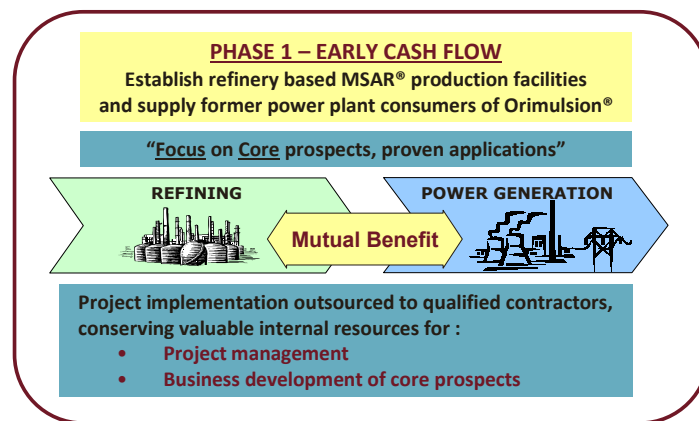




Update on QFI Business provided by Bill Howe, Chief Executive Officer at the Company's General Meeting on 11th December 2008.

Following the successful Lithuanian trial, QFI has continued its business development activity on all fronts consistent with our devised short and medium term strategy. This strategy seeks to minimise QFI's capital requirements, secure early revenues and build a long term market where the fundamentals for our technology are positive.

QFI strategy plays to +ve fundamentals



PHASE 2 – LEVERAGE TECHNOLOGY

Highly prospective oil-power markets
(Saudi Arabia, Kuwait and Mexico)

PHASE 2 – LEVERAGE PHASE 1 ASSETS

Merchant supply to diesel power markets
from Phase 1 hubs

Recent association with a large Saudi Arabian engineering company has brought to light the prospect of involvement of the Quadrisse technology in one of Saudi Arabia's largest integrated refining/petrochemical/power projects. Whilst this is still at an early stage, and we have always regarded Saudi Arabia as part of our phase 2 development, the initial indications confirm our previous analysis that Saudi Arabia holds excellent potential for the Company. We are very encouraged that the first engagement with our partner in this territory has yielded such a highly prospective opportunity which in itself, from a sheer size perspective, confirms our prior views on the market potential.

Our endeavours in Mexico continue and we are achieving a convergence of opinions between a feedstock supplier for MSAR[®] manufacture and two purchasers of MSAR[®] fuel. There is a growing

acknowledgment amongst these parties that there exists the same mutual benefit from a co-operative alignment as we achieved with our counter-parties in Lithuania.

We have also renewed our business development activity in North Africa, where we hope to facilitate a further refinery/genco alignment. Our association with this project has been of long standing and involves MSAR® fuelling some 600MWe of power generation capacity. The clients, having witnessed the merits of our project development strategy in Lithuania, are now seeking to pursue application of our technology along similar lines. Preliminary economic assessment data outlining the benefits to all parties has been tabled and we expect further development of the project in 1Q09.

As might be expected in the current economic climate certain business prospects become delayed. Progress on our North American refuelling prospects, and our South American EOR prospect fall into this category. However the fundamentals supporting these projects remain sound and we continue to follow them at the pace permitted by our clients. We have a good measure of confidence that these prospects will ultimately materialise.

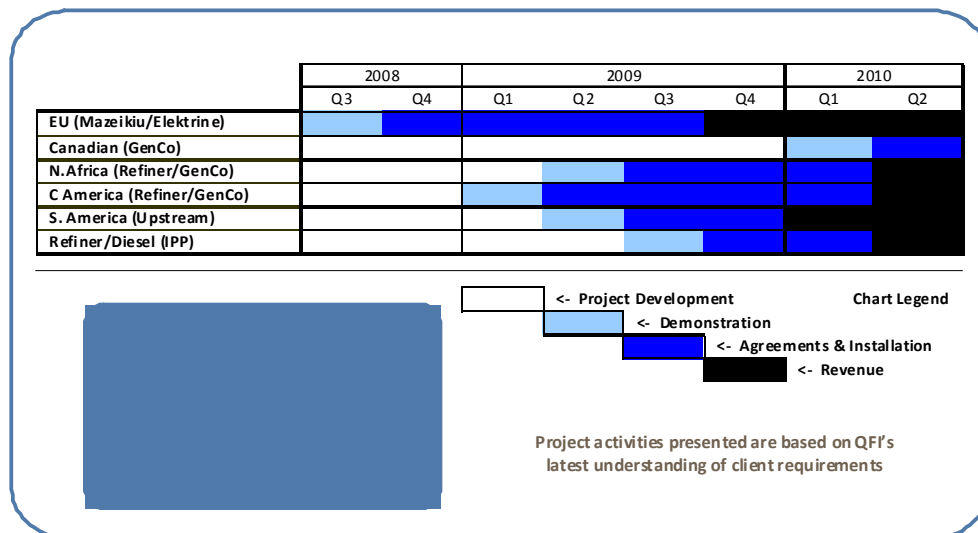
Discussions continue with our potential clients in Lithuania. We are currently engaged in crystallizing the issue of off-take capacity with Lietuvos Elektrine (LE), and progressing the contractual basis for a residue supply contract from Mazeikiu Nafta (MN). Finalisation of these matters will slip from our earlier predictions of February 2009. This arises from the recent elections in Lithuania, and formation of a new government ministry, the Ministry of Energy, under which LE will operate. Our view is that the fundamentals around energy supply in Lithuania are unchanged. Indeed there appears now absolute certainty that the Ignalina nuclear power plant will close as scheduled and that all the factors that supported MSAR® production are now more relevant than ever:

- MSAR® is a lower cost power generation fuel than gas or HFO for the Lietuvos Elektrenai steam cycle plant.
- Produced within Lithuania, diversifying the fuel supply and mitigating political issues.
- Host power plant configured to burn MSAR® efficiently with no capital requirement.
- Value adding to both the host oil refinery and power generator.
- Proven technology and operations.

It is our intent, together with LE and MN, to progress all contractual matters to finalisation such that the start up of our commercial operation is achieved as previously scheduled – for January 2010.

Our core prospects are detailed below. The Lithuanian success is expected to facilitate advancement of both our short and medium term prospects as reflected in the diagram.

Established pipeline of core prospects



Quadrise will close December 2008 with a higher than anticipated cash balance - approximately £3.9 million, with no debt. This is adequate to see the company through a further 12 months of activity excluding the capital required for Lithuania. In this latter regard the Company has made concrete progress on securing approximately 50% of our needs through project finance from a reputable bank. Further fund raising activity continues consistent with the quantum and schedule requirements of our first commercial project.'