

16/03/2017 - First Phase of FEED Commences

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InfraStrata
plc

("InfraStrata"
or the "Company")

First
phase of FEED commences for Islandmagee gas storage project

InfraStrata
plc (AIM: INFA), the independent gas storage company, is pleased to announce that it has commenced the first phase of Front End Engineering Design ("FEED"), known as Concept Evaluation, for its Islandmagee gas storage project (the "Project").

This
activity will be part funded using some of the net proceeds of the recent placing undertaken by the Company (the "Placing"), as further described in the Company's announcement of 27 February 2017 (the "February Announcement").

During
the Concept Evaluation, the FEED contractors will undertake a value enhancement exercise on the Project's current design basis. The objective is to identify opportunities through which the current design and phasing could be optimised, to enhance overall project value and in particular, to assess the potential for accelerating the delivery of capacity (or part thereof) to the gas markets. The outcome of the Concept Evaluation will provide key inputs to the completion of the FEED scope, to produce a fully integrated programme of work and deliverables.

It
is anticipated that the Concept Evaluation phase will be concluded in approximately six weeks. Further funding will be required to progress the FEED beyond the Concept Evaluation phase, as explained below.

During
the Concept Evaluation phase, the Company will continue its fundraising discussions with interested parties to provide the additional funding required to complete the FEED and commercialisation work programme, further details of which were contained within the Company's announcement of 4 November 2016 (the "November Announcement").

In
the November Announcement the Company outlined that, in addition to the EU grant funding and loans available from the selected FEED contractors ("Contractor Loans"), a further amount of £3 million would be required to complete the FEED and commercialisation process. This is part of a gross £6 million programme, which includes a £4 million engineering budget and funds for corporate overheads, working capital and bridging finance until

receipt of the remaining European Commission grant funds following completion of the FEED programme. Following the recent Placing, the remaining funding required to complete the FEED and commercialisation work programme is now approximately £2.2m (the "Current Funding Requirement"). Drawdown of the Contractor Loans is subject to InfraStrata securing the Current Funding Requirement.

There can be no guarantee at this stage that the Company will be successful in its ongoing discussions with potential investors to secure the Current Funding Requirement. If the Board considers that the Company will not be able to secure the Current Funding Requirement, then in order to preserve available working capital, the Company may halt the Concept Evaluation phase and place the Project on a care and maintenance budget, and consider utilising the remaining funds from the Placing to explore other options for the Company, which may include a sale of the Project and/or its assets. Further announcements will be made in due course as appropriate.

The Directors remain confident that the Project is economically viable, and that, following the completion of the FEED and commercialisation programme, the Project would be capable of attracting further new investment for the Company and the Project.

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The
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programme for the Islandmagee gas storage project is co-financed by
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Notes:

Background
on InfraStrata plc

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

Further
information is available on the Company's website:
www.infrastrata.co.uk.

Background
on the Islandmagee Storage Project

The
Islandmagee gas storage project company, Islandmagee Storage Limited ("IMSL"), is owned 90% by a wholly owned subsidiary of InfraStrata plc and 10% by a wholly owned subsidiary of Mutual Energy Limited. The project is a proposed salt cavern gas storage facility located on Islandmagee in County Antrim, Northern Ireland. Work commenced in 2007 with the acquisition of 3D seismic data to image the Permian salt in the Larne Lough area. During 2012, planning permission was granted for the project and a gas storage licence was issued by the Utility Regulator. In October 2013, the gas storage project was granted a 'Project of Common Interest' ("PCI") status by the European Commission. In 2015 a well was drilled to core the salt and confirm the technical feasibility of the project, supported in part by the Commission. The final stage before a Final Investment Decision will be the Front-End Engineering Design and Commercialisation of the project. To date approximately £11m has been invested in the project.

Further
information is available on the project company's website:
www.islandmageestorage.com.

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