



**30 April 2018**

**InfraStrata plc  
("InfraStrata" or the "Company")**

***Interim results for the six months ended 31 January 2018***

InfraStrata plc (AIM: INFA), the independent gas storage company, announces its unaudited interim results for the six months ended 31 January 2018.

**Chairman's Statement**

**Management Restructuring**

In a General Meeting in June 2017, the shareholders approved the appointment of Adrian Richard Pocock and Peter Verdun Wale as Directors of the Company, with a view to restructuring the management of the Company.

Subsequent to this Graham Victor Lyon was appointed as Non-Executive Chairman, and Matthew Beardmore and Karen Campbell as Non-Executive Directors. Following these appointments, Peter Wale stepped down as a director.

The new Board has extensive experience of managing and implementing substantial projects, with skills covering European Union funding, legal process, project management and implementation of major oil and gas related projects.

**Grant Funding, Company Financing and Project Front End Engineering and Design Work**

Following the Board restructure a great deal of emphasis was placed on retaining and renewing the grant funding from the European Union INEA for the Front End Engineering and Design (FEED) part of the Islandmagee gas storage project (the "Project"), and this was successfully achieved.

The Company carried out a number of share placings in the period and subsequently in order to fulfil the funding and liquidity requirements to provide the match funding requirements of the EU INEA grant facility. The match funding is expected to unlock up to €4,024,000 EU grant for completion of the FEED, a major step forward for the Company.

On 23 April 2018, the Company announced that it has contracted with Costain to carry out the surface element of the FEED and that work is to start imminently. All focus is now concentrated on implementing the FEED in a timely and cost-effective manner, with a view to a smooth transition into the construction of the gas storage facility itself.

## **Project Level Construction Financing**

Financing at a project level for development and construction of the Islandmagee Project has also been a priority, and during the interim results period we engaged with numerous major potential funding partners for the implementation of the Project. Many of these organisations have access to sufficient funds to provide the necessary equity investment in order to fully fund the Project upon completion of the FEED. Substantial progress has been made in our discussions and further information will be provided when applicable.

Detailed negotiations have been entered into and are ongoing with major gas storage and trading companies with a view to achieving forward commitments to utilise the Islandmagee storage facility once it has been constructed, and we are hopeful that these negotiations will progress to a conclusion in principle prior to the conclusion of the FEED process.

We have also advanced discussions with banks that are providers of finance under the UK Guarantee Scheme, for which the Islandmagee Gas Storage Facility has been pre-qualified. In addition, we are advancing discussions with the Infrastructure Projects Agency, which has oversight over the UK Guarantee Scheme.

Discussions are ongoing for Government-backed support for the Company in connection with the economic and energy security benefits that the Project will undoubtedly add to Northern Ireland.

A detailed update on the Project was announced on 19 April 2018 and we look forward to reporting further progress in due course.

**Graham Lyon**  
**Chairman**

### ***Adrian Pocock, Chief Executive Officer of Infrastrata plc commented:***

“The six-month period covered by this results statement was a time of transformation and change for the Company in respect of business management, strategy and financing.

In the period since the half year end, the Company has made considerable further progress and continues to push ahead with FEED implementation and project level discussions with third parties.

We look forward to announcing further business developments to the market.”

### **For further information, please contact:**

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Co-financed by the European Union  
Connecting Europe Facility

The Front End Engineering & Design (FEED) and Insitu Downhole Testing programme for the Islandmagee gas storage project is co-financed by the European Union's Connecting Europe Facility.

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**Notes:**

**Background on InfraStrata plc**

InfraStrata is an independent gas storage company focused on the UK and Ireland.

Further information is available on the Company's website: [www.infrastrata.co.uk](http://www.infrastrata.co.uk)

**Background on the Islandmagee Storage Project**

The Islandmagee gas storage project is a proposed salt cavern gas storage facility located on Islandmagee in County Antrim, Northern Ireland.

The Board of InfraStrata believes that the proposed 500 million cubic metres Natural Gas Cavern Storage facility will provide over 25% of the UK's Natural Gas Storage once constructed, and will be situated adjacent to the Scotland Northern Ireland (gas) Pipeline (SNIP) and the Moyle 500 Megawatt Electricity Interconnector.

Work commenced in 2007 with the acquisition of 3D seismic data to image the Permian salt in the Larne Lough area. During 2012, planning permission was granted for the project and a gas storage licence was issued by the Utility Regulator. In 2015 a well was drilled to core the salt and confirm the technical feasibility of the project, supported in part by the Commission. To date approximately £11.5m has been invested in the project.

Further information is available on the project company's website: [www.islandmageestorage.com](http://www.islandmageestorage.com).

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
for the six months ended 31 January 2018**

	Six months ended 31 January 2018 Unaudited	Six months ended 31 January 2017 Unaudited	Year ended 31 July 2017 Audited
Notes	£	£	£
<b>Continuing operations</b>			
Revenue	-	-	-
Cost of sales	-	-	-
	<hr/>	<hr/>	<hr/>

<b>Gross profit</b>		-	-	-
Management and administrative expenses	2	(340,458)	(387,182)	(725,820)
<b>Operating loss</b>		(340,458)	(387,182)	(725,820)
Finance expense	5	(50,000)	-	(58,000)
Finance income		-	356	361
<b>Loss before taxation</b>		(390,458)	(386,826)	(783,459)
Taxation		-	-	-
<b>Loss for the period from continuing operations</b>		(390,458)	(386,826)	(783,459)
<b>Loss for the period from discontinued operations</b>	3	-	(105,856)	(180,672)
<b>Loss for the period attributable to the equity holders of the parent</b>		(390,458)	(492,682)	(964,131)
<b>Other comprehensive income</b>		-	-	-
<b>Total comprehensive loss for the period attributable to the equity holders of the parent</b>		(390,458)	(492,682)	(964,131)
<b>Basic and diluted earnings per share</b>	4			
Continuing operations		(0.09)p	(0.21)p	(0.30)p
Discontinued operations		-	(0.05)p	(0.07)p
Continuing and discontinued operations		(0.09)p	(0.26)p	(0.37)p

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
as at 31 January 2018

	Note	31 January 2018 Unaudited	31 January 2017 Unaudited	31 July 2017 Audited
		£	£	£
<b>Non-current assets</b>				
Intangible fixed assets:				
Gas Storage Development		6.656.250	6.200.095	6.591.302

Property, plant and equipment		440,100	440,100	440,100
Deferred liability	5	-	100,000	42,000
<b>Total non-current assets</b>		<b>7,096,350</b>	<b>6,740,195</b>	<b>7,073,402</b>
<b>Current assets</b>				
Trade and other receivables		54,441	161,314	98,718
Deferred liability	5	92,000	100,000	100,000
Cash & cash equivalents		1,633,676	1,633,916	1,548,169
<b>Total current assets</b>		<b>1,780,117</b>	<b>1,895,230</b>	<b>1,746,887</b>
<b>Current liabilities</b>				
Trade and other payables		(167,746)	(227,911)	(149,625)
Grant received in advance		(1,411,842)	(1,381,543)	(1,440,913)
Short-term borrowings		-	(200,000)	-
<b>Total current liabilities</b>		<b>(1,579,588)</b>	<b>(1,809,454)</b>	<b>(1,590,538)</b>
<b>Net current assets</b>		<b>200,529</b>	<b>85,776</b>	<b>156,349</b>
Financial liability	5	(200,000)	(200,000)	(200,000)
<b>Net assets</b>		<b>7,096,879</b>	<b>6,625,971</b>	<b>7,029,751</b>
<b>Shareholders' funds</b>				
Share capital		10,865,960	10,834,660	10,853,460
Share premium		14,742,393	13,440,878	14,297,307
Merger reserve		8,988,112	8,988,112	8,988,112
Share based payment reserve		616,096	616,096	616,096
Retained earnings		(28,115,682)	(27,253,775)	(27,725,224)
<b>Total equity</b>		<b>7,096,879</b>	<b>6,625,971</b>	<b>7,029,751</b>

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
for the six months ended 31 January 2018

	Share capital	Share premium	Merger reserve	Share based payment reserve	Retained earnings	Total equity
	£	£	£	£	£	£
<b>Balance at 31 July 2016</b>	10,834,60	13,440,878	8,988,112	616,096	(26,761,09)	7,118,653
Loss for the period	-	-	-	-	(492,682)	(492,682)

Total comprehensive loss for the period	-	-	-	-	(492,682)	(492,682)
<b>Balance at 31 January 2017</b>	10,834,60	13,440,878	8,988,112	616,096	(27,253,77)	6,625,971
Loss for the period	-	-	-	-	(471,449)	(471,449)
Total comprehensive loss for the period	-	-	-	-	(471,449)	(471,449)
Shares issued	18,800	921,200	-	-	-	940,000
Share issue costs	-	(64,771)	-	-	-	(64,771)
<b>Balance at 31 July 2017</b>	10,853,40	14,297,307	8,988,112	616,096	(27,725,22)	7,029,751
Loss for the period	-	-	-	-	(390,458)	(390,458)
Total comprehensive loss for the period	-	-	-	-	(390,458)	(390,458)
Shares issued	12,500	487,500	-	-	-	500,000
Share issue costs	-	(42,414)	-	-	-	(42,414)
<b>Balance at 31 January 2018</b>	10,865,90	14,742,393	8,988,112	616,096	(28,115,68)	7,096,879

**CONSOLIDATED CASH FLOW STATEMENT  
for the six months ended 31 January 2018**

	Six months ended 31 January 2018 Unaudited £	Six months ended 31 January 2017 Unaudited £	Year ended 31 July 2017 Audited £
<b>Operating activities</b>			
Operating loss for the period	(340,458)	(387,182)	(725,820)
Depreciation	-	644	644
Decrease in trade and other receivables	44,277	1,021,258	1,083,854
Increase (Decrease) in trade and other payables	18,121	(1,465,144)	(1,543,430)

Exchange differences	(29,070)	22,657	82,027
Cash (used in) discontinued operations	-	(81,524)	(154,311)
<b>Net cash (used in) continuing and discontinued operating activities</b>	<b>(307,130)</b>	<b>(889,291)</b>	<b>(1,257,036)</b>
<b>Investing activities</b>			
Interest received	-	356	361
Purchase of intangible assets:			
Gas Storage Development	(64,949)	(83,981)	(475,188)
Exploration & Evaluation (discontinued)	-	(4,873)	(6,902)
<b>Net cash (used in) generated from investing activities</b>	<b>(64,949)</b>	<b>(88,498)</b>	<b>(481,729)</b>
<b>Financing activities</b>			
Proceeds on issue of ordinary shares	457,586	-	875,229
Drawdown of short term borrowings	-	200,000	200,000
Repayment of short term borrowings	-	(1,400,364)	(1,600,364)
<b>Net cash generated from (used in) financing activities</b>	<b>457,586</b>	<b>(1,200,364)</b>	<b>(525,135)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>85,507</b>	<b>(2,178,153)</b>	<b>(2,263,900)</b>
Cash and cash equivalents at beginning of period	1,548,169	3,812,069	3,812,069
<b>Cash and cash equivalents at end of period</b>	<b>1,633,676</b>	<b>1,633,916</b>	<b>1,548,169</b>
Cash and cash equivalents consist of:			
Cash at Bank	1,633,676	1,633,916	1,548,169

#### Significant non-cash transactions

As disclosed in Note 5, the Group has recognised a financial liability in respect of contractual payments which may become due in any future disposal of its assets and a corresponding deferred asset which has been amortised. These transactions are non-cash items and do not appear in the statement of cash flows. This is consistent with the accounting treatment and disclosure in the financial statements for the year ended 31 July 2017. In the six months ended 31 January 2017 there were no material non-cash items.

## **1. Basis of preparation**

The interim financial information in this report has been prepared using accounting policies consistent with IFRS as adopted by the European Union. IFRS is subject to amendment and interpretation by the International Accounting Standards Board (IASB) and the IFRS Interpretations Committee and there is an ongoing process of review and endorsement by the European Commission. The financial information has been prepared on the basis of IFRS that the Directors expect to be adopted by the European Union and applicable as at 31 July 2018.

### **Non-statutory accounts**

Financial information contained in this document does not constitute statutory accounts within the meaning of section 434 of the Companies Act 2006.

A copy of the statutory accounts of the Company for the year ended 31 July 2017 has been delivered to the Registrar of Companies. The audit report on these accounts is unqualified and did not contain a statement under Sections 498(2) or (3) of the Companies Act 2006. In their report, which was not qualified, the auditors drew attention, to material uncertainties which existed with respect to the ability of the group to continue as a going concern and the carrying value of the Islandmagee gas storage facility should further funds to develop the Project not be secured. The current position regarding these uncertainties is detailed below.

The financial information for the six months ended 31 January 2018 and 31 January 2017 is unaudited.

The group has chosen not to adopt IAS 34 "Interim Financial Statements" in preparing the interim financial information'.

### **Accounting policies**

The interim financial information has been prepared under the historical cost convention. The same accounting policies, presentation and methods of computation are followed in preparing the interim financial information as were applied in preparation of the Group's financial statements for the year ended 31 July 2017.

### **Going concern and carrying value of Islandmagee gas storage project**

The Company carried out a number of share placings in the period and subsequently in order to fulfil the funding and liquidity requirements to provide the match funding requirements of the EU INEA grant facility.

The Company is now in a position to move ahead with the FEED and all focus is concentrated on implementing this in a timely and cost-effective manner, with a view to a smooth transition into the construction of the main project itself.

The directors have prepared cash flow projections which indicate that, including the proceeds of the most recent placing, the Group and parent Company have sufficient funding arrangements in place to meet the FEED costs and their corporate costs to the end of 2018. For these reasons, they continue to adopt the going concern basis of accounting in preparing the interim financial statements.



The directors remain confident that the project is economically viable and that following the completion of the FEED and commercialisation programme, further new investment 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.

**NOTES TO THE INTERIM RESULTS**  
for the six months ended 31 January 2018 (continued)

**2. Administrative expenditure**

	Six months ended 31 January 2018 Unaudited £	Six months ended 31 January 2017 Unaudited £	Year ended 31 July 2017 Audited £
Administrative costs which are paid in cash	340,630	465,578	820,714
Advisor costs relating to Islandmagee Storage	-	17,771	11,771
Advisor costs relating to Strategic Review and General Meeting	-	-	61,904
Non-cash items:			
- Depreciation	-	644	644
- Exchange differences	(172)	(14)	371
	<u>340,458</u>	<u>483,979</u>	<u>895,404</u>

Attributable to:

Continuing operations	340,458	387,182	725,820
Discontinued operations	-	96,797	169,584

<u>340,458</u>	<u>483,979</u>	<u>895,404</u>
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**NOTES TO THE INTERIM RESULTS**  
for the six months ended 31 January 2018 (continued)

**3. (Loss) profit from discontinued activities**

Discontinued activities comprise the Group's former petroleum Exploration and Evaluation activities.

Six months ended 31 January 2018	Six months ended 31 January 2017	Year ended 31 Julv
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	Unaudited	Unaudited	2017 Audited
	£	£	£
Revenue	-	15,273	15,273
Management & administrative expenses	-	(96,797)	(169,581)
Impairment of Exploration and Evaluation assets	-	(24,332)	(26,364)
	-	(105,856)	(180,672)

#### 4. Earnings per share

	Six months ended 31 January 2018 Unaudited £	Six months ended 31 January 2017 Unaudited £	Year ended 31 July 2017 Audited £
<b>(Loss) profit</b>			
The (loss) profit for purposes of basic and diluted (loss) profit per share being the net (loss) profit attributable to equity shareholders:			
Continuing operations	(390,458)	(386,826)	(783,459)
Discontinued operations	-	(105,856)	(180,672)
Continuing and discontinued operations	(390,458)	(492,682)	(964,131)
<b>Number of shares</b>			
Weighted average number of ordinary shares for the purposes of basic earnings per share	446,014,425	188,041,599	259,405,983
<b>Basic and diluted earnings per share</b>			
Continuing operations	(0.09)p	(0.21)p	(0.30)p
Discontinued operations	-	(0.05)p	(0.07)p
Continuing and discontinued operations	(0.09)p	(0.26)p	(0.37)p

For the six months ended 31 January 2018 and 31 January 2017 and for the year ended 31 July 2017 share options were not dilutive as a loss was incurred.

## **5. Financial liability**

On 5 January 2017, the Company entered into a secured loan agreement with Baron Oil for a facility of up to £300,000 to provide working capital for the Group and £200,000 of this facility was drawn down during January 2017. Subsequent to the end of the last interim reporting period, on 29 March 2017, the £200,000 drawn down on the loan facility was repaid. The loan facility was cancelled and its various security arrangements were released.

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, IMSL 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, IMSL or InfraStrata UK, within two years from the date of the loan agreement. This point was addressed in the Report and Accounts for the year ending 31<sup>st</sup> July 2017.

Under IAS 39 - Financial Instruments: Recognition and Measurement 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 continues to be recognised as a long term financial liability in the consolidated statement of financial position.

At inception, IAS 39 requires that the liability initially recognised be deferred thus creating a corresponding asset which is amortised as an expense to the consolidated statement of comprehensive income the over the two year period from 5 January 2017.

Amortisation for the six month period ended 31 January 2018 of £50,000 has been classified as a finance expense in the statement of comprehensive income. The remaining asset of £92,000 continues to be recognised as a deferred liability, but is now classed entirely within current assets as it will be fully amortised within twelve months of this interim reporting period.

## **6. Issue of Shares during and subsequent to the interim period**

On 20 October 2017, InfraStrata completed a placing of 125,000,000 new ordinary shares of 0.01 penny at an issue price of 0.4 pence each to raise £457,586 after expenses. This was made in order to meet working capital expenses.

The Company has completed two further placings following the end of the interim period: in February 2018 £338,000 was raised after expenses and in April £854,000 has been raised. Both of these amounts fulfil the funding and liquidity requirements to provide the match funding for the EU INEA Grant facility, crucially enabling the FEED project to proceed and fund the Company's working capital.

## **7. Dividend**

The Directors do not recommend payment of a dividend for the half year to 31 January 2018.

## **8. Publication of the interim report**

This interim report is available on the Company's website [www.infrastrata.co.uk](http://www.infrastrata.co.uk).

