

The Group seeks to manage risk for our shareholders by attracting investment through quality partners where possible thereby minimising our own commitments to pay project development costs. We do not make financial commitments unless such funding has been secured through joint venture partners or otherwise new investment in our projects or we have a high degree of confidence that it will be secured.

STRATEGIC AND EXTERNAL RISKS - FAILURE TO MANAGE AND GROW THE BUSINESS WHILE CREATING SHAREHOLDER VALUE

There is no assurance that the Group's gas storage development will be successful, however this risk has been substantially reduced by successfully completing the Front End Engineering and Design ("FEED") works for the Project. We place a premium on recruitment and retention of suitably skilled personnel, compliance with applicable legislation and careful management of cash resources and requirements.

The successful progression of the Group's activities depends not only on technical success, but also on the ability of the Group to obtain appropriate financing through equity or debt financing or disposing of interests in projects or via other means.

We place great emphasis on regular communication with shareholders, including the release of announcements for the interim and annual results, and after significant developments. We seek to ensure that through such communications our shareholders are aware of our strategy and operations and that management has their continuing support. The Company's system of Corporate Governance is set out in the Report of the Directors on page 24.

OPERATIONAL RISKS - DAMAGE TO SHAREHOLDER VALUE, ENVIRONMENT, PERSONNEL OR COMMUNITIES CAUSED BY OPERATIONAL FAILURES

InfraStrata has restructured its Board of Directors to include individuals with relevant skills to manage the operational risks of our projects and ensure they are progressed in the shortest possible timescales in a cost effective manner. We have built up our core competencies in project development and have developed excellent relationships with government and public stakeholders in the geographical areas in which we operate.

Our management team works alongside strong and experienced joint venture partners in all projects and is supported by a highly effective network of carefully selected service delivery specialists such as environmental consultants and drilling engineering services. In this way we seek to mitigate the potential risk that we fail to be seen to be acting in a socially responsible manner and/or fail to maintain good local community relations.

DIRECTORS

The directors, who served during the year and subsequently, are detailed in the following table, which also highlights whether they are/were executive positions or independent:

	Executive	Independent
G V Lyon (resigned 7 March 2019)		✔
J Wood (appointed 27 June 2018)	✔	
A R Pocock (ceased 12 September 2018)	✔	
M P Beardmore (resigned 18 December 2018)		✔
A S Raman (appointed 26 July 2018)	✔	
M J M Groat (appointed 22 March 2019)		✔

All directors benefit from the provisions of individual directors' Personal Indemnity insurance policies. Premiums payable to third parties are as described in note 6 to the financial statements. Some of the current directors have been granted share options in the Company and details can be found in note 8 to the financial statements.

The directors of the Company at the date of this Annual Report and their abridged CVs are as follows:

John Wood – Chief Executive Officer

John has enjoyed a distinguished career within the Oil and Gas sector, holding senior posts with BAE Systems, and was more recently the Global Head of Oil and Gas with Aurecon, a global engineering and advisory firm. He has successfully undertaken projects in Australia, the USA, Africa, Europe and the UK, building up extensive experience delivering pre-FEED and FEED (Front End Engineering Design), FID (Final Investment Decision) and EPC (Engineering, Procurement and Construction) contracts involving storage and infrastructure developments. Prior to his appointment as Chief Executive Officer at InfraStrata plc, John worked as a consultant for the company, and was closely involved in negotiating and agreeing FEED contracts for the Islandmagee gas storage facility with Costain, DEEP KBB and WSP, as well as the appointment of Evan Passaris (Atkins) as a specialist in salt cavern gas storage. During that time, John managed all FEED related activities on behalf of the company.

John is ideally suited to overseeing the operational areas of InfraStrata's Islandmagee gas storage project, given his wealth of technical experience across a wide range of similar developments. He is a well-known and highly respected industry professional and has extensive experience of working with InfraStrata's FEED partners.

Arun Raman – Chief Finance Officer

Arun has spent the past 20 years within the commodities and infrastructure sector. While at Star Energy Group plc (now known as Petronas Energy Trading Ltd.), he was responsible for commercialising its 10 BCF Humbly Grove Underground Gas Storage Project, including the negotiation and commercial delivery of the Gas Storage Agreement with Vitol SA as the capacity offtake client. He also negotiated and executed agreements with the National Grid in relation to physical gas flows between the Humbly Grove gas storage facility and the National Transmission System. On the trading side, Arun set up trading desks for natural gas, power and carbon emissions for the group. Following on from there, Arun was hired by Vitol Services Ltd. in London where he was actively trading carbon emissions and other commodities. He specialises in commercial negotiations and monetising assets underpinned by commodity flows as well as trading of commodities around such assets. Arun's gas storage commercialisation experience will provide valuable insight as InfraStrata progresses with the Islandmagee Project.

Arun is a qualified Chartered Accountant having completed his training with PricewaterhouseCoopers and Citibank N.A. in India. He has been a member of the Institute of Chartered Accountants of India for the last 17 years post qualification, and also holds the designation of Certified Internal Auditor awarded to him by the Institute of Internal Auditors, Florida, USA.

Malcolm Groat – Non-Executive Director

Malcolm has worked for many years as a consultant to companies in technology, natural resources and general commerce. Following an early career with PWC in London, he held CFO, COO, and CEO roles in established corporations including the construction firm now called Arcadis.

Since 2004 Malcolm has served in non-executive director or chairman positions, today including Baronsmead Second Venture Trust PLC and Tomco Energy PLC. Malcolm is a Fellow of the Institute of Directors, Fellow of the Royal Society for the Encouragement of Arts, Manufactures and Commerce, and Fellow of the Institute of Chartered Accountants in England and Wales. He holds university degrees from St Andrews (MA) and Warwick (MBA).

Directors' Report (continued)
for the year ended 31 July 2019

DIRECTORS' EMOLUMENTS

The directors' emoluments are disclosed in note 6 to the Financial Statements.

DIRECTORS AND SUBSTANTIAL SHAREHOLDINGS

The directors of the Company held the following beneficial shareholdings as at 8 January 2020.

Ordinary shares of 0.01p each	Number	%
John Wood	46,618,062	1.27
Arun Raman	8,621,057	0.23
Malcolm Groat	–	–

The directors of the Company held the following beneficial shareholdings as at 31 July 2019.

Ordinary shares of 0.01p each	Number	%
John Wood	46,618,062	3.49
Arun Raman	1,954,397	0.15

The Company has also received notification of the following interests in 3% or more of the Company's issued share capital as at 08 January 2020. The holdings and percentages presented are at the date of notification.

Ordinary shares of 0.01p each	%
Lombard Odier Asset Management (Europe) Limited	9.56
Allianz Global Investors GmbH	9.28
Crux Asset Management Limited	8.19
Killik and Co LLP	4.40
Spreadex Limited	3.41
Harwood Capital LLP	3.18

CORPORATE GOVERNANCE

Corporate Governance Statement

The Board recognises the importance of good corporate governance and have chosen to apply the QCA Code. The QCA Code was developed by the Quoted Companies Alliance (the "QCA"), the independent membership organisation that champions the interests of small to mid-size quoted companies, in consultation with a number of significant institutional small company investors, as a suitable corporate governance code applicable to AIM companies.

As stated by the QCA, good corporate governance is about "*having the right people (in the right roles), working together, and doing the right things to deliver value for shareholders as a whole over the medium to long-term*". This is achieved through a series of decisions made by the Board, which needs to be kept dynamic, diverse and engender a consistent corporate culture throughout the InfraStrata plc group of companies (the "Group").

Our values are based on "Doing the right thing" for our people, suppliers, shareholders and other stakeholders. The Board believes this is vital to creating a sustainable, growing business and is a key responsibility of the Group. This culture supports the Group's objectives to grow the business through acquiring and retaining customers. It is the Board's job to ensure that the Group is managed for the long-term benefit of all shareholders, with effective and efficient decision-making. Corporate governance is an important part of that job, reducing risk and adding value to our business.

John Wood (Chief Executive Officer & Interim Chairman)

The Board has adopted the QCA Code in line with the London Stock Exchange's recent changes to the AIM Rules requiring all AIM-quoted issuers to adopt and comply with a recognised corporate governance code. To see how we address the key governance principles defined in the QCA Code please refer to the below table.

Deliver Growth

QCA Code Principle	Application	What we do and why
1. Establish a strategy and business model which promote long-term value for shareholders	The board must be able to express a shared view of the company's purpose, business model and strategy. It should go beyond the simple description of products and corporate structures and set out how the company intends to deliver shareholder value in the medium to long-term. It should demonstrate that the delivery of long-term growth is underpinned by a clear set of values aimed at protecting the company from unnecessary risk and securing its long-term future.	The Group's strategy is explained fully within our Chief Executive's Strategic Report section. Our strategy is principally focused around four key areas: (i) identification of opportunities, primarily in the energy infrastructure sector; (ii) development of projects using the skills and experience of the Company's management team; (iii) monetisation of projects to deliver shareholder value; and (iv) identifying future energy-related projects, to ensure we have a balanced portfolio of projects at various stages of completion. The key challenges to the business and how these are mitigated are detailed further in this Annual Report.
2. Seek to understand and meet shareholder needs and expectations	Directors must develop a good understanding of the needs and expectations of all elements of the company's shareholder base. The board must manage shareholders' expectations and should seek to understand the motivations behind shareholder voting decisions.	The Company remains committed to listening and communicating openly with its shareholders to ensure that its strategy, business model and performance are clearly understood. Understanding what analysts and investors think about us and, in turn, helping these audiences understand our business, is a key part of driving our business forward and we actively seek dialogue with the market. We do so via investor roadshows, attending conferences and our regular reporting. The Board recognises the AGM as an important opportunity to meet shareholders. The Directors are available to listen to the views of shareholders informally immediately following the AGM. The AGM is the main forum for dialogue with retail shareholders and the Board. The notice of AGM is sent to shareholders at least 21 days before the meeting. The chairman and the Executive Directors attend the AGM and are available to answer questions raised by shareholders. For each vote, the number of proxy votes received for, against and withheld is announced at the meeting. The results of the AGM are subsequently published on this website. The person at the Company with principal responsibility for liaising with shareholders is: John Wood.

Directors' Report (continued)
for the year ended 31 July 2019

QCA Code Principle	Application	What we do and why
3. Take into account wider stakeholder and social responsibilities and their implications for long-term success	Long-term success relies upon good relations with a range of different stakeholder groups both internal (workforce) and external (suppliers, customers, regulators and others). The board needs to identify the company's stakeholders and understand their needs, interests and expectations. Where matters that relate to the company's impact on society, the communities within which it operates or the environment have the potential to affect the company's ability to deliver shareholder value over the medium to long-term, then those matters must be integrated into the company's strategy and business model. Feedback is an essential part of all control mechanisms. Systems need to be in place to solicit, consider and act on feedback from all stakeholder groups.	Engaging with our stakeholders strengthens our relationships and helps us make better business decisions to deliver on our commitments. The Board stays abreast of stakeholder insights into the issues that matter most to them and our business, which enables the Board to understand and consider these issues in decision-making. Aside from our shareholders and suppliers, our core management team is one of our most important stakeholder groups and the Board closely monitors any feedback it receives from members of the team to ensure alignment of interests. For more information please see our Directors' Report under the principal risks and uncertainties section in this Annual Report. The Group encourages feedback from all those organisations which it works or otherwise engages with.
4. Embed effective risk management, considering both opportunities and threats, throughout the organisation	The board needs to ensure that the company's risk management framework identifies and addresses all relevant risks in order to execute and deliver strategy; companies need to consider their extended business, including the company's supply chain, from key suppliers to end-customer. Setting strategy includes determining the extent of exposure to the identified risks that the company is able to bear and willing to take (risk tolerance and risk appetite).	The principal risks and uncertainties faced by the Group are detailed in this Annual Report. We detail the risks to the business, how these are mitigated and the change in the identified risk over the last reporting period. The Board considers risk to the business at Board meetings (which are scheduled to take place at least quarterly). Due to the recent changes at Board and management team level, Board meetings have taken place with increased frequency. Management are usually invited to attend the Board meetings, but are asked to leave any meetings when the Board wishes to discuss and/or otherwise resolve any Board-specific, confidential or sensitive matters. The Company formally reviews and documents the principal risks to the business at least bi-annually. The Board and management team are responsible for reviewing and evaluating risk and the Executive Directors meet at monthly intervals to review ongoing trading performance, discuss budgets and forecasts, and new risks associated with ongoing trading and projects. A risk committee has been recently established by the Board (further details of which are contained in Principle 5 below).

Maintain a Dynamic Management Framework

QCA Code Principle	Application	What we do and why
5. Maintain the board as a well-functioning, balanced team led by the chair	The board members have a collective responsibility and legal obligation to promote the interests of the company, and are collectively responsible for defining corporate governance arrangements. Ultimate responsibility for the quality of, and approach to, corporate governance lies with the chair of the board. The board (and any committees) should be provided with high quality information in a timely manner to facilitate proper assessment of the matters requiring a decision or insight. The board should have an appropriate balance between executive and non-executive directors and should have at least two independent non-executive directors. Independence is a board judgement. The board should be supported by committees (e.g. audit, remuneration, nomination) that have the necessary skills and knowledge to discharge their duties and responsibilities effectively. Directors must commit the time necessary to fulfil their roles.	The Board currently comprises two Executive Directors and one Non-Executive Director. The Board considers the Non-Executive Director to be independent. The Company has announced the appointment of a new Non-Executive Chairman, with effect from 1 February 2020. The Company also intends to appoint a further non-executive director early in 2020. The Board is satisfied that it has a suitable balance between independence on the one hand, and knowledge of the Company on the other, to enable it to discharge its duties and responsibilities effectively. All Directors are encouraged to use their independent judgement and to challenge all matters, whether strategic or operational. The Board intend to continue to assess and monitor the Company's requirements in this regard, and expect to review the situation on an ongoing basis. All Directors receive regular and timely information relating to the Group's operational and financial performance. Relevant information is circulated to the Directors in advance of meetings. In addition, minutes of the meetings of the Directors are circulated to the Board for approval. The Board has a formal schedule of matters reserved to it and is supported by the Audit and Remuneration Committee. The Committees' Terms of Reference are available below this table. The primary tasks of the CEO are as follows: (i) leads the development and execution of long-term corporate strategy; (ii) responsible for all day-to-day management decisions and implementing corporate long and short-term plans; (iii) acts as direct liaison between the Board and management team; and (iv) communicates on behalf of the Company to internal and external stakeholders. The primary tasks of the CFO are as follows: (i) overseeing the administrative, financial, and risk management operations of the Company (ii) developing financial and operational strategy, including the metrics linked to strategy; (iii) ongoing development and monitoring of control systems designed to preserve Company assets; and (iv) reporting accurate financial results. The primary tasks of the Chairman are as follows: (i) leads the Board and ensures its effective operation; (ii) providing support and supervision to the management team; and (iii) monitoring and upholding corporate governance standards. The Board's role is to oversee and manage the Group, in as a responsible and efficient manner as possible. Broadly, the Board focuses on four key areas: (1) establishing vision, mission and values; (2) setting strategy and structure; (3) delegating to management; and (4) exercising accountability to shareholders and being responsible to relevant stakeholders. The Company has the following committees: (i) Audit Committee and (ii) Remuneration, Nomination and Corporate Governance Committee.

Directors' Report (continued)
for the year ended 31 July 2019

QCA Code Principle	Application	What we do and why
6. Ensure that between them the directors have the necessary up-to-date experience, skills and capabilities	The board must have an appropriate balance of sector, financial and public markets skills and experience, as well as an appropriate balance of personal qualities and capabilities. The board should understand and challenge its own diversity, including gender balance, as part of its composition. The board should not be dominated by one person or a group of people. Strong personal bonds can be important but can also divide a board. As companies evolve, the mix of skills and experience required on the board will change, and board composition will need to evolve to reflect this change.	The Board is satisfied that, between the Directors, it has an effective and appropriate balance of skills and experience, including in the areas of energy, engineering, finance, capital markets, innovation and international trade. All Directors receive regular and timely information on the Group's operational and financial performance. Relevant information is circulated to the Directors in advance of meetings. The Directors keep their skillsets up to date by attending relevant industry and professional events, as well as receiving periodic updates from the Company's professional advisers regarding regulatory developments. The Directors' service contracts are available for inspection at the Company's registered office and at each AGM. All Directors retire by rotation at regular intervals in accordance with the Company's Articles of Association. Appointment, removal and re-election of Directors The Board makes decisions regarding the appointment and removal of Directors, and there is a formal, rigorous and transparent procedure for appointments. The Company's Articles of Association require that one-third of the Directors must stand for re-election by shareholders annually in rotation; that all Directors must stand for re-election at least once every three years; and that any new Directors appointed during the year must stand for election at the AGM immediately following their appointment. **Independent advice** All Directors are able to take independent professional advice in the furtherance of their duties, if necessary, at the Company's expense. In addition, the Directors have direct access to the advice and services of the Chief Financial Officer and Company Secretary.
7. Evaluate board performance based on clear and relevant objectives, seeking continuous improvement	The board should regularly review the effectiveness of its performance as a unit, as well as that of its committees and the individual directors. The board performance review may be carried out internally or, ideally, externally facilitated from time to time. The review should identify development or mentoring needs of individual directors or the wider senior management team. It is healthy for membership of the board to be periodically refreshed. Succession planning is a vital task for boards. No member of the board should become indispensable.	The individual contributions of each of the members of the Board are regularly assessed to ensure that: (i) their contribution is relevant and effective; (ii) that they are committed; and (iii) where relevant, they have maintained their independence. The Board intends to review the performance of the team as a unit to ensure that the members of the Board collectively function in an efficient and productive manner. One-third of the Directors must stand for re-election by shareholders annually in rotation and all Directors must stand for re-election at least once every three years. For more information please see our Director' Report in the principal risks and uncertainties section of this Annual Report. The Group encourages feedback from all those organisations which it works or otherwise engages with.

QCA Code Principle	Application	What we do and why
8. Promote a corporate culture that is based on ethical values and behaviours	The board should embody and promote a corporate culture that is based on sound ethical values and behaviours and use it as an asset and a source of competitive advantage. The policy set by the board should be visible in the actions and decisions of the chief executive and the rest of the management team. Corporate values should guide the objectives and strategy of the company. The culture should be visible in every aspect of the business, including recruitment, nominations, training and engagement. The performance and reward system should endorse the desired ethical behaviours across all levels of the company. The corporate culture should be recognisable throughout the disclosures in the annual report, website and any other statements issued by the company.	The Chief Executive Officer's Strategic Report details the environmental values of the Group, where we outline our commitments to act in a socially responsible manner and maintain good local community relations. We have appointed Judith Tweed, who is the person principally responsible for managing and maintaining local community relations in Islandmagee, Northern Ireland, to the board of directors of the Group subsidiary Islandmagee Energy Limited. The Board sees this as important for ensuring that the local community we work realise how important we view our relations with the local community. The Group supports the growing awareness of social, environmental and ethical matters when considering business practices.
9. Maintain governance structures and processes that are fit for purpose and support good decision-making by the board	The company should maintain governance structures and processes in line with its corporate culture and appropriate to its: • size and complexity; and • capacity, appetite and tolerance for risk. The governance structures should evolve over time in parallel with its objectives, strategy and business model to reflect the development of the company.	As well as the information contained in this matrix, which identifies the Group's commitment to and application of the QCA Code, the Corporate Governance Statement in this Annual Report details the Company's governance structures and why they are appropriate and suitable for it.
Build Trust		
10. Communicate how the company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders.	A healthy dialogue should exist between the board and all of its stakeholders, including shareholders, to enable all interested parties to come to informed decisions about the company. In particular, appropriate communication and reporting structure should exist between the board and all constituent parts of its shareholder base. This will assist: • the communication of shareholders' views to the board; and • the shareholders' understanding of the unique circumstances and constraints faced by the company. It should be clear where these communication practices are described (annual report or website).	The Company encourages two-way communication with its shareholders and responds quickly to all queries received. The Chairman talks regularly with the Group's major shareholders and ensures that their views are communicated fully to the Board. The Board recognises the AGM as an important opportunity to meet private shareholders. The Directors are available to listen to the views of shareholders informally immediately following the AGM.

The Board

At the financial year end the board comprised two executive directors and one non-executive director whose background and experience are relevant to the Company's activities. The directors are of the opinion that the expanded board with a new Chairman with effect from 01 February 2020 and another non-executive director (to be appointed early in 2020) will have a suitable balance and it is expected that non-executive directors undertake a minimum of 18 days a year including attending board meetings and sitting on committees. The Directors' report in this annual report sets out biographical details of each director and which directors the Board considers to be independent. The board, through the directors, maintains regular contact with its professional advisers to ensure that the board develops an understanding of the views of major shareholders about the Company. The board also intends to review the performance of the team as a unit to ensure that the members of the board collectively function in an efficient and productive manner. All directors have access to the advice and services of the Company Secretary who is responsible to the board for ensuring that the board procedures are followed and that the applicable rules and regulations are complied with. In addition, the Company Secretary will ensure that the directors receive appropriate training as necessary. The appointment and removal of the Company Secretary is a matter for the board as a whole.

The table below contains details on the number of meetings held during the period and individual director attendance.

	Board	Audit Committee	Remuneration Committee
Number of meetings held during the 2018/19 financial year	28	2	8
	No. of meetings attended	**No. of meetings attended**	**No. of meetings attended**
Executive Directors			
Adrian Pocock (ceased 12 September 2018)	2	–	–
John Wood (appointed 27 June 2018)	25	1	1
Arun Raman (appointed 26 July 2018)	28	1	8
Non-Executive Directors			
Graham Lyon (resigned 07 March 2019)	22	1	6
Matt Beardmore (resigned 18 December 2018)	5	–	3
Malcolm Groat (appointed 22 March 2019)	3	1	2

Audit Committee

Malcolm Groat is currently the only member of the Audit Committee due to him being the only current non-executive director. New non-executive directors will join the Audit Committee. For the financial period to which this Annual Report relates, the members were comprised of Arun Raman (former Chair), Graham Lyon and Matt Beardmore. There were two meetings of the Audit Committee during the financial year which was attended by all members of the Committee. Senior representatives of the external auditor attend these meetings if considered appropriate. The external auditor has unrestricted access to the Chairman of the committee.

The role of the Audit Committee includes:

- Consideration of the appointment of the external auditor and the audit fee.
- Reviewing the nature, scope and results of the external audit.
- Monitoring the integrity of the financial statements and interim report.
- Discussing with the auditors any problems and reservations arising from the interim and final results.
- Reviewing the auditor's management letter and management's response.
- Reviewing on behalf of the board the Group's system of internal control and making recommendations to the board.

The Committee also keeps under review the necessity for establishing an internal audit function but considers that, given the size of the Group and the close involvement of senior management in day-to-day operations, there is currently no requirement for such a function. Notwithstanding the absence of an internal audit function, the Committee keeps under review the effectiveness of the Group's internal controls and risk management systems.

Remuneration, Nomination and Corporate Governance Committee

Malcolm Groat is currently the only member of the Remuneration, Nomination and Corporate Governance Committee due to him being the only current non-executive director. New non-executive directors will join this committee. For the financial period to which this Annual Report relates, the members comprised Arun Raman (Chairman), Graham Lyon (former Chair), Matt Beardmore and Arun Raman. The committee met eight times in the year to 31 July 2019.

The Group's policy is to remunerate senior executives fairly in such a manner as to facilitate the recruitment, retention and motivation of staff. The Remuneration Committee recommends to the board a framework for the remuneration of the Executive Directors and the senior management of the Group.

The principal objectives of the Committee include:

- Determining and recommending to the board the remuneration policy for the Chief Executive and Executive Directors.
- Reviewing the design of share incentive plans for approval by the board and determining the annual award policy to Executive Directors under existing plans.

The Committee remains acutely aware of the need to balance the financial performance of the Company with the need to maintain incentivisation and motivation for the executive team.

Relations with Shareholders

Communication with shareholders is given high priority and the Company therefore communicates regularly with shareholders including the release of announcements for the interim and annual results and after significant developments. The Annual General Meeting, which this year is being held on 31 January 2020, is normally attended by all directors. Shareholders are invited to ask questions on matters including the Group's operations and performance and to meet with the directors after the formal proceedings have ended.

The Company maintains a website (www.infrastrataplc.com) for the purpose of improving information flow to shareholders as well as potential investors. The website contains all regulatory and press announcements and financial reports as well as extensive corporate governance and operational information about the Group's activities. Enquiries from shareholders on matters relating to their holdings and the business of the Group are welcomed. The board encourages shareholders to attend the Annual General Meeting, at which members of the board are available to answer questions.

Internal controls

The directors are responsible for the Group's system of internal controls, the setting of appropriate policies on those controls, and regular assurance that the system is functioning effectively and that it is effective in managing business risk. Internal control systems are designed to meet the particular needs of the Group and to manage rather than eliminate the risk of failure to meet business objectives. The internal controls cover financial, operational and compliance matters and are reviewed on an on-going basis.

The directors consider that the frequency of board meetings and the information provided to the board in relation to Group operations assists the identification, evaluation and management of significant risks relevant to its operations on a continuous basis.

The Group's internal controls can only provide reasonable and not absolute assurance against material misstatement or loss or the risk of failure to meet business objectives. Having thus monitored risk management and internal control processes in place, the board considers that the Company's internal control systems operated appropriately during the year and up to the date of signing of the Annual Report and Financial Statements.

The Company's business model and strategy is set out in the reports of the Interim Chairman and the CEO in this annual report. A summary of the principal risks and uncertainties relating to the Group's business and how the Board attempts to mitigate them are detailed in the Directors' report of this annual report.

GOING CONCERN

Notwithstanding the loss incurred during the year under review, the Directors have a reasonable expectation that the Group will be able to generate cash resources through revenue generation via contract wins and / or debt / equity raises to provide adequate resources to continue operating for the foreseeable future. During the year and post year end the Group raised £9,365,765 before expenses indicating investor support for the Group's strategy and has, as previously announced, secured contract wins for its Harland and Wolff operations. The Directors expect to deliver results which will lead to continuing market support. The Directors therefore consider it appropriate to continue to adopt the going concern basis in the preparation of the financial statements. Further details on the Directors assumptions and conclusions are included in the statement of going concern in Note 2.

The auditors have made reference to going concern by way of a material uncertainty within their audit report.

Directors' Report (continued)
for the year ended 31 July 2019

DIRECTORS' RESPONSIBILITIES

The directors acknowledge their responsibilities 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 elected to prepare 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 Parent company and of the profit or loss of the Group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable International Financial Reporting Standards (IFRSs) as adopted by the European Union 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 group's and the company's transactions and disclose with reasonable accuracy at any time the financial position of the group and the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the group and the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions.

The company is compliant with AIM Rule 26 regarding the company's website.

DISCLOSURE OF INFORMATION TO THE AUDITOR

In the case of each person who was a director at the time this report was approved: so far as the director was aware there was no relevant audit information of which the Company's auditor was unaware; and the director had taken all steps that the director ought to have taken as a director to make himself or herself aware of any relevant audit information and to establish that the Company's auditor was aware of that information. This information is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

AUDITOR

A resolution to re-appoint the Company's auditor, PKF Littlejohn LLP, will be proposed at the Annual General Meeting to be held on 31 January 2020.

On behalf of the board

John Wood (Chief Executive Officer & Interim Chairman)
Director

Independent auditor's report to the members of InfraStrata plc

Independent auditor's report (continued) to the members of InfraStrata plc

PKF

Accountants & business advisers

Opinion

We have audited the financial statements of InfraStrata Plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 July 2019, which comprise the Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, Company Statement of Financial Position, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Statement of Cash Flows, Company Statement 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:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 July 2019 and of the group's loss 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.

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 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.

Material uncertainty related to going concern

We draw attention to the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position and the Statement of Cash Flows in the financial statements, which indicates that the group incurred a net loss of £1.2 million and incurred cash outflows during the year ended 31 July 2019 of £1.6 million and at that date had net current liabilities of £1.7 million respectively.

The financial statements have been prepared on a going concern basis, on the basis that there is receipt of new funds either through revenue generation or debt / equity funding in order to meet committed expenditure for a period of at least twelve months from the date of approval of these financial statements.

As stated in note 2, these events or conditions indicate that a material uncertainty exists that may cast significant doubt on the group's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

Our application of materiality

The scope of our audit was influenced by our application of materiality, which determines the scope of our audit and the nature, timing and extent of our procedures. The materiality applied to the group was £219,000, based on 2% of gross assets of the group. Gross assets have been chosen as the driver for materiality as, during the financial year, the most significant item within the financial statements are the capitalised costs in respect of the Islandmagee project which the group is seeking to develop and generate future revenue. The same basis has been used for the calculation of materiality for the parent company, of £204,000.

Performance Materiality has been set as 60% of headline materiality for both the group and parent company, being £131,400 and £122,400 respectively.

We agreed with the audit committee that we would report to the committee all errors identified within the group and parent company during our audit in excess of £10,950 and £10,200 respectively. This represents 5% of headline materiality.

Materiality has been reassessed at the closing stages of the audit taking into consideration new information which arose. No alterations were made to materiality at the conclusion of the audit.

An overview of the scope of our audit

In designing our audit, we determined materiality and assessed the risk of material misstatement in the financial statements. In particular, we looked at the areas including significant accounting estimates and judgements by the directors' and considered future events that are inherently uncertain in respect of the carrying value of intangible assets. We addressed the risk of material misstatement through management override of controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

At the year end, the group consisted of three entities. We have been appointed as auditor for each of these entities and carried out full audits. The Islandmagee project, held through a subsidiary undertaking, represented the principal business unit of the group. We therefore tailored the scope of the audit to focus our testing on this project.

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
Carrying value of intangible assets (Note 11) As at 31 July 2019 the group held intangible assets totalling £10,168,605 in respect of the Islandmagee project. The project is not yet revenue generating and therefore the carrying value of the asset incorporates significant estimates and judgements from management. There is a risk that the intangible assets are impaired. There is also a risk that capitalised costs do not meet the requirement of the IFRS recognition criteria.	Our work included but was not limited to: ● Discussing and challenging management as to the status of the project and its intended date of completion; ● Considering and challenging managements assumptions into the discounted cash flow model which supports the carrying value of the intangible asset; ● Performing sensitivity analysis on the key inputs into the discounted cash flow model to confirm the current headroom; and ● Ensuring all costs capitalised in the period met the capitalisation criteria.

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.

Opinion on other matters prescribed by 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 directors' report for the financial year 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 our 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 and 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 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.

Independent auditor's report (continued) to the members of InfraStrata plc

Responsibilities of directors
As explained more fully in the Statement of Directors' Responsibilities set out on page 32, the directors are responsible for the preparation of the group and parent company financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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.

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.

Joseph Archer

Joseph Archer
(Senior Statutory Auditor)
For and on behalf of
PKF Littlejohn LLP, Statutory Auditor

15 Westferry Circus
London
E14 4HD
Date: 08 January 2020

Financial statements

Consolidated statement of comprehensive income
for the year ended 31 July 2019

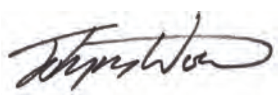
	Note	2019 £	2018 £
Continuing operations			
Revenue		**–**	–
Management and administrative expenses		**(1,383,294)**	(863,413)
Other income	3	**300,000**	–
Operating loss	4	**(1,083,294)**	(863,413)
Finance income		**18**	–
Finance costs		**(99,436)**	(100,000)
Loss before tax		**(1,182,712)**	(963,413)
Taxation	9	–	–
Loss for the year		**(1,182,712)**	(963,413)
Other comprehensive income		**–**	–
Total comprehensive loss for the year attributable to the equity holders of the parent		**(1,182,712)**	(963,413)
Earnings Per Share:			
Basic and diluted	10	**(0.09)p**	(0.15)p

Consolidated statement of financial position
as at 31 July 2019

	Note	**31 July 2019 £**	31 July 2018 £ (As restated)	1 August 2017 £
Assets				
Non-current assets				
Intangible assets	11	**10,168,605**	7,479,690	6,591,302
Property, plant and equipment	12	**738,825**	440,100	440,100
Other asset		**–**	–	42,000
Total non-current assets		**10,907,430**	7,919,790	7,073,402
Current assets				
Trade and other receivables	14	**202,066**	264,491	98,718
Other asset		**–**	–	100,000
Cash and cash equivalents	15	**11,240**	1,790,979	1,548,169
Total current assets		**213,306**	2,055,470	1,746,887
Current liabilities				
Trade and other payables	16	**(1,111,342)**	(840,523)	(149,625)
Grant received in advance		**–**	(924,642)	(1,440,913)
Short-term borrowings	26	**(785,095)**	(163,344)	–
Short-term financial liability	17	**(988)**	(200,000)	–
Total current liabilities		**(1,897,425)**	(2,128,509)	(1,590,538)
Net current liabilities		**(1,684,119)**	(73,039)	156,349
Non-current liabilities				
Financial liability	26	**(200,000)**	(200,000)	(200,000)
Net assets		**9,023,311**	7,646,751	7,029,751
Shareholders' funds				
Share capital	19	**10,949,504**	10,919,117	10,853,460
Share premium		**18,427,728**	16,005,216	14,297,307
Merger reserve		**8,988,112**	8,988,112	8,988,112
Share based payment reserve		**113,220**	6,847	616,096
Warrant reserve	28	**–**	–	–
Retained earnings		**(29,455,253)**	(28,272,541)	(27,725,224)
Total equity		**9,023,311**	7,646,751	7,029,751

With the proper authorisation, the financial statements can be amended after issue.

Approved by the Board on 8 January 2020 and signed on its behalf by:



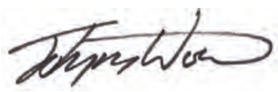
Mr J M Wood
Director

Company statement of financial position
as at 31 July 2019

	Note	**31 July 2019 £**	31 July 2018 £ (As restated)	1 August 2017 £
Assets				
Non-current assets				
Property, plant and equipment	12	**8,026**	–	–
Other asset		**–**	–	42,000
Total non-current assets		**8,026**	–	42,000
Current assets				
Trade and other receivables	14	**10,448,974**	9,053,400	7,211,230
Other asset		**–**	42,000	100,000
Cash and cash equivalents	15	**8,783**	1,671,002	1,545,779
Total current assets		**10,457,757**	10,766,402	8,857,009
Current liabilities				
Trade and other payables	16	**(139,342)**	(805,221)	(117,186)
Grant received in advance		**–**	(924,642)	(1,440,913)
Short-term financial liability	17	**(988)**	(200,000)	–
Total current liabilities		**(140,330)**	(1,929,863)	(1,558,099)
Net current assets		**10,317,427**	8,836,539	7,298,910
Non-current liabilities				
Financial liability	26	**(200,000)**	(200,000)	(200,000)
Net assets		**10,125,453**	8,636,540	7,140,910
Shareholders' funds				
Share capital	19	**10,949,504**	10,919,117	10,853,460
Share premium		**18,427,728**	16,005,216	14,297,307
Merger reserve		**8,466,827**	8,466,827	8,466,827
Share based payment reserve		**113,220**	6,847	616,096
Warrant reserve	28	**–**	–	–
Retained earnings		**(27,831,826)**	(26,761,468)	(27,092,780)
Total equity		**10,125,453**	8,636,539	7,140,910

The loss for the period dealt with in the financial statements of InfraStrata Plc was £1,070,357 (2018: £284,784). As provided by s408 of the Companies Act 2006, no statement of comprehensive income is presented in respect of InfraStrata Plc, the company.

Approved by the Board on 8 January 2020 and signed on its behalf by:



Mr J M Wood
Director

Consolidated statement of changes in equity
for the year ended 31 July 2018

	Share capital £	Share premium £	Merger reserve £	Share based payment reserve £	Warrant Reserve £	Retained earnings £	(Restated) Total equity £
At 1 August 2017	10,853,460	14,297,307	8,988,112	616,096	–	(27,725,224)	7,029,751
Loss for the year	–	–	–	–	–	(963,413)	(963,413)
Total comprehensive income	–	–	–	–	–	(963,413)	(963,413)
Shares issued	65,657	1,824,073	–	–	–	–	1,889,730
Share issue costs	–	(116,164)	–	–	–	–	(116,164)
Warrant Reserve	–	(285,432)	–	–	285,432	–	–
Prior year adjustment (see note 29)	–	285,432	–	–	(285,432)	–	–
Transfer on forfeiture of share options	–	–	–	(616,096)	–	616,096	–
Share option expense	–	–	–	6,847	–	–	6,847
Due to Moyle Investments on first gas storage (note 26)	–	–	–	–	–	(200,000)	(200,000)
At 31 July 2018 (As restated)	**10,919,117**	**16,005,216**	**8,988,112**	**6,847**	**–**	**(28,272,541)**	**7,646,751**

Consolidated statement of changes in equity
for the year ended 31 July 2019

	Share capital £	Share premium £	Merger reserve £	Share based payment reserve £	Warrant Reserve £	Retained earnings £	Total equity £
At 1 August 2018 (As restated)	10,919,117	16,005,216	8,988,112	6,847	–	(28,272,541)	7,646,751
Loss for the year	–	–	–	–	–	(1,182,712)	(1,182,712)
Total comprehensive income	–	–	–	–	–	(1,182,712)	(1,182,712)
Shares issued	30,387	2,422,512	–	–	–	–	2,452,899
Share option expense	–	–	–	106,373	–	–	106,373
At 31 July 2019	**10,949,504**	**18,427,728**	**8,988,112**	**113,220**	**–**	**(29,455,253)**	**9,023,311**

Share capital: This represents the nominal value of equity shares in issue.

Share premium: This represents the premium paid above the nominal value of shares in issue.

Merger Reserve: The merger reserve represents the difference between the nominal value of the shares issued on the demerger and the combined share capital and share premium of InfraStrata UK Limited at the date of the demerger.

Share-based payments reserve: This represents the value of share-based payments provided to employees and Directors as part of their remuneration as part of the consideration paid. The reserve represents the fair value of options and performance share rights recognised as an expense. Upon exercise of options or performance share rights, any proceeds received are credited to share capital and share premium.

Retained earnings: This represents the accumulated profits and losses since inception of the business and adjustments relating to options and warrants.

Company statement of changes in equity
for the year ended 31 July 2018

	Share capital £	Share premium £	Merger reserve £	Share based payment reserve £	Warrant Reserve £	Retained earnings £	Total equity £
Company							
At 1 August 2017	10,853,460	14,297,307	8,466,827	616,096	–	(27,092,780)	7,140,910
Loss for the year	–	–	–	–	–	(284,784)	(284,784)
Total comprehensive loss for the year	–	–	–	–	–	(284,784)	(284,784)
Shares issued	65,657	1,824,073	–	–	–	–	1,889,730
Share issue costs	–	(116,164)	–	–	–	–	(116,164)
Warrant Reserve	–	(285,432)	–	–	285,432	–	–
Prior year adjustment (see note 29)	–	285,432	–	–	(285,432)	–	–
Transfer on forfeiture of share options	–	–	–	(616,096)	–	616,096	–
Share option expense	–	–	–	6,847	–	–	6,847
At 31 July 2018 (As restated)	**10,919,117**	**16,005,216**	**8,466,827**	**6,847**	**–**	**(26,761,468)**	**8,636,539**

Company statement of changes in equity
for the year ended 31 July 2019

	Share capital £	Share premium £	Merger reserve £	Share based payment reserve £	Retained earnings £	Total equity £
Company						
At 1 August 2018 (As restated)	10,919,117	16,005,216	8,466,827	6,847	(26,761,468)	8,636,539
Loss for the year	–	–	–	–	(1,070,358)	(1,070,358)
Total comprehensive income	–	–	–	–	(1,070,358)	(1,070,358)
Shares issued	30,387	2,422,512	–	–	–	2,452,899
Share Option expense	–	–	–	106,373	–	106,373
At 31 July 2019	**10,949,504**	**18,427,728**	**8,466,827**	**113,220**	**(27,831,826)**	**10,125,453**

Consolidated statement of cash flows
for the year ended 31 July 2019

	Note	2019 £	2018 £
Cash flows from operating activities			
Loss for the year		**(1,182,712)**	(863,413)
Adjustments to cash flows from non-cash items			
Depreciation and amortisation	4	**892**	–
Profit on disposal of intangible assets	3	**(100,000)**	–
Profit from disposals of investments	3	**(200,600)**	–
Foreign exchange loss	4	**11,055**	(26,590)
Finance income		**(18)**	–
Finance expense		**102,460**	–
Share option expense		**172,638**	96,597
		(1,196,285)	(793,406)
Working capital adjustments			
Decrease/(increase) in trade and other receivables	14	**38,121**	(123,827)
Increase in trade and other payables	16	**239,646**	690,952
Cash generated from operations		**(918,518)**	(226,281)
Income taxes received	9	**–**	–
Net cash flow from operating activities		**(918,518)**	(226,281)
Cash flows from investing activities			
Interest received		**18**	–
Proceeds from issue of ordinary shares		**2,386,634**	1,683,816
Short term borrowings		**621,751**	163,344
Acquisitions of property plant and equipment		**(299,617)**	–
Acquisition of intangible assets	11	**(3,613,559)**	(1,378,069)
Proceeds from sale of intangible assets		**100,000**	–
Net cash flows from investing activities		**(804,773)**	469,091
Net increase/(decrease) in cash & cash equivalents		**(1,723,291)**	242,810
Cash flows from financing activities			
Interest paid		**(57,436)**	–
Net decrease in cash and cash equivalents		**(1,780,727)**	242,810
Cash and cash equivalents at 1 August		**1,790,979**	1,548,169
Cash and cash equivalents at 31 July		**10,252**	1,790,979
Cash and cash equivalents consist of:			
Cash at bank		**10,252**	1,790,979

Company statement of cash flows
for the year ended 31 July 2019

	Note	2019 £	2018 £
Cash flows from operating activities			
Loss for the year		**(1,070,358)**	(284,784)
Adjustments to cash flows from non-cash items			
Depreciation and amortisation	4	**892**	–
Profit on disposal of intangible assets	3	**(100,000)**	–
Profit from disposals of investments	3	**(200,600)**	–
Foreign exchange loss	4	**9,527**	(26,590)
Finance income		**(18)**	–
Finance expense		**42,000**	100,000
Share option expense		**172,638**	96,597
		(1,145,919)	(114,777)
Working capital adjustments			
Increase in trade and other receivables	14	**(1,383,071)**	(2,131,796)
(Decrease)/increase in trade and other payables	16	**(665,879)**	687,980
Decrease in amounts owed to related parties		**(946,070)**	–
Cash generated from operations		**(4,140,939)**	(1,443,816)
Income taxes received	9	**–**	–
Net cash flow from operating activities		**(4,140,939)**	(1,558,593)
Cash flows from investing activities			
Interest received		**18**	–
Proceeds from issue of ordinary shares		**2,386,634**	1,683,816
Acquisitions of property plant and equipment		**(8,918)**	–
Proceeds from sale of intangible assets		**100,000**	–
Net cash flows from investing activities		**2,477,734**	1,683,816
Net increase/(decrease) in cash & cash equivalents		**(1,663,205)**	125,223
Cash flows from financing activities			
Cash and cash equivalents at 1 August		**1,671,002**	1,545,779
Cash and cash equivalents at 31 July		**7,797**	1,671,002
Cash and cash equivalents consist of:			
Cash at bank		**7,797**	1,671,002

Consolidated net debt reconciliation
for the year ended 31 July 2019

	Other assets		Liabilities from financing activities	
	Cash/bank overdraft	Liquid investments	Borrowings due within 1 year	Borrowings due after 1 year
Net debt as at 1 August 2017	1,548,169	(1,491,820)	–	(200,000)
Cash flows	242,810	(50,854)	(363,344)	–
Foreign exchange adjustments	–	–	–	–
Other changes (ii)	–	–	–	–
Net debt as at 31 July 2018	1,790,979	(1,542,674)	(363,344)	(200,000)
Cash flows	(1,779,739)	633,398	(422,739)	–
Foreign exchange adjustments	–	–	–	–
Other changes (ii)	–	–	–	–
Net debt as at 31 July 2019	**11,240**	**(909,276)**	**(786,083)**	**(200,000)**

Company net debt reconciliation
for the year ended 31 July 2019

	Other assets		Liabilities from financing activities	
	Cash/bank overdraft	Liquid investments	Borrowings due within 1 year	Borrowings due after 1 year
Net debt as at 1 August 2017	1,545,779	5,653,131	–	(200,000)
Cash flows	125,223	1,670,406	(200,000)	–
Foreign exchange adjustments	–	–	–	–
Other changes	–	–	–	–
Net debt as at 31 July 2018	1,671,002	7,323,537	(200,000)	(200,000)
Cash flows	(1,662,219)	2,986,095	199,012	–
Foreign exchange adjustments	–	–	–	–
Other changes	–	–	–	–
Net debt as at 31 July 2019	**8,783**	**10,309,632**	**(988)**	**(200,000)**

Notes to the financial statements
for the year ended 31 July 2019

1 General information

The company is a public company limited by share capital, incorporated and domiciled in the UK.

The address of its registered office is:

Fieldfisher Riverbank House
2 Swan Lane
London
EC4R 3TT
United Kingdom

The company's ordinary shares are traded on the Alternative Investment Market (AIM) of the London Stock Exchange under the ticker symbol INFA.

The principal activities of the Group throughout the year was the development of sub-surface gas storage facility.

The financial statements were authorised for issue by the Board on 8 January 2020.

2 Accounting policies

Statement of compliance

The group financial statements have been prepared in accordance with International Financial Reporting Standards and its interpretations adopted by the EU ("adopted IFRS's") and the Companies Act 2006 applicable to companies reporting under IFRS.

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

The financial statements have been prepared in accordance with adopted International Financial Reporting Standards (IFRS) as adopted by the European Union and under historical cost accounting rules.

The financial statements are presented in Sterling which is the functional currency of the group and all values are rounded to the nearest Pound Sterling (£) unless otherwise stated.

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.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the group's accounting policies.

Adoption of new and revised standards

(a) New standards, amendments and interpretations adopted by the Group

The company has applied the following standards and amendments for the first time for its annual reporting period commencing 1 August 2018:

- IFRS 9 Financial Instruments;
- IFRS 15 Revenue from contracts with customers;
- Classification and Measurement of Share-based Payment Transactions – Amendments to IFRS 2;
- Annual improvements 2014-2016 cycle;
- Transfers to Investment Properties – Amendments to IAS 40; and
- Interpretation 22, Foreign Currency Transactions and Advance Consideration

IFRS 9

IFRS 9 (2014) "Financial Instruments" supersedes IFRS 9 (2009), IFRS 9 (2010) and IFRS 9 (2013). The finalised version of IFRS 9 contains accounting requirements for financial instruments, replacing IAS 39 "Financial Instruments: Recognition and Measurement". The content of IFRS 9 (2014) includes:

- Classification and measurement – financial assets are classified by reference to the business model within which they are held and their contractual cash flow characteristics. The standard introduces a fair value through other comprehensive income category for certain debt instruments. Financial liabilities are classified in a similar manner to that under IAS 39 however there are differences in the requirements applying to the measurement of an entity's own risk.
- Impairment – The standard introduces an expected credit loss model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit event to have occurred before a credit loss is recognised.
- Hedge accounting – The standard introduces a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures.
- Derecognition – the requirements for the derecognition of financial assets and liabilities are carried from IAS 39.

None of these standards are considered to have a material effect on the Group financial statements.

2 Accounting policies continued

(b) New standards, amendments and interpretations not yet adopted
The International Accounting Standards Board (IASB) has issued the following new and revised standards, amendments and Interpretations to existing standards that are not effective for the financial year ended 31 July 2019 and have not been adopted early.

New Standards	**Effective Date**
IFRS 16 – Leases	1 January 2019
IFRS 17 – Insurance Contracts	1 January 2021
Amendments to Existing Standards	
IFRSIC 23 Uncertainty over Income Tax Treatments*	1 January 2019
Annual Improvements to IFRSs (2015-2017 Cycle) *	1 January 2019
Amendments to IFRS 9 Prepayment Features with Negative Compensation	1 January 2019
Amendments to IAS 28 Long-term Interests in Associates and Joint Ventures	1 January 2019
Amendments to IAS 19 Plan Amendment, Curtailment or Settlement	1 January 2019

- Not yet adopted by European Union

IFRS 16 'Leases'
IFRS 16 'Leases' address the definition of a lease, recognition and measurement of leases and it establishes principles for reporting useful information to users of financial statements about the leasing activities of both lessees and lessors. A key change arising from IFRS 16 is that most operating leases will be accounted for on the balance sheet. The standard replaces IAS 17, 'Leases' and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2019, with earlier adoption permitted.

Following the acquisition of Harland and Wolff, the directors are in the process of reviewing contracts to identify any additional lease arrangements that would need to be recognised under IFRS 16 in the next financial year.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Group.

Going concern
The financial statements have been prepared on a going concern basis. The Group's assets are not generating revenues, operating cash outflows have been incurred in the year and an operating loss and cash outflow from operations is expected in the 12 months subsequent to the date of these financial statements being signed, and, as a result, the Group will need to raise funding to finance their ongoing activities.

Key considerations regarding going concern are in respect of the Islandmagee gas storage project ("the project") and Harland and Wolff ("H&W").

The next phase of the development of the Project is the co-ordinated assembly of the contracts and long-term funding arrangements for the Final Investment Decision ("FID") to be made. These include a long-term Gas Storage Agreement with an offtaker, an Engineering, Procurement and Construction ("EPC") contract with a managing contractor, and debt and equity financing. Only in the event that all of these elements are in place can the board confirm FID. The directors remain confident that the Project is economically viable and that, based on current discussions, funding will be available.

In December 2019, the Company announced its maiden operating revenues that has validated the acquisition of H&W and the newly assembled team at H&W are actively seeking to win new contracts. In addition, the directors are also in discussions with debt providers to raise additional capital for the operating costs of Harland and Wolff.

Based on the above management have prepared cash flow budgets and based on these the Directors have a reasonable expectation that the Group has access to adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements for the year ended 30 June 2019.

Should the Group be unable to continue trading, adjustments would have to be made to reduce the value of the assets to their recoverable amounts, to provide for further liabilities which might arise and to classify fixed assets as current.

The auditors make reference to a material uncertainty in relation to going concern within their audit report.

The directors remain confident that the Project is economically viable and following the successful completion of FEED, further funding for the Company and the Project will be secured. Having reviewed the value of gas storage assets in accordance with the principles set out below, and the value of balances due to the parent Company from its subsidiaries, the directors are of the opinion that these assets are not impaired in value.

However, the success of the current fund raising is uncertain, as is the outcome of the FID. The directors have concluded that without additional funding the group would be unable to meet its corporate and project costs and thus a material uncertainty exists that may cast significant doubt upon the Group's ability to continue as a going concern and therefore the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. Were the Group no longer a going concern, or if the FID is not positive, the Group's capitalised project development costs totalling £13,406,503 and amounts due to the Company from its subsidiaries amounting to £10,145,784 may become impaired in value. A provision would be required for the future liabilities arising as a consequence of the Group ceasing business and assets and liabilities currently classified as non-current would be reclassified as current.

With the acquisition of Harland and Wolff, the directors believe that the Company will be in a position to diversify the overall business of the Group and attract new business and revenue streams via the various business segments discussed in the Chief Executive Officer's Strategic Report. In December 2019, the Company announced its maiden operating revenues that has validated the acquisition of Harland and Wolff. The directors are currently in discussions with debt providers to raise additional capital for the operating costs of Harland and Wolff. Although the directors believe that this acquisition will lead to further revenue generation, the Group may be unable to discharge its liabilities in the event revenue generation does not come to fruition as envisaged or additional capital, whether debt or equity, is not injected into the Group.

2 Accounting policies continued

Government grants
Governments grants are recognised only when there is reasonable assurance that the Group will comply with the conditions attaching to the grant and that the grants will be received. Capital grants are recognised to match the related development expenditure and are deducted in arriving at the carrying value of the related assets. Any grants that are received in advance of recognition are deferred.

Foreign currency transactions and balances
Transactions in foreign currency are recorded at the rates of exchange prevailing on the dates of the transactions. At each statement of financial position date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the statement of financial position date and gains or losses are taken to operating profit.

Tax
Tax expense represents the sum of the tax currently payable and any deferred tax. The taxable result differs from the net result as reported in the statement of comprehensive income 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 statement of financial position date. 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 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. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each statement of financial position 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 realised.

Deferred tax is charged or credited to the statement of comprehensive income, 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 there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current assets and liabilities on a net basis.

Property, plant and equipment
Property, plant and equipment is stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of property, plant and equipment includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation
Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Freehold land	0% Straight line basis
Office equipment	20-33% Straight line basis

Business combinations
On acquisition, the assets and liabilities and contingent liabilities of subsidiaries are measured at their fair values at the date of acquisition. Any excess of cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. Any deficiency of the cost of acquisition below the fair values of the identifiable net assets acquired (i.e. discount on acquisition) is credited to profit or loss in the period of acquisition. Goodwill arising on consolidation is recognised as an asset and reviewed for impairment at least annually. Any impairment is recognised immediately in profit or loss and is not subsequently reversed. The financial effect of any change in ownership interest of a subsidiary that does not result in a change in control is recognised in equity

Segment reporting
Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker ("CODM") as required by IFRS 8 "Operating Segments". The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors. The CODM consider, for under review, there to be only one operating segment being the development of gas storage facilities within the United Kingdom. As such no operating segment note is shown as it would be same as that shown in the primary statements.

2 Accounting policies continued

Capitalisation and impairment of intangible gas storage assets
Costs of development of gas storage facilities are capitalised as intangible assets once it is probable that future economic benefits that are attributable to the assets will flow to the Group and until consent to construct has been awarded, at which time the capitalised costs are transferred to plant and equipment provided there being reasonable certainty of construction proceeding. The nature of these costs includes all direct costs incurred in project development, including any directly attributable finance costs. No amortisation or depreciation is provided until the storage facility is available for use.

An impairment test is performed annually and whenever events or circumstances arising during the development phase indicate that the carrying value of a development asset may exceed its recoverable amount. The aggregate carrying value is compared against the expected recoverable amount of the cash generating unit, generally by reference to the present value of the future net cash flows expected to be derived from storage revenue. The present value of future cash flows is calculated on the basis of future storage prices and cost levels as forecast at the statement of financial position date.

The cash generating unit applied for impairment test purposes is generally an individual gas storage facility. Where the carrying value of the facility is greater than the present value of its future cash flows a provision is made. Any such provisions are charged to cost of sales.

Amortisation
Amortisation is provided on intangible assets so as to write off the cost, less any estimated residual value, over their expected useful economic life as follows:

Asset class	Amortisation method and rate
Storage facility	None until facility available for use.

Investments
Investments in subsidiaries are stated at cost less provision for impairments.

Cash and cash equivalents
Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Trade receivables
Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade receivables is established when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of the receivables.

Trade payables
Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Borrowings
All borrowings are initially recorded at the amount of proceeds received, net of transaction costs. Borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the statement of comprehensive income over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in finance costs.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Leases
Rental costs under operating leases are charged on a straight-line basis over the lease term.

Share based payment transactions
Employees (including senior executives) of the Group receive part of their remuneration in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments (equity settled transactions).

The cost of equity settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the vesting date). The cumulative expense recognised for equity settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The statement of comprehensive income charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period. No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance conditions are satisfied.

Where an equity settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

2 Accounting policies continued

Share capital
Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Defined contribution pension obligation
The Company has a defined contribution plan which requires contributions to be made into an independently administered fund. The amount charged to the statement of comprehensive income in respect of pension costs reflects the contributions payable in the year. Differences between contributions payable during the year and contributions actually paid are shown as either accrued liabilities or prepaid assets in the statement of financial position.

Financial instruments
IFRS 9 requires an entity to address the classification, measurement and recognition of financial assets and liabilities.

a) Classification
The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss); and
- those to be measured at amortised cost.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will be recorded either in profit or loss or in OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI). See Note 24 for further details.

The Group classifies financial assets as at amortised costs only if both of the following criteria are met:

- the asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise to cash flows that are solely payment of principal and interest.

b) Recognition

Purchases and sales of financial assets are recognised on trade date (that is, the date on which the Group commits to purchase or sell the asset). Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Measurement
At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset.

Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Debt instruments
Amortised cost: Assets that are held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest, are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as a separate line item in the statement of 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.

Impairment
The Group assesses, on a forward looking basis, the expected credit losses associated with any debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Earnings per share
Basic earnings per share is calculated by dividing:

- The loss attributable to the owners of the company, excluding any costs of servicing equity other than ordinary shares;
- By the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

2 Accounting policies continued

Critical accounting judgements and key sources of estimation uncertainty
Judgements in applying accounting policies and key sources of estimation uncertainty

Amounts included in the financial statements involve the use of judgement and/or estimation. These estimates and judgements are based on management's best knowledge of the relevant facts and circumstances, having regard to previous experience, but actual results may differ from the amounts included in the financial statements. Information about such judgements and estimation is contained in the accounting policies and/or the notes to the financial statements, and the key areas are summarised below.

Judgements
Capitalisation of gas storage costs - Note 11.

The assessment of whether costs incurred on gas storage development should be capitalised or expensed involves judgement. Any expenditure where it is not probable that future economic benefits will flow to the Group are expensed. Management considers the nature of the costs incurred and the stage of project development and concludes whether it is appropriate to capitalise the costs. The key assumptions depend on whether it is probable that the expenditure will result in future economic benefits that are attributable to the assets.

Estimates
Review of gas storage project asset carrying values- note 11.

The assessment of capitalised project costs for any indications of impairment involves judgement. When facts or circumstances suggest that impairment exists, a formal estimate of recoverable amount is performed, and an impairment loss recognised to the extent that the carrying amount exceeds recoverable amount. Recoverable amount is determined to be the higher of fair value less costs to sell and value in use. The key assumptions are the net income expected to be generated from the facilities, the cost of construction and the date from which the facilities become operational. Management assigns values and dates to these inputs after taking into account market information, engineering design costing and the project programme. A discount rate of 8% (2018: 8%) is applied in determining gas storage project net present values. Salt cavern gas storage projects are long term investments and cash flows are therefore projected over periods greater than 5 years. Engineering design provides for a project life of 40 years (2018: - 40 years). It is assumed that 100% (2018: 100%) of a project's capacity will be sold from the date that the capacity becomes operational.

Recoverability of intercompany balances
The directors remain confident that the project is economically viable and following the successful completion of FEED, further funding for the Company and the project will be secured. Having reviewed the value of gas storage assets in accordance with the principles set out below, and the value of balances due to the parent Company from its subsidiaries, the directors are of the opinion that these assets are not impaired in value.

However, the success of the current fund raising is uncertain, as is the outcome of the FID. The directors have concluded that without additional funding the group would be unable to meet its corporate and project costs and thus a material uncertainty exists that may cast significant doubt upon the Group's ability to continue as a going concern and therefore the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. Were the Group no longer a going concern, or if the FID is not positive, the Group's capitalised project development costs totalling £13,406,503 and amounts due to the Company from its subsidiaries amounting to £10,145,784 may become impaired in value. A provision would be required for the future liabilities arising as a consequence of the Group ceasing business and assets and liabilities currently classified as non-current would be reclassified as current.

Share Based Payments
The fair value of equity settled options granted is estimated as at the date of the grant using a Black-Scholes model, taking into account the terms and conditions upon which the options were granted and the following inputs: share price volatility of 85% based on the daily movement in the Company's share price during the course of the financial year, risk free interest rate of 0.93% based on a UK Government Bond 2 year Note Yield, no dividends to be paid over the options lives, and early exercise is not applicable.

3 Other income

The analysis of the group's other gains and losses for the year is as follows:

	2019 **£**	2018 £
Gain on disposal of intangible assets	**100,000**	–
Gain from reversal of deferred consideration	**200,000**	–
	300,000	–

The Company announced in October 2018 the disposal of its net profit interests in three offshore UK oil and gas licences to Westmount Energy Limited for £100,000.

Following repayment and cancellation of a loan with Baron Oil dated 5 January 2017 loan, Baron was entitled to receive an additional £200,000 in the event of a sale or disposal by InfraStrata or its subsidiaries, IMEL and InfraStrata UK, of substantially all of their assets, which comprise interests in the Islandmagee gas storage project, and/or a change in control of InfraStrata, IMEL or InfraStrata UK, within two years from the date of the loan agreement. This potential liability expired on 05 January 2019 as none of the conditions that could trigger payment to Baron Oil were met. Therefore, the liability of £200,000 to Baron Oil has been written off in full.

4 Expenses by Nature

Arrived at after charging/(crediting)

	2019 £	2018 £
Management & administrative expenditure	**1,263,478**	764,811
Share based payments	**106,373**	96,597
Depreciation expense	**892**	–
Foreign exchange gains	**12,551**	2,005
	1,383,294	863,413

5 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	2019 £	2018 £
Wages and salaries	**477,098**	296,110
Social security costs	**47,906**	22,091
Pension costs, defined contribution scheme	**9,510**	441
Share-based payment expenses	**106,373**	–
Other employee expense	**3,673**	250
	644,560	318,892

The average monthly number of persons employed by the group (including directors) during the year, analysed by category was as follows:

	2019 No.	2018 No.
Administration and support	**5**	3

6 Directors' remuneration

2019

	Salary & fees £	Benefits £	Share based payments £	Pension £	**Total 2019 £**
Executive Directors					
John Wood	212,500	–	32,739	4,750	**249,989**
Adrian Pocock (resigned 12 September 2018)	33,576	–		50	**33,626**
Arun Raman	97,267	–	15,000	2,494	**114,761**
Non-Executive Directors					
Graham V Lyon (resigned 7 March 2019)	20,000	–	–	–	**20,000**
Matthew Beardmore (resigned 18 December 2018)	13,952	–	–	–	**13,952**
Malcolm Groat (appointed 22 March 2019)	10,511	–	–	60	**10,571**
Judith Tweed	26,000	–	–	640	**26,640**
Key Management					
Andy Duncan (resigned)	70,417	–	–	1,517	**71,933**
	484,222	–	47,739	9,510	**541,472**

Note: Salary and fees paid to John Wood includes £75,000 as a bonus payment made on successful completion of the FEED process. This bonus payment is a contractual payment agreed by the Board.

7 Auditors' remuneration

During the year, the Group obtained the following services from the Company's auditor:

	2019 £	2018 £
Fees payable to the Company's auditor:		
- For the audit of these financial statements	**15,000**	17,050
- For the audit of the subsidiaries	**13,750**	12,950
- For other services relating to taxation	**–**	11,645
- For other services	**–**	3,400
	28,750	45,045

8 Share based payment plans

A share-based payment plan was created in the year ended 31 July 2008. All directors and employees are entitled to a grant of options subject to the Board of Directors' approval. The options do not have a cash settlement alternative. The options granted were Enterprise Management Incentive share options for qualifying employees. These options have now lapsed following the departure of these employees.

The following table illustrates the number and weighted average exercise prices (WAEP) of, and movements in, share options during the year.

	2019 Number	**2019 WAEP £**	2018 Number	2018 WAEP £
Outstanding at the beginning of the year	**30,000,000**	**0.01**	6,379,167	0.1807
Granted during the year	**45,000,000**	**0.0076**	30,000,000	0.01
Forfeited during the year	**(38,862,108)**	**(0.01)**	(6,379,167)	(0.1807)
Outstanding at the end of the year	**36,137,892**	**0.0076**	30,000,000	0.01
Exercisable at the end of the year	**–**	**–**	–	–

A total of 45,000,000 options over 50% of the quantity of the Option Shares as to £0.0001p for each Option Share and 50% of the quantity of the Option Shares as to £0.0150p for each Option Share in the Company ("Options") were granted to all the directors of the Company on 11 January 2019, with J Wood receiving 35,000,000 Options and A Duncan receiving 10,000,000 Options.

After the reporting period 38,862,108 options lapsed as a result of G Lyon, A Pocock, M Beardmore, K Campbell and A Duncan departure from the business during the year.

Options are exercisable in one tranche noted above with estimated dates ranging from January 2020 through to end 2027 at an average price of 0.0076p per share. The options will expire after five years.

The weighted average remaining option life for the share options outstanding at 31 July 2019 is 5 years (2018: 4 years).

The fair value of equity settled options granted is estimated as at the date of the grant using a Black-Scholes model, taking into account the terms and conditions upon which the options were granted and the following inputs: share price volatility of 85%, risk free interest rate of 0.93%, no dividends to be paid over the options lives, and early exercise is not applicable.

9 Income tax

The tax on profit before tax for the year is the same as the standard rate of corporation tax in the UK (2018 - the same as the standard rate of corporation tax in the UK) of 19% (2018 - 19%).

The differences are reconciled below:

	2019 £	2018 £
Loss before tax	**(1,182,712)**	(963,413)
Corporation tax at standard rate	**(224,715)**	(183,048)
Increase from effect of unrelieved tax losses carried forward	**224,715**	183,048
Total tax charge/(credit)	**–**	–

No tax charge/ credit arises in 2019 or in 2018 due to expenses not permitted for tax purposes and losses carried forward.

Factors that may affect the future tax charge.

The Group has trading losses of £7,704,980 (2018: £6,565,719) which may reduce future tax charges. Future tax charges may also be reduced by capital allowances on cumulative capital expenditure.

No balance is recognised due to the uncertainty of future results.

10 Earnings per Share

	2019 £	2018 £
(Loss) profit		
The (loss) profit for the purposes of basic and diluted loss per share being the net (loss) profit attributable to equity shareholders		
Continuing operations	(1,182,712)	(963,413)
Number of shares		
Weighted average number of ordinary shares for the purpose of:		
Basic earnings per share	1,336,479,710	647,957,629
Basic and diluted earnings per share		
Continuing Operations	(0.09)p	(0.15)p

11 Intangible assets

Group

	Gas storage development £	Exploration & evaluation £
Cost		
At 1 August 2017	6,591,302	19,459
Additions	1,378,069	6,902
Grant accrual during year	(489,681)	–
At 31 July 2018	7,479,690	26,361
At 1 August 2018	7,479,690	26,361
Grant accrual during year	(950,622)	–
Additions	3,639,537	–
Disposals	–	(26,361)
At 31 July 2019	10,168,605	–
Impairment	–	26,361
At 31 July 2018	–	26,361
Net book value		
At 31 July 2019	10,168,605	–
At 31 July 2018	7,479,690	–

The Exploration and evaluation asset was written off during the year as the assets were fully impaired.

12 Property, plant and equipment

Group

	Freehold land £	Office equipment £	Total £
Cost or valuation			
At 1 August 2017	440,100	–	440,100
At 31 July 2018	440,100	–	440,100
At 1 August 2018	440,100	–	440,100
Additions	290,699	8,918	299,617
At 31 July 2019	730,799	8,918	739,717
Depreciation			
At 1 August 2018	–	–	–
Charge for the year	–	892	892
At 31 July 2019	–	892	892
Carrying amount			
At 31 July 2019	730,799	8,026	738,825
At 31 July 2018	440,100	–	440,100

13 Investments

Group subsidiaries

Details of the group subsidiaries as at 31 July 2019 are as follows:

Name of subsidiary	Principal activity	Registered office	Proportion of ownership interest and voting rights held 2019	2018
InfraStrata UK Limited*	Intermediate holding and gas storage project research company.	Fieldfisher Riverbank House 2 Swan Lane London EC4R 3TT England and Wales	**100%**	100%
Islandmagee Energy Limited	Gas storage and energy infrastructure development and operation	8 Portmuck Road Islandmagee County Antrim BT40 3TW Northern Ireland	**100%**	100%
Islandmagee Energy Hub Limited	Dormant	8 Portmuck Road Islandmagee County Antrim BT40 3TW Northern Ireland	**100%**	0%
InfraStrata Energy UK Limited	Dormant	Fieldfisher Riverbank House 2 Swan Lane London EC4R 3TT England and Wales	**100%**	0%
InfraStrata Project 2 Limited	Dormant	Fieldfisher Riverbank House 2 Swan Lane London EC4R 3TT England and Wales	**100%**	0%

* indicates direct investment of the company

14 Trade and other receivables

	Group 31 July 2019 £	Group 31 July 2018 £	**Company 31 July 2019 £**	Company 31 July 2018 £
Receivables from related parties	**–**	–	**10,351,634**	8,831,741
Other receivables	**177,985**	198,538	**73,258**	197,706
Prepayments	**24,081**	23,953	**24,081**	23,953
	202,066	222,491	**10,448,973**	9,053,400

The trade and other receivables classified as financial instruments are disclosed below. The company's exposure to credit and market risks, including maturity analysis, relating to trade and other receivables is disclosed in the financial risk review note.

15 Cash and cash equivalents

	Group 31 July 2019 £	Group 31 July 2018 £	Company 31 July 2019 £	Company 31 July 2018 £
Cash on hand	**646**	–	**646**	–
Cash at bank	**10,594**	1,790,979	**8,140**	1,671,002
	11,240	1,790,979	**8,786**	1,671,002
Bank overdrafts	**(988)**	–	**(988)**	–
Cash and cash equivalents in statement of cash flows	**10,252**	1,790,979	**7,798**	1,671,002

16 Trade and other payables

	Group 31 July 2019 £	Group 31 July 2018 £	Company 31 July 2019 £	Company 31 July 2018 £
Trade payables	**999,392**	560,803	**59,051**	555,822
Social security and other taxes	**43,758**	7,474	**43,758**	7,474
Outstanding defined contribution pension costs	**4,708**	–	**4,708**	–
Preference shares (see note 19)	**12,500**	12,500	**12,500**	12,500
Other creditors	**12,355**	13,135	**(179)**	–
Accrued expenses	**38,629**	246,611	**19,504**	229,425
	1,111,342	840,523	**139,342**	805,221

The group's exposure to market and liquidity risks, including maturity analysis, related to trade and other payables is disclosed in the financial risk review note.

17 Loans and borrowings

	Group 31 July 2019 £	Group 31 July 2018 £	Company 31 July 2019 £	Company 31 July 2018 £
Current loans and borrowings				
Bank overdrafts	**988**	–	**988**	–
Other borrowings	**–**	200,000	**–**	200,000
	988	200,000	**988**	200,000

Baron Loan
Following repayment and cancellation of a loan with Baron Oil dated 5 January 2017 loan, Baron remains entitled to receive an additional £200,000 in the event of a sale or disposal by InfraStrata or its subsidiaries, IMEL and InfraStrata UK, of substantially all of their assets, which comprise interests in the Islandmagee gas storage project, and/or a change in control of InfraStrata, IMEL or InfraStrata UK, within two years from the date of the loan agreement. The loan was not interest bearing and has been written off as this liability expired in January 2019.

The loans and borrowings classified as financial instruments are disclosed in the financial instruments note 26.

The group's exposure to market and liquidity risk; including maturity analysis, in respect of loans and borrowings is disclosed in the financial risk management and impairment note.

18 Pension and other schemes

Defined contribution pension scheme
The group operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the group to the scheme and amounted to £9,403 (2018 - £441).

Contributions totalling £ (4,708) (2018 - £Nil) were payable to the scheme at the end of the year and are included in creditors.

19 Share capital and redeemable preference shares

Allotted, called up and fully paid shares

	31 July 2019 No.	31 July 2019 £	31 July 2018 No.	31 July 2018 £
Ordinary shares 0.01p	**1,336,479,710**	**133,648**	1,032,607,285	103,261
Deferred shares 1p of £0.01 each	**895,424,391**	**8,954,244**	895,424,391	8,954,244
Second deferred shares 0.01p of £0.00 each	**18,616,118,301**	**1,861,612**	18,616,118,301	1,861,612
		10,949,504		10,919,117

Allotted, called up and fully paid Ordinary shares

	1p Ordinary Shares Number	1p Ordinary Shares £	0.01p Ordinary Shares Number	0.01p Ordinary Shares £	Total £
At July 2017					
Share subdivision	–	–	376,041,599	37,604	37,604
Issue of 0.01p Ordinary shares	–	–	656,565,686	65,657	65,657
At 31 July 2018	–	–	1,032,607,285	103,261	103,261
Issue of 0.01p Ordinary shares	–	–	303,872,425	30,387	30,387
At 31 July 2019	–	–	1,336,479,710	133,648	133,648

Allotted, called and fully paid Deferred Shares

	1p Ordinary Shares Number	1p Ordinary Shares £	0.01p Ordinary Shares Number	0.01p Ordinary Shares £	Total £
At July 2017	895,424,391	8,954,244	18,616,118,301	1,861,612	10,815,856
Share subdivision	–	–	–	–	–
At 31 July 2018 and 31 July 2019	895,424,391	8,954,244	18,616,118,301	1,861,612	10,815,856

Redeemable preference shares of £1 each (classified as liabilities)

	Allotted called up and pert paid Number	£
At 31 July 2019, 2018 and 31 July 2017	50,000	12,500

Redeemable preference shares
The Redeemable preference shares of £1 each are redeemable at the option of the company. They are redeemable at £1 per share and carry no voting rights. The preference shares carry the right to an annual dividend out of distributable profits of 0.00001% per annum on the amount for the time being paid up on each such share and do not carry any voting rights. The Company may redeem the shares at any time by giving preference shareholders one week's notice. Preference shareholders may require the Company to redeem their shares at any time by giving six months' notice. In each case, any redemption is at par and is subject to the provisions of the Companies Act. The preference shares are treated as short-term liabilities and included within trade payables.

Authorised share capital
The Company's articles do not specify an authorised share capital.

Objectives, policies and processes for managing capital
The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to achieve its operational objectives.

The Group defines capital as being share capital plus reserves. The Board of Directors monitors the level of capital as compared to the Group's forecast cash flows and long-term commitments and when necessary issues new shares. Dilution of existing shareholder value is considered during all processes which may result in an alteration of share capital in issue.

Ordinary share capital in issue is managed as capital and the redeemable preference shares in issue are managed as current liabilities.

The Group is not subject to any externally imposed capital requirements and there are no restrictions in place over the different types of shares.

20 Warrants

As at the date of this report, the Company has the following warrants outstanding that remain to be exercised and converted into the Company's ordinary shares:

Expiry date	Number of warrants	Strike Price £ per share	Value £
10/04/2020	92,113,427	0.0048	442,144.45
30/04/2020	43,796,148	0.0048	210,221.51
20/07/2020	4,817,708	0.0048	23,125.00
18/01/2021	5,000,000	0.0048	24,000.00
22/02/2021	155,555,555	0.01	1,555,555.55
04/12/2021	45,652,174	0.0069	315,000.00
04/12/2021	52,083,334	0.0048	250,000.00
Total	**399,018,346**		**2,820,046.51**

21 Related party transactions

The executive services of Graham Lyon are provided through Soncer Limited, a private oil and gas leadership consulting firm, in which Graham is sole director. The executive fees paid during the period were £20,000 (2018: £16,000) and the balance outstanding at 31 July 2019 was £Nil.

Prior to his employment in April 2019, the non-executive services of Arun Raman were provided through Mira Energy Group Limited, a private consulting company in which Arun is a sole director. The executive fees paid during the period were £35,600 (2018: £Nil) and the balance outstanding at 31 July 2019 was £Nil.

Details of directors' remuneration is disclosed in Note 6.

22 Control of the Group

There is no ultimate controlling party of InfraStrata Plc

23 Grants received in advance

In May 2016, the Company signed a grant agreement with the European Commission's Connecting Europe Facility in relation to the Islandmagee gas storage project for a maximum of €4.024 million or up to 50% of the costs of Front End Engineering and Design ("FEED") for the project. An advance of 40% of the maximum grant amounting to €1.6 million was received and held in a Euro denominated bank account (included in Cash and cash equivalents in the statement of financial position).

24 Financial instruments

Financial assets

	Group 2019 £	Group 2018 £	**Company 2019 £**	Company 2018 £
Trade and other receivables	**202,066**	26,978	**84,838**	26,978
Due from subsidiary undertakings	**–**	–	**10,351,634**	8,831,740
Cash and Cash Equivalents	**11,240**	1,790,979	**7,799**	1,671,002

Financial liabilities

	Group 2019 £	Group 2018 £	**Company 2019 £**	Company 2018 £
Current liabilities				
Baron loan	**–**	200,000	**–**	200,000
Costain loan	**785,095**	163,344	**–**	–
	785,095	363,344	**–**	200,000
Non-current liabilities				
Baron loan	**–**	–	**–**	–
Moyle investments	**200,000**	200,000	**200,000**	200,000
	200,000	200,000	**200,000**	200,000

24 Financial instruments continued

Baron Loan

Following repayment and cancellation of a loan with Baron Oil dated 5 January 2017 loan, Baron remains entitled to receive an additional £200,000 in the event of a sale or disposal by InfraStrata or its subsidiaries, IMEL and InfraStrata UK, of substantially all of their assets, which comprise interests in the Islandmagee gas storage project, and/or a change in control of InfraStrata, IMEL or InfraStrata UK, within two years from the date of the loan agreement. The loan was not interest bearing and has been written off as this liability expired in January 2019.

Under IFRS 9 – Financial Instruments the Company is required to recognise the fair value of this contingent settlement financial liability at inception and to subsequently recognise the liability at its amortised cost. The full liability of £200,000 has now been written off in the consolidated statement of financial position, as this liability expired in January 2019.

Costain Loan

In April 2018, IMEL concluded a Secured Development Loan Agreement with Costain Oil, Gas & Process Limited ("Costain"). Costain is the principal contractor in the FEED programme and in return for its services to IMEL, it agreed to provide a secured loan so as to facilitate the further development of the Islandmagee gas storage project. The loan is secured on the assets of Islandmagee Energy Limited.

At 31 July 2019 the Costain loan required to be repaid, together with accrued interest of 10% per annum, on the earlier of FID being taken to proceed with the Project; or any sale of IMEL or the Project itself; or 31 July 2019. The loan terms were amended on 25 September 2018 to change the backstop date from 31 July 2019 to 31 December 2019. At 31 July 2019, IMEL had drawn down £785,095 of this loan and this is disclosed as short-term borrowings in the Group accounts.

Moyle Investments – amounts due

In December 2017, the Company's wholly-owned subsidiary, InfraStrata UK Limited increased its ownership in IMEL from 90% to 100% by acquiring the remaining 10% interest from Moyle Energy Investments Limited at par value. In recognition of the support by Moyle of the gas storage project at Islandmagee, InfraStrata plc will pay Moyle £200,000 on first storage of gas.

The Group and Company's financial instruments comprise cash and cash equivalents, long and short-term borrowings and items such as trade and other receivables and trade and other payables which arise directly from the Group's operations. The Group's operations expose it to a variety of financial risks including credit risk, interest rate risk, foreign currency exchange risk and liquidity risk. Given the size of the Group, the directors have not delegated the responsibility of monitoring financial risk management to a subcommittee of the board. The objectives of the financial instrument policies are to reduce the Group and Company's exposure to financial risk. The policies set by the Board of Directors are implemented by the Company's finance staff.

Credit risk

The credit risk on liquid funds is limited because the Group and Company policy is to only deal with counter parties with high credit ratings. The Group has held all funds in Bank of Scotland during the last two years. In the directors' view there is a low risk of the bank holding the Group's funds at year end failing in the foreseeable future. The carrying amount of financial assets represents the maximum credit exposure.

The reconciling items between the trade and other receivables presented above and that presented in note 13 are VAT receivable and prepayments. No receivables are past due but not impaired.

Interest rate risk

The Company and Group are exposed to interest rate risk as a result of positive cash balances, denominated in sterling, which earn interest at variable rates. Any surplus cash is held on deposit with Bank of Scotland. An effective interest rate increase or decrease by 1% on the cash and cash equivalents balance at year end would result in a before tax financial effect of an increase or decrease of £112 (2018: £17,910).

As disclosed in note 28, the Group and Company's long-term borrowings at 31 July 2019 bear interest at a fixed rate of 10% per annum. No sensitivity has been disclosed as the rate is fixed for the duration of the loan.

Liquidity risk

The total carrying value of Group and Company financial liabilities is disclosed in note 24 (financial liability) and in note 15 (trade and other payables). The Company seeks to issue share capital, gain loan funding and/or dispose of assets when external funds are required. The reconciling items between the contractual maturities presented below and that presented in notes 28 and 15 are taxes and accruals. The following table shows the contractual maturities of the Group's and Company's financial liabilities, all of which are measured at amortised cost.

	Group 2019 £	Group 2018 £	**Company 2019 £**	Company 2018 £
Trade and other payables				
Within one month	**999,392**	560,803	**59,051**	555,822
More than one month less than one year	**–**	–	**–**	–
Financial liability (Note 28)				
Within one month	**–**	–	**–**	–
More than one month less than one year	**785,095**	363,344	**–**	200,000
More than one year	**200,000**	200,000	**200,000**	200,000

25 Prior year adjustment

The 2019 financial statements include a prior year adjustment in relation to the warrant reserve in the Company's statement of financial position. Prior year adjustments reflect a reversal of the share based payment expense recognised against the share premium account as warrants were investor warrants, and were not issued in respect of services provided to the Company. As a result, the warrant reserve now shows a balance of nil (2018: £285,432) and the share premium account has been increased by £285,432. This prior year adjustment has neither impacted the Company's Statement of Comprehensive Income for either period presented nor retained earnings.

26 Post Balance Sheet Events

On 01 August 2019, the Company announced that is has raised £700,000 (before expenses) through a placing of 155,555,555 new ordinary shares of 0.01p each in the Company ("Placing Shares") at an issue price of 0.45p per share (the "Placing"). For each Placing Share subscribed in the Placing, the Company will issue one warrant to subscribe for one new ordinary share of 0.01p in the Company ("Ordinary Share") at 1p per share (the "Warrants"). The net proceeds of the Placing was used to fund the costs of establishing a pre-construction environmental baseline. An environmental baseline is required to track changes against it throughout the construction and operational phases of the Islandmagee gas storage project. This work has now been completed following which the Department of Agriculture, Environment and Rural Affairs ("DAERA") has instructed the Company to commence a 42-day public consultation period commencing on 20 December 2019 and ending on 07 February 2020 as reported to the shareholders on 19 December 2019. Following completion of this public consultation period and subject to any questions raised therein being satisfactorily resolved, the Company expects that DAERA will issue a full marine licence after following due process.

On 01 October 2019 the Company announced that it had signed heads of terms to purchase the principal assets of Harland and Wolff Heavy Industries Limited and Harland and Wolff Group Plc (the "Assets") from administrator BDO NI ("Administrators") for a total consideration of £6 million (the "Acquisition"). The Assets comprise of a multi-purpose fabrication facility, quaysides and docking facilities (the "Facility") in the port of Belfast, Northern Ireland, ideally suited for the energy infrastructure industry and the Company's projects. The key highlights announced on this date included the following:

- This strategic acquisition enables InfraStrata to bring in-house a large part of the fabrication requirements for the Company's Islandmagee Gas Storage Project and proposed FSRU project (the "Projects").
  - By utilising the Assets, the Company anticipates reducing the capital cost ("Capex") of each of its Projects by 10% - 15% and the construction timelines are expected to be reduced by 3-5 months.
  - 100% of the 79 employees who did not opt for voluntary redundancy earlier in the year will be retained immediately following completion of the Acquisition.
  - The InfraStrata Board plans to significantly increase the size of the workforce by several hundred over the next five years as it progresses the development of its infrastructure projects. The number of employees at the Islandmagee Gas Storage Project will also scale to 400 during construction and will employ circa 60 personnel when in operation.
  - New management team for the Facility anticipated to be employed by the end of 2019 in addition to bringing on-board the experience of those employees who were previously employed - the Assets will be run independently to InfraStrata's other projects.
  - The highly skilled workforce presents the Company with an opportunity to create secondary revenue streams through the provision of services to the energy, maritime and defence sectors should such opportunities arise in future.
  - Exclusivity over the Assets has been secured, and with a £500,000 cash deposit payment to the Administrator, BDO NI, to be made imminently from a new loan facility. The Acquisition is subject to, inter alia, final contract and funding by 31 October 2019, or 31 December 2019 if the Backstop Date (as defined below) comes into force. The £5.5 million balance of the Acquisition consideration is payable in two tranches: £3.3 million by 31 October 2019 (or the Backstop Date) and £2.2 million by 30 April 2020, which is proposed to be funded by a debt and equity mix. The Company is already in advanced discussions with asset backed lenders and financial institutions to put in place medium to long term debt structures.

On the same date, the Company announced that it had entered into a £2.20 million conditional loan agreement ("Loan") with Riverfort Global Opportunities PCC and YA II PN Ltd (the "Investors"). Of the total loan amount, £700,000 was initially drawn down in order to pay for the non-refundable deposit to the Administrator. This £700,000 of the initial drawdown is subject to conversion rights. At the date of this report, the total amount converted by the Investors is £450,000 leaving the outstanding balance at £250,000.

On 11 November 2019, the Company announced a proposed placing of new Ordinary Shares by way of an accelerated bookbuild to raise a minimum of £6.0 million (the "Placing") and that, further to the announcements on 1 October and 1 November 2019, it has entered into a conditional contract to purchase the principal assets of the former Harland and Wolff Heavy Industries Limited and Harland and Wolff Group Plc (together, "Harland & Wolff") from administrator BDO NI (the "Acquisition"). Immediately thereafter, on 11 November 2019, the Company announced that the conditional Placing has raised £6.0 million (before expenses) through the placing of 1,999,999,950 new Ordinary Shares with certain existing and new institutional investors at an issue price of 0.3 pence per share. Additionally, the Company exercised its option with the Investors to drawdown a further £500,000 (£555,555 gross) of the Loan to pay the Administrators the running costs of the Assets for the month of November. This second drawdown is a mezzanine debt facility with no conversion rights save in the event of a default on its repayment that is due on 15 February 2020.

In order to provide the Company's current shareholders the opportunity to subscribe to further ordinary shares, on 20 November 2019, the Company announced an offer of new ordinary shares of 0.1p each in the Company ("Ordinary Shares") to shareholders (the "Offer") and an offer of Ordinary Shares on the PrimaryBid platform (the "PrimaryBid Offer") to raise collectively gross proceeds of up to £1 million (the "Fundraise"). The Company announced on 06 December 2019 that it had raised a total of £210,209.73 (before expenses) which resulted in the issue of 70,069,903 Fundraise Shares at 0.3p per share.

26 Post Balance Sheet Events continued

As at the date of this report, the Company's issued share capital now stands at 3,682,856,289 ordinary shares of 0.01 pence each.

On 05 December 2019, the Company announced the formal acquisition of the Assets of Harland and Wolff. The total consideration for the acquisition was as follows:

Particulars	Value £	Remarks
Tranche 1	500,000	Paid on 01 October 2019
Tranche 2	3,300,000	Paid on 04 December 2019
Tranche 3	1,450,000	Payable on 30 April 2020
Total	**5,250,000**	**Full and final consideration**

The directors are currently assessing the fair value of the assets acquired on completion of the Harland and Wolff transaction. An independent third-party valuation conducted in August 2019 has ascribed a value for all the assets to be between £10.90 million and £11.80 million.

On 06 December 2019, the Company announced its first ever operating revenues via its fully owned subsidiary, Harland and Wolff (Belfast) Limited. The Company was awarded the repair and maintenance work for two vessels of Sea Truck Ferries Limited and their dockings were due to take place on 20 December 2019 and 28 December 2019. As at the date of this report, both dockings have been successfully completed, contracts duly executed and monies received from the client.

With the EU funds not being received before 31 December 2019, the Board has agreed with Costain Plc to extend the repayment date of the Costain Loan Facility ("Costain Loan"), originally announced on 04 November 2016 and due on 31 December 2019, with an accrued value of £810,669 as at 31 December 2019, to 31 December 2020 or on receipt of the EU grant reclaim, whichever is earlier.

27 Chief Operating Decision Maker ("CODM")

The Chief Operating Decision Maker ("CODM") is the Board of directors and that the directors consider there to be, for the year in question, only one operating segment, being the development of gas storage facilities in the UK. As such no operating is segment is shown as it would be the same as that shown in the primary statements.

Perivan 257501

InfraStrata

United Kingdom Registered Office
Riverbank House
2 Swan Lane
London, EC4R 3TT

Subsidiary
8 Portmuck Road
Islandmagee
Larne, Co Andrim,
Northern Ireland,
BT40 3TW