



21<sup>st</sup> September 2006

**Quadrise Fuels International plc  
("Quadrise" or "the Company")  
AIM : QFI**

**Update on Activities**

Following the Company's admission to AIM in April 2006, Quadrise has undertaken comprehensive business development activities and is pleased to announce the following update on these activities.

The Company's business is to manufacture and market low cost superior quality fuel oil emulsions (MSAR®) from the least desirable elements of the oil barrel – namely the heaviest and most viscous fractions, which can be purchased at low cost. These fractions are available to Quadrise by a number of means including:

- Splitting heavy fuel oil, or heavy crude in its own facilities
- Sourcing ultra heavy crude/bitumen and manufacturing MSAR® at the point of production
- Purchasing vacuum residues from existing oil refineries

Following admission, a comprehensive strategy review has been undertaken to re-appraise the Company's focus and target markets, of which a key result has been a shift into larger projects, using as feedstock oil residues available within existing oil refineries. Quadrise has selected the following markets as targets arising from its initial analysis:

- Far East/South East Asia (Korea, Japan, Taiwan, China, Singapore)
- Southern Europe & Mediterranean, including Italy, Greece & Turkey
- NW Europe, including the UK
- USA
- Central America and Caribbean
- Specific countries in Africa

A programme of refinery visits has been initiated consistent with the selected geographic strategy. Specifically, formal submissions have been made to two Far East refiners and one refinery in NW Europe. Positioning MSAR® within these refineries' processing configurations offers the respective oil companies significant benefits – both reducing capital expenditure to process heavy residues, and increasing operating flexibility and profit margins. Significant benefits have been demonstrated for certain options already studied, and Quadrise has further new processing concepts in the pipeline.

The Company's strategy is to offer a sink to refiners for their residues in order to permit them to take advantage of these benefits, whilst providing Quadrise its feedstock for MSAR® manufacture and subsequent sale to the respective regional power generating markets.

The Company's initial analysis in this area is very positive and a technical paper on the concepts developed by Quadrise will be presented at a major global refining conference dealing with bottom of the barrel conversion technology during the course of October.

Effective in October, the Quadrise management team will be joined by Jason Miles, as Business Development Manager. He has previously led a number of successful commercial efforts for the sale of Orimulsion, which is the Company's only commercial competitor.

Commenting on the hire, Bill Howe, CEO, stated "Jason brings excellent experience and is conversant with a number of potential MSAR® consumers and we believe he will strengthen our capability to close the power plant sales side of our business deals."

In parallel with the focused regional marketing activities, preliminary market studies are underway or planned in the Middle East, Russia, India, and South East Asia - through to the end of 2006. A major island based power plant refuelling opportunity is being pursued in the United States through Quadrise Fuels US LP.

Quadrise Canada Fuel Systems Inc. ("QCFS") has now secured its first commercial contract for the Surmont SAGD (Steam Assisted Gravity Drainage) project for Paramount Resources in northern Alberta, Canada. It will initially involve the sale of 3,000 BPD of MSAR®, rising to 13,000 BPD, with the planned start up for late 2009. QCFS have a number of other interesting prospects in hand and expectations are positive regarding their participation in the growing SAGD developments in Canada. Quadrise recently increased its shareholding in QCFS by 0.6%.

Bill Howe stated, "Going forward the Quadrise management team is extremely positive about its operations and the attention the business development efforts are receiving from the market after this initial five months of activity."

A statement regarding the Company's activities, from which the information in this announcement has been extracted, has been circulated to shareholders and is also available on the Company's website at [www.quadrisefuels.com/news](http://www.quadrisefuels.com/news).

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