CHAIRMAN AND CEO's STATEMENT

InfraStrata plc ('InfraStrata' or the 'Company') continued to focus its activities during the period 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 Company also has non-operated interests in exploration licences in Hampshire, Dorset and Leicestershire through associated companies Corfe Energy Limited ("Corfe") and Brigantes Energy Limited ("Brigantes"), both of which are 40% owned by InfraStrata. The Company is also engaged in the development of a gas storage project at Islandmagee in County Antrim in Northern Ireland.

Since the opening of datarooms in January 2014, the Company has been focussed on securing partners to fund the drilling programme through farmout agreements on each of the two exploration projects and expects to report in the near future on a successful outcome. InfraStrata's exploration licences in County Antrim (PL1/10 & P2123) and Dorset (P1918) offer the opportunity for new investors to participate in an exploration drilling programme targeted at numerous conventional reservoirs which can be completed within the next twelve months offering exceptional potential upside relative to the required investment by comparison to similar sized opportunities in the offshore UK Continental Shelf. InfraStrata is working with its projects partners on the farmout process and is in discussions with several parties regarding potential investment in the projects.

Our gas storage project at Islandmagee in County Antrim has also reached a key stage in its development where further investment is required in a well to take the project up to the point where a long term investor could make the Financial Investment Decision on the £300m project. With support from the EU, an expectation of future improvement in the market for gas storage and the strategic importance of energy security we believe now is the right time for new investment in this project. The project company, Islandmagee Storage Limited, is in discussions with several parties who have expressed an interest in the project.

OIL AND GAS EXPLORATION

County Antrim – Onshore 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 highly prospective largely unexplored sedimentary basin.

A prospectivity review prepared by Merlin Energy Resources Limited identified combined un-risked P50 prospective resources in the Triassic and Permian sandstone reservoir intervals of over 450 million barrels of oil equivalent ("mmboe").

Permission has been confirmed under Permitted Development rights for the proposed PL1/10 exploration well which will target prospective resources estimated by the joint venture at 40 mmboe within conventional Carboniferous, Permian and Triassic sandstones. The Permitted Development rights provide a window for site construction activities between September and February inclusive. A Project Environmental Report and Consent To Drill Report are being prepared for submission to DETI. The Company is at an advanced stage in discussions with the landowner and tenant on the final terms of agreements regarding the land for the wellsite. There is a target for commencement of site construction in September 2014 and commencement of drilling before the end of the year. This will be preceded by a public information event and interaction with local stakeholders.

Following its acquisition by Cairn Energy plc, Nautical Petroleum Limited ("Nautical") withdrew from the PL1/10 licence and agreement was reached for InfraStrata to acquire their 20% interest through the termination of a farmout agreement dating from 2011, subject to DETI approval. Prior to the satisfactory completion of a farmout to complete the funding for the well, and anticipating DETI approval of the assignment, InfraStrata holds a direct 45% interest and is the operator of the licence. Brigantes also holds a 45% interest in the licence – resulting in an overall net licence interest, pre-farmout, for InfraStrata of 63%. The other partner in the licence is Terrain Energy Limited ("Terrain") (10%).

Under existing agreements with project partners (Terrain reported in March 2011, and Brigantes reported in March 2013) a 15% InfraStrata interest in the forthcoming well is already funded.

County Antrim – Offshore P2123

It was previously announced in November 2013 that an area offshore Larne-Lough Neagh Basin was offered by DECC to the joint venture as part of the 27th Seaward Licensing Round. InfraStrata has a direct 30% interest, as operator of the licence, and associated company Brigantes has a 20% interest, resulting in an overall net licence interest for InfraStrata of 38%. The other partner in the licence is Terrain (50%). The joint venture has identified prospective resources greater than 100 mmboe within the new licence area and will now commence the committed work programme under the licence.

Dorset – Offshore P1918

Petroleum licence P1918 comprises Blocks 97/14, 97/15 and 98/11 and was awarded in February 2012 by the Department of Energy and Climate Change ("DECC") for a period of four years. The prospective resources on the licence have been estimated by the joint ventures at over 100 mmboe within Block 98/11. Further reprocessing of seismic data is planned in the coming months and an update on the prospective resource estimates will be provided on completion of this work.

The focus for a first exploration well, California Quarry-1, is the offshore extension of the Purbeck Prospect within Block 98/11. The Purbeck Prospect lies only 10 kilometres south of the giant Wytch Farm oilfield. The California Quarry-1 well will target prospective resources within the licence estimated by the joint venture at 10 mmboe.

The planning permission for the proposed onshore to offshore exploration well granted in December 2013 included a condition that construction and drilling activities must take place between September and March inclusive. The Company is making good progress with the fulfilment of pre-start planning conditions, and will also need to obtain licences and consents from a number of stakeholders, including the Environment Agency, DECC and the Health and Safety Executive. Agreements with the landowner at the wellsite have been concluded.

California Quarry-1 will be directionally drilled from its onshore location for 600 metres to access our offshore licence P1918. The petroleum licence that included the area of our onshore site was recently relinquished. Since it is necessary for the area from which a well is drilled to be held under a petroleum licence, either by InfraStrata or by a third party, the joint venture group will apply for a licence over the required area as part of the UK 14th Landward Licensing Round and anticipate it being granted early in 2015. Our drilling programme now anticipates commencement on site construction in October 2014 and commencement of drilling in January 2015. This will be preceded by a further public information event.

Following its acquisition by Cairn Energy plc, Nautical withdrew from the P1918 licence and agreement was announced in January 2014 that InfraStrata had acquired their 10% licence interest at no cost. InfraStrata intends to re-assign a 2% licence interest to project partner Corfe, subject to DECC approval.

In June 2012 InfraStrata entered into agreements as part of which its licence interest in P1918 became subject to a net profits interest ("NPI") equivalent to 3.75% on the whole licence in favour of eCORP Oil & Gas UK Limited ("eCORP"). In March 2014 eCORP's NPI in P1918 was cancelled (and InfraStrata acquired the related preference shares held by eCORP in our subsidiary Portland Gas Limited) for a consideration of US$600,000 satisfied by the cancellation of the US$600,000 still payable by eCORP under the terms of the agreement at that time. Also in March 2014, associated company Brigantes agreed to acquire an 18% interest in licence P1918 for a consideration of US$600,000, subject to DECC approval. The combined effect of these two transactions leaves InfraStrata in a cash neutral position as regards short term funding, and the removal of the NPI has considerably simplified the farmout process.

Following the above transactions, prior to the satisfactory completion of a farmout, InfraStrata will hold a direct 60% interest in the licence. Associated companies Corfe and Brigantes will hold the remaining interests of 22% and 18% respectively – resulting in an overall net licence interest for InfraStrata of 76%.

Non-operated exploration interests

The Company has additional 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 drilling of the Burton on the Wolds-1 well expected to be 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%) interpretation of a newly-acquired 3D seismic survey will begin shortly.
- PEDL 070 (Hampshire) – Corfe and Brigantes combined 10% (net InfraStrata 4%). Avington field currently producing around 70 barrels of oil per day (net InfraStrata production circa 3 bopd).

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 (65% shareholder) and Moyle Energy Investments Limited, part of the Mutual Energy group of companies (35% shareholder).

In January 2014 it was announced that BP Gas Marketing Limited ("BPGM") who had been funding the development of the project since January 2012 had decided not to take further part in the project following a review of its European wide gas assets portfolio which determined that further investment in gas storage in Northern Ireland is no longer aligned with the portfolio's objectives. BPGM relinquished its option to acquire 50.495% of the shares of IMSL.

Much was accomplished during our partnership with BPGM, including the securing of land rights, planning permission for the project, and the capital investment in the construction of a well pad. More recently all the remaining pipeline easements have been obtained and agreements reached with The Crown Estate in relation to a sub-surface agreement for lease and a pipelines lease. A total of approximately £5 million has been invested in the project since its inception in 2007 including £2m by BPGM.

The project remains as important as ever for security of gas supplies to the north and south of the island of Ireland and the wider region and a critical piece of infrastructure for the development of renewable generation on the island. Although current demand for gas remains flat to falling due to more renewable power generation, the periods of peak demand are rising year-on-year as gas-fired power stations respond to the great swings in output capacity from the intermittent renewable power sources. Gas storage development on the island is a key element to resolve these impending infrastructure issues as reflected in the project's 'Project of Common Interest' ("PCI") status; recognition by the European authorities that the Islandmagee gas storage project will bring significant benefits to the island and to a much wider area.

InfraStrata believes that despite the recent poor market for gas storage, the business rationale for the project is undiminished and, together with its project partner, have been focussing our efforts on attracting new partners into the project and are having discussions with a broad range of potential investors.

The next significant investment in the project was and remains the drilling of a well (Islandmagee-1) to 1,650 metres depth to obtain cores of the salt sequence and subsequently undertake further engineering design work at an aggregate cost of approximately £5m. Procurement of the well will commence immediately the necessary funding has been secured. That would take us to the Financial Investment Decision point, where full project funding of an estimated £300m will be required to construct the facility. We hope that the well can be drilled as part of a programme with our exploratory drilling to secure cost savings.

FINANCIAL RESULTS AND FUNDING

InfraStrata has recorded a loss for the six month period ended 31 January 2014 of £705,952 (31 January 2013 – loss £789,867) the principal components of which are administrative expenditure as further analysed in note 2 to the interim results and a deferred tax credit as further analysed in note 3 to the interim results. The cash cost of administrative expenditure (stated before allocation to discontinued operations) was £628,812 for the period (31 January 2013 - £528,145). Since December 2013, changes to underlying staff and other costs have reduced our annualised cash costs of administrative expenditure to less than £1m.

InfraStrata operates 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 success of our projects and therefore the carrying value of the projects on InfraStrata's balance sheet are dependent not only on the underlying economics of the projects but also on our success in attracting such investment.

On the PL1/10 and P1918 explorations licences, gross aggregate expenditure during the six months to 31 January 2014 was £205,469 of which InfraStrata's share was £109,846. These costs were mostly related to the planning, permitting and consultation processes and we will not commit to the drilling of the exploration wells until we have secured further partners to fund the balance of InfraStrata's share of the costs of drilling.

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.

On the Islandmagee gas storage project gross expenditure during the six months to 31 January 2014 was £199,498 fully funded by contributions from BPGM. The funds invested by BPGM have left IMSL in a position to cover the company's existing commitments and leave funds, which IMSL anticipates are sufficient, to secure the project until there is new funding to develop the project to the next stage. As explained in note 5 to the interim results, as no part of the aggregate funding of £2,028,275 provided by BPGM is reimbursable to them it has been transferred from non-controlling interests to retained earnings.

Receipts from eCORP in relation to subscriptions for preference shares in our subsidiary Portland Gas Limited aggregated £367,476 (US$600,000) during the period. As explained above, in March 2014 we acquired all the preference shares in Portland Gas Limited from eCORP and the net profits interest in favour of eCORP in licence P1918 was cancelled for a total consideration of US$600,000, equivalent to the outstanding subscriptions due from eCORP at that time. Also in March we received US$600,000 from Brigantes as consideration for the sale of an 18% interest in licence P1918, thereby leaving us in a cash neutral position regarding short term funding as a result of these two transactions.

On 23 September 2013 the Company completed the Placing of 8,000,000 new ordinary 10p shares at 10p per share to raise £800,000 before expenses.

The Company's cash and cash equivalents at 31 January 2014 was £1,334,748 (31 January 2013 - £812,175) which we believe is sufficient to meet administrative expenditure for the next twelve months and provide flexibility to support our projects in advance of securing new investors for each of them and committing to the anticipated wells.

OUTLOOK

All of InfraStrata's projects have made progress against the programmes of activities leading up to commencement of a multi-well drilling programme in late 2014. At the time of this report the key to delivery against these programmes is funding, in the form of new joint venture partners to farmin to each of our operated exploration licences PL1/10 and P1918 and in our gas storage project at Islandmagee. Through an investment in Corfe Energy Limited, the Company expects to be exposed to its first exploration well in Summer 2014.

InfraStrata and partners have attracted a broad range of potential farminees to examine our prospects and a dataroom was opened in January 2014. We are focussed on concluding agreements as soon as possible. Similarly we believe there are renewed imperatives for investing in infrastructure which makes a significant contribution to the security of energy supplies and we believe this, together with EU support, is creating the right conditions for new investment in the Islandmagee gas storage project.

In the meantime, and with an eye on the future, we have separately announced on 28 April 2014 that we have entered into a New Ventures Exploration Joint Bidding Agreement with Carstone Exploration Limited ("Carstone") to identify early stage exploration opportunities for which quality farminees will be sought to fund the significant exploration costs going forward. Each of InfraStrata and Carstone will hold 50% of the available licence interest in each new venture. The joint venture team is based at InfraStrata's office in Richmond and has been working on the UK 28th Seaward Licensing Round where an application was submitted to DECC on 25 April 2014. There is little marginal cost to InfraStrata from this joint venture which allows us to continue building for the future while remaining focussed on securing value from our existing licences.

Ken Ratcliff – Non-executive Chairman
Andrew Hindle – Chief Executive Officer
29 April 2014

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the six months ended 31 January 2014

	Notes	Six months ended 31 January 2014 Unaudited £	Six months ended 31 January 2013 Unaudited £	Year ended 31 July 2013 Audited £
Continuing operations				
Revenue		5,652	12,634	62,428
Cost of sales		-	-	-
Gross profit		5,652	12,634	62,428
Administrative expenses	2	(684,379)	(859,203)	(1,804,782)
Operating loss		(678,727)	(846,569)	(1,742,354)
Finance income		3,434	16,695	25,566
Share of loss of Associates		(48,677)	(37,294)	(43,862)
Loss before taxation		(723,970)	(867,168)	(1,760,650)
Taxation	3	140,177	141,170	315,188
Loss for the period from continuing operations		(583,793)	(725,998)	(1,445,462)
Loss for the period from discontinued operations	5	(122,159)	(63,869)	(197,298)
Loss for the period attributable to equity holders of the parent		(705,952)	(789,867)	(1,642,760)
Other comprehensive income		-	-	-
Total comprehensive loss for the period attributable to the equity holders of the parent		(705,952)	(789,867)	(1,642,760)
Basic and diluted earnings per share				
Continuing operations	4	(0.60)p	(0.86)p	(1.59)p
Discontinued operations		(0.13)p	(0.08)p	(0.22)p
Continuing and discontinued operations		(0.73)p	(0.94)p	(1.81)p

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 31 January 2014

	Notes	31 January 2014 Unaudited	31 January 2013 Unaudited	31 July 2013 Audited
		£	£	£
Non-current assets				
Freehold land	5	440,100	-	-
Intangible fixed assets:				
Exploration & Evaluation		3,588,689	3,498,179	3,478,843
Gas Storage Development	5	3,585,643	-	-
Property, plant and equipment		459	4,685	1,974
Investments in associates		2,579,296	2,667,837	2,627,973
Other receivables		-	335,832	-
Total non-current assets		10,194,187	6,506,533	6,108,790
Current assets				
Trade and other receivables		992,537	1,189,023	906,063
Cash and cash equivalents		1,334,748	812,175	774,745
		2,327,285	2,001,198	1,680,808
Assets classified as held for sale	5	-	3,505,758	4,190,267
Total current assets		2,327,285	5,506,956	5,871,075
Current liabilities				
Trade and other payables		(585,304)	(234,038)	(533,236)
Deferred income tax liabilities	3	(72,949)	-	(179,478)
Liabilities directly associated with assets classified as held for sale	5	-	(13,330)	(149,560)
Total current liabilities		(658,253)	(247,368)	(862,274)
Net current assets		1,669,032	5,259,588	5,008,801
Non-current liabilities				
Deferred income tax liabilities	3	(672,982)	(1,060,126)	(706,630)
Net assets		11,190,237	10,705,995	10,410,961
Shareholders' funds				
Share capital	6	9,949,160	9,099,160	9,149,160
Share premium		11,920,219	11,920,219	11,920,219
Merger reserve		8,988,112	8,988,112	8,988,112
Share based payment reserve		519,150	350,468	434,920
Retained earnings		(20,186,404)	(20,655,834)	(21,508,727)
Attributable to owners of the parent		11,190,237	9,702,125	8,983,684
Non-controlling interests	5	-	1,003,870	1,427,277
Total equity		11,190,237	10,705,995	10,410,961

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the six months ended 31 January 2014

	Share capital £	Share premium £	Merger reserve £	Share based payment reserve £	Retained earnings £	Attributable to the owners of the parent £	Non-controlling interests £	Total equity £
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 period	-	-	-	-	(789,867)	(789,867)	-	(789,867)
Total comprehensive loss for the period	-	-	-	-	(789,867)	(789,867)	-	(789,867)
Share based payments	-	-	-	16,733	-	16,733	-	16,733
Funds received from BPGM (note 5)	-	-	-	-	-	-	528,181	528,181
Balance at 31 January 2013	9,099,160	11,920,219	8,988,112	350,468	(20,655,834)	9,702,125	1,003,870	10,705,995
Loss for the period	-	-	-	-	(852,893)	(852,893)	-	(852,893)
Total comprehensive loss for the period	-	-	-	-	(852,893)	(852,893)	-	(852,893)
Issue of equity capital	50,000	-	-	-	-	50,000	-	50,000
Share based payments	-	-	-	84,452	-	84,452	-	84,452
Funds received from BPGM (note 5)	-	-	-	-	-	-	423,407	423,407
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
Loss for the period	-	-	-	-	(705,952)	(705,952)	-	(705,952)
Total comprehensive loss for the period	-	-	-	-	(705,952)	(705,952)	-	(705,952)
Issue of equity capital	800,000	-	-	-	-	800,000	-	800,000
Share based payments	-	-	-	84,230	-	84,230	-	84,230
Funds received from BPGM (note 5)	-	-	-	-	-	-	600,998	600,998
Reclassification of funds received from BPGM (note 5)	-	-	-	-	2,028,275	2,028,275	(2,028,275)	-
Balance at 31 January 2014	9,949,160	11,920,219	8,988,112	519,150	(20,186,404)	11,190,237	-	11,190,237

CONSOLIDATED CASH FLOW STATEMENT
for the six months ended 31 January 2014

	Notes	Six months ended 31 January 2014 Unaudited £	Six months ended 31 January 2013 Unaudited £	Year ended 31 July 2013 Audited £
Net cash used in operating activities	7	(542,186)	(1,650,025)	(2,249,084)
Investing activities				
Interest received		2,358	3,029	5,318
Purchase of intangible assets:				
Exploration & Evaluation		(109,846)	(429,729)	(146,128)
Gas Storage Development		(199,498)		(754,390)
Purchase of plant and equipment		-	-	(368)
Proceeds from disposal of exploration intangible assets		-	-	150,000
Portland Gas Limited preference share receipts		367,476	442,519	899,608
Net cash from investing activities		60,490	15,819	154,040
Financing activities				
Proceeds on issue of ordinary shares		800,000	-	-
Contribution from non-controlling interest		200,998	528,180	951,588
Cash inflow on reclassification of assets previously held for sale		40,701	-	-
Net cash generated from financing activities		1,041,699	528,180	951,588
Net increase/(decrease) in cash and cash equivalents		560,003	(1,106,026)	(1,143,456)
Cash and cash equivalents at beginning of period		774,745	1,918,201	1,918,201
Cash and cash equivalents at end of period		1,334,748	812,175	774,745

NOTES TO THE INTERIM RESULTS
for the six months ended 31 January 2014

1. Basis of preparation

The interim financial information in this report has been prepared using accounting policies consistent with IFRS as adopted by the European Union. IFRS is subject to amendment and interpretation by the International Accounting Standards Board (IASB) and the IFRS Interpretations Committee and there is an ongoing process of review and endorsement by the European Commission. The financial information has been prepared on the basis of IFRS that the Directors expect to be adopted by the European Union and applicable as at 31 July 2014.

Non-statutory accounts

Financial information contained in this document does not constitute statutory accounts within the meaning of section 434 of the Companies Act 2006. A copy of the statutory accounts of the Company for the year ended 31 July 2013 has been delivered to the Registrar of Companies. The audit report on these accounts is unqualified, did not include references to any matters to which the auditors drew attention by way of emphasis without qualifying their reports and did not contain a statement under Sections 498(2) or (3) of the Companies Act 2006.

The financial information for the 6 months ended 31 January 2014 and 31 January 2013 is unaudited.

Accounting policies

The interim financial information has been prepared under the historical cost convention.

The same accounting policies, presentation and methods of computation are followed in preparing the interim financial information as were applied in preparation of the Group's financial statements for the year ended 31 July 2013. IFRS 13 Fair Value Measurement will apply to the Group's financial statements for the year ended 31 July 2014; this standard does not change the underlying accounting, but will require additional disclosures to be included within the accounts.

Going concern

The Directors have a reasonable expectation that the Group has adequate cash resources to meet committed expenditure and to continue in operational existence for the foreseeable future. Consequently the Directors consider it appropriate to prepare the interim financial information on a going concern basis.

As with other development companies which have no significant and consistent revenue streams, the Group will only be able to advance its development programme if it has sufficient resources to do so. The Group generally seeks to farmout the costs of exploration on its directly operated licences to manage risks and minimise funding requirements. The Group is currently seeking to farmout its current paying interest in its exploration projects prior to drilling exploration wells. Similarly the Group is currently seeking new partners in it's gas storage project prior to committing to the next stage of development.

Should the Group not be successful in obtaining future funding for its projects, capitalised project development costs may become impaired in value. The Directors are confident that such funding will be secured and, having reviewed the value of gas storage and exploration and evaluation assets in accordance with the principles below, are of the opinion that these assets are not impaired in value.

NOTES TO THE INTERIM RESULTS
for the six months ended 31 January 2014 *(continued)*

Review of gas storage project asset 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 the 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.

Review of exploration and evaluation asset values

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.

2. Administrative expenditure

	Six months ended 31 January 2014 Unaudited £	Six months ended 31 January 2013 Unaudited £	Year ended 31 July 2013 Audited £
Administrative costs paid in cash	628,812	528,145	1,098,695
Non-cash items:			
- Share options expense	84,230	16,773	101,185
- Shares issued in lieu of salary	-	-	50,000
- Depreciation	1,515	3,154	5,865
- Profit on sale of assets	-	-	(49,945)
- Exchange differences	49,197	-	46,280
Expenses of share issue	42,784	-	-
Portland gas storage lease costs	-	375,000	750,000
	806,538	923,072	2,002,080
Classified as discontinued operations	122,159	63,869	197,298
Classified as continuing operations	684,379	859,203	1,804,782

NOTES TO THE INTERIM RESULTS
for the six months ended 31 January 2014 *(continued)*

3. Taxation

The taxation credit of £140,177 for the current period represents a reduction in the deferred income tax liability relating to the temporary difference arising on settlement of financial assets during the period. The gross movement on the deferred income tax account is as follows:

	Six months ended 31 January 2014 Unaudited £	Six months ended 31 January 2013 Unaudited £	Year ended 31 July 2013 Audited £
Balance at the beginning of the period	(886,108)	(1,201,296)	(1,201,296)
Reversal of timing differences	102,882	141,170	247,888
Change of rate of tax	37,295	-	67,300
Balance at the end of the period	(745,931)	(1,060,126)	(886,108)
Classified as current	(72,949)	-	(179,478)
Classified as non-current	(672,982)	(1,060,126)	(706,630)
Balance at the end of the period	(745,931)	(1,060,126)	(886,108)

4. Earnings per share

	Six months ended 31 January 2014 Unaudited £	Six months ended 31 January 2013 Unaudited £	Year ended 31 July 2013 Audited £
Loss			
The (loss) for purposes of basic and diluted loss per share being the net (loss) attributable to equity shareholders:			
Continuing operations	(583,793)	(725,998)	(1,445,462)
Discontinued operations	(122,159)	(63,869)	(197,298)
Continuing and discontinued operations	(705,952)	(789,867)	(1,642,760)
Number of shares			
Weighted average number of ordinary shares for the purposes of basic earnings per share	97,174,659	84,122,359	91,055,983
Basic and diluted earnings per share			
Continuing operations	(0.60)p	(0.86)p	(1.59)p
Discontinued operations	(0.13)p	(0.08)p	(0.22)p
Continuing and discontinued operations	(0.73)p	(0.94)p	(1.81)p

For all periods presented, share options were not dilutive as a loss was incurred.

5. Assets held for sale and discontinued operations

In January 2012 the Company entered into an agreement with BP Gas Marketing Limited (BPGM) regarding the acquisition of an equity interest in Islandmagee Storage Limited (IMSL) owned by a subsidiary of InfraStrata plc (65%) and Moyle Energy Investments Limited (35%). The equity interest was to arise through the exercise of an option by BPGM to acquire a 50.495% holding in the equity of IMSL, effected by the issue of new shares. As consideration, BPGM was funding appraisal activities under a Joint Appraisal Agreement (JAA) and the option would have been triggered following the drilling of a well to be funded by BPGM. From inception of this agreement the assets and liabilities of IMSL were classified as held for sale on the basis BPGM's option would vest and IMSL would then cease to be a subsidiary. Cumulative receipts from BPGM under the Joint Appraisal Agreement were classified as Non-controlling interests as a component of equity in the Group balance sheet.

Following a strategic review of its European wide gas assets portfolio BPGM determined that it will not be taking any further participation in the project. On 24 January 2014 agreement was reached with BPGM on the terms of settlement of the JAA and the relinquishment of its option to acquire shares of IMSL. No element of the amounts paid or payable by BPGM under the JAA or the terms of the settlement are repayable to BPGM. Since the sale of IMSL is no longer highly probable, the assets and liabilities of IMSL have, with effect from 24 January 2014, been reclassified under the appropriate heading in the Group's balance sheet and the balance of amounts paid and payable by BPGM at that date amounting to £2,028,275 has been transferred from Non-controlling interests to Retained earnings. The assets and liabilities of IMSL classified as held for sale at 31 January 2013 and 31 July 2013 and the amounts reclassified on 24 January 2014 are presented below.

	24 January 2014 Reclassified Unaudited £	31 January 2013 Unaudited £	31 July 2013 Audited £
Freehold land	440,100	440,100	440,100
Intangible fixed assets:			
Gas Storage Development	3,585,643	2,962,776	3,386,145
Trade & other receivables	522,964	31,304	190,730
Cash & Cash Equivalents	40,701	71,748	173,292
Assets classified as held for sale		*3,505,758*	*4,190,267*
Trade and other payables	39,596	13,300	149,560
Liabilities classified as held for sale		*13,300*	*149,560*

The loss from discontinued operations represents the loss of IMSL in each of the period to 31 January 2013 and year to 31 July 2013. In the current period the loss from continued operations represents the loss of IMSL up to 24 January 2014.

In the event that the project does not proceed to development IMSL would have an obligation to reinstate area of the well-pad which has already been constructed. This is a contingent liability estimated at £100,000.

6. Share capital

On 23 September 2013 the Company completed the placing of 8,000,000 new ordinary 10p shares at 10p per share to raise £800,000 before expenses.

7. Cash (used in) operations

	Six months ended 31 January 2014 Unaudited £	Six months ended 31 January 2013 Unaudited £	Year ended 31 July 2013 Audited £
Operating loss for the period	(678,727)	(846,569)	(1,742,354)
Depreciation	1,515	3,154	5,865
Exchange differences on eCORP debtor	49,197	-	46,890
Decrease/(Increase) in trade and other receivables	20,893	(62,378)	62,432
Increase/(Decrease) in trade and other payables	12,472	(671,712)	(372,514)
Share option expense	84,230	16,733	101,185
Share issue in lieu of salary	-	-	50,000
Profit on sale of assets	-	-	(49,945)
Cash (used in) discontinued operations	(31,766)	(89,253)	(350,643)
Cash used in continuing and discontinued operations	(542,186)	(1,650,025)	(2,249,084)

8. Dividend

The Directors do not recommend payment of a dividend.

9. Post balance sheet events

In March 2014 eCORP's NPI in P1918 was cancelled (and InfraStrata acquired the related preference shares held by eCORP in our subsidiary Portland Gas Limited) for a consideration of US$600,000 satisfied by the cancellation of the US$600,000 still payable by eCORP at that time. Also in March 2014, associated company Brigantes acquired an 18% interest in licence P1918 for a consideration of US$600,000, subject to DECC approval.

10. Publication of the interim report

This interim report is available on the Company's website www.infrastrata.co.uk

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