

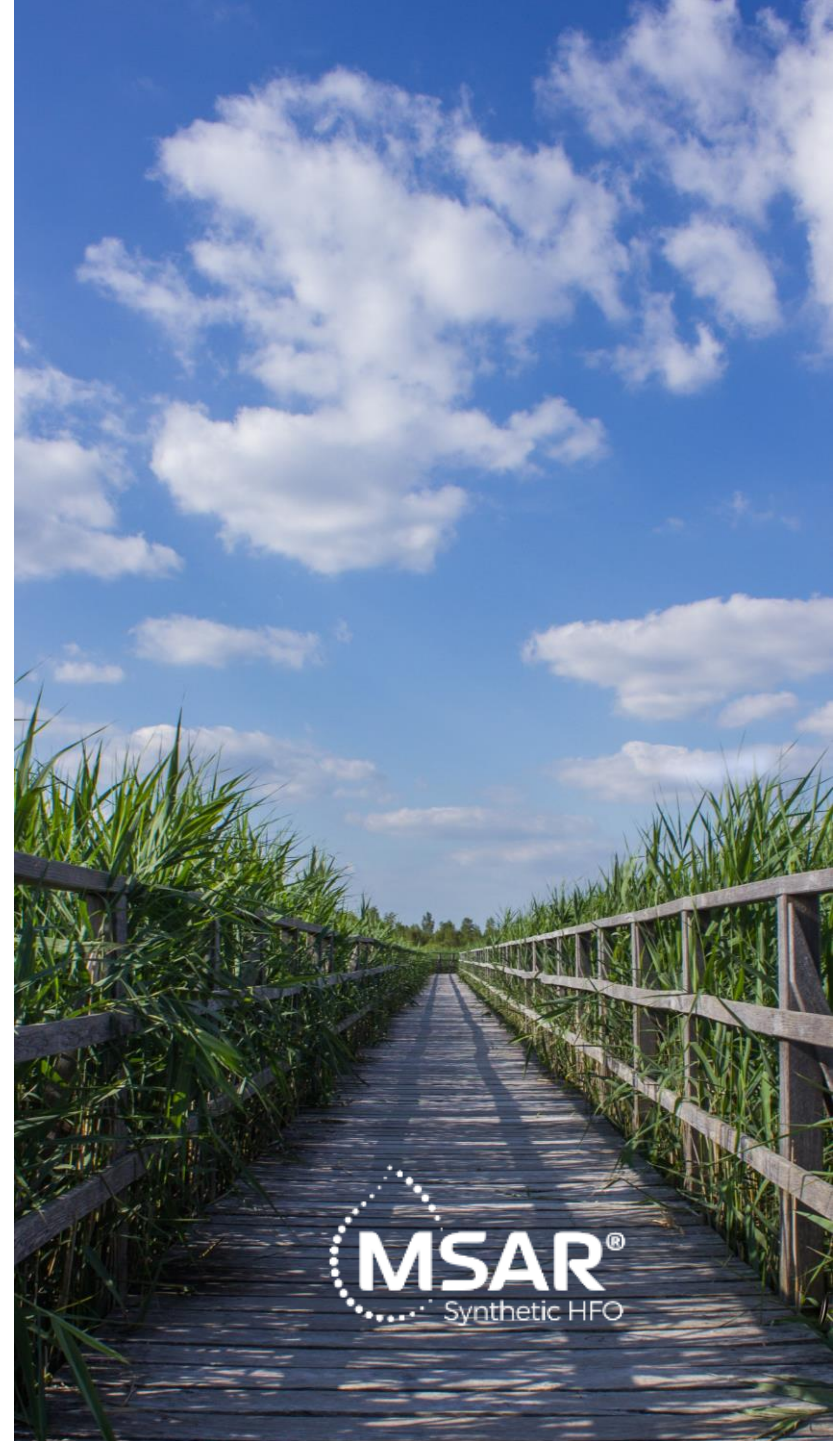
# PRESENTATION AT SHARES INVESTOR EVENT

MSAR<sup>®</sup> - a clean solution to a global problem

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July 21, 2020



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# PRESENTING



## Mike Kirk Chairman

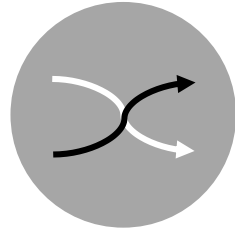
- Former partner at Cazenove, energy sector advisor & board member
- Joined Quadrise in 2015
- Chemical Engineer, Masters in Nuclear Fuel Technology, MBA



## Jason Miles Chief Executive Officer

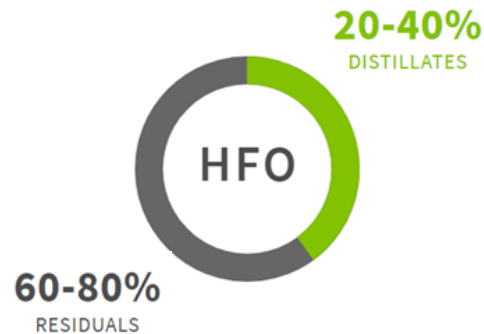
- Managed commercialisation of BP / PDVSA's Orimulsion business
- Over 25 years of emulsion fuels experience, joined Quadrise in 2006
- Chartered Chemical Engineer, MBA

## A GLOBAL PROBLEM



### Oversupply

- Producers and refineries make too much heavy oil
- Recent 2020 IMO regulations reduces demand



### Uneconomic

- Heavy fuel oil sells at a discount to crude oil<sup>1</sup>
- Diluents are used for blending (to lower viscosity)

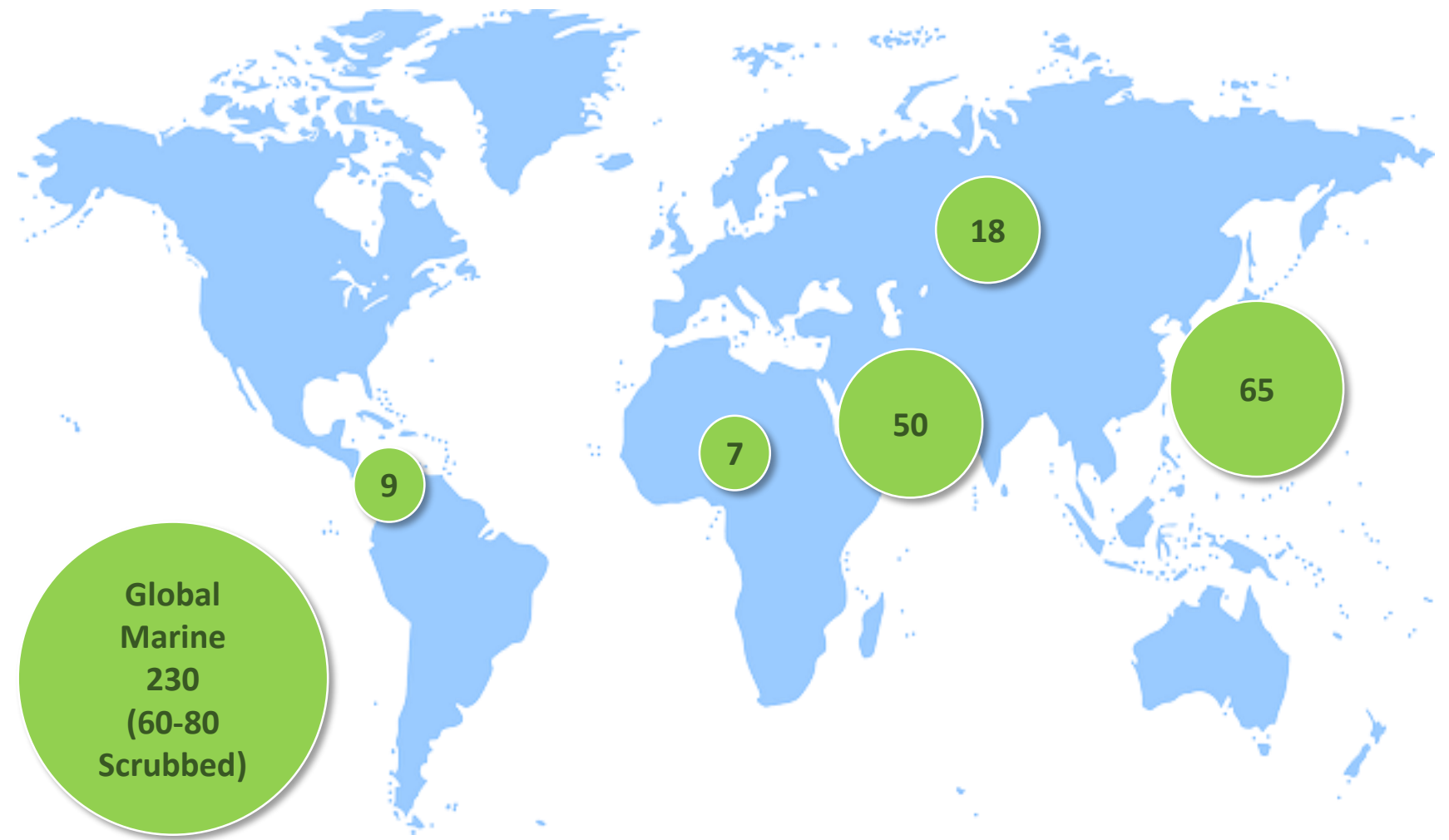
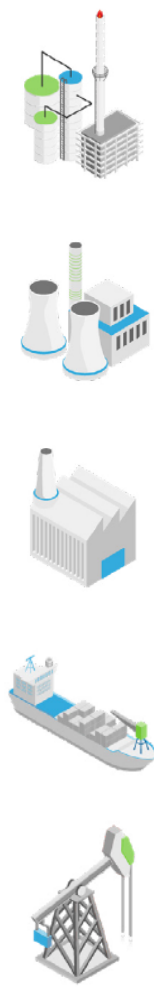


### Polluting

- Consumes energy to handle & use
- Hard to burn, with harmful emissions

# A GLOBAL OPPORTUNITY

# US\$135 billion of heavy fuel oil (HFO) is sold annually<sup>2</sup>

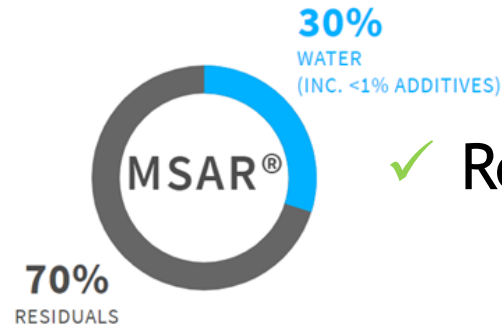


Focus areas of the HFO market for QFI in million tonnes per annum



A UNIQUE  
SOLUTION

# MSAR<sup>®</sup> technology eliminates the need for oil diluents



✓ Reducing HFO oversupply by ~30% using water



✓ Saving refinery distillates, providing cheaper energy



✓ Cleaner to use and burns like a gas

... through the innovative use of proven emulsion systems and surface chemistry, building on over a decade of commercial experience (Orimulsion)



**A WORLD-CLASS TEAM****WITH COMPELLING IP &  
COMMERCIAL KNOW-HOW****+ GLOBAL PARTNERS****A unique combination of:**

- Emulsion fuels specialists
- Energy & refinery sector experts
- Capital markets & PR/IR experience
  
- Strong patent protection in all major markets for MSAR®
- A world class emulsion-fuels lab & pilot plant (“QRF”) in the UK
- Team know-how from 60 million tons emulsion fuel supply & use

**Nouryon Surface Chemistry**

- Exclusive additive supply, with joint RDI and IP
- Long-standing relationship since 2004 (formerly AkzoNobel)

**MSAR<sup>®</sup>**  
Synthetic HFO  
**TECHNOLOGY**



**WHAT IS  
MSAR<sup>®</sup> ?**

## BUSINESS MODELS

### LICENSING

QFI supply services, technology license, equipment & additives

- Lowest working capital
- Preferred option for most oil majors

### TOLLING

QFI build & operate the MSAR<sup>®</sup> plant for a combination of fixed & variable fees

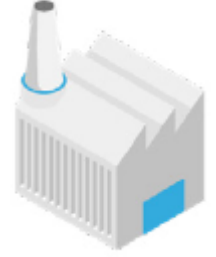
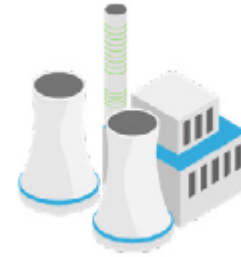
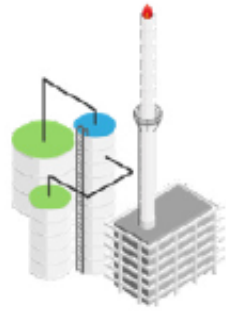
- Increased working capital/operational requirements
- Higher returns
- Used for Cepsa & Maersk

### MERCHANT (Future)

QFI build & operate MSAR<sup>®</sup> facility, purchasing residue and utilities and selling MSAR<sup>®</sup> fuel

- Highest working capital/operational requirements
- Highest returns, but with commodity price risk
- Used at Orlen Lietuva

## COMPETITIVE ADVANTAGE



### FOR PRODUCERS:

- Produce less HFO, more distillates
- Higher yield = more profit
- Low CAPEX (<\$5m per module)
- Operational in under 12 months
- Uses same fuel infrastructure

### FOR CONSUMERS:

- Stable fuel with known origin
- 10% lower cost, efficient energy
- Low CAPEX (<\$4m per 100MWe)
- Simple conversion in <6 months
- MSAR<sup>®</sup> burns like gas

**+ ENVIRONMENTAL, SOCIAL & GOVERNANCE**



## ESG VALUES

# ENVIRONMENTAL

1. The cleanest way of upgrading oil value saving CO<sub>2</sub> emissions

2. MSAR<sup>®</sup> reduces NO<sub>x</sub> emissions by ~30%

3. Reduces PM, with no Black Carbon reducing global warming

## SOCIAL

- Quadrise, assists our partners & clients to promote sustainable development through the responsible use of MSAR<sup>®</sup> fuel
- Enables clients to enhance their engagement with local communities and stakeholders by reducing their social impacts

## GOVERNANCE

- Always using the higher disclosure standards of the UK Corporate Governance Code
- Experienced, independent non-exec directors, top-class HSEQ, strong procedures & advisors

PEEL HUNT

GENKOS

BDO

SHORE CAPITAL  
CAPITAL MARKETS

FTI  
CONSULTING

BDB  
BDB PITMANS

## DELIVERING VALUE

### A HFO TO MSAR<sup>®</sup> PROJECT EXAMPLE

10,000 BPD  
(600,000 tpa)

## SALES & MARGINS FOR QUADRISE STAKEHOLDERS:

|            |                    |                     |
|------------|--------------------|---------------------|
| Licensing: | Sales \$20-31m pa. | Margin \$5-6m pa.   |
| Tolling:   | Sales \$39-49m pa. | Margin \$12-13m pa. |

### FOR PRODUCERS:

Increased Margin = \$12-24m pa.  
Assuming refinery takes 50% uplift

MSAR<sup>®</sup> CAPEX cost < \$15m  
Payback typically <12 months

Higher distillate yield = +5-10k bpd

### FOR CONSUMERS:

Increased Margin = \$15m pa.

MSAR<sup>®</sup> CAPEX cost \$5 - 15m pa.  
Payback typically <12 months

10k BPD HFO would supply:  
1 x 400MWe boiler  
38 x VLCC tankers, or 24 VL Containerships

# GLOBAL OPPORTUNITIES

## We access the global market cost-effectively directly & through carefully selected partners





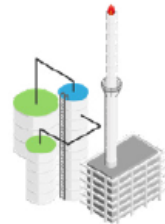
## International Chemicals & Mining Group (Morocco)

- Agreement signed 28 November 2019, fuel oil opportunity in region
- Pilot plant trial planned for 2020, all equipment & fuel is on client site
- Studies for commercial trials underway; precursor to commercial sales



## Marine Fuel Customers (Global)

- QFI focusing on major owners with latest emissions scrubbers & engines
- Discussions ongoing with two owners, in containers & bulker sectors
- Parallel investigations underway into physical bunker supply business



## National Oil Company & Utilities (Ecuador)

- Proposal issued to NOC client for refinery & utility with Freepoint



## National Oil Company & Utilities (Saudi Arabia)

- New partner Al-Khafrah Holding Group secured in 2019
- 400MWe boiler trial using KSA MSAR<sup>®</sup> supply in discussion with utility

**MSAR<sup>®</sup>**  
Synthetic HFO  
**PROJECT  
DELIVERY**



Refinery Gibraltar  
San-Roque

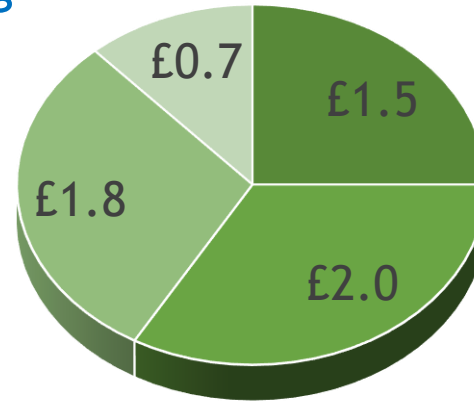


## FINANCIALS

Fully funded  
through to  
mid Q2 2021

## Funding during 2019 provided the platform for growth:

### 2019 Funding (£m)



- Open offer (Jan-19)
- Bergen convertible loan (Sep-19)\*
- Underwritten open offer & warrants (Oct-19)
- Further investor subscriptions (Oct-19)

\* Initial tranche, a second £2m tranche is available September 2020, subject to mutual agreement

Tight control of costs are maintained - further reductions through a proactive approach to Covid-19 - typical operating costs ~£0.25m/month

Supportive group of core shareholders (~35% of issued shares)

Funded to progress current opportunities through to mid Q2 2021 (~1yr)

Future opportunities may present themselves that require new funds



## Solving a global problem now :

- By producing stable oil-in-water emulsions
- Using proven modular, low-capex technology
- Industry leading team, IP & global partners

## Enabling a cleaner energy transition :

- MSAR<sup>®</sup> technology makes oil burn like gas
- Reduces costs for consumers and producers
- Reduces NO<sub>x</sub> and CO<sub>2</sub>, eliminates black soot

## With a global pipeline of opportunities :

- Broad pipeline of projects and opportunities
- Using carefully selected partners
- Fully funded through to mid-Q2 2021



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Questions?

For more info please visit:

[quadrissefuels.com](http://quadrissefuels.com)



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