

02/10/2017 - Company Update and notice of General Meeting

The information contained within this announcement is deemed by the Company to constitute inside information as stipulated under the Market Abuse Regulations (EU) No. 596/2014 ("MAR"). With the publication of this announcement via a Regulatory Information Service, this inside information is now considered to be in the public domain.

2 October 2017

InfraStrata plc

(“InfraStrata” or the “Company”)

Proposed share issue to raise £500,000, company update and notice of General Meeting

InfraStrata plc (AIM: INFA), the only UK listed company focused on gas storage, is pleased to provide a company update and to announce that it has conditionally raised £500,000 before expenses through a placing of 125,000,000 new ordinary shares of £0.0001 each ("Placing Shares") at an issue price of 0.4 pence per share (the “Placing”). The Placing is conditional, inter alia, on the approval of shareholders at a forthcoming general meeting of resolutions to provide authority to the directors of the Company (“Directors” or “Board”) to issue and allot further new ordinary shares on a non-pre-emptive basis, further details of which are set out below.

Company update

Since the Company’s general meeting in June, which saw new directors voted in, the Board has undertaken an extensive review of the Company and its gas storage project at Islandmagee (the “Project”), the Project’s main stakeholders have been met, and considerable efforts have been made exploring a range of both short and long-term options for future value creation for the Company and the Project.

The Project has shown that it exceeds the Board’s expectations in terms of its ultimate potential. In the Board’s opinion, this highlights the relative undervaluation of the Company at this time. The Board believes that the recent announcement of the phased closure of the Rough gas storage facility by Centrica plc improves the significant potential of the Project as a result of this substantial reduction in gas storage capacity in the UK.

A number of parties have expressed an interest in collaborating with InfraStrata to progress the Project. Active discussions continue with these counterparties, including contractors, gas storage operators and oil and gas focused lenders. The Board is focused on maximising shareholder value and may also consider a sale of the Project and/or its assets.

Constructive discussions with the European Commission in Brussels have also taken place to review the future EU grant status. A condition of the EU grant funds received by the Company is for the Project’s Front-End Engineering Design (“FEED”) stage, for which the grant funds are to be used, to be completed by the end of 2017 and as this deadline cannot be met, the Board has requested a one year extension from the EU. In addition, the Board is working with the UK and Republic of Ireland governments on the application to renew the Project’s PCI status, which as is usual, automatically lapsed after two years.

Director appointments

The Board is keen that additional directors are appointed in due course, as indicated in the Company’s announcement of 27 June 2017, and expects to be able to shortly announce the appointments of additional non-

executive directors with experience in, inter alia, the energy sector, major construction projects and EU funding.

Background to and reasons for the Placing and use of proceeds

Seeking solutions to the Company's shorter-term working capital needs has been a priority for the Board since its appointment. The Board has sought to reduce the Company's costs wherever possible, whilst still seeking to make significant efforts to advance the Project. The Board believes that the level of corporate development activity since June has been undertaken in a highly cost-conscious manner, although certain operational expenditures are inevitable.

However, as previously announced, the Company has limited working capital until early October 2017 and having explored a wide range of opportunities, some of which are still under consideration, it has become necessary for the Board to undertake the Placing to provide additional working capital. It has been the Board's preference to pursue alternative methods of funding which minimise dilution to shareholders at recent share price levels, but that has not been possible in the timescale required or on terms attractive to the Company. Similarly, it has not been possible to invite all existing shareholders to participate in the Placing due to time constraints as well as the disproportionate costs that would be incurred by the Company in doing so.

The net proceeds of approximately £445,000 from the Placing are expected to provide sufficient funding to meet InfraStrata's minimum levels of corporate costs and care and maintenance costs on the Project for at least the next six months. The further progression of the FEED for the Project will require the securing of additional funding of up to £2.2m or the use of an alternative strategy for funding and progressing this work. Accordingly, the Board continues to seek longer-term sources of financing. This may include a collaborative transaction with a commercial or institutional financial partner, although other potential options for extending the Company's working capital and Project finance are being actively explored.

The Board is pleased to note that the post-FEED funding required for the implementation and construction of the Project has pre-qualification for the UK Government Guarantees Scheme, which is a supportive backdrop to help underwrite future financing discussions.

Details and conditions of the Placing

The Placing Shares to be issued pursuant to the Placing have been conditionally placed by Allenby Capital Limited ("Allenby Capital"), as agent and broker to the Company, with certain existing and new investors pursuant to a placing agreement between the Company and Allenby Capital (the "Placing Agreement"), further details of which are set out below.

The Company currently has limited authority to issue new ordinary shares for cash on a non-pre-emptive basis. Accordingly, the Placing is conditional upon, inter alia, the passing of resolutions at a general meeting of shareholders to grant the Directors authority to issue and allot new ordinary shares on a non-pre-emptive basis, further details of which are set out below.

In addition, the Placing is conditional, inter alia, on the Placing Agreement becoming unconditional and not being terminated in accordance with its terms prior to the admission of the Placing Shares to trading on AIM ("Admission"). Application will be made for the Placing Shares to be admitted to trading on AIM and, subject to the resolutions being passed at a general meeting, it is expected that Admission will take place on or around 20 October 2017. The Placing is also conditional on Admission occurring.

The Placing would, if the necessary resolutions are approved at the proposed general meeting (as detailed below), result in the issue of 125,000,000 new ordinary shares of £0.0001 each in the Company, representing, in aggregate, approximately 24.95 per cent. of the Company's issued ordinary share capital as enlarged by the Placing.

The Placing Shares will, when issued, be credited as fully paid and will rank pari passu in all respects with the existing ordinary shares of the Company, including the right to receive all dividends or other distributions made, paid or declared in respect of such shares after the date of issue of the Placing Shares.

General Meeting and Circular

Resolutions proposed at the general meeting of the Company in June to give the directors authority pursuant to the

Companies Act 2006 to issue and allot new ordinary shares on a non- pre-emptive basis were not approved by shareholders. Therefore, in order for the Placing to proceed and allow flexibility for any future share issuance, a general meeting of the Company is proposed to be held on 19 October 2017 (the "GM") to approve new share authorities to enable completion of the Placing and to provide headroom for future share issues, should it be required.

A circular containing a notice of the GM will be posted to shareholders later today and will be made available on the Company's website www.infrastrata.co.uk.

Importance of the shareholders' vote

The Board believes that the Company will operate under severe funding constraints if the Placing does not proceed. Consequently, if the resolutions required to implement the Placing to be proposed at the GM are not passed and the Placing does not proceed, the Company will need to seek alternative sources of funding which may not be available in the time required and (to the extent available) may be on terms less favourable to shareholders. There would therefore be a significant risk of the Company entering into an insolvency process, which the Directors consider would be likely to result in no value being returned to shareholders.

Placing Agreement

Under the terms of the Placing Agreement, Allenby Capital will receive commission from the Company conditional on Admission and the Company will give customary warranties and undertakings to Allenby Capital in relation, inter alia, to its business and the performance of its duties. In addition, the Company has agreed to indemnify Allenby Capital in relation to certain liabilities that they may incur in undertaking the Placing. Allenby Capital has the right to terminate the Placing Agreement in certain circumstances prior to Admission, in particular, in the event that there has been, inter alia, a material breach of any of the warranties. The Placing is not being underwritten.

Total Voting Rights

With effect from Admission, the Company's issued ordinary share capital will comprise 501,041,599 ordinary shares of £0.0001 ("Ordinary Shares"), with one vote per share. The Company does not hold any shares in treasury. Therefore, the total number of Ordinary Shares and voting rights in the Company will be 501,041,599. This figure may be used by shareholders in the Company as the denominator for the calculations by which they will determine if they are required to notify their interest in, or a change in their interest in, the share capital of the Company pursuant to the FCA's Disclosure Guidance and Transparency Rules.

MAR

The Market Abuse Regulation (MAR) became effective from 3 July 2016. Market soundings, as defined in MAR, were taken in respect of the Placing with the result that certain persons became aware of inside information, as permitted by MAR. That inside information is set out in this announcement has been disclosed as soon as possible in accordance with paragraph 7 of article 17 of MAR. Therefore, those persons that received inside information in a market sounding are no longer in possession of inside information relating to the Company and its securities.

Adrian Pocock, Chief Executive of InfraStrata, commented:

"The Company stands at a significant crossroads and I am pleased to confirm that we are extremely encouraged by developments since being elected onto the Board. The Project shows excellent scope to create value for our shareholders. The positive engagement that we have achieved with stakeholders and potential and existing partners has been remarkable.

Energy security of both gas and electricity supplies in the whole of the UK is likely to be adversely affected once Centrica's Rough facility closes in around two years, and there are increasing concerns and focus on energy security. We are pleased that we have the opportunity to support the UK and Irish Governments and their respective economies in ensuring continuity of supply. We anticipate that once the UK leaves the EU, it will no longer be able to depend upon the EU requirement for member states to support each other at times of peak energy demand.

The revised strategy of pursuing new potential monetisation routes in conjunction with a flexible, dynamic modus operandi ensures that opportunities are maximised to the enhancement of the Company's financial position and future.

Further announcements concerning the new chapter of InfraStrata will be made in due course, in line with our stated policy of co-alignment with shareholders, having regard to all stakeholders and interest groups.

For further information, please contact:

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-ENDS-

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

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Notes:

Background on InfraStrata plc

InfraStrata is an independent gas storage company focused on the UK and Ireland. Further information is available on the Company's website: www.infrastrata.co.uk.

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 2015 a well was drilled to core the salt and confirm the technical feasibility of the project, supported in part by the Commission. To date approximately £11m has been invested in the project.

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