



AGM Update Presentation

8th December 2017



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Company Representatives



Mike Kirk
Executive Chairman



Jason Miles
Chief Operating Officer



Laurie Mutch
Non-Executive Director



Philip Snaith
Non-Executive Director



Mark Whittle
General Manager, Refining



Martin Verle
General Manager, Marine



David Scott
Group Financial Controller

Quadrise Overview

- Developer and supplier of MSAR® technology.
- Produces a lower cost, cleaner alternative to Heavy Fuel Oil (“HFO”) - a c.US\$100 billion per annum market.
- IP is protected – and significant know-how and experience creates further barriers.
- Targeting the Power and Marine markets as a licensor.
- Working with World Class partners.

 = Multiphase Superfine Atomised Residue
Synthetic HFO



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Industry participation

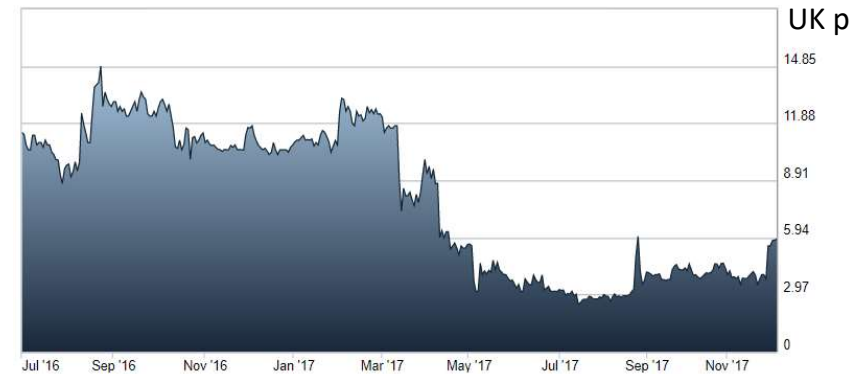


ASTM
INTERNATIONAL



A Challenging Year – but demonstrable progress

- IMO 2020 vs 2025 decision was a shock to industry.
- Led to Maersk ending Marine MSAR® trial early.
- Protracted process – Interim LONO and Report.
- Delays to signing KSA Power trial agreements.



But

- Marine trial demonstrated reliable MSAR® production, logistics and consumption.
- Essential in securing future marine business, supportive to progressing KSA Power trial.
- Pursuing many potential new business streams – such as JGC MOA.
- Continued process improvement via Research, Development & Innovation programmes.

Highlights



Kingdom of Saudi Arabia (KSA) Power MSAR® Project:

- Preparations for the commercial-scale trial are progressing with major stakeholders.
- Project activities are underway, to enable commencement in line with 2018 timetable.

Cepsa/Maersk Marine MSAR® Trial:

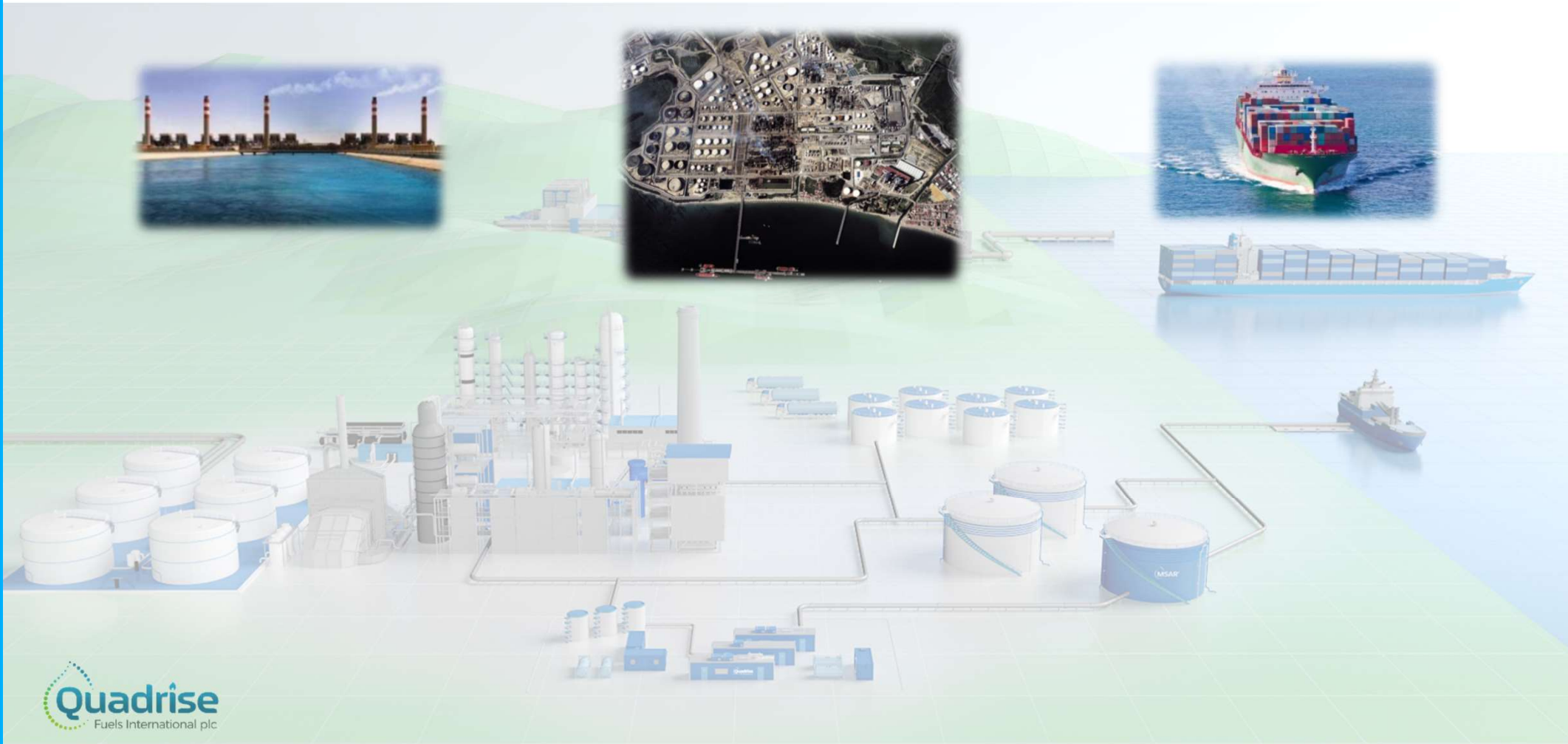
- Reliable 24 hour MSAR® production from a variety of crude oils
- Positive operational feedback and Interim LONO.

Opportunities Approaching IMO2020:

- Various opportunities are also being developed globally.
- **MOA with JGC signed** – Japan market and other projects worldwide.



Project and Market Updates



Refinery Production Of MSAR®



- **6,000 BPD MSAR® commercial reference facility operational within 9 months of sign-off.**
- **Proven reliability and quality of MSAR® production from July 2016:**
 - High and low sulphur residues used - blended in MSAR® bulk storage.
 - 24hr production from early 2017 to supply larger batches.
 - Quadrise team managed MSAR® production and quality control throughout.
- **Client visits to the production facility arranged, including representatives from KSA.**



BPD = Barrels per day, KSA = the Kingdom of Saudi Arabia

Marine MSAR[®] - Commercialisation

- LONO trial progressed well, positive operational feedback from Maersk and Wärtsilä - important for 3rd parties.
- Operators are evaluating future compliance options and investments.
- High sulphur fuels + EGCS widely regarded as the lowest cost of compliance, but requires funding.
- Cruise and ferry operators are the leading EGCS adopters to date – *Carnival investing \$1B on EGCS for their fleet, \$700M/year savings.*
- Quadrise – close engagement with shippers and industry groups.



CIMAC



Marine MSAR[®] - Current consensus on IMO 2020

Industry surprised by IMO 2020 marine fuel 0.5% sulphur decision

Main options: <0.5%S compliant fuel, >0.5%S fuel plus EGCS, or LNG

<0.5%S compliant fuel

2M BPD (~100M tpa) of low Sulphur (mostly distillate) fuel required by 2020 to meet 0.5%S.

Source: KBC

**Forecast Gasoil-HFO
“spreads” expected to
increase by >\$100/t, to
over \$300/t**

>0.5%S non-compliant fuel

1M BPD (~50M tpa) of high sulphur fuel will be consumed, either via EGCS (“scrubbers”) or non-compliance.

Source: KBC

Increased “spreads” enhance MSAR[®] refinery economics.

Large market opportunity for MSAR[®], linked primarily to the uptake of EGCS.

IMO = International Maritime Organisation

EGCS = Exhaust Gas Cleaning Systems, LNG = Liquefied Natural Gas

Market Opportunity – Kingdom of Saudi Arabia

Replace up to 500KBD HFO*, plus crude oil:

- National imperative, Vision 2030.
- HFO demand exceeds domestic supply, >50% is imported.
- Major utilities, OEMs and energy companies are actively engaged in the MSAR® project.
- The QFI team have been very active during year.
- Final contracts progressing with major partners.
- Potential to supply MSAR® from KSA and other oil refineries supplying the region.



***500KBD of HFO = ~30M tpa HFO**

- 25% of current global HFO power demand
- 50% of projected marine demand in 2020

KBD = Thousand Barrels per Day, M tpa = million metric tons per annum

Typical activities necessary to complete a MSAR® boiler trial

Phase 1 - Production



MSAR® Production & Bulk Storage
Engineering & Operations
e.g. 200-400,000 BPD Refinery

Status : Technical preparations significantly completed.

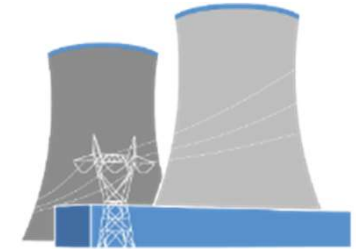
Phase 2 - Transport



Logistics & Shipping
Handling & Quality Control
e.g. Aframax Tanker
600,000 BBL capacity

Status : QC plans are completed, Logistics being finalised by clients.

Phase 3 – End Use



MSAR® Consumption
Site Prep & Trial Support.
e.g. 400MWe* Boiler Trial
~1,000,000 BBL MSAR®

Status : Engineering study delivered. Planning underway.

Quadrise's involvement is across all Phases of the Trial (Production to Consumption).

Specific activities include; Project Management, Quality Control, Operational Production Support, Ongoing RDI, Scheduling, Transportation, Site & Value Engineering, Risk Management and Combustion Trial Support & Analysis.

* 400MWe is ~1/10th of the size of Drax (3,900MWe) the largest power station in the UK, and ~1/10th of Greater London's electricity demand.

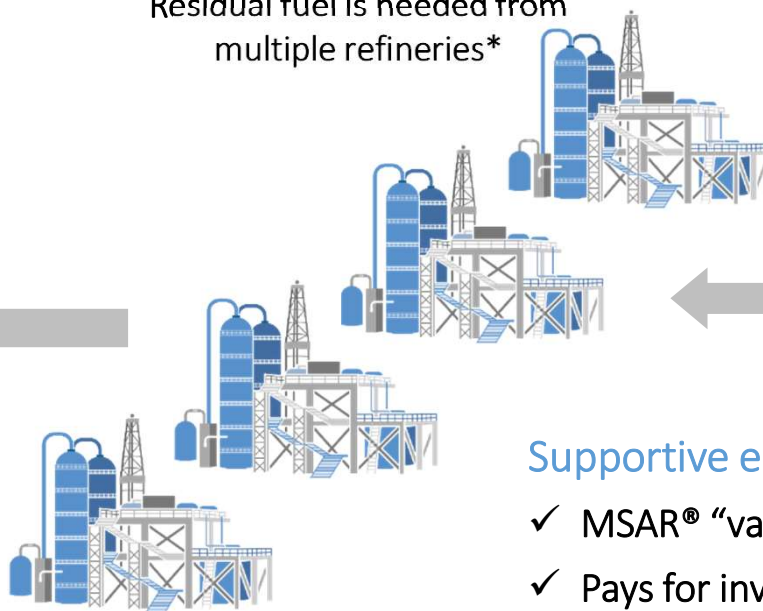


Quantification of power opportunity 2018+

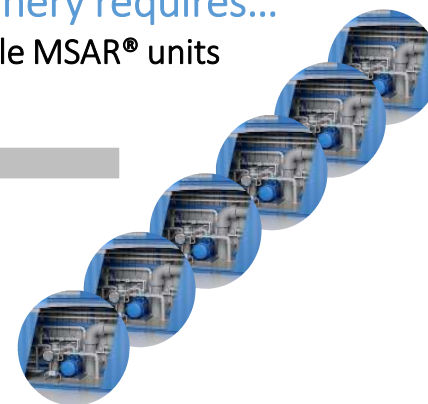
e.g. A 2,800MWe HFO Powerplant
100KBD HFO = 150KBD MSAR®



Needs residue sources...
Residual fuel is needed from
multiple refineries*



Each refinery requires...
Multiple MSAR® units



* A typical 150-200KBD
semi-complex refinery
produces 25KBD residue
(1.5M tpa)

Supportive economics at each refinery...

- ✓ MSAR® “value-add” comes from distillate savings
- ✓ Pays for investments at Refinery and Powerplant
- ✓ <12 months installation, <12 months payback

KBD = Thousand Barrels per Day, MWe = Mega Watts (Electric)
M tpa = million metric tons per annum



Global Opportunities



Complementary Solutions:

- Refinery heaters & boilers.
- National Oil Company synergies to provide MSAR® for Marine & Power.
- Selected upstream options.



The recent JGC MOA covers Japan and other opportunities.



Power

- Initial focus on KSA PowerGen (40% of global power market).
- Expand selectively into other Middle East and Asia regions.



Marine

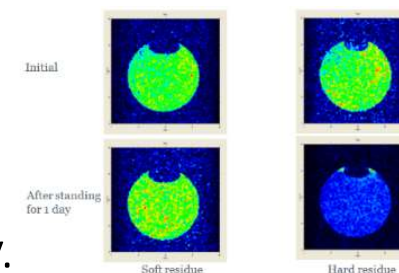
- Obtain engine LONO approvals for MSAR®, combine with EGCS.
- Secure commercial shipping operators deploying EGCS.



Research, Development & Innovation Activities

Practical experience of Cepsa production is combined with focused RDI efforts to continually expand MSAR® applications and enhance performance:

- **MSAR® Production Process Enhancements:**
 - Further improve production reliability/availability.
 - Simplify MMU control processes and operations.
- **Product Development at QRF and University of Surrey:**
 - Continued development for both power and marine:
 - Ongoing optimisation for commercial opportunities.
 - Aligning MSAR® technology with future refinery technology.
 - Investigating new applications of oil-in-water fuel technology.



Outlook for 2018

- Substantial commercial opportunity in the power and marine sectors.
- Leverage the marine trial to progress opportunities with ship operators.
- KSA power trial: significant commercial and technical preparations completed.
- MoA with JGC is a catalyst for accelerated commercial development.
- QFI team has the proven experience to deliver the MSAR® business.

