CO REGISTRATION NO:

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INFRASTRATA plc

Annual Report &
Financial Statements
2013

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CHAIRMAN'S STATEMENT

Last year I reported on your Company's successful transition from a single project gas storage development business to one with an increasing focus on oil and gas exploration In 2013 our small and dedicated management team has made considerable progress further mitigating delivery risk associated with each of our three major projects - the exploration licences located in Country Antrim, Northern Ireland (PL1/10) and Dorset (P1918) plus the Islandmagee natural gas storage project in Northern Ireland This has been achieved against a background of increasing public scrutiny and legislative regulation on-shore in the UK, which has had the inevitable consequence of creating some delay in bringing projects to maturity Although the availability of new funding for oil and gas exploration on this scale has also been disappointing across the entire sector during this period I am pleased to report that continued shareholder support has enabled the company to weather the delays and remain well placed to face the coming year

In Northern Ireland on licence PL1/10 we are at an advanced stage of securing the necessary consents and approvals to drill having earlier identified a suitable site for a first exploration well and engaged with the landowners The prospectivity of this licence is very exciting indeed, offering the potential for very significant upside in shareholder value We have made tremendous progress on the offshore Dorset licence P1918 where Dorset County Council resolved to grant planning permission for a first exploration well after year end We plan to drill from an on-shore location at California Quarry to the offshore Purbeck Prospect The licence is in an area where successful exploration has been carried out in the past and there is a proven petroleum source

On both our exploration projects we have now reached a stage where we can be confident that subject to successful completion of funding arrangements we can look forward to drilling the wells during 2014 This may be later than we had originally anticipated but the opportunity to unlock significant shareholder value on each remains undiluted

We have also progressed the Islandmagee natural gas storage project in Northern Ireland, funded by BP Gas Marketing since early 2012, with the intention of disposing of an interest in the project when a new developer to complete the construction has been identified An issue that continues to hinder progress on this project is lack of confirmation of the cross-border regulatory regime within which the facility will operate Once received this will trigger drilling of the first well and that in turn will move us towards the intended disposal of an interest in the project In this context it was, however, extremely encouraging to see the project identified as being of significance in the broader European context when it was listed as a Project of Common Interest by the European Commission and was then prequalified for potential debt guarantee support under HM Treasury's UK Guarantee Scheme These are both very significant elements in enhancing the attractiveness of the project to potential investors

Your Company's priorities remain focussed upon the delivery of value to shareholders on each of our three main projects in the short-term Strategically, we are also turning our minds to the future and the longevity of our business The abilities and experience of our management team are unique and we believe they offer a real advantage through the selection and assessment of exploration opportunities and the hands-on management of the pre-drilling project programme to bring a project to maturity far quicker than would otherwise be the case New business would ultimately require a reinforced management team and reliable source of funding to pursue new opportunities We will keep shareholders informed as our thoughts develop on this subject and in the meantime the Board is grateful for their forbearance and continued support

I would like to conclude by offering my thanks to Andrew Hindle and the rest of the executive team for their tremendous effort and achievements during the year I would also like to record my thanks to Craig Gouws who was CFO of the Company from inception in 2007 until his departure in September 2013 to live overseas Stewart McGarrity was appointed Finance Director in September 2013 and has been very quick to engage with Andrew Hindle and the team in driving our programme of work forward

Ken Ratcliff,
Non-executive Chairman
2 December 2013

CHIEF EXECUTIVE'S OPERATING REVIEW

InfraStrata has continued to refocus its activities on oil and gas exploration in its two operated licences within the United Kingdom, County Antrim in Northern Ireland and Dorset in Southern England The Group also has non-operated interests in exploration licenses in Hampshire, Dorset and East Midlands through associated companies Corfe Energy Limited ("Corfe") and Brigantes Energy Limited ("Brigantes")

The Company has also been engaged in the development of a gas storage project in County Antrim in Northern Ireland with a view to realising fair value for our interest in the project as soon as practicable

InfraStrata works alongside strong and experienced partners in all projects and the Company's small management team is supported by a highly effective network of service delivery specialists

During the past year significant progress has been made on all our projects and, having effectively managed a number of challenges to the programme on each of them, we now look forward to a busy 2014 during which we expect to see the drilling of two exploration wells and one gas storage well A detailed review of the Group's business is provided below

OIL AND GAS EXPLORATION

County Antrim - PL1/10

Petroleum Licence PL1/10 (Central Larne - Lough Neagh Basin) was awarded in March 2011 by the Northern Ireland Department of Enterprise, Trade and Investment ("DETI") The five year licence covers an area of 663 square kilometres over what the Company believes is a very prospective largely unexplored sedimentary basin

Following the sale of a further 5% interest in the licence to our associated company Brigantes (40% owned by InfraStrata) announced in March 2013, InfraStrata has a direct operated interest of 25% and is now carried in respect of all but 10% of the costs to drill the first exploration well and is seeking a further farmout to complete the funding of the well costs Brigantes now holds a 45% interest in the license – resulting in an overall net licence interest for InfraStrata of 43% The other partners in the licence are Cairn Energy (20%) and Terrain Energy (10%)

The Larne-Lough Neagh Basin is a SW-NE trending Permo-Triassic Basin, overlying an older Carboniferous sequence The basin has historically received little attention from explorers, primarily due to the thick development of Palaeocene Antrim Flood Basalts overlying the target horizons This has been a barrier to effective seismic imaging but with the recent technological advances in data processing, exploration in the basin is now entering an exciting phase

Only one exploration well has historically been drilled in the centre of the basin covered by the PL1/10 licence, back in 1971, before any seismic data had been acquired Drilling in the area over the past 40 years has largely been for coal exploration and geothermal feasibility However this has confirmed the development of good sandstone reservoirs and seals within the thick Permo-Triassic sedimentary section Oil-prone source rocks have been identified on the margins of the Basin within the Carboniferous section, and gas-prone coals have also been mined to the west in the Coalisland area, and along the North Antrim coast The basin is also along trend from the Midland Valley of Scotland where oil and gas prone rocks of Carboniferous age are well known It is anticipated that in the more deeply buried areas of the Larne-Lough Neagh Basin the Carboniferous will have been buried sufficiently to generate oil and possibly also gas

Substantial progress has been made in the de-risking of the Larne-Lough Neagh Basin play following two seismic surveys undertaken by InfraStrata in 2011 and 2012 acquiring over 400km of new 2D seismic data which revealed a basin very similar in structural style to the prolific East Irish Sea Basin with a large number of undrilled structures In March 2013, the Company published a prospectivity review of the PL1/10 license prepared by project geoscience Merlin Energy Resources Limited ("Merlin") Merlin has identified combined un-risked P50 prospective resources on the PL1/10 licence in the Triassic and Permian sandstone reservoir intervals of over 450 million barrels of oil ("mmbo") (net InfraStrata over 194 mmbo at 43%)

During the year a suitable site from which to drill the well was selected and substantial and satisfactory progress made in both negotiations with the landowner and the progression of the necessary consents The un-risked P50 prospective resources targeted by the first exploration well have been estimated by the joint venture at 40 mmbo (net InfraStrata 17 mmbo at 43%), an increase on the previous estimate of 25 mmbo following further detailed mapping of the seismic data Preparation for procurement of the drilling activities is progressing with the final programme dependant on completion of consents and farmout activities

The PL1/10 partners submitted an application for an adjacent prospective area in the 27th UK Offshore Round in 2012 and the licence was offered by the UK Department of Energy and Climate Change ("DECC") on 29 November 2013 Un-risked P50 prospective resources of 150 mmbo have been identified within the application area

Dorset - P1918

Petroleum licence P1918 comprises Blocks 97/14, 97/15 and 98/11 and was awarded in February 2012 by the DECC. Following the farmout of a further 8% interest in the licence to our associated company Corfe (40% owned by InfraStrata) in August 2012, InfraStrata now has a direct operated 70% interest and Corfe holds a 20% interest in the licence – resulting in an overall net licence interest for InfraStrata of 78% This is subject to a net profits interest equivalent to 3 75% on the whole licence in favour of eCORP Oil & Gas UK Limited ("eCORP") The other partner in the licence is Cairn Energy with a 10% interest The Company is seeking a further farmout to complete the funding of the costs of the first exploration well

Within and immediately adjacent to the licence area there are a number of active oil and gas seeps A total of seven wells have previously been drilled within the licence area, including the first UK offshore well in 1963 on Lulworth Banks in Block 97/14 Six of these wells encountered oil or gas shows and three flowed oil or gas on test The advances in technology and higher petroleum prices mean that we are hopeful of being able to develop one or more of the existing discoveries profitably as a base from which to appraise the full potential of the area The prospective resources on the license have been estimated by the joint venture at 93 mmbo (net InfraStrata 73 mmbo at 78%)

The focus for a first exploration well is the offshore extension of the Purbeck Prospect, an anticline in the east of the licence, up dip of the onshore well Southard Quarry-1, which encountered oil and gas shows within Jurassic and Triassic intervals Only the Sherwood was tested but failed to flow The Purbeck Prospect immediately overlies the kitchen area for the giant Wytch Farm oilfield This large structure lies largely within Licence P1918 During the year we reprocessed 156km of onshore and offshore 2D data to further define the sub-surface target location In June 2013, ocean divers collected gas samples from an active gas seep above the Purbeck Prospect Isotopic analysis of the gas indicates that the gas was generated at the base of the oil window as expected

Following two public information events held in June 2013, a planning application for drilling and testing of the California Quarry-1 well was submitted to Dorset County Council ("DCC") in July 2013 and DCC resolved to grant planning permission for the well on 29 November 2013, subject to conditions in the normal course of business

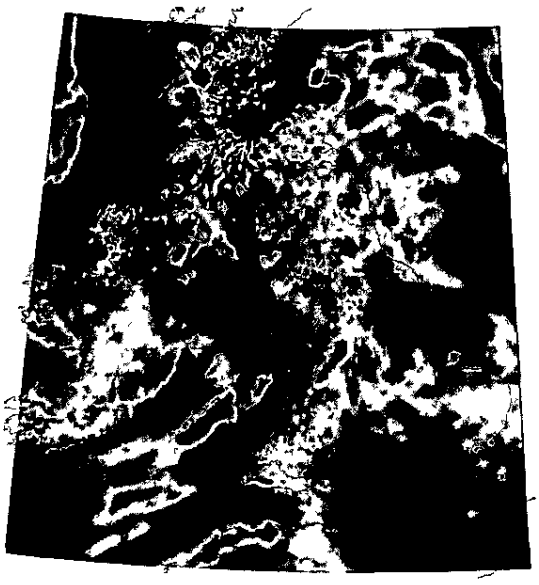
The well, to be drilled from onshore to offshore within licence P1918 will target prospective resources, within licence, estimated by the joint venture at 10 million barrels of oil equivalent "mmboe" (net InfraStrata 8 mmboe at 78%) The planning conditions preclude construction or drilling activities between March and September and consequently we currently anticipate the well will be drilled in late 2014

The P1918 partners submitted an application for adjacent prospective areas in the 27th UK Offshore Round in 2012 and the licence was offered by DECC on 29 November 2013

Non-operated exploration interests

The Company has non-operator exploration interests via its shareholdings in associated companies Corfe and Brigantes as follows

- PEDL201 (Leicestershire) - Corfe 12 5% interest (net InfraStrata 5%) with planning permission for a first well (Burton on the Wolds-1) expected to be drilled during 2014 and targeting prospective resources estimated by the joint venture of 4 mmbo (net InfraStrata 0 2 mmbo)
- PEDL237/PL090 (Dorset) – Corfe 12 5% interest (net InfraStrata 5%) expecting to complete interpretation of seismic surveys in 2014
- PEDL 070 (Hampshire) – Corfe and Brigantes combined 10% (net InfraStrata 4%) Avington field currently producing around 70 barrels of oil per day



GAS STORAGE

Islandmagee project – County Antrim

Islandmagee Storage Limited ("IMSL") is an independent Northern Ireland registered company and is a joint venture between a wholly-owned subsidiary of InfraStrata plc (65% shareholder) and Moyle Energy Investments Limited, part of the Mutual Energy group of companies (35% shareholder) During 2012, IMSL was granted planning permission for a natural gas storage facility at Islandmagee, County Antrim and a Gas Storage Licence from the Utility Regulator

IMSL plans to create seven caverns, capable of storing up to a total of 500 million cubic metres of gas in Permian salt beds approximately 1,500 metres beneath Larne Lough The project has unique advantages including being immediately adjacent to gas and electrical infrastructure, the salt being at an optimum depth for gas storage and close to a water source for solution mining of the salt to create the caverns The project is also designed to access the extrinsic value of the gas storage market in the UK and Ireland by being able to respond to short-term volatility

The proposed gas storage facility will make a significant contribution to the security of gas supplies for the whole island of Ireland Ireland is dependent on gas for around 65% of its electricity generation with 90% of the island's gas imported via a single pipeline from Scotland The facility, when complete, will store enough gas to satisfy Northern Ireland's demand for around 60 days Northern Ireland has a target to generate 40% of electricity from renewables by 2020 – this will primarily be achieved through wind-powered generation A shift to renewable energy sources is likely to result in an increasing reliance on gas-fired power stations to support the inherently intermittent supply from wind Rapid cycle gas storage facilities, such as this planned project, will be important to respond to the increasingly fluctuating demands for gas to fuel this electricity generation requirement

The estimated timescale for the project is approximately seven years, with the first cavern becoming operational after five years The drilling of a well is planned, subject to confirmation on the regulatory framework for the project, to collect samples of the Permian salt to provide the final design parameters for the caverns

In January 2012 IMSL entered into agreements with BP Gas Marketing Limited ("BPGM") for the appraisal of the project and the option for BPGM to acquire a 50 495% equity interest in IMSL Under the terms of a Joint Appraisal Agreement, BPGM is funding the activities necessary to develop the project up to the point where a decision can be made on whether to proceed with its detailed engineering design

During 2013, work was substantially completed on securing the land rights necessary for the construction and operation of the facility and applications were submitted for the necessary marine and associated environmental licences to the Department of Environment and Northern Ireland Environment Agency The well site construction for the Islandmagee-1 gas storage well commenced in May 2013 and was completed shortly after the financial year end IMSL had received £1,427,277 from BPGM at 31 July 2013 under the Joint Appraisal Agreement

The next step is to drill the well, which will be fully funded by BPGM and will provide the core samples of Permian salt to confirm the depth, thickness, rock mechanical properties and composition of the salt to finalise the design of the caverns and will complete the projects credentials and facilitate the realisation of InfraStrata's interest in IMSL Procurement of the well will commence once the delayed regulatory framework for the project has been confirmed We now expect the well to be drilled in mid-2014

On 16 October 2013, we were delighted to announce that the importance of the project had been acknowledged by the European Commission which had given it Project of Common Interest ("PCI") status requiring Member States to give priority and quick passage in the permitting process and cooperation in its development It also means the project is eligible to apply for significant financial support from the European Union in the form of direct grant or other forms of financial backing from institutions such as the European Investment Bank The project has also been 'pre-qualified' (deemed eligible for support) under the Treasury's 'UK Guarantee Scheme' which is making cover of up to £40 billion available to ensure that key infrastructural projects across all sectors in the UK, those that really ought to go ahead, are not held back due to any difficulty in obtaining finance Under the scheme the Government will guarantee a certain proportion of the capital required to fund projects, so that banks can lend more freely in today's risk-averse lending environment Both of these developments give us further confidence that the full development of the project can commence within reasonably short timescales

The assets and liabilities of IMSL have been classified as held for sale in the Group's balance sheet since inception of the Joint Appraisal Agreement in January 2012, in firm expectation that BPGM will exercise the option to acquire a controlling interest in IMSL and at that point InfraStrata will seek the disposal of an interest in the project to a new partner who will take the full development of the project forward

Portland project - Dorset

Last year we reported that the poor seasonal gas storage market, a different market to that being targeted by the Islandmagee project, meant that it is unlikely that the Portland gas storage project will be realised in the near term and we fully impaired our historical investment in the project, with the exception of data obtained from seismic surveys and drilling, which are key for the development of the petroleum exploration play

With the decision not to pursue the gas storage project, the Portland site leases were terminated at their break date on 1 June 2013 The Company, through its subsidiary, Portland Gas Transportation Limited, will continue to renew the gas pipeline construction authorisation with DECC as a potential means of exporting future gas production under the P1918 licence The Company will continue to examine this and other opportunities which may arise to realise some value from our historic investment in the project

In June 2012 we restructured the funding obligations of eCORP, formerly joint venture partners in the Portland project, into an obligation to provide a further US$2 88 through monthly subscriptions of US$120,000 for preference shares in our subsidiary Portland Gas Limited In return eCORP will earn a 7 5% share of the future profits from the Portland project Amounts received from eCORP during the financial year totalled US$1,440,000 and the balance due of US$1,200,000 is included on the Group balance sheet at 31 July 2013

FUNDING

InfraStrata continues to have no debt and to operate a funding model for our projects which manages risk for our shareholders by attracting investment by quality partners and thereby minimising our own commitments to pay the costs of exploration and other project development costs

The sale of a 5% interest in licence PL1/10 to Brigantes (40% owned by InfraStrata) announced in March 2013 raised £150,000, together with a commitment by Brigantes to carry 5% of InfraStrata's share of the first exploration well Gross aggregate expenditure during the year on the PL1/10 and P1918 licences was £392,195 of which InfraStrata's share was £146,128 We are currently in the process of seeking further partners to fund the balance of InfraStrata's share of the costs of drilling the first exploration well on each of these licences

The Group's associated companies, Corfe and Brigantes are self-funded and therefore we have no commitments to fund exploration costs on our non-operated exploration interests InfraStrata director William Colvin represents the Company's interests on the Board of each of these associated companies

BPGM fully funded the expenditure on the Islandmagee gas storage project amounting to £951,588 during the financial year under the terms of the Joint Appraisal Agreement and are expected to continue funding the development of the project through the drilling of the well

The process of securing new partners for the Islandmagee gas storage project, including a lead developer for the main construction of the project, has been initiated with expressions of interest received from a number of potential investors The next focused approach to potential new partners will be following the drilling of the first well in 2014 Securing a new partner should present the opportunity to realise cash for all or part of InfraStrata's 65% shareholding in IMSL Securing a new partner and commencement of construction would also trigger the payment to InfraStrata of approximately £1 3m in settlement of partner Mutual Energy's share of the shareholder's loan account to IMSL

As explained above, eCORP continues to subscribe for preference shares in our subsidiary Portland Gas Limited Aggregate receipts during the financial year were £899,608 (US$1,440,000) This has offset the payments made in respect of the Portland site leases totalling £750,000 during the financial year These leases were terminated at their break date on 1 June 2013

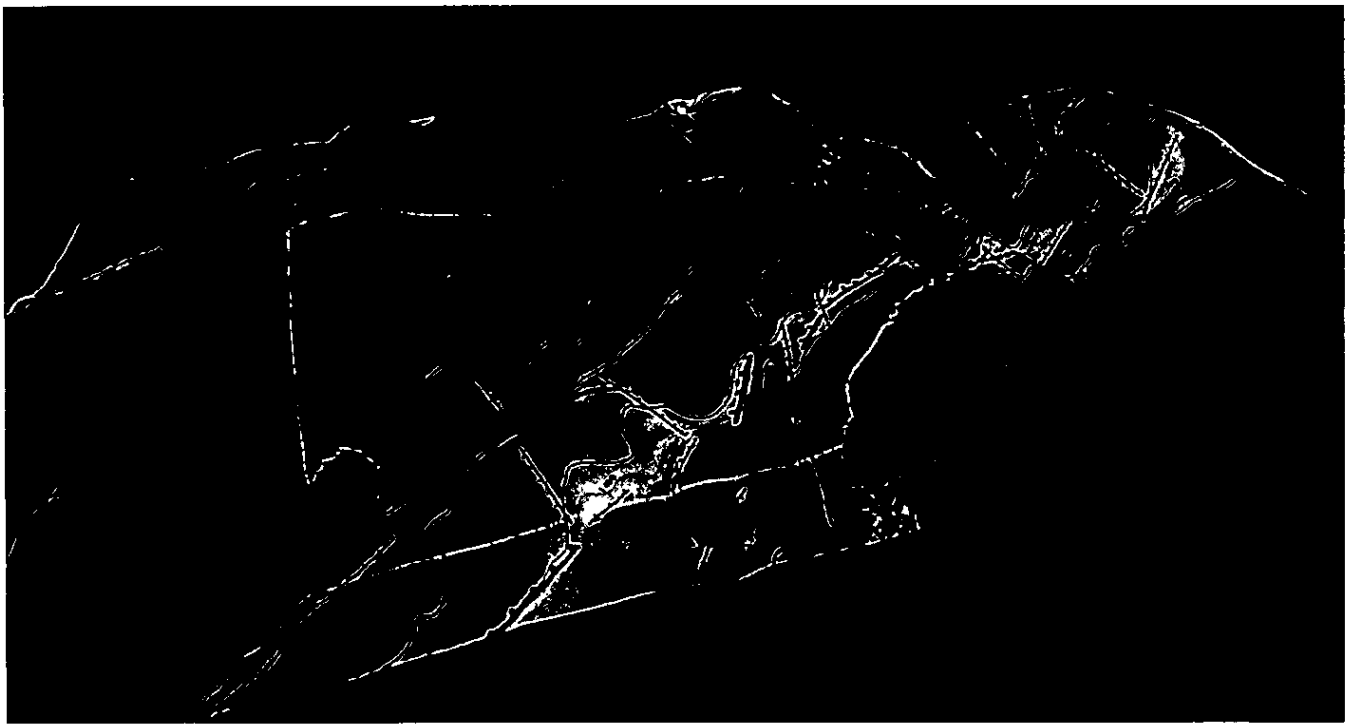
Post year end, on 23 September 2013, the Company completed the placing of 8,000,000 new ordinary shares at 10p per share and raised £800,000 before expenses The proceeds of the Placing have improved the Company's balance sheet and enable the Company to be flexible about the funding of exploration costs in advance of the completion of the farmout of exploration well costs Any balance of the Placing proceeds will be used for contingency and general working capital purposes

OUTLOOK

The Group's activities during the year ended 31 July 2013 and since the year end have been focused on the activities which de-risk our three main projects including the delivery of the various agreements with third parties, obtaining consents and approvals and the continuing assessment and refinement of the prospectivity within our exploration licence areas

Management's focus going into 2014 now switches to the completion of the farmout process on PL1/10 and P1918 and the procurement and drilling of exploration wells on each these two exploration licences as well as the well at the Islandmagee gas storage project Each of our main projects has the potential to lead to a steep change in valuation and future opportunities

Andrew Hindle,
Chief Executive Officer
2 December 2013



CORPORATE AND SOCIAL RESPONSIBILITY

Through the work of the Portland Gas Trust, InfraStrata continues to support local communities in its area of operation The Trust is a registered charity that supports initiatives around education, geology and the environment Throughout the year the Trust has continued to support local projects both financially, and in kind, through Rachel Barton, Manager of the Trust

Subject to obtaining full project funding, Islandmagee Storage Limited intends to set up a Trust with objectives around education, geology and the environment An initial investment of £1 million over three years, with a further £50,000 per annum for a minimum of six years thereafter is planned The company is continuing discussions with local residents and community groups in the Larne Lough area with regard to ideas and initiatives which could be funded through the proposed Trust Local businesswoman, Judith Tweed, is the company Community Liaison Consultant, Judith is collating a wide range of ideas for potential funding

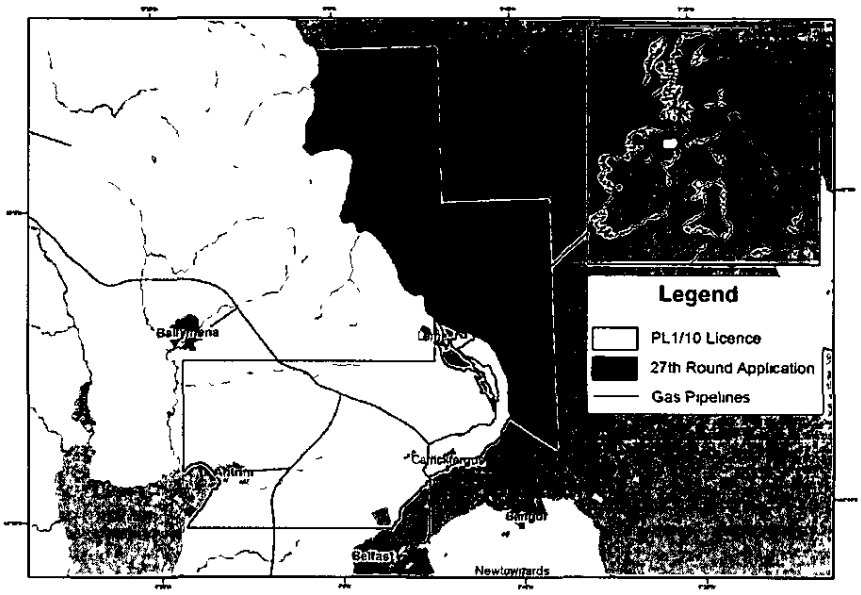
PL 1/10

InfraStrata (Operator) - 43%*, Brigantes Energy Limited - 45%, Cairn Energy - 20%, Terrain Energy Limited - 10%

*** InfraStrata holding comprises 25% direct interest together with an additional net 18% interest via shareholding in Brigantes Energy Limited**

The licence covers 663 km² in the Larne-Lough Neagh Basin which has been largely overlooked by the oil and gas industry, primarily due to the presence of extensive surface flood basalts at or near the surface

By applying newer techniques in seismic processing, InfraStrata has been able to image below the basalts and this has revealed a basin with a large number of prospective undrilled structures



Key Features

- Over 20 high-grade prospects have been identified within the licence and 27th Round Application area with combined prospective resources over 600 mmbo
- Primary targets are the Triassic Sherwood Sandstone and the Permian Collyhurst Sandstone, with potential deeper reservoir targets in the Carboniferous sandstones
- First prospect to drill has estimated P50 prospective resources of 40 mmbo
- Site identified for first exploration well

Forward Plan

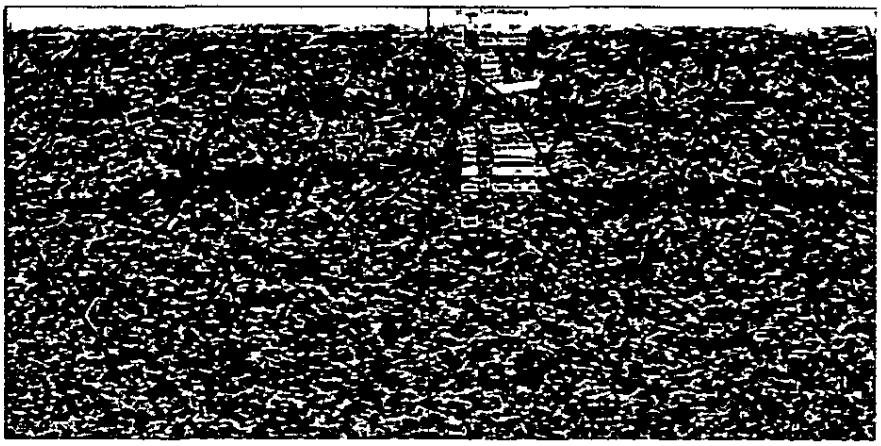
- Drilling of first exploration well

Project Overview

During 2011 and 2012, InfraStrata acquired over 400km of new 2D seismic data which revealed a basin very similar in structural style to the prolific East Irish Sea Basin

Existing geothermal wells have confirmed the development of good sandstone reservoirs and seals within the thick Permo-Triassic sedimentary section Oil-prone source rocks have been identified on the margins of the basin within the Carboniferous section, and gas-prone coals have also been mined to the west

As with any new exploration province anywhere, the presence of a working petroleum basin remains the highest risk of the play and can only be resolved by drilling Success with the first well would open up a new play fairway within the licence with multiple reservoir targets in multiple prospects



P1918

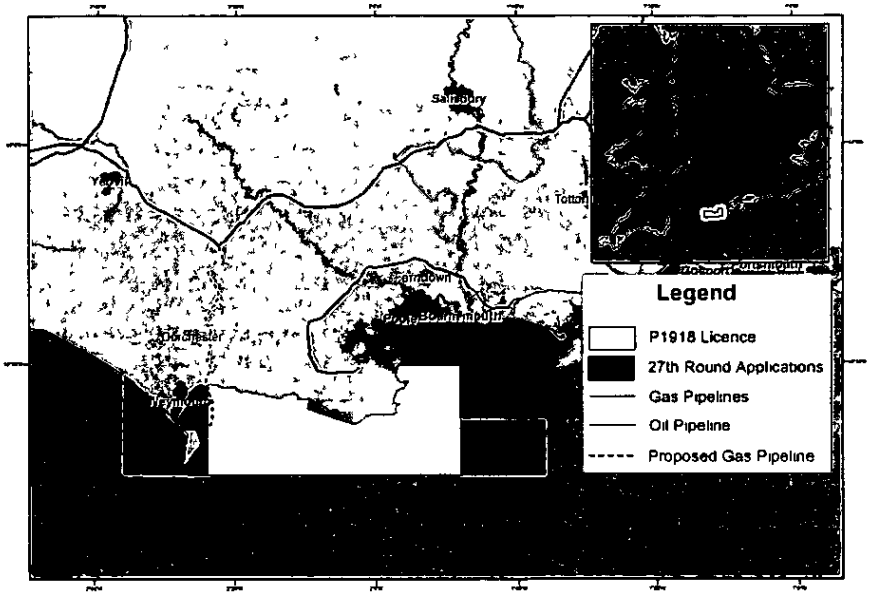
InfraStrata (Operator) - 78%*, Corfe Energy Limited - 20%, Cairn Energy - 10%

*** InfraStrata holding comprises 70% direct interest together with an additional net 8% interest via shareholding in Corfe Energy Limited**

The licence comprises three offshore Blocks 97/14, 97/15 and 98/11, covering an area of 584 km² in the Wessex Basin adjacent to the giant Wytch Farm oilfield

There are existing undeveloped oil and gas discoveries and active oil and gas seeps within P1918 licence

Prospects have been identified with combined prospective resources over 90 mmboe



Key Features

- Initial focus on the offshore extension of the Purbeck Anticline
- Planning permission approved in November 2013 for a wellsite to drill the Purbeck Prospect onshore to offshore
- InfraStrata owns rights to construct a gas pipeline connection from Portland to NTS

Project Overview

A total of seven wells have previously been drilled within the licence area, six of these wells encountered oil or gas shows and three flowed oil or gas on test

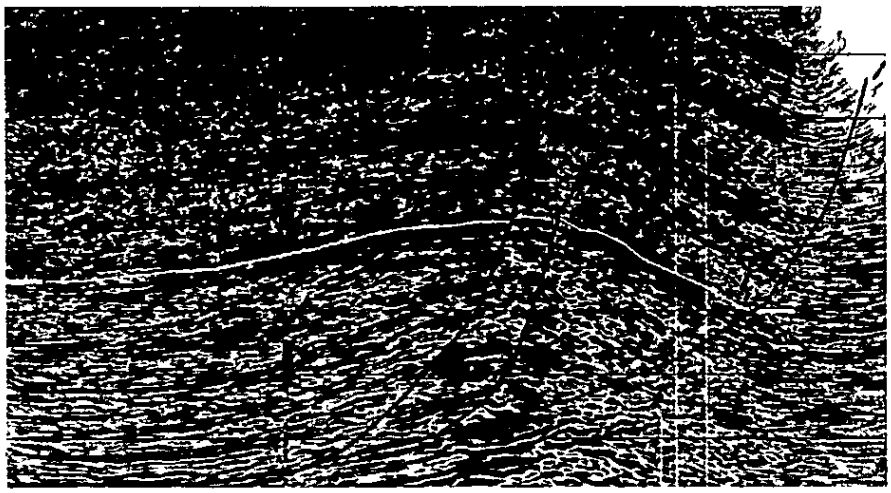
The InfraStrata led joint venture purchased approximately 3,500 kilometres of existing 2D seismic data, and three existing 3D surveys, within or adjacent to the licence A total of 156 km 2D seismic and 33 5 km² 3D seismic has been reprocessed and the interpretation of the data will be completed in 2014

The drilling of the exploration well in 2014 will target a prospect with gross 10 mmboe within the P1918 licence

Additional prospects with combined prospective resources over 70 mmboe will be further evaluated in 2014

Forward Plan

- Interpretation of reprocessed seismic data to further define the sub-surface target location
- Drilling of the California Quarry-1 exploration well

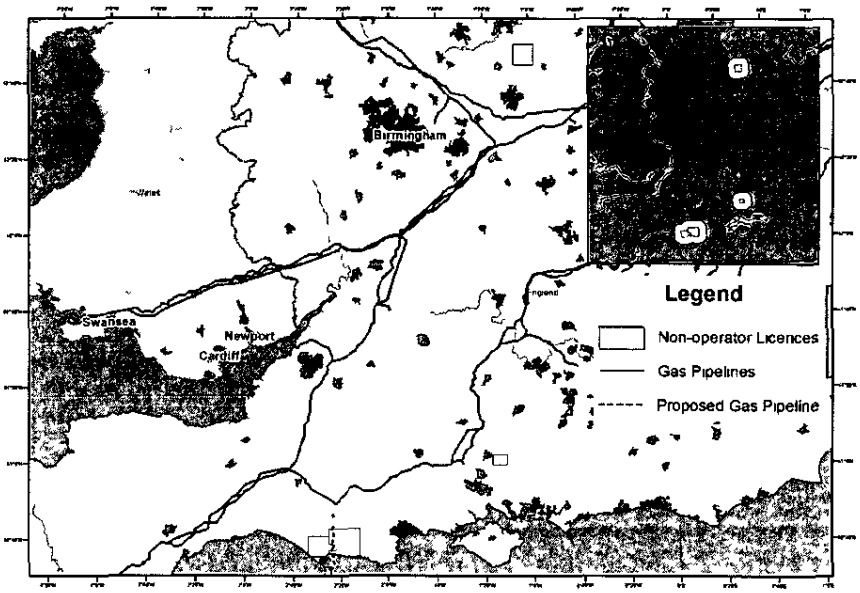


NON-OPERATOR LICENCES

InfraStrata interest via 40% shareholding in Corfe Energy Limited and Brigantes Energy Limited

InfraStrata presently has an interest in three onshore licences covering a total of 513 km2

- PEDL 201 (Corfe Energy Limited -12 5%) located in the East Midlands Petroleum Province
- PEDL 237/ PL090 (Corfe Energy Limited -12 5%) located in the Wessex Basin
- PEDL 070 (Corfe Energy Limited - 5%, Brigantes Energy Limited – 5%) located in the Weald Basin



Key Features

- Planning permission granted in July 2013 for drilling Burton on the Wolds well in PEDL 201
- Successful acquisition of a 3D seismic survey covering an area of approximately 68 5 km² in PEDL237/PL090

Forward Plan

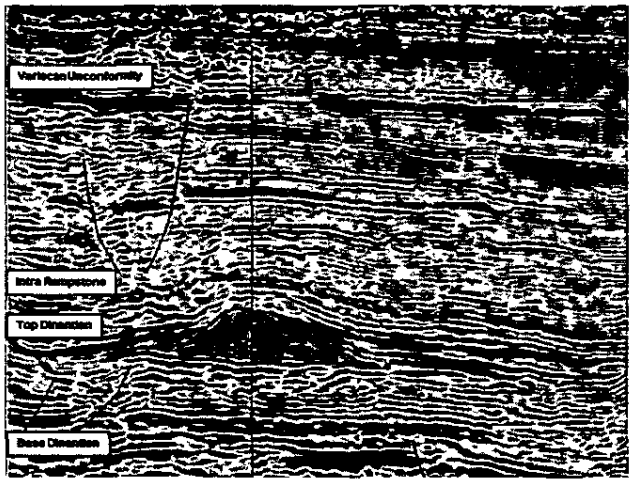
- Drilling of the Burton on the Wolds exploration well in 2014
- Interpretation of acquired 3D seismic data in PEDL237/PL090

Project Overview

The Burton on the Wolds prospect has been mapped using both newly acquired and vintage 2D seismic data The prospect covers an area of approximately 1 3 km² with target prospective resources of 4 mmbo

A number of structural prospects and leads have been mapped using existing vintage 2D seismic data within PEDL237/PL090 Interpretation of the acquired 3D seismic survey will further define these prospects and identify locations for future exploration drilling

PEDL070 contains the Avington Field which currently produces c 70 bopd (no decline)



SOURCE Egdon Resources plc

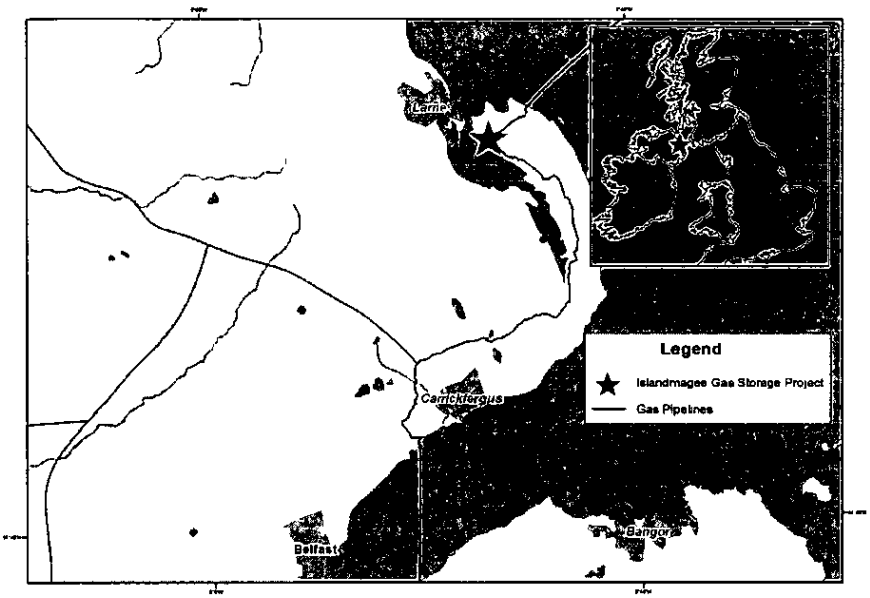
ISLANDMAGEE PROJECT

InfraStrata - 65%, Moyle Energy Investments Limited - 35%

The Islandmagee gas storage project has a number of advantages which enhance its commercial case, including

- being immediately adjacent to gas and electrical infrastructure,
- the salt being at an optimum depth for gas storage
- being close to a water source for solution mining of the salt to create the caverns

The project is designed to access the extrinsic value of the gas storage market in the UK and Ireland by being able to respond to short-term volatility



Key Features

- A 500mcm (18 bcf) fast-acting salt gas storage facility
- Project is strategically important for island of Ireland & GB
- Granted Project of Common Interest status by EU in October 2013
- BP Gas Marketing have an option to acquire 50 495% following completion of an agreed work programme which includes the drilling of a well
- Planning permission and a gas storage licence granted in October 2012
- HM Treasury stated in October 2013 that the project is eligible for the £40bn UK Guarantee Scheme

Forward Plan

- Clarification on the regulatory framework for the project
- Drilling of the Islandmagee-1 appraisal well

Project Overview

The project plans to create seven caverns within a layer of Permian salt greater than 200 metres thick which is located approximately 1,500 metres beneath Larne Lough Samples of the salt will be obtained from the drilling of the appraisal well which will provide final design parameters for the caverns

The estimated timescale for the project is approximately seven years, with the first cavern becoming operational after five years

The facility will make a significant contribution to the security of energy supplies as well as helping to meet the greater short-term demands placed on the gas network to support increased intermittent renewable generation

DIRECTORS, SECRETARY, ADVISORS AND SHAREHOLDER INFORMATION

Directors	Kenneth Maurice Ratcliff *(Non-executive Chairman)* Andrew David Hindle *(Chief Executive Officer)* Stewart McGarrity *(Finance Director)* - Appointed 25 September 2013 Craig Gouws *(Chief Financial Officer)* - Resigned 25 September 2013) Walter Rookehurst Roberts *(Legal and Commercial Director)* Maurice Edward Hazzard *(Non-executive Director)* William Colvin *(Non-executive Director)*
Company secretary	Walter Rookehurst Roberts
Registered Office	Blackstable House Longridge Sheepscombe Stroud Gloucestershire, GL6 7QX
Principal office	80 Hill Rise Richmond Surrey, TW10 6UB
Auditor	Nexia Smith & Williamson 1 Bishops Wharf, Walnut Tree Close Guildford Surrey, GU1 4RA
Tax advisors	Smith & Williamson LLP 1 Bishops Wharf, Walnut Tree Close Guildford Surrey, GU1 4RA
Registrars	Capita Asset Services The Registry 34 Beckenham Road Beckenham Kent, BR3 4TH
Nominated advisor and broker	Arden Partners plc 125 Old Broad Street London, EC2N 1AR
Solicitors	Field Fisher Waterhouse LLP 35 Vine Street London, EC3N 2AA
Bankers	Bank of Scotland plc 33 Old Broad Street London, EC2N 1HZ
Investor and public relations	Buchanan Communications Limited 107 Cheapside London, EC2V 6DN

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 JULY 2013

The directors have pleasure in presenting their report and audited financial statements for the year ended 31 July 2013

PRINCIPAL ACTIVITY AND REVIEW OF BUSINESS

The principal activities of the Group throughout the year were petroleum exploration and the development of a sub-surface gas storage facility

General

InfraStrata plc is incorporated and domiciled in England and Wales

Business review

During the year the Group continued to develop its petroleum exploration and gas storage business

A review of the Group's business and funding arrangements during the financial period and its outlook for the future is given in the Chairman's statement and the Chief Executive's operating review on pages 3 to 8

Health, safety and environment

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

Key performance indicators

Key performance indicators, both financial and non-financial, are used by the Board to monitor progress against predetermined objectives

Objective	Definition	Strategy
We endeavour to develop projects in accordance with project schedules	Predetermined and agreed project development schedules adhered to including submission of planning applications	Delivery of projects to sensible time schedules Submit and achieve planning permission approvals in a cost effective and timely manner
We seek to identify new project opportunities	Identify new project opportunities which are expected to increase shareholder value once development commences	Develop a balanced portfolio of projects
We aim to control general and administrative costs keeping costs as low as possible	Management and control of group general and administrative costs	Maintain low cost of Group general and administration expenditure and conserve cash to the extent possible
We aim to prudently manage Group working capital	Management and control of working capital ensuring liquidity as is necessary	Management of working capital to ensure liquidity to develop projects as planned in development schedules

Our Group KPIs provide a measure of our progress and performance against our strategy Key performance indicators include identification of new economic project opportunities, submission of project planning applications in accordance with project scheduling, project development in accordance with project development programme, management of general and administrative costs and Group working capital management

The KPIs are reported at Board meetings Measurement entails analysing variance between expected and actual progress, financial position and financial performance Relevant performance measures for 2013 include

- The prudent application of available cash resources The cash balance at the financial year end was £774,745 (£948,037 including cash resources classified as held for sale)

- Net corporate and administration expenditure was once again very well controlled during the financial year - excluding gas storage lease costs and transaction legal fees these were £1,054,008 (2012 £1,068,547)
- No new ordinary shares were issued for cash during the financial year The proceeds of the Placing in September 2013 have improved the Company's balance sheet and enable the Company to be flexible about the funding of exploration costs in advance of the completion of the farm-out of exploration well costs
- eCORP continued to subscribe for the agreed $2,880,000 preference shares in Portland Gas Limited during the year
- The Islandmagee Storage Limited funding transaction with BPGM progressing
- PL1/10 well site negotiations progressed to expectation
- P1918 well site lease secured and planning application submitted since the year end

Principal risk factors

The directors are responsible for the effectiveness of the Group's risk management activities and internal control processes As a participant in the gas storage development and upstream oil & gas industries, 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 Any of these risks, as well as other risks and uncertainties in this document, could have a material effect on the Group's business

Financial risks - failure to meet financial obligations
- Cost inflation and over runs
- Access to working capital

Operational risks - damage to shareholder value, environment, personnel or communities caused by operational failures
- Loss of key employees
- Delays in planning application awards
- Sustained exploration failures
- Failure of third party services
- Once hydrocarbon production projects become operational there will be an increased environmental risk (for example hydrocarbon spillage)
- Failure to be seen to be acting in a socially responsible manner and/or failure to maintain good local community relations

Strategic and external risks - failure to manage and grow the business while creating shareholder value
- Future deterioration of capital markets, reducing ability to raise new equity funding
- Misalignment with partners
- Shareholder sentiment
- Mix of storage and upstream interests
- Corporate governance failings

There is no assurance that the Group's exploration and development activities will be successful The directors seek to manage and mitigate these risks by developing a balanced portfolio of projects, recruitment and retention of suitably skilled personnel, through 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 financing, farm downs, disposing of interest in projects or other means If the Group is unable to obtain additional financing needed to fulfil its planned work programmes some interests may be relinquished and/or the scope of operations reduced

Share capital

On 14 June 2013 the Company issued 500,000 new ordinary shares of 10 pence each at 10 pence per share to Andrew Hindle under a salary sacrifice agreement which conserved £50,000 of the Company's cash resources

Following the financial year end on 23 September 2013 the Company issued 8,000,000 new ordinary shares of 10 pence each at 10 pence per share to raise £800,000, before expenses, to institutional and other shareholders Following the Placing, the Company has 99,491,599 ordinary shares in issue

Outlook

An outlook for the Group's business and funding arrangements is given in the Chairman's statement and the Chief Executive's operating review on pages 3 to 8

RESULTS AND DIVIDENDS

The 2013 financial year was an active period for the Group during which cash investment in projects was largely funded by partners BPGM funded Islandmagee Storage Limited to the extent of £951,588 during the financial year bringing their total investment to £1,427,277

The Group recognised cash revenue of £62,428 (2012 £253,932) which arose from activities including operatorship income, consulting and technical services Revenues in 2012 included £150,000 received for services to a former joint venture which is now a subsidiary These revenues offset corporate and administrative expenditure Corporate and administrative expenditure, before gas storage lease costs and transaction legal fees of £750,774 (2012 £190,659), was £1,054,008 (2012 £1,068,547)

The Group incurred a loss after tax of £1,642,760 (2012 £19,727,362) The loss in 2012 included net losses of £18,420,125 relating to the impairment and restructure of the Portland gas storage project as detailed in note 16 to the financial statements The loss for the year, together with the balance of £19,865,967 loss brought forward leaves a retained loss of £21,508,727 to be carried forward

The directors do not recommend the payment of a dividend (2012 £nil)

In accordance with international financial reporting standards, the Islandmagee Storage project assets and liabilities continue to be classified as a disposal group and they are shown as held for sale and in the consolidated statement of financial position - note 21 As a corollary, the net loss attributable to this project company, representing costs that could not be capitalized, has been classified as arising from discontinued operations in the statement of comprehensive income

CHARITABLE AND POLITICAL DONATIONS

Portland Gas Trust is a charity which supports initiatives focusing on the environment, geology and education with its activities centered on Portland, Dorset In prior years, the Group supported the Trust by incurring and paying costs on its behalf In 2013, the Group waived the resultant loans to the Trust which amounted to £125,708 As these loans had previously been impaired, no expense was recognised in the year in respect of them

During 2012 charitable donations were £250

No donations were made for political purposes (2012 £nil)

PAYMENT OF CREDITORS

The Group's policy for all suppliers is to fix terms of payment when entering into a business transaction, ensure that the supplier is aware of those terms and to abide by the agreed terms of payment The number of days' trade creditors was 13 (2012 26) for the Group

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 24 to the financial statements

DIRECTORS

The directors, who served during the year and subsequently, were as follows

Executive Directors
A D Hindle
C S Gouws (resigned 25 September 2013)
S McGarrity (appointed 25 September 2013)
W R Roberts

Non-executive Directors
K M Ratcliff
M E Hazzard
W Colvin

All directors benefit from the provisions of individual directors' Personal Indemnity insurance policies Premiums payable to third parties are as described in note 6

The Company operates a share option scheme and the particulars of share options granted to directors are detailed in note 6 to the financial statements

Directors of the Company at the date of this Annual Report and their abridged CVs are as follows

Ken Ratcliff (Non-Executive Chairman)
Ken Ratcliff, JP, BSc , FCA, (63) is a Chartered Accountant with extensive finance and business experience He is currently College Accountant at Epsom College and co-founder of Geokinetics Processing UK Limited, an oil and gas industry seismic contractor He was an audit manager with Touche Ross & Co in London before moving into accountancy and finance positions within the oil and gas industry in 1978 Ken has previously held senior management positions with Ensign Geophysics Limited, Seismic Geocode Limited, Tenneco Corporation and Merlin Geophysical Limited He joined the Board in 2007 and became Chairman in October 2007 Ken has been a non-executive director of Egdon Resources plc since 2001

Andrew Hindle (Chief Executive Officer)
Andrew Hindle, BSc , MSc , PhD, FGS, CGeol, (51) is a highly experienced geologist with over 25 years worldwide experience He holds a degree in Geological Sciences gained in 1983 from Leeds University and, following a year with BP, gained a MSc degree in Petroleum Geology in 1985 from Aberdeen University In 1998 he completed a PhD (part-time) through the Open University He received the J C "Cam" Sproule Memorial Award from the American Association of Petroleum Geologists in 1999 He worked for Texaco from 1985 until 1996 on UK and international petroleum exploration and development projects, working overseas from 1990 to 1994 Subsequently, he worked for Anadarko Algeria Corporation from 1996 to 1997 In 1997 he became a founding director of Egdon Resources plc and, following the demerger of Egdon and InfraStrata, remained a non-executive director of Egdon until February 2011 Andrew has been the Chief Executive of the Group since 2005 Andrew is also a director of Geofocus Limited and Toffee Limited

Stewart McGarrity (Finance Director)
Stewart McGarrity, BCom CA, (52) has 27 years of UK and international experience in both senior finance and commercial roles Following qualification as a Chartered Accountant, Stewart spent a number of years with Deloitte in Zimbabwe and Hong Kong in senior audit and technical roles Stewart then held a senior financial position with the Airport Authority in Hong Kong during the construction and commercial development of Hong Kong International Airport Since returning to the UK he has worked with property investor and developer MEPC plc, based in London as Group Financial Controller and with tie Limited, in Edinburgh, developing and maintaining the business case for Edinburgh Trams and other transport projects Stewart joined InfraStrata in July 2013 as Financial Controller

Walter Roberts (Legal Director and Company Secretary)
Walter Roberts, MA (Cantab), (62) is an oil and gas lawyer with a strong record in commercial and legal management Walter qualified as a solicitor with Simmons & Simmons before joining Phillips Petroleum in 1980 He then worked for Lasmo in both the UK and in Australia where he set up its legal department Walter was the principal negotiator for UK joint venture commercial negotiations and gas sales for Talisman Energy (UK) Limited (previously Bow Valley Petroleum (U K) Limited) until 1995 More recently he was the London partner of Cummings & Co and he is currently an executive director of Pinnacle Energy Limited and a non-executive director of Egdon Resources plc Walter joined the Board of Egdon Resources plc in 2001 as a non-executive director He joined the Group in an executive role in 2007

Maurice Hazzard (Non-Executive Director)
Maurice Hazzard, (75) has extensive business experience in the oil and gas industry, particularly in large offshore projects He has held senior positions with Phillips Petroleum, Hamilton Bros Oil & Gas Limited and Halyard Offshore Limited Between 1979 and 1989 Maurice was responsible for development of the Energy Division of the Tung Group of companies, based in Hong Kong, and during this period was Executive Chairman of Houlder Marine Drilling Limited From 1989 to 1996 he was a consultant with Maritime Audit & Technical Services Limited, consulting to the international offshore oil and marine services industry From 1996 to 1999 he was Chairman and CEO of PD Systems International Limited, a UK electronics manufacturer He is also non-executive Chairman of Orbitron Technologies Limited, a software company

William Colvin (Non-Executive Director)
William Colvin, BCom CA, (55) is a Chartered Accountant and has wide experience in the oil and gas, and healthcare sectors in senior management and board positions of large corporations He was Finance Director of British-Borneo Oil & Gas Plc from 1992 to 1999 From 1990 to 1992, William was Finance Manager/Director at Oryx UK Energy From 1984 to 1989, he worked in a variety of financial roles for Atlantic Richfield (ARCO) Inc He qualified as a Scottish Chartered Accountant in 1982 and holds a Bachelor of Commerce degree from the University of Edinburgh William is currently a non-executive director of Energy XXI, the independent oil & natural gas exploration and production company

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 30 November 2013

Ordinary shares of 10p each	Number	%
Ken Ratcliff	104,000	0 10
Andrew Hindle	7,422,625	7 46
Stewart McGarrity (appointed 25 September 2013)	-	-
Craig Gouws (resigned 25 September 2013)	277,226	0 28
Walter Roberts	1,132,378	1 14
Maurice Hazzard	19,326	0 02
William Colvin	272,727	0 27

The Company has received notification of the following interests in 3% or more of the Company's issued share capital at 30 November 2013 The percentages presented are at the date of notification

Ordinary shares of 10p each	Number	%
JP Morgan Asset Management Holdings Inc	15,516,600	18 26
Mark Abbott	6,294,806	6 92
Maven Income and Growth VCT 5 PLC	2,974,013	3 80
Calculus Nominees Limited	1,858,950	3 60

CORPORATE GOVERNANCE

The UK Corporate Governance Code

The directors recognise the value of the UK Corporate Governance Code ("the Code") and whilst under the AIM rules compliance is not required the directors believe that the Company applies the recommendations in so far as is appropriate for a public company of its size The Company therefore does not fully comply with the Code

The Board

At the financial year end the Board was comprised of three Executive Directors and three Non-executive directors whose background and experience are relevant to the Company's activities As such, the directors are of the opinion that the Board has a suitable balance and that the recommendations of the Code have been implemented to an appropriate level The Board, through the directors, maintain regular contact with its advisors and public relations consultants in order to ensure that the Board develops an understanding of the views of major shareholders about the Company 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	Renumeration Committee
Number of meetings held during the 2013 financial year	9§	4	2
	Number of meetings attended	Number of meetings attended	Number of meetings attended
Executive Directors			
Andrew Hindle	9	-	-
Craig Gouws	8	-	-
Walter Roberts	9	-	-
Non-executive Directors			
Ken Ratcliff	7	4	2
Maurice Hazzard	7	-	2
William Colvin	7	4	2

§ Of which 2 were minimally attended as they were to finalise business already approved by all directors

Audit Committee
The Audit Committee met four times in the year to 31 July 2013 Its members are William Colvin (Chairman) and Ken Ratcliff Members of the committee attended all meetings either in person or by telephone Senior representatives of the external auditors 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 Group's auditors problems and reservations arising from the interim and final results
- Reviewing the external 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

Renumeration Committee
The members of the Remuneration Committee are Maurice Hazzard (Chairman), Ken Ratcliff and William Colvin The committee met twice during the year and the meeting was attended by all current members 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 Chairman, 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, and

During the year and the prior year, the Remuneration Committee discussed the continuing need to maintain motivation of the Executive during a period of intense activity and changing focus Salaries for Executive Directors have not been increased and there have been no bonus payments for the past two years reflecting a commitment by the Executive Directors to continuing control over the Group's administrative expenses and alignment of their remuneration and other incentives to the delivery of value to shareholders

The view of the committee is that the salaries remain competitive, but are not over generous, and therefore did not recommend an adjustment during the current financial year Non-executive fees are considered and agreed by the Board as a whole and there has been no specific review in this regard during the period The committee remains mindful of the continuing responsibility and reliance placed upon all of the Company's employees and will endeavour to ensure that this is reflected in appropriate remuneration packages

Nomination Committee
The Company has not established a Nomination Committee as the directors are of the opinion that such a committee is inappropriate given the current size of the Company

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 is normally attended by all directors Shareholders, including private investors, 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

Representatives of the Board, at least twice per year, together with the Company brokers go on road shows during which existing and new investors are updated on Company affairs The Company maintains a website (www infrastrata co uk) for the purpose of improving information flow to shareholders as well as potential investors The website contains all press announcements and financial reports as well as extensive operational information about the Group's activities and enquiries from individual shareholders on matters relating to their shareholdings 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

Arden Partners plc who were appointed as Nominated Advisor and broker to the Company during the prior financial year has actively been researching the Company and its business followed by research notes being issued

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

GOING CONCERN

The directors have prepared the financial statements on the going concern basis which assumes that the Group will continue in operational existence for the foreseeable future The basis of this assumption is detailed in the accounting policies in note 2 to the financial statements

After making inquiries and considering all the relevant factors in relation to the Group, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future For this reason, they continue to adopt the going concern basis of accounting in preparing the annual financial statements

DIRECTORS' RESPONSIBILITIES

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

UK Company law requires the directors to prepare Group and Company financial statements for each financial year Under that law the directors have elected (as required by the rules of the AIM market of the London Stock Exchange) to prepare Group financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU") and have elected to prepare the Company financial statements in accordance with IFRS as adopted by the EU and as applied in accordance with the provisions of the Companies Act 2006

The Group financial statements are required by law and IFRS adopted by the EU to present fairly the financial position and performance of the Group, the Companies Act 2006 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation

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 Company and of the Group and of the profit or loss of the group for that period

In preparing each of the Group and Company financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether they have been prepared in accordance with IFRSs as adopted by the EU,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business

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

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the InfraStrata plc website

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions

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 aware of any relevant 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 s418 of the Companies Act 2006

AUDITOR

A resolution to re-appoint the auditor, Nexia Smith & Williamson, will be proposed at the forthcoming Annual General Meeting

By order of the Board

A Hindle
Director
2 December 2013

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INFRASTRATA PLC

We have audited the financial statements of InfraStrata plc for the year ended 31 July 2013 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Parent Company Statements of Financial Position, the Consolidated and Parent Company Statements of Cash Flow, the Consolidated and Parent Company Statements of Changes in Equity, and the related notes 1 to 37 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

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

Respective responsibilities of directors and auditor
As explained more fully in the Directors' Responsibilities Statement on page 21, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Financial Reporting Council's (FRC's) Ethical Standards for Auditors

Scope of the audit of the financial statements
A description of the scope of an audit of financial statements is provided on the FRC's website at www frc org uk/apb/scope/private cfm

Opinion on financial statements
In our opinion

- the financial statements give a true and fair view of the state of the Group's and the parent Company's affairs as at 31 July 2013 and of the Group'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, and
- 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

Opinion on other matter prescribed by the Companies Act 2006
In our opinion the information given in the Report of the directors' for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception
We have nothing to report in respect of the following matters where 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

Andrew Bond Nexia Smith & Williamson
Senior Statutory Auditor,
for and on behalf of

Nexia Smith & Williamson
Statutory Auditor, Chartered Accountants, 1 Bishops Wharf, Walnut Tree Close Guildford, GU1 4RA

2 December 2013

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 JULY 2013

	Notes	2013 £	2012 £
Continuing operations			
Revenue		62,428	253 932
Cost of sales		-	-
Gross profit		62,428	253 932
Administrative expenses	4	(1,804 782)	(1,259 206)
Operating loss		(1,742 354)	(1,005,274)
Finance income	9	25,566	2 596
Share of loss of Joint Venture	16	-	(10 306 395)
Impairment of interest in Joint Venture	16	-	(10,626,210)
Gain arising on assuming control of the former Joint Venture	16	-	2 512,480
Share of loss of Associates	16	(43 862)	(174,869)
Loss before taxation		(1,760 650)	(19 597 672)
Taxation	10	315 188	-
Loss for the year from continuing operations		(1,445 462)	(19 597 672)
Loss for the year from discontinued operations	11	(197 298)	(129 690)
Loss for the year attributable to the equity holders of the parent		(1 642 760)	(19 727 362)
Other comprehensive income		-	-
Total comprehensive loss for the year attributable to the equity holders of the parent		(1 642 760)	(19 727 362)
Basic and diluted earnings per share	12		
Continuing operations		(1 59)p	(23 30)p
Discontinued operations		(0 22)p	(0 15)p
Continuing and discontinued operations		(1 81)p	(23 45)p

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 JULY 2013

	Notes	2013 £	2012 £
Non-current assets			
Intangible fixed assets	14	3 478 843	3 399 473
Property plant and equipment	15	1 974	7 471
Investments in associates	16	2 627,973	2,705 131
Other receivables	17	-	768 102
Total non-current assets		6 108 790	6 880 177
Current assets			
Trade and other receivables	18	893 563	1 114 145
Available for sale financial assets	19	12 500	12 500
Cash and cash equivalents	20	774 745	1 918 201
		1 680 808	3,044,846
Assets classified as held for sale	21	4 190 267	3 206 003
Total current assets		5 871 075	6 250 849
Current liabilities			
Trade and other payables	22	(533 236)	(905,750)
Deferred income tax liabilities	23	(179 478)	-
Liabilities directly associated with assets classified as held for sale	21	(149 560)	(73,032)
Total current liabilities		(862 274)	(978,782)
Net current assets		5 008 801	5 272 067
Non-current liabilities			
Deferred income tax liabilities	23	(706,630)	(1 201,296)
Net assets		10 410 961	10 950 948
Shareholders funds			
Share capital	25	9 149 160	9 099 160
Share premium		11 920 219	11 920 219
Merger reserve	26	8 988 112	8 988 112
Share based payment reserve	27	434,920	333 735
Retained earnings		(21 508 727)	(19 865 967)
Attributable to owners of the parent		8 983 684	10 475 259
Non-controlling interests	28	1 427 277	475 689
Total equity		10 410 961	10 950 948

Company registration number 06409712
Approved and authorised for issue by the Board on 2 December 2013

A Hindle
Director

S McGarrity
Director

COMPANY STATEMENT OF FINANCIAL POSITION AS AT 31 JULY 2013

	Note	2013 £	2012 £
Non-current assets			
Intangible exploration assets	14	113 934	34 564
Property plant and equipment	15	1 974	7 153
Investments	16	600	600
Total non-current assets		116,508	42 317
Current assets			
Trade and other receivables	18	3 861 702	3 623,518
Available for sale assets	19	12 500	12 500
Cash and cash equivalents	20	730 372	1 814 603
Total current assets		4 604 574	5,450 621
Current liabilities			
Trade and other payables	22	(503 826)	(858,636)
Net current assets		4 100 748	4 591 985
Net assets		4 217 256	4 634 302
Shareholders funds			
Share capital	25	9 149 160	9 099,160
Share premium		11 920 219	11 920 219
Merger reserve	26	8 466 827	8 466 827
Share based payment reserve	27	434 920	333 735
Retained earnings		(25,753,870)	(25 185 639)
Total equity		4 217 256	4 634,302

Company registration number 06409712
Approved and authorised for issue by the Board on 2 December 2013

A Hindle
Director

S McGarrity
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 JULY 2013

	Share capital £	Share premium £	Merger reserve £	Share based payment reserve £	Retained earnings £	Attributable to the owners of the parent £	Non-controlling interest £	Total equity £
Balance at 31 July 2011	7 826 433	11 848 946	8,988,112	322,431	(138,605)	28 847,317	-	28,847,317
Loss for the year	-	-	-	-	(19,727,362)	(19,727,362)	-	(19,727,362)
Total comprehensive loss for the year	-	-	-	-	(19,727,362)	(19,727,362)	-	(19 727 362)
Shares issued	1,272,727	71,273	-	-	-	1,344,000	-	1,344,000
Share based payments	-	-	-	11,304	-	11 304	-	11,304
BP Gas Marketing Limited - Islandmagee Storage Limited option (note 28)	-	-	-	-	-	-	475,689	475,689
Balance at 31 July 2012	9,099,160	11,920,219	8 988 112	333,735	(19,865,967)	10 475 259	475,689	10,950 948
Loss for the year	-	-	-	-	(1 642 760)	(1 642,760)	-	(1 642,760)
Total comprehensive loss for the year	-	-	-	-	(1,642,760)	(1,642,760)	-	(1,642,760)
Shares issued	50,000	-	-	-	-	50,000	-	50,000
Share based payments	-	-	-	101,185	-	101,185	-	101,185
BP Gas Marketing Limited - Islandmagee Storage Limited option (note 28)	-	-	-	-	-	-	951 588	951,588
Balance at 31 July 2013	9,149,160	11,920,219	8,988,112	434 920	(21,508,727)	8,983,684	1 427,277	10,410,961

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 JULY 2013

	Share capital £	Share premium £	Merger reserve £	Share based payment reserve £	Retained earnings £	Total equity £
Balance at 31 July 2011	7,826,433	11,848 946	8 466 827	322,431	(1 390 342)	27,074,295
Loss for the year	-	-	-	-	(23,795,297)	(23,795 297)
Total comprehensive loss for the year	-	-	-	-	(23 795 297)	(23,795,297)
Shares issued	1,272 727	71 273	-	-	-	1 344 000
Share based payments	-	-	-	11,304	-	11,304
Balance at 31 July 2012	9,099,160	11,920,219	8,466,827	333 735	(25,185,639)	4 634,302
Loss for the year	-	-	-	-	(568,231)	(568 231)
Total comprehensive loss for the year	-	-	-	-	(568 231)	(568,231)
Shares issued	50 000	-	-	-	-	50 000
Share based payments	-	-	-	101 185	-	101,185
Balance at 31 July 2013	9 149 160	11,920,219	8,466,827	434 920	(25,753,870)	4 217 256

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 JULY 2013

	Notes	2013 £	2012 £
Net cash (used in) operating activities	29	(2 249 084)	(423 415)
Investing activities			
Interest received		5 318	2,596
Purchase of exploration intangible assets		(146,128)	(34,564)
Purchase of gas storage intangible assets		(754,390)	(371,510)
Purchase of equipment		(368)	-
Proceeds from the disposal of exploration intangible assets		150 000	-
PGL preference shares receipts		899 608	156,862
Cash inflow on acquisition of subsidiary		-	53,574
Net cash generated from/(used in) investing activities		154 040	(193 042)
Financing activities			
Proceeds on issue of ordinary shares		-	1,344,000
Contribution from non-controlling interest		951 588	475 689
Net cash generated from financing activities		951 588	1 819,689
Net (decrease)/increase in cash and cash equivalents		(1,143,456)	1,203,232
Cash and cash equivalents at beginning of year		1,918,201	714,969
Cash and cash equivalents at end of year		774 745	1 918 201
Cash and cash equivalents consist of			
Cash at bank	20	£774,745	£1,918,201

Significant non-cash transactions

There were no significant non-cash transactions in the year The significant non-cash transaction for the year ended 31 July 2012 was the assumption of control over the previous joint venture

Cash flows arising from discontinued activities

Cash flows arising from discontinued operations are analysed in note 29

COMPANY STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 JULY 2013

	Notes	2013 £	2012 £
Net cash (used in)/generated from operating activities	29	(1 092 979)	385,086
Investing activities			
Interest received		5 245	1,633
Purchases of exploration intangible assets		(146 129)	(34,564)
Purchases of equipment		(368)	-
Proceeds on the disposal of exploration intangible assets		150 000	-
Net cash generated from/(used in) investing activities		8,748	(32 931)
Financing activities			
Proceeds on issue of ordinary shares		-	1,344,000
Net cash generated from financing activities		-	1 344,000
Net (decrease)/increase in cash and cash equivalents		(1,084,231)	1,696,155
Cash and cash equivalents at beginning of year		1 814 603	118 448
Cash and cash equivalents at end of year		730 372	1 814 603
Cash and cash equivalents consist of			
Cash at bank	20	£730,372	£1,814,603

Significant non-cash transactions

There were no significant non-cash transactions in the year The significant non-cash transaction for the year ended 31 July 2012 was the recognition of impairment losses in respect of the company's investments in and balances with its subsidiaries

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2013

1. GENERAL INFORMATION

InfraStrata plc is a company incorporated in England & Wales under the Companies Acts 2006 and is domiciled in the United Kingdom and is listed on the AIM market of the London Stock Exchange

2. ACCOUNTING POLICIES

The financial statements are based on the accounting policies set out below which have been consistently applied The estimates and judgements used in applying these accounting policies are summarised in note 33

Basis of preparation

InfraStrata plc adopted International Financial Reporting Standards (IFRS) as adopted by the European Union effective in July 2013, as the basis for preparation of its financial statements The financial information has been prepared under the historical cost convention as modified by the revaluation of certain financial assets

Going concern

The directors have prepared the financial statements on the going concern basis which assumes that the Group will continue in operational existence for the foreseeable future

The Islandmagee gas storage project, in which InfraStrata plc currently holds a 65% interest, is funded by BPGM Under the terms of a Joint Appraisal Agreement, BPGM agreed to fund the activities necessary to develop the project, including the drilling of the first well, up to the point where a decision can be made on whether to proceed with its detailed engineering design Subsequent to this decision, it is expected that BPGM will exercise its option to acquire 50 495% of Islandmagee Storage Limited, leaving InfraStrata with a 32 18% holding The directors believe that a further disposal of an interest in Islandmagee Storage Limited is the best way of maximising shareholder value by allowing an entity other than InfraStrata plc to develop this project It is expected that such a disposal will provide working capital for the Group and will transfer responsibility for funding future development of the Islandmagee gas storage project to the new shareholder

The Group generally seeks to farmout the costs of exploration on its directly operated licences to manage risk and minimise cash requirements The Group is currently seeking to farmout its current paying interests on exploration licences PL1/10 and P1918 prior to commitment to drilling exploration wells

On 1 June 2012, eCORP agreed to subscribe for US$2 88 million of Portland Gas Limited preference shares over the following two years The funds received to date have enabled the Company to settle existing commitments including lease payments in respect of land at Portland

On 23 September 2013 the Company issued 8,000,000 new ordinary shares of 10 pence each at 10 pence per share to institutional and other shareholders and raised £800,000 before costs The proceeds of the Placing have improved the Company's balance sheet and enable the Company to be flexible about the funding of exploration costs in advance of the completion of the farmout of exploration well costs

After making inquiries and considering all the relevant factors in relation to the Group, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future For this reason, they continue to adopt the going concern basis of accounting in preparing the annual financial statements

Adoption of new and revised standards

At the date of approval of these financial statements, the following Standards and Interpretations which have not yet been applied in these financial statements were in issue but not yet effective (and in some cases, had not yet been adopted by the EU) and that may have an impact going forward

IFRS 9 Financial Instruments Recognition and measurement

IFRS 10 Consolidated Financial Statements
IFRS 11 Joint Arrangements
IFRS 12 Disclosure of Interests in Other Entities
IFRS 13 Fair Value Measurement
IAS 19 Employee benefits
IAS 27 Separate Financial Statements
IAS 28 Investments in Associates and Joint Ventures

The directors anticipate that all of the above standards and interpretations will be adopted in the Group's financial statements in future periods Adoption of these standards is not expected to have a material impact on the Group

Basis of consolidation

The financial information incorporates the financial information of the Company and entities controlled by the Company Control is achieved where the Company has power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities

Business combinations and goodwill

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 the income statement 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 the income statement and is not subsequently reversed

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date and the resulting gain or loss, if any, is recognised in profit or loss in the statement of comprehensive income

Non-controlling interests that are present ownership interests are recognised at the non-controlling interests' proportionate share of the recognised net assets, except that negative non-controlling interests are not recognised where the Group is obliged to bear the non-controlling interest's share of any net liabilities

Oil and gas exploration joint ventures

The Group is engaged in oil and gas exploration and development which may lead to production through unincorporated joint ventures The Group accounts for its share at cost of the results and net assets of these joint ventures as jointly controlled assets based on its percentage ownership of these joint ventures In addition, where the Group acts as operator to the joint venture, the gross liabilities and receivables (including amounts due to and from non-operating partners) of the joint venture are included in the statement of financial position Details of the Group's oil & gas exploration joint ventures accounted for as jointly controlled assets are provided in note 35

Farmouts in the exploration and evaluation phase

The Group does not record any expenditure made by the farminee on its account It also does not recognise any gain or loss on its exploration and evaluation farmout arrangements but redesignates any costs previously capitalised in relation to the whole interest as relating to the partial interest retained Any cash consideration received directly from the farminee is credited against costs previously capitalised in relation to the whole interest with any excess accounted for by the farminor as a gain on disposal

Interests in associates

The Group has interests in associates, which are entities over which the Group has significant influence but not control and which are not joint ventures The Group recognises its interest in associates using equity accounting The financial statements of the associates are prepared for the same reporting year as the parent company, using consistent accounting policies

Disposal groups held-for-sale

Disposal groups are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable They are stated at the lower of carrying amount and fair value less costs to sell if

their carrying amount is to be recovered principally through a sale transaction rather than through continuing use

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker 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 accounting policies of the reportable segments are consistent with the accounting policies of the Group as a whole Segment profit represents the profit earned by each segment without allocation of gains or losses on the disposal of available-for-sale investments, investment income, interest payable and tax This is the measure of profit that is reported to the Board of directors for the purpose of resource allocation and the assessment of segment performance

When assessing segment performance and considering the allocation of resources, the Board of directors review information about segment assets and liabilities

Property plant and equipment

Property plant and equipment is stated at cost less accumulated depreciation and any recognised impairment loss The initial cost of an asset comprises its purchase price or construction cost and any costs directly attributable to bringing the asset into operation

Depreciation is charged so as to write off the cost of assets, over their estimated useful lives, using the straight-line method, once the asset has been brought into use, on the following basis

Office equipment	20-33%
Freehold land	0%

There is no depreciation to charge in respect of capitalised tangible gas storage inclusive of related and pipeline costs as the assets are fully impaired

The carrying values of property plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable

Gas storage research and development costs

Research expenditure, incurred when undertaking exploration activities for gas storage opportunities, is written off in the year in which it is incurred

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 No amortisation or depreciation is provided until the storage facility is brought into commercial 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 balance sheet date Capitalisation of project rental costs are reviewed on a regular basis and expensed when the physical progress on the project is in the directors opinion, significantly less than expected

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

Oil & gas exploration and evaluation expenditure and assets

The Group accounts for oil & gas expenditure under the full cost accounting method

Pre-licence costs (other than payments to acquire rights to explore) are those costs incurred prior to acquiring the rights to explore and are charged directly to the income statement

All costs incurred after the rights to explore an area have been obtained, such as geological, geophysical, data costs and other direct costs of exploration and appraisal are accumulated and capitalised as exploration and evaluation assets ("E&E")

E&E costs are not amortised prior to the conclusion of appraisal activities If technical feasibility is demonstrated and commercial reserves are discovered, then following development sanction, the carrying value of the relevant E&E asset will be reclassified as a development and production asset, but only after the carrying value of the E&E asset has been assessed for impairment, and where appropriate, its carrying value adjusted Development assets will be depreciated on the unit production method

If after completion of appraisal activities in an area, it is not possible to determine technical feasibility or commercial viability, then the costs of such unsuccessful exploration and evaluation are written off to the income statement as a component of costs of sales in the period the relevant events occur The costs associated with any wells which are abandoned are fully amortised when the abandonment decision is taken

When oil or gas is sold from E&E assets, the carrying value of the E&E asset is reduced by the gross profit generated from the sale

Investments

Investments in subsidiaries are stated at cost less provision for impairments

Taxation

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 income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible The Group's liability for current tax is calculated using tax rates that have been enacted or substantially enacted by the balance sheet 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 balance sheet liability method Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised 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 balance sheet 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 income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity

Deferred tax assets and liabilities are offset when 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

Foreign currency

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

Leases

Leases are classified as finance leases or hire purchase lease contracts whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee All other leases are classified as operating 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 income statement 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 the terms of an equity settled award are modified, as a minimum an expense is recognised as if the terms had not been modified In addition, an expense is recognised for any modification which increases the total fair value of the share based payment arrangement, or is otherwise beneficial to the employee as measured at the date of modification

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

Retirement benefit costs

The Company has a defined contribution plan which requires contributions to be made into an independently administered fund The amount charged to the income statement 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 balance sheet

Financial instruments

Financial assets and financial liabilities are recognised on the balance sheet when the Group becomes a party to the contractual provisions of the instrument

Trade and other receivables are measured at initial recognition at fair value and are subsequently measured at amortised cost using the effective interest method A provision is established when there is objective evidence that the Group will not be able to collect all amounts due The amount of any provision is recognised in the income statement Cash and cash equivalents comprise cash held by the Group and short-term bank deposits with an original maturity of three months or less

Trade and other payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method

Financial liabilities and equity instruments issued by the Group are classified in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs

Interest bearing bank loans, overdrafts and other loans are recorded at the proceeds received, net of direct issue costs Finance costs are accounted for on an accruals basis in the income statement using the effective interest method

Available for sale financial assets are those non-derivative financial assets that are designated as available for sale or are not classified as financial assets at fair value through profit and loss, held to maturity investments or loans and receivables After initial recognition available for sale financial assets are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired at which time the cumulative gain or loss previously reported in equity is included in the income statement The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the balance sheet date For investments where there is no active market, fair value is determined using appropriate valuation techniques

Revenue

Revenue is recognised as the fair value of the consideration received or receivable and represents the amounts receivable for services delivered during the normal course of business Revenue is recognised as the services are delivered

Operating activities

The activities of investments controlled by InfraStrata plc are treated as operating activities in the Group financial statements

Finance income

Finance income is recognised when it is probable that the economic benefits will flow to the group and the amount of income can be measured reliably Income is accrued on a time basis, by reference to the principal outstanding and the effective interest rate applicable

3. SEGMENT INFORMATION

The directors have determined the Group's operating segments by reference to the risk profile of the Group's activities, which are affected predominately by location of the Group's assets The Group's head office is located in the United Kingdom with operations located in Dorset and Northern Ireland The segmental businesses activities are the development and construction of gas storage and associated facilities, and petroleum exploration

2013	Dorset		Northern Ireland		Central income and overheads	Total
Continuing activities	Gas Storage	Exploration	Gas Storage	Exploration		
Revenue	49,311	3,421	-	4 327	5,369	62,428
Administrative expenses	(868 440)	-	-	-	(936,342)	(1,804,782)
Share of loss of associates	-	(24 134)	-	(19 728)	-	(43 862)
Finance income	20,248	-	-	-	5,318	25,566
Taxation	247,890	67,298	-	-	-	315,188
	(550 991)	46,585	-	(15 401)	(925 655)	(1,445 462)
Discontinued activities						
Administrative expenses	-	-	*(197 298)	-	-	(197,298)
	(550 991)	46,585	*(197,298)	(15 401)	(925 655)	(1 642 760)
Analysis of						
Assets by segment	882,522	4,811,862	*4 190 267	1,301,803	793,412	11,979,866
Liabilities by segment	(189 829)	(715,212)	*(149,560)	(383 980)	(130,324)	(1,568,905)
Net assets per segment	692,693	4,096,650	*4 040 707	917 823	663,088	10 410 961
Capital expenditure	-	33 394	*724 373	112,735	368	870 870
Depreciation	-	-	-	-	5 865	5 865

* discontinued activities comprise the results, assets and liabilities of Islandmagee Storage Limited which is classified as held for sale as explained in note 21

2012 Continuing activities	Dorset Gas Storage	Dorset Exploration	Northern Ireland Gas Storage	Northern Ireland Exploration	Unallocated	Total
Revenue from services provided to joint venture and associates	150 000	-	-	97 142	6,790	253 932
Administrative expenses	(183 559)	-	-	-	(1 075 647)	(1,259,206)
Share of loss of joint venture	(10 306,395)	-	-	-	-	(10 306 395)
Share of loss of associates	-	(83 354)	-	(91,515)	-	(174 869)
Impairment of interest in joint venture	(10 626 210)	-	-	-	-	(10,626,210)
Gain arising on assuming control of the former joint venture	1,218,334	1,294,146	-	-	-	2 512 480
Finance income	-	-	-	-	2,596	2,596
	(19,747,830)	1,210,792	-	5 627	(1,066,261)	(19,597,672)
Discontinued activities						
Administrative expenses	-	-	*(129,690)	-	-	(129,690)
	(19,747,830)	1,210 792	*(129,690)	5 627	(1,066,261)	(19,727,362)
Analysis of						
Assets of segment	1,846,155	4,721,556	*3,206,003	1,383,048	1,974 265	13 131 027
Liabilities by segment	(567,201)	(773,930)	*(73,032)	-	(765,916)	(2 180,079)
Net assets per segment	1 278,954	3,947,626	*3,132,971	1 383 048	1 208 349	10,950,948
Capital expenditure	-	-	*371,510	34 564	-	406,074
Depreciation	-	-	-	-	7,690	7 690

* discontinued activities comprise the results, assets and liabilities of Islandmagee Storage Limited which is classified as held for sale as explained in note 21

4. PROFIT OR LOSS BEFORE TAXATION

	2013 £	2012 £
Fees payable to the Group s auditor and its associates		
- for the audit of the Company s annual financial statements	18,400	16,000
- for the audit of the Company s subsidiaries	20,300	21,650
- other services relating to taxation	23 000	9 150
- all other services	3,750	6,550
Depreciation	5,865	7,690
Profit on the disposal of intangible assets	(49,945)	-
Net foreign exchange loss/(gain)	46,373	(961)
Operating lease rentals - land and buildings	780 000	180 000
Research costs	10 376	55,791

During the year the company sold a 5% interest in PL1/10 to Brigantes Energy Limited for cash consideration of £150,000 and a carry of 5% of the costs of the initial well The transaction gave rise to a profit on disposal of £49,945 (Company £83,242)

5. EMPLOYEE INFORMATION

	2013 Number	2012 Number
Executive Directors and staff	6	5

	£	£
Staff costs for the above persons and Non-executive Directors were		
Wages and salaries	651 065	698,670
Social security costs	75 178	82 416
Defined contribution pension plan expenditure	35,753	17 925
Share based payments	101 185	11,304
	863,181	810,315

6. DIRECTORS' AND KEY MANAGEMENT EMOLUMENTS AND COMPENSATION

Group and Company 2013	Salary & fees £	Bonus £	Benefits £	Pension £	Total 2013 £
Executive Directors					
Andrew Hindle	250,000*	-	2,610	-	252,610
Craig Gouws	121 800	-	1 815	11,280	134,895
Walter Roberts	79 160	-	4,110	11 280	94 550
Non-executive Directors					
Ken Ratcliff	35,250	-	-	4 395	39 645
Maurice Hazzard	15,000	-	-	125	15,125
William Colvin	15 000	-	-	-	15,000
	516 210		8,535	27 080	551 825
Share based payment attributable to directors					79,033
Employers national insurance contributions					61,863
					692 721

Group and Company 2012	Salary & fees £	Bonus £	Benefits £	Pension £	Total 2012 £
Executive Directors					
Andrew Hindle	279,167*	-	2,358	-	281,525
Craig Gouws	120 000	-	1 674	6,000	127,674
Walter Roberts	123 960	-	3 363	6 000	133 323
Non-executive Directors					
Ken Ratcliff	37,500	-	-	1,875	39,375
Maurice Hazzard	15 000	-	-	750	15,750
William Colvin	15,000	-	-	-	15 000
	590 627	-	7 395	14 625	612 647
Share based payment attributable to directors		-			-
Employers national insurance contributions		-			72,000
					684,647

*Andrew Hindle agreed during the financial year to reduce his cash remuneration for 12 months by the sum of £50,000 (2012 £50,000) and in return he was issued 500,000 (2012 454,545) ordinary shares

The Company moved the company pension plan from Bank of Scotland/Halifax to Scottish Widows during the financial year and in so doing gave pension plan members an opportunity to enter into salary sacrifice in favour of pension contribution agreements

The total of short-term employee benefits for directors was £665,641 (2012 £670,022)

The directors are considered to be the Group's key management

6. DIRECTORS' AND KEY MANAGEMENT EMOLUMENTS AND COMPENSATION (CONTINUED)

Aggregate emoluments above include amounts for the value of options to acquire ordinary shares in the Company granted or held by directors Details of Enterprise Management Incentive and other options granted on 1 January 2013 and 25 January 2008 are as follows

1 January 2013	Number	Exercise price £	Exercise from	Exercisable to
Executive Directors				
Andrew Hindle	956,022	0 1046	31 December 2013	31 December 2021
Craig Gouws	458 891	0 1046	31 December 2013	31 December 2021
Walter Roberts	458 891	0 1046	31 December 2013	31 December 2021
Non-executive Directors				
Ken Ratcliff	143,403	0 1046	31 December 2013	31 December 2021
William Colvin	57,361	0 1046	31 December 2013	31 December 2021
Maurice Hazzard	57,361	0 1046	31 December 2013	31 December 2021
25 January 2008				
Executive Directors				
Andrew Hindle	43 859	2 28	1 January 2011	31 December 2017
Craig Gouws	43 859	2 28	1 January 2011	31 December 2017
Walter Roberts	43 859	2 28	1 January 2011	31 December 2017
Non-executive Directors				
Ken Ratcliff	21,929	2 28	1 January 2011	31 December 2017
Maurice Hazzard	21,929	2 28	1 January 2011	31 December 2017

No options were exercised by directors in 2013 or 2012

Key man insurance premiums of £1,940 (2012 £1,927) were paid for Executive Directors and directors' indemnity insurance premiums of £19,425 (2012 £23,479) were paid in respect of all directors Two Executive and one Non-executive Directors participate in the Group Stakeholder Pension Plan under which Group Life Cover is offered

7. 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 are Enterprise Management Incentive share options for qualifying employees

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

	2013 Number	2013 WAEP £	2012 Number	2012 WAEP £
Outstanding at the beginning of the year	352,407	1 50	352,407	1 50
Granted during the year	3 284 760	0 1046	-	-
Forfeited during the year	-	-	-	-
Outstanding at the end of the year	3,637,167	0 2415	352 407	1 50
Exercisable at the end of the year	352,407	1 50	352,407	1 50

The weighted average remaining vesting period for the share options outstanding at 31 July 2013 is 0 47 years (2012 0 06 years) The range of exercise prices for options outstanding at the end of the year was £0 10 - £2 28 The weighted average remaining option life for the share options outstanding at 31 July 2013 is 8 years (2012 7 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 The following table lists the inputs to the model used to value the options issued in 2013

	2013
Expected volatility (%)	35%
Risk free interest rate	0 5%
Weighted average contractual life of option (years)	10
Expected dividend yield	Nil
Exercise price of options (£)	0 10 - 0 14
Weighted average share price (£)	0 1061

The expected volatility reflects the assumption that the historical volatility of a sample of oil and gas companies is indicative of future trends for InfraStrata plc, which may not necessarily be the actual outcome The expected life of the options is based on directors' best estimate and may not necessarily be indicative of the patterns that may occur

8. RETIREMENT BENEFITS

The Group operates a defined contribution retirement plan for all qualifying employees who wish to participate The assets of the scheme are held separately from those of the Group in funds under the control of independent trustees

The total cost charged to expenses of £35,753 (2012 £17,925) represents contributions payable to the scheme by the Group at rates specified in the rules of the scheme for the year As at 31 July 2013, employer and employee contributions of £5,758 (2012 £3,295) due in respect of the current period had not been paid over to the scheme, the payment was made on the 30 August 2013 (2012 10 August 2012)

9. FINANCE INCOME

	2013 £	2012 £
Interest on bank deposits	5 318	2,596
Unwinding of discount on other financials assets	20 248	-
	25,566	2 596

10. INCOME TAX

The major components of income tax expense for the years ended 31 July 2013 and 2012 are

	2013 £	2012 £
a) Income tax recognised in profit or loss		
Current income tax charge / (credit)	-	-
Adjustments in respect of current income tax of previous years	-	-
Total current corporation tax	-	-
Deferred tax charge / (credit)		
- origination and reversal of timing differences	(247,888)	-
- change of rate of tax	(67,300)	-
Total current deferred tax	(315 188)	-
b) A reconciliation between tax expense and the product of accounting loss from continuing operations for the years ended 31 July 2013 and 2012 is as follows		
Accounting loss before tax from continuing operations	(1 760,650)	(19,597 672)
Loss on continuing activities multiplied by the standard rate of tax (23 67%, 2012 25 33%)	(416 687)	(4 996 941)
Expenses not permitted for tax purposes and pre-trading expenditure	25 335	4,500,328
Other timing differences	-	-
Tax losses carried forward	391,352	496,613
Income tax expense reported in the profit or loss relating to continuing operations	-	-
A reconciliation between tax expense and the product of accounting profit / (loss) for discontinued operations for the years ended 31 July 2013 and 2012 is as follows		
Accounting (loss) / profit before tax from discontinued operations	(197,298)	(129 690)
(Loss) / profit on discontinued activities multiplied by the standard rate of tax 23 67% (2012 25 33%)	(46 694)	(32 850)
Expenses not permitted for tax purposes and pre-trading expenditure	46,694	32,850
Non-taxable income	-	-
Income tax expense reported in the profit or loss relating to discontinued operations	-	-

c) Factors that may affect the future tax charge

The Group has trading losses of £4,003,757 (2012 £1,573,810) which may reduce future tax charges Future tax charges may also be reduced by capital allowances on cumulative capital expenditure

The Government has announced a reduction in the corporation rate to 21% to be in force for 2013/14 which has been substantively enacted

The Group's potential charge to tax arising from its investments in the associates is dependent on the source of future inflows to the Group Inflows arising from the partial or complete disposal by way of sale are not expected to be subject to tax The Group has no current expectation of receiving distributions of profits from these investments in the foreseeable future and therefore no deferred tax liability arises

11. DISCONTINUED OPERATIONS

	2013 £	2012 £
Revenue	-	-
Net operating costs	(197 298)	(129 690)
(Loss) before tax	(197 298)	(129,690)
Tax charge (note 10)	-	-
(Loss) after tax	(197,298)	(129 690)

Details of the discontinued operations are given in note 21

12. EARNINGS PER SHARE

	2013 £	2012 £
(Loss)/profit		
The (loss) for the purposes of basic and diluted loss per share being the net loss attributable to equity shareholders		
Continuing operations	(1,445,462)	(19 597 672)
Discontinued operations	(197,298)	(129 690)
Continuing and discontinued operations	(1 642 760)	(19,727,362)
Number of shares		
Weighted average number of ordinary shares for the purposes of basic earnings per share	91,055,983	84 122 359
Basic and diluted earnings per share		
Continuing operations	(1 59)p	(23 30)p
Discontinued operations	(0 22)p	(0 15)p
Continuing and discontinued operations	(1 81)p	(23 45)p

For 2013 and 2012, the share options were not dilutive as a loss was incurred

13. LOSSES ATTRIBUTABLE TO INFRASTRATA PLC

The loss for the period dealt with in the financial statements of InfraStrata plc was £568,231 (2012 £23,795,297) As provided by s408 of the Companies Act 2006, no income statement is presented in respect of InfraStrata plc

14. INTANGIBLE ASSETS - EXPLORATION & EVALUATION

	Group €	Company €
Cost		
At 1 August 2011	-	-
Additions	34,564	34,564
Arising on acquisition	3,364,909	-
At 1 August 2012	3,399,473	34,564
Additions	146,128	146 128
Disposals	(66 758)	(66 758)
At 31 July 2013	3,478,843	113 934
Net book value		
At 31 July 2013	3 478,843	113,934

15. PLANT AND EQUIPMENT - GROUP

Office equipment	2013 €	2012 €
Cost		
At 1 August	87,028	87 028
Additions	368	-
Disposals	(4 502)	-
At 31 July	82,894	87 028
Depreciation		
At 1 August	79 557	71 867
Charge for the year	5,865	7,690
Disposals	(4 502)	-
At 31 July	80 920	79 557
Net book value		
At 31 July	1 974	7 471

15. PLANT AND EQUIPMENT - COMPANY

Office equipment	2013 £	2012 £
Cost		
At 1 August	17,380	17 380
Additions	368	-
At 31 July	17,748	17,380
Depreciation		
At 1 August	10,227	3,358
Charge for the year	5,547	6 869
At 31 July	15 774	10 227
Net book value		
At 31 July	1,974	7,153

16. INVESTMENTS

Group	2013 £	2012 £
Investment in associates		
At 1 August	2,705,131	2,880,000
Elimination of inter-company profit	(33 296)	-
Share of losses	(43 862)	(174 869)
At 31 July	2,627,973	2,705,131
Total investments at the end of the year	2,627,973	2,705,131

The Group has 40% interests (2012 40%) in both of Corfe Energy Limited and Brigantes Energy Limited which are involved in hydrocarbon exploration The associates are private companies, incorporated in England and Wales and are not listed on any public exchanges

16. INVESTMENTS (CONTINUED)

The following table summarises the Group's share of the assets and liabilities of each of these associates as recorded in each associates' audited financial statements made up to 31 July 2013 and after making adjustments to align the accounting policies of the associates with those of the Group

Corte Energy Limited	2013 £	2012 £
Long-term asset	613 276	32,320
Current assets	215 101	781 356
Current liability	(10,392)	(10,012)
Long-term liability	(1 210)	(1 210)
Group s share of net assets of associates	816,775	802,454

Brigantes Energy Limited	2013 £	2012 £
Long-term asset	510 813	376 234
Current assets	319,835	428,412
Current liability	(7,411)	(7,335)
Long-term liability	(1 210)	(1 210)
Group s share of net assets of associates	822 027	796 101

The revenue and net loss of each of these associates as recorded in each associates' audited financial statements made up to 31 July 2013 and after making adjustments to align the accounting policies of the associates with those of the Group

Corte Energy Limited	2013 £	2012 £
Revenue	96,052	69,491
Total loss for the year	70 073	63,864
Group s share of losses	24,134	83,354
Group s share of other comprehensive income	-	-

Brigantes Energy Limited	2013 £	2012 £
Revenue	96,296	69,491
Total loss for the year	55 006	60 653
Group s share of losses	19 728	91 515
Group s share of other comprehensive income	-	-

16. INVESTMENTS (CONTINUED)

Joint Venture - Portland Gas Limited

In June 2012 the Group restructured its ownership of Portland Gas Limited by acquiring the 50% interest in Portland Gas Limited which had been held by eCORP Portland Gas Limited fully impaired its investment in the Portland project prior to the restructuring and the Group's share of the impairment charge and other losses was £10,306,395 The Group's investment in the joint venture was then subject to an impairment review and as a result an impairment loss of £10,626,210 was recognised A gain of £2,512,480 arose on assuming control of the former Joint Venture due to the net assets acquired having a higher fair value than the fair value of the Group's 50% interest in the ordinary share capital of Portland Gas Limited immediately prior to the restructuring

Company	2013 £	2012 £
Cost		
Balance at 1 August	15 247 611	15 249 611
Additions	-	-
Disposals	-	(2,000)
Balance at 31 July	15,247,611	15,247 611
Impairment		
Balance at 1 August	(15,247,011)	-
Charge for the year	-	(15 247 011)
Balance at 31 July	(15,247 011)	(15,247 011)
Net book value		
Balance at 31 July	600	600

Subsidiaries

The Company's subsidiary undertakings at 31 July 2013, all of which are wholly owned unless indicated otherwise, are as follows

	Principal undertaking	Country of incorporation
InfraStrata UK Limited	Holding and corporate	England
InfraStrata UK Limited owns the following subsidiary undertakings		
Islandmagee Storage Limited (65% owned)	Sub surface gas storage developer	Northern Ireland
Portland Gas Limited	Holding company	England
Portland Gas Storage Limited	Sub surface gas storage developer	England
Portland Gas Transportation Limited	Gas storage pipeline developer	England

Under the terms of a preliminary shareholder agreement entered into by InfraStrata UK Limited and Moyle in January 2010, Moyle acquired a 35% interest in Islandmagee Storage Limited but InfraStrata UK Limited continues to assume one hundred percent of the risks and rewards of ownership of Islandmagee Storage Limited (including voting rights) until such time as Moyle settles its share of the intercompany loan to Islandmagee Storage Limited Therefore InfraStrata plc includes 100% of the results, assets and liabilities of Islandmagee Storage Limited in its financial statements and these are classified as held for sale as detailed in note 21

The Company impaired its investment in InfraStrata UK Limited investment and loan receivable from InfraStrata UK Limited by £nil (2012 £15,247,011) and £nil (2012 £7,894,673) respectively during the year The impairments in 2012 followed the impairment of the Portland Gas Limited project

16. INVESTMENTS (CONTINUED)

Investment in associates - Company	2013 £	2012 £
Balance at beginning and end of the year	600	600

The company owns 40% (2012 40%) of the issued share capital of the following companies, both of which are incorporated in England and are involved in oil and gas exploration

Corfe Energy Limited
Brigantes Energy Limited

17. NON-CURRENT RECEIVABLES

	Group 2013 £	Group 2012 £
Other receivables	-	768,102
	-	768 102

The non-current receivables were amounts due from eCORP The receivable is denominated in United States dollars and is now entirely categorised as a current receivable The fair value of the non-current receivable is £nil (2012 £768,102)

18. TRADE AND OTHER RECEIVABLES

	Group 2013 £	Group 2012 £	Company 2013 £	Company 2012 £
Amounts due from Group undertakings	-	-	3,791,796	3 478,924
Trade receivables	20 149	107 829	38,159	107,629
Other receivables	841,561	970 449	-	1,205
Prepayments	31,853	35 867	31,747	35 760
	893 563	1 114 145	3,861,702	3,623 518

An element of the Company and Group's credit risk is attributable to its trade and other receivables Based on prior experience and an assessment of the current economic environment, the directors did not consider any provision for irrecoverable amounts was required and consider that the carrying amounts of these assets approximates to their fair value

19. AVAILABLE FOR SALE FINANCIAL ASSETS

	Group 2013 £	Group 2012 £	Company 2013 £	Company 2012 £
At 1 August	12,500	12 500	12,500	12,500
At 31 July	12,500	12,500	12,500	12 500

The investment in securities above represents an investment in Egdon Resources plc redeemable preference shares The assets are held at cost as an approximation of fair value These are the only financial assets which the Group and Company are required to carry at fair value

20. CASH AND CASH EQUIVALENTS

	Group 2013 £	Group 2012 £	Company 2013 £	Company 2012 £
Cash at bank	774,745	1,918,201	730,372	1,814,603

The directors consider that the carrying amount of these assets approximates their fair value The credit risk on liquid funds is limited because the counter-parties are banks with high credit ratings

21. ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (DISPOSAL GROUP)

In January 2012 the Company together with Moyle entered into an agreement with BPGM regarding the acquisition of an equity interest in Islandmagee Storage Limited owned by InfraStrata plc (65%) and Moyle (35%) Under the agreements, the equity interest will arise through the issue of shares by Islandmagee Storage Limited rather than the sale of equity by the Group and the majority of the proceeds from the issue of equity will be retained in Islandmagee Storage Limited to fund project development

Islandmagee Storage Limited continues to be classified as held for sale as, in the opinion of the directors, it is highly probable that BPGM will exercise its option and the delay in the disposal is due to events outside the control of the Company BPGM's option will be triggered following the drilling of a well which is to be funded by BPGM under a Joint Appraisal Agreement The drilling of the well is subject to certain conditions precedent including confirmation of the gas infrastructure tariffing regime under which the project will operate This confirmation is an inter-jurisdictional regulatory decision which has been delayed and is out with the Company's control Whilst there can be no guarantee that there will be no further delays, the directors currently expect that the well will be drilled in 2014, thereby triggering the vesting of the option and thereby leading to Islandmagee Storage Limited ceasing to be a subsidiary

Whilst the assets held for sale are classified as current assets, due to the nature of the arrangements described above, the Group does not expect to receive cash inflows equivalent to, or in excess of, the book value of the assets so classified The measurement basis is the carrying amount

Assets classified as held for sale	**2013 £**	**2012 £**
Freehold land	440,100	440 100
Intangible assets - gas storage development costs	3,386,145	2,631 755
Trade and other receivables	190 730	64 772
Cash and cash equivalents	173 292	69,376
	4,190,267	**3,206,003**

Liabilities classified as held for sale	**2013 £**	**2012 £**
Current liabilities		
Trade creditors	102,741	69 518
Accruals	46,819	3 514
	149,560	**73,032**

At 31 July 2013 BPGM has paid an amount of £1,427,277 to Islandmagee Storage Limited in relation to their option to acquire an interest in that Company and this amount is classified as a non-controlling interest in the Group's balance sheet

22. TRADE AND OTHER PAYABLES

	Group 2013 £	Group 2012 £	Company 2013 £	Company 2012 £
Trade creditors	424,669	818 782	408,963	794,267
Preference shares (note 25)	12,500	12,500	12 500	12 500
Other taxation and social security	28 231	18 137	28,231	17,126
Accruals	67,836	56,331	54 132	34,743
	533,236	905 750	503,826	858,636

The directors consider that the carrying amount of trade and other payables approximates to their fair value

23. DEFERRED TAX

	Group 2013 £	Group 2012 £
Deferred income tax liabilities in relation to		
Intangible assets (recovered in more than 12 months)	706,630	773 929
Financial assets (recovered within 12 months)	179,478	427,367
	886,108	1,201,296

The gross movement on the deferred tax account is as follows

	Group 2013 £	Group 2012 £
At 1 August	1 201 296	-
Acquisition of subsidiary (note 16)	-	1,201 296
Credited to the statement of comprehensive income	(315,188)	-
At 31 July	886 108	1 201 296
Current element	179,478	-
Non-current element	706 630	1 201,296
	886,108	1 201 296

Deferred tax has been calculated at rates of 21% - 23%, which are the rates which have been substantively enacted and which are expected to be applicable when the underlying assets are forecast to be recovered

The Government has announced that the UK Corporate tax rates will be reduced to 20%, but this has yet to be enacted, had this rate been enacted then the liability would have been £852,460

24. FINANCIAL ASSETS AND LIABILITIES

The Group and Company's financial instruments comprise financial assets, cash and cash equivalents and items such as trade payables and other receivables which arise directly from the Group's operations The Group's operations expose it to a variety of financial risks including credit risk, liquidity risk, interest rate risk and foreign currency exchange 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 department The Group is also indirectly exposed to risks arising from its interests in its associates The Group is not required to give detailed information relating to these risks

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 and more than one institution is utilised to deposit cash holdings The Group held funds in the Bank of Scotland, Investec, Northern Rock and Lloyds TSB bank accounts during the last two years, at year end all of the funds were held in Bank of Scotland and Investec accounts In the directors' view there is a low risk of one of the banks holding the Groups funds at year end failing in the foreseeable future As at 31 July 2013, the Group is also exposed to the credit risk in relation to the eCORP receivable of £780,341 (2012 £1,706,592), which is payable over 10 months

The carrying amount of financial assets represents the maximum credit exposure The maximum exposure to credit risk at the reporting date was

	Group 2013 £	Group 2012 £	Company 2013 £	Company 2012 £
Non-current receivables	-	784,314	-	-
Trade and other receivables	800 490	1 101,820	38 159	107,629
Cash and cash equivalents	774 745	1,918,201	730,372	1,814,603

The reconciling item between non-current receivables as shown above and as presented in note 17 is the discount to fair value The reconciling items between the trade and other receivables presented above and that presented in note 18 and 21 are VAT receivable, prepayments and the discount to fair value No receivables are past due but not impaired

Interest rate risk

The Company and Group is exposed to interest rate risk as a result of positive cash balances, denominated in sterling, which earn interest at a variable rate These attract interest at rates that vary with bank interest rates Cash at bank at floating rates consisted of money market deposits which earn interest at rates set in advance from periods of 1-3 months by reference to Sterling LIBOR 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 £7,303 (2012 £18,146)

Foreign currency risk

The Group is exposed to foreign currency rate risk as a result of the eCORP receivable, which is denominated in United States dollars and, for 2012, certain trade payables, which are settled in Euros During the year the Group and Company did not enter into any arrangements to hedge these risks, as the directors did not consider the exposure to be significant given the short term nature of the balances The Group and Company will review this policy as appropriate in the future As at 31 July 2013, if the United States dollar had weakened or strengthened 10% against sterling with all other variables held constant, the Group's net loss and equity would have decreased or increased by £71,038 (2012 £267,593)

The currency risk disclosures at 31 July 2013 are as follows

	USD	Euro
Current accounts receivable	£780,341	-

24. FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

The currency risk disclosures at 31 July 2012 are as follows

	USD	Euro
Accounts payable	-	£6 145
Non-current accounts receivable	£768,102	-
Current accounts receivable	£938,491	-

The book value of financial assets and liabilities disclosed is considered to be equal to fair value

Liquidity risk
The Group and Company policy is to actively maintain a mixture of long-term and short-term deposits that are designed to ensure it has sufficient available funds for operations The total carrying value of Group and Company financial liabilities is disclosed in notes 21 (assets held for sale and discontinued operations) and 22 (trade and other payables) The Company issues share capital when external funds are required The reconciling items between the contractual maturities presented below and that presented in notes 21 and 22 are taxes 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 2013 £	Group 2012 £	Company 2013 £	Company 2012 £
Within one month	275,309	951,439	96,341	826,953
More than one month less than one year	366,755	-	366,755	-

25. SHARE CAPITAL AND REDEEMABLE PREFERENCE SHARES

	Allotted, called up, and fully paid	
	Number	£
Ordinary share capital		
At 31 July 2011		
- Ordinary shares of 10 pence each	78,264,326	7,826,433
Issue 10 pence ordinary shares	12,727,273	1,272,727
At 31 July 2012		
- Ordinary shares of 10 pence each	90 991,599	9,099,160
Issue 10 pence ordinary shares	500,000	50 000
At 31 July 2013		
- Ordinary shares of 10 pence each	91,491,599	9,149,160
Redeemable preference shares of £1 each (classified as liabilities)	**Allotted and part called**	
At 31 July 2013, 2012 and 2011	50,000	12 500

On 14 June 2013 the Company issued 500,000 new ordinary shares of 10 pence each at 10 pence per share to Andrew Hindle in terms of a salary sacrifice agreement to conserve £50,000 of the Company cash resources Following the Placing, the Company has 91,491,599 ordinary shares in issue

Preference shares

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

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

26. MERGER RESERVE

Company

The merger reserve arose on the demerger of the Portland Gas Group of companies from Egdon Resources Plc when the Company issued shares at a premium to their nominal value on acquisition of InfraStrata UK Limited The reserve is not distributable

Group

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

27. SHARE BASED PAYMENT RESERVE

The reserve for share based payments is used to record the value of equity settled share based payments awarded to employees and transfers out of this reserve are made upon the exercise or expiration of the share awards

The transfer in of £101,185 (2012 £11,304) relates to the share option expense for the year There were no options forfeited or exercised during the year (2012 £nil) For further information on the share based payment scheme see note 7

28. NON-CONTROLLING INTEREST

BPGM has paid an amount of £1,427,277 to Islandmagee Storage Limited in relation to their option to acquire an interest in that company Should BPGM exercise its option, this amount will form part of the consideration for the equity issued to BPGM

29. CASH (USED IN) OPERATIONS

Group	2013 £	2012 £
Operating loss for the year from continuing operations	(1 742 354)	(1 005 274)
Depreciation	5,865	7,690
Exchange differences on eCORP debtor	46,890	-
Decrease/(increase) in trade and other receivables	62,432	(191,990)
(Decrease)/increase in trade and other payables	(372 514)	801,592
Share option expense	101 185	11 304
Shares issued in lieu of salary or bonus	50,000	50,000
Profit on sale of assets	(49,945)	-
Cash (used in) discontinued operations	(350,643)	(96,737)
Cash (used in) continuing and discontinued operations	(2,249,084)	(423,415)

Cash flows arising from discontinued activities Group	2013 £	2012 £
Cash (used in) discontinued operations	(350 643)	(96,737)
Investing activities	(754,390)	(371,510)
Financing activities	951,588	475,689

Cash (used in)/from operations Company	2013 £	2012 £
Operating loss for the year	(573,476)	(23,793,664)
Depreciation	5,547	6,869
(Increase)/decrease in trade and other receivables	(238 183)	8 142,456
(Decrease)/increase in trade and other payables	(354 810)	721 110
Share option expense	101,185	11,304
Shares issued in lieu of salary or bonus	50,000	50,000
Profit on sale of assets	(83,242)	-
Impairment of investment in subsidiaries	-	15,247,011
Cash (used in)/generated from operations	(1,092 979)	385,086

30. OPERATING LEASE COMMITMENTS

Future minimum rentals payable under non-cancellable operating leases as at 31 July are as follows

	Land and buildings 2013 £	Land and buildings 2012 £
Amounts due		
Within one year	15,000	765,000

Operating lease payments represent rentals payable by the Group for office premises and land which is for the purposes of gas storage facility development

The office premises lease rentals are fixed for 5 years and the escalation clause is linked to market rates agreed between the landlord and tenant The lease provides for a break clause at the fifth anniversary of the lease which was on 30 October 2012, exercisable at the Company's option The landlord and the Company agreed on 16 May 2012 that there will be no rent review and that either party may terminate the lease at any time on or after 30 October 2012 by serving six months written notice

During the year, the Portland Gas Storage leases were terminated

31. OTHER COMMITMENTS

Portland Gas Storage Limited entered into a Section 106 deed of agreement relating to the development of the gas storage facility on the Isle of Portland on 13 June 2012 which supersedes the original deed of agreement dated 17 June 2008

On first material operation of the development of the gas storage facility gas pipeline block value at Osmington, Dorset, Portland Gas Storage Limited covenants

- To work with the Portland Gas Trust to complete the Engine Shed refurbishment at a cost of approximately £2,000,000
- On completion of the Engine Shed to pay to the Portland Gas Trust a sum of £100,000 per annum for a period of not less than twenty years
- To pay to the Portland Gas Trust a sum of not less than £350,000 to fund projects on the gas storage pipeline route and Portland

32. RELATED PARTY TRANSACTIONS

InfraStrata plc leases the Group's head office from Toffee Limited, a company of which Andrew Hindle is a director and shareholder A fair market rent paid during the period was £45,000 (2012 £45,000) The balance outstanding at 31 July 2013 was £nil (2012 £nil)

The Group has related party relationships with its associates and joint ventures in the course of normal operations The Group recovered overhead and technical support costs from its joint venture of £nil (2012 £161,856) Amounts owed by associates at 31 July 2013 were £nil (2012 £nil) and amounts owed to associates at 31 July 2013 were £600 (2012 £600)

Company

The Company has related party relationships with its subsidiaries, associates and joint ventures in the course of normal operations

InfraStrata plc recovered overhead and technical support costs from InfraStrata UK Limited of £184,560 (2012 £177,242), Portland Gas Storage Limited of £180,000 (2012 £35,746) and Islandmagee Storage Limited of £184,465 (2012 £123,282)

The balances outstanding at 31 July 2013, which are not secured, are provided in the following table

32. RELATED PARTY TRANSACTIONS (CONTINUED)

Related party	Amounts owed by related parties £	Amounts owed to related parties £
Subsidiary		
InfraStrata UK Limited	10,878 289	-
Portland Gas Storage Limited	72 289	-
Islandmagee Storage Limited	735,901	-
Associates		
Corfe Energy Limited	-	300
Brigantes Energy Limited	3 122	300

The balances outstanding at 31 July 2012, which are not secured, are provided in the following table

Related party	Amounts owed by related parties £	Amounts owed to related parties £
Subsidiary		
InfraStrata UK Limited	10,687 534	-
Portland Gas Storage Limited	102 247	
Islandmagee Storage Limited	583,818	-
Associates		
Corfe Energy Limited	-	300
Brigantes Energy Limited	-	300

The amounts due from Group undertakings in note 18 are stated net of an impairment provision of £8,248,775 (2012 £8,248,775) relating to Infrastrata UK Limited

33. 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

Capitalisation of project costs

The assessment of whether costs incurred on project exploration and evaluation should be capitalised or expensed involves judgement Any expenditure which is considered to relate to gas storage exploration research activities or 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 rights to explore an area have been obtained, the rock mechanical properties of the halite, the availability of a suitable site for construction of the required facilities and the likelihood of gaining the relevant permissions

Review of project asset carrying values

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% 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 Project life of 40 years It is assumed that 100% of a project's capacity will be sold from the date that the capacity becomes operational, therefore no cash flow growth is used when performing cash flow projections

Impairments of exploration and evaluation assets

IFRS 6 requires that exploration and evaluation assets be assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount Management therefore consider annually whether there are any such facts and circumstances and, if so, undertake an impairment review In making the initial judgements, management consider the outcome of exploration and evaluation activities to date and, in particular, data from any seismic surveys and drilling activities Management also consider the continuity of the license interests and market data, including oil and gas prices

Where an impairment test is required, a comparison is made between the carrying value of the assets at the reporting date with the expected discounted cash flow from the Group's license interest For the discounted cash flows to be calculated, management use production profiles based on its best estimate of reserves and a range of assumptions, including oil/gas prices and discount rates

Share based payments

The estimation of share based payment costs requires the selection of an appropriate valuation model and consideration as to the inputs necessary for the valuation model chosen The Group has made estimates as to the volatility of its own shares, the probable life of options granted, and the time of exercise of those options The model used by the Group is the Black-Scholes model The key assumptions are detailed in note 7

Investments in associates

In order to establish whether an entity is a consolidated subsidiary, a joint venture or an associate, key areas of judgment include

- Quantitative analysis of an entity including review of, amongst other factors, its capital structure, contractual terms, which interests create or absorb variability, related party relationships and design of the entity
- Rights of partners reflecting significant business decisions, including dispositions and acquisitions of assets
- Board and management representation
- Ability to make financing decisions
- Operating and capital budget approvals and contractual rights of other parties

Identification of assets and liabilities arising on a business combination

Management are required to identify the assets and liabilities arising on a business combination, having regard to contractual rights and obligations and whether cash flows are expected to arise from such rights and obligations

Fair values

Management are required to assess the fair value of assets and liabilities acquired on business combinations As part of this assessment management considers

- Third party disposals or acquisitions of the asset or liability (or part thereof)
- In respect of assets, any costs avoided as a result of owning the asset
- Expected future discounted cash flows

34. GUARANTEE

The Company previously guaranteed the lease payments to be made by Portland Gas Storage Limited to Portland Port Limited The leases were terminated during the year The financial commitment under this guarantee at 31 July 2013 is £nil (2012 £750,000)

35. JOINTLY CONTROLLED OIL & GAS EXPLORATION ACTIVITIES

Group and Company

Country	Licence	Field name	Operator	Net interest
Northern Ireland	PL1/10	Larne-Lough Neagh Basin	InfraStrata	43%
England	P1918	English Channel	InfraStrata	78%

The Company has entered into agreements with partners whereby the Company's share of initial exploration costs on PL1/10 are largely covered by the partners, therefore the company has incurred net expenditure to the extent of £146,128 (2012 £34,564) in developing its share of the assets

36. EVENTS AFTER THE REPORTING PERIOD

On the 23 September 2013 the Company issued 8,000,000 new ordinary shares of 10 pence each at 10 pence per share to institutional and other shareholders and raised £800,000 before costs Following the Placing, the Company has 99,491,599 ordinary shares in issue

37. CONTROL OF THE GROUP

There is no ultimate controlling party of InfraStrata plc

LETTER FROM THE CHAIRMAN WITH NOTICE OF ANNUAL GENERAL MEETING

Directors
Kenneth Ratcliff (Non-executive Chairman)
Andrew Hindle (Chief Executive Officer)
Stewart McGarrity (Finance Director)
Walter Roberts (Legal and Commercial Director)
William Colvin (Non-executive Director)
Maurice Hazzard (Non-executive Director)

Registered Office
Blackstable House
Longridge
Sheepscombe
Stroud
GL6 7QX

2 December 2013

Dear Shareholder,

1. Introduction

Notice of the Company's forthcoming annual general meeting to be held on Tuesday 21 January 2014 ("AGM" or "Annual General Meeting") appears on the following pages

As in previous years your Board is not recommending the payment of a dividend

2 Resolutions to be proposed at the AGM

Annual Report and Accounts (Resolution 1)

A copy of the annual report and accounts (together with the Directors' and Auditors' reports on the annual report and accounts) for the Company for the financial year ended 31 July 2013 (the "Accounts") has been sent to you with this document Shareholders will be asked to receive the Accounts at the Annual General Meeting

Re-appointment of Auditors (Resolution 2)

The Company is required at each general meeting at which accounts are presented to appoint auditors to hold office until the next such meeting Nexia Smith & Williamson Audit Limited have indicated their willingness to continue in office Accordingly, Resolution 2 proposes their re-appointment as auditors of the Company to hold office from the conclusion of the Annual General Meeting until the conclusion of the next annual general meeting of the Company at which Accounts are laid, and authorises the Directors to determine their remuneration

Retirement by Directors (Resolutions 3 to 5)

Stewart McGarrity who was appointed as Finance Director on 25 September 2013, retires as required and offers himself for re-election Andrew Hindle and William Colvin are the Directors retiring by rotation this year and each offers himself for re-election All members of the Board are required to submit themselves for re-election at least once every three years Brief biographical details of each of the Directors appear on page 17 of the Accounts

Authority of Directors to Allot Shares (Resolution 6)

The authority given to the Directors to allot further shares in the capital of the Company requires the prior authorisation of the shareholders in general meeting under section 551 Companies Act 2006 Upon the passing of Resolution 6, pursuant to paragraph (A) of the Resolution, the Directors will have authority to allot shares up to a maximum of £3,316,386 which is approximately one third of the current issued share capital as at 2 December 2013, being the latest practicable date before the publication of this Letter This authority will expire immediately following the next annual general meeting or, if earlier, six months following the date to which the Company's next annual report and accounts are made up

In addition, in accordance with the guidance from the Association of British Insurers ("ABI") on the expectations of institutional investors in relation to the authority of directors to allot shares, upon the passing of Resolution 6, the Directors will have authority (pursuant to paragraph (B) of the Resolution) to allot an additional number of ordinary shares up to a maximum of £3,316,386, which is approximately a further third of the current issued ordinary share capital as at 2 December 2013, being the latest practical date before the publication of this Letter However, the Directors will only be able to allot those shares for the purposes of a rights issue in which the new shares are offered to existing shareholders in proportion to their existing shareholdings This authority will also expire immediately following the next annual general meeting or, if earlier, six months following the date to which the Company's next annual report and accounts are made up to

As a result, if Resolution 6 is passed, the Directors could allot shares representing up to two-thirds of the current issued share capital pursuant to a rights issue

Disapplication of Pre-emption Rights (Resolution 7)

If the Directors wish to exercise the authority under Resolution 6 and offer unissued shares (or sell any shares which the Company may purchase and elect to hold as treasury shares) for cash, the Companies Act 2006 requires that unless shareholders have given specific authority for the waiver of the statutory pre-emption rights, the new shares be offered first to existing shareholders in proportion to their existing shareholdings In certain circumstances, it may be in the best interests of the Company to allot new shares (or to grant rights over shares) for cash without first offering them to existing shareholders in proportions to their holdings

Resolution 7 would authorise the Directors to do this by allowing the Directors to allot shares for cash (i) by way of a rights issue (subject to certain exclusions), (ii) by way of an open offer or other offer of securities (not being a rights issue) in favour of existing shareholders in proportions to their shareholdings (subject to certain exclusions) and (iii) to persons other than existing shareholders up to an aggregate nominal value of £1,989,832 which is equivalent to 20 per cent of the issued share capital of the Company on 2 December 2013, being the latest practicable date prior to the publication of this Letter If given, the authority will expire on the conclusion of the next annual general meeting or, if earlier, six months following the date to which the Company's next annual reports and accounts are made up

For this purpose the ABI recommendation for companies on the LSE main list is 5% although it is generally recognised that for smaller companies and those on AIM this may be too constrictive The nature of our business and the critical phase of so many of the projects in which we are involved, which can both be expected to require up-front investment and can take a long time to fully develop means that your Board considers 5% to be insufficient Consequently I would ask that you approve a 20% disapplication of pre-emption rights to provide your Board with the flexibility to pursue such opportunities without incurring the costs of a rights issue or the need to market part of the investment opportunity to third parties

3. Recommendation

Your Directors consider the Resolutions to be proposed at the AGM to be in the best interests of the Company and its shareholders as a whole Consequently, the Directors recommend shareholders to vote in favour of the Resolutions as they intend to do in respect of their own beneficial holdings totalling 8,951,055 ordinary shares (representing 8 99 per cent of the Company's issued share capital as at the date of this Letter)

A form of proxy is included for use at the AGM Forms of proxy should be completed, signed and returned as soon as possible and in any event so as to be received by Capita Asset Services at The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU not less than 48 hours prior to the time appointed for the holding of the AGM on 21 January 2014

Completion of a proxy form will not prevent you from attending the AGM in person if you so wish

Yours sincerely,

Ken Ratcliff
Non-executive Chairman

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of InfraStrata plc (the "Company") will be held at the offices of Buchanan Communications Limited, 107 Cheapside, London, EC2V 6DN, United Kingdom on Tuesday 21 January 2014 at 1100 hours, for the purpose of passing the following Resolutions, of which Resolutions 1 to 6 will be proposed as Ordinary Resolutions and Resolution 7 will be proposed as a Special Resolution

Ordinary Resolutions

1 To receive the report of the Directors and the audited accounts of the Company for the year ended 31 July 2013, together with the report of the Auditors on those audited accounts

2 That Nexia Smith & Williamson Audit Limited be and are hereby reappointed as auditor of the Company to hold office from the conclusion of this meeting until the conclusion of the next meeting at which accounts are laid before the meeting, at a remuneration to be determined by the Directors

3 To re-elect Stewart McGarrity as Director who retires pursuant to article 87 of the Company's articles of association and who, being eligible, offers himself for re election

4 To re-elect Andrew Hindle as Director who retires pursuant to article 92 of the Company's articles of association and who, being eligible, offers himself for re election

5 To re-elect William Colvin as Director who retires pursuant to article 92 of the Company's articles of association and who, being eligible, offers himself for re election

6 To consider and, if thought fit, to pass the following Resolution as an ordinary resolution

THAT the Directors be and they are hereby generally and unconditionally authorised in accordance with section 551 Companies Act 2006 (CA 2006) to exercise all the powers of the Company to allot shares in the Company and to grant rights to subscribe for, or to convert any security into, shares in the Company

(A) up to an aggregate nominal amount of £3,316,386, and

(B) comprising equity securities (within the meaning of section 560 CA 2006) up to a further aggregate nominal amount of £3,316,386 in connection with an offer by way of a rights issue

(i) to ordinary shareholders in proportion (as nearly as may be practicable) to their existing holdings, and

(ii) to holders of other equity securities as required by the rights of those securities or as the Directors otherwise consider necessary,

and so that that Directors may impose any limits or restrictions and make any arrangements which they consider necessary or appropriate to deal with treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or the requirements of any regulatory body or stock exchange or any other matter (including any such problems arising by virtue of equity securities being represented by depositary receipts)

The authorities conferred on the Directors under paragraphs (A) and (B) above shall expire at the conclusion of the next annual general meeting of the Company after the passing of this Resolution or 31 January 2015, whichever is the earlier save that the Company may before such expiry make an offer or agreement which would or might require shares to be allotted or rights to subscribe for, or to convert any security into, shares to be granted after such expiry and the Directors may allot shares or grant rights to subscribe for, or to convert any security into, shares (as the case may be) in pursuance of such an offer or agreement as if the authority conferred hereby had not expired

Special Resolution

7 To consider and, if thought fit, to pass the following Resolution as a special resolution
THAT, subject to the passing of Resolution 6 above the Directors be and they are hereby empowered pursuant to section 570 CA 2006 to allot equity securities (within the meaning of section 560 CA 2006) for cash pursuant to the authority conferred by Resolution 6, as if section 561 CA 2006 did not apply to any such allotment, provided that this power shall be limited

(A) to the allotment of equity securities in connection with an offer of equity securities (but in the case of the authority granted under paragraph (B) of Resolution 6, by way of a rights issue only)

(i) to ordinary shareholders in proportion (as nearly as may be practicable) to their existing holdings, and

(ii) to holders of other equity securities as required by the rights of those securities or as the Directors otherwise consider necessary,

and so that the Directors may impose any limits or restrictions and make any arrangements which they consider necessary or appropriate to deal with any treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or the requirements of any regulatory body or stock exchange or any other matter (including any such problems arising by virtue of equity securities being represented by depositary receipts), and

(B) to the allotment (otherwise than under paragraph (A) of this Resolution 7) of equity securities up to an aggregate nominal amount of £1,989,831,

and shall expire at the conclusion of the next annual general meeting of the Company after the passing of this Resolution or 31 January 2015, whichever is the earlier, except that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of such offer or agreement as if the power conferred hereby had not expired

Dated 2 December 2013
By Order of the Board
Walter Roberts
Secretary

Registered Office
Blackstable House, Longridge, Sheepscombe, Stroud
GL6 7QX

1 A member is entitled to appoint one or more proxies to exercise all or any of the member's rights to attend, speak and vote on his/her behalf at the meeting A proxy need not be a member of the Company If a member appoints more than one proxy to attend the meeting, each proxy must be appointed to exercise the rights attached to a different share or shares held by the member If a member wishes to appoint more than one proxy and so requires additional proxy forms, the member should contact Capita Asset Services on 0871 664 0300 if calling within the United Kingdom or +44 20 8639 3399 if calling from outside the United Kingdom Lines are open 8 30am – 5 30pm Mon–Fri Calls to the helpline from within the United Kingdom cost 10 pence per minute (including VAT) from a BT landline Other service providers' costs may vary Call to the helpline from outside the United Kingdom will be charged at applicable international rates Calls may be recorded and monitored for security and training purposes A form of proxy for use by members at the Annual General Meeting accompanies this notice

2 To be effective, the form of proxy and the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such authority, must be received by post or (during normal business hours only) by hand at the office of the Company's Registrars, being Capita Asset Services at The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, not less than 48 hours, excluding non-business days, before the time of the holding of the meeting or any adjournment thereof

3 Completion and return of the proxy form does not preclude a member from attending and voting at the meeting in person

4 In the case of joint shareholders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted Seniority is determined by the order in which the names of the joint shareholders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior)

5 To change your proxy instructions simply submit a new proxy appointment using the methods set out above Note that the cut-off time for receipt of proxy appointments (see above) also apply in relation to amended instructions, any amended proxy appointment received after the relevant cut-off time will be disregarded If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence

6 In order to revoke a proxy instruction you will need to inform the Company by sending notice in writing clearly stating your intention to revoke your proxy appointment to the Company's Registrars, being Capita Asset Services at The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU In the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice The revocation notice must be received by the Company no later than 48 hours, excluding non-business days, before the time of the holding of the meeting or any adjournment thereof If you attempt to revoke your proxy appointment but the revocation is received after the time specified then your proxy appointment will remain valid If you have appointed a proxy and attend the meeting in person, your proxy appointment will automatically be terminated

7 In accordance with the permission in Regulation 41(1) of The Uncertificated Securities Regulations 2001 (SI 2001 No 3755), only those holders of ordinary shares who are registered on the Company's share register at 18 00 hours on 17 January 2014 shall be entitled to attend the above Annual General Meeting (or, in the case of an adjourned meeting, 18 00 hours on the day which is two days before the adjourned meeting) and to vote in respect of the number of shares registered in their names at that time Changes to entries on the share register after 18 00 hours on 17 January 2014 shall be disregarded in determining the rights of any person to attend and/or vote at the Annual General Meeting

8 If the Chairman, as a result of any proxy appointments, is given discretion as to how the votes the subject of those proxies are to be cast and the voting rights in respect of those discretionary proxies, when added to the interests in the Company's securities already held by the Chairman, result in the Chairman holding such number of voting rights that he has a notifiable obligation under the Disclosure and Transparency Rules, the Chairman will make the necessary notifications to the Company and the Financial Services Authority As a result, any member holding 3% or more of the voting rights in the Company who grants the Chairman a discretionary proxy in respect of some or all of those voting rights and so would otherwise have a notification obligation under the Disclosure and Transparency Rules, need not make a separate notification to the Company and the Financial Services Authority

9 Copies of the service agreements and letters of appointment between the Company and its Directors will be available for inspection at the registered office of the Company during usual business hours on any weekday (Saturdays, Sundays and Bank Holidays excluded) until the date of the meeting and also on the date and at the place of the meeting from half an hour before the meeting until the conclusion of the meeting

PROXY FORM
INFRASTRATA PLC

Proxy Form for use by Shareholders at the Annual General Meeting ("AGM") of InfraStrata plc (the "Company") to be held at the offices of Buchanan Communications Limited, 107 Cheapside, London, EC2V 6DN, United Kingdom on Tuesday 21 January 2014 at 11.00 a.m.

Please read the Notice of the AGM and the accompanying notes carefully before completing this Proxy Form

As a Shareholder of the Company you have the right to attend, speak at and vote at the AGM If you cannot, or do not want to attend the AGM, but still want to vote, you can appoint someone to attend the AGM and vote on your behalf That person is known as a "proxy" You can use this Proxy Form to appoint the Chairman of the AGM, or someone else, as your proxy Your proxy does not need to be a Shareholder of the Company

I/We, _____ (in BLOCK CAPITALS please)

being a Shareholder/Shareholders of InfraStrata plc, appoint the Chairman of the AGM or _____

_____

(see note 1) as my/our proxy to attend and, on a poll, to vote for me/us and on my/our behalf as indicated below at the AGM and at any adjournment thereof (see notes below)

Please clearly mark the boxes below to instruct your proxy how to vote

ORDINARY RESOLUTIONS	For	Against	Vote witheld	Discretionary
1 To receive the Report and Accounts for the year ended 31 July 2013 2 To re-appoint Nexia Smith & Williamson Audit Limited as auditors at a remuneration to be determined by the Directors 3 To re-elect Stewart McGarrity 4 To re-elect Andrew Hindle 5 To re-elect William Colvin 6 To grant the directors authority to allot shares on the basis set out in the Notice of AGM				
SPECIAL RESOLUTIONS				
7 To disapply pre-emption rights on the basis set out in the Notice of AGM				

Signature(s) (*see note 8*) Date 20

Please complete and send this proxy form to Capita Asset Services, PXS, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU

Notes to the Proxy Form

1 A proxy need not be a member of the Company but must attend the meeting to represent you If you wish to appoint as a proxy a person other than the Chairman of the AGM, please delete the words "the Chairman of the AGM" and insert the name of the other person All alterations made to this Proxy Form must be initialled by the signatory If you sign and return this Proxy Form with no name inserted in the box, the Chairman of the AGM will be deemed to be your proxy If the proxy is being appointed in relation to less than your full voting entitlement, please enter the number of shares in relation to which they are authorised to act as your proxy If left blank your proxy will be deemed to be authorised in respect of your full voting entitlement (or if this Proxy Form has been issued in respect of a designated account for a shareholder, the full voting entitlement for that designated account)

2 To be effective, this Proxy Form (together with any power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such authority) must be received by post or (during normal business hours only) by hand at the office of the Company's Registrars, being Capita Asset Services at The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, by no later than 11 00 a m on 17 January 2014

3 You are entitled to appoint more than one proxy provided that each proxy is appointed to exercise rights attached to a different share or shares held by you You may not appoint more than one proxy to exercise rights attached to any one share To appoint more than one proxy, (an) additional Proxy Form(s) may be obtained by contacting the Registrars helpline on +44 (0)871 664 0300 (calls cost 10 p per minute plus network extras) or you may photocopy this form Please indicate next to the proxy holder's name the number of shares in relation to which they are authorised to act as your proxy Please also indicate by ticking the box provided if the proxy instruction is one of multiple instructions being given All forms must be signed and should be returned together in the same envelope

4 Completion and return of this Proxy Form will not prevent you from attending in person and voting at the AGM should you subsequently decide to do so

5 If you wish your proxy to cast all of your votes "For" or "Against" a resolution you should insert an "X" in the appropriate box If you wish your proxy to cast only certain votes "For" and certain votes "Against", insert the relevant number of shares in the appropriate box In the absence of instructions, your proxy may vote or abstain from voting as he or she thinks fit on the specified resolution and, unless instructed otherwise, may also vote or abstain from voting as he or she things fit on any other business (including on a motion to amend a resolution to propose a new resolution or to adjourn the AGM) which may properly come before the AGM

6 The "Vote Withheld" option is provided to enable you to instruct your proxy to abstain from voting on a particular resolution A "Vote Withheld" is not a vote in law and will not be counted in the calculation of the proportion of the votes "For" or "Against" a resolution The "Discretionary" option is provided to enable you to give discretion to your proxy to vote or abstain from voting on a particular resolution as he or she thinks fit

7 In accordance with the permission in Regulation 41 of the Uncertificated Securities Regulations 1001 (SI 2001 No 3755), only those holders of ordinary shares who are registered on the Company's share register at 1800 hours on 17 January 2014 shall be entitled to attend the above AGM (or 1800 hours on the day which is two days before the day of any adjourned meeting) and to vote in respect of the number of shares registered in their names at that time Changes to entries on the share register after 1800 hours on 17 January 2014 shall be disregarded in determining the rights of any person to attend and/or vote at the AGM

8 This Proxy Form must be signed by the shareholder or his/her attorney Where the shareholder is a corporation, the signature must be under seal or signed by a duly authorised representative stating their capacity (e g Director, secretary) In the case of joint shareholders, any one shareholder may sign this Proxy Form or may vote in person at the Meeting If more than one joint shareholder is present at the AGM either in person or by proxy, that one of them whose name stands first in the register of members in respect of the share shall alone be entitled to vote (whether in person or by proxy) in respect of it

9 To change your proxy instructions simply submit a new proxy appointment using the methods set out above Note that the cut-off time for receipt of proxy appointments (see above) also apply in relation to amended instructions, any amended proxy appointment received after the relevant cut-off time will be disregarded

10 In order to revoke a proxy instruction you will need to inform the Company by sending notice in writing clearly stating your intention to revoke your proxy appointment to Company's Registrars, being Capita Asset Services at The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU In the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice The revocation notice must be received by the Company no later than 48 hours before the time of the holding of the meeting or any adjournment thereof If you attempt to revoke your proxy appointment but the revocation is received after the time specified then your proxy appointment will remain valid If you have appointed a proxy and attend the meeting in person, your proxy appointment will automatically be terminated

11 If you submit more than one valid proxy appointment in respect of the same share or shares, the appointment received last before the latest time for the receipt of proxies will take precedence If the Company is unable to determine which was received last, none of the proxy appointments in respect of that share or shares shall be valid