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If you have sold or otherwise transferred all of your Existing Ordinary Shares in Quadrise Fuels International plc, please immediately forward this document, together with the accompanying Application Form (having completed Box 8 on the Application Form) to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for delivery to the purchaser or transferee except that such documents should not be sent to any jurisdiction where to do so might constitute a violation of local securities laws or regulations including, but not limited to, the United States and the Excluded Jurisdictions. If you have sold only part of your holding of Existing Ordinary Shares, you should contact your stockbroker, bank or other agent through whom the sale or transfer was effected immediately.

The Company and the Directors, whose names and functions appear on page 7 of this document, and the Company accept responsibility, both collectively and individually, for the information contained in this document. To the best of the knowledge and belief of the Directors and the Company (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

This document does not constitute an offer of transferable securities to the public within the meaning of section 102B of FSMA. The issue of the Offer Shares pursuant to the Placing and Open Offer will not constitute an offer to the public requiring an approved prospectus under section 85 of FSMA and accordingly this document does not constitute a prospectus for those purposes.

This document is not a prospectus for the purposes of the Prospectus Rules. Accordingly, this document has not been, and will not be, reviewed or approved by the Financial Services Authority of the United Kingdom ("FSA"), pursuant to sections 85 and 87 of FSMA, London Stock Exchange plc or any other authority or regulatory body.

The Existing Ordinary Shares are admitted to trading on AIM. Application will be made to the London Stock Exchange for the Offer Shares to be admitted to trading on AIM. It is expected that admission to AIM and dealings in the Offer Shares will commence on 4 April 2011. No application is currently intended to be made for the Existing Ordinary Shares or the Offer Shares to be admitted to listing or dealt with on any other exchange. AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the official list of the United Kingdom Listing Authority. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. Each AIM company is required pursuant to the AIM Rules for Companies to have a nominated adviser. The London Stock Exchange has not itself examined or approved the contents of this document.

QUADRISE FUELS INTERNATIONAL PLC

(Incorporated in England and Wales under the Companies Act 1985 with Registered No. 5267512)

Placing and Open Offer of 85,816,534 Ordinary Shares at 3.5 pence per share on the basis of 5 Offer Shares for every 32 Existing Ordinary Shares

The distribution of this document, the Open Offer Entitlements and/or the Application Form, in jurisdictions other than the UK may be restricted by law and therefore persons into whose possession this document and/or accompanying documents come should inform themselves about and observe any such restrictions. Any failure to comply with any such restrictions may constitute a violation of the securities laws or regulations of such jurisdictions. In particular, subject to certain exceptions, this document, the Open Offer Entitlements and/or the Application Form should not be distributed, forwarded to or transmitted in or into the United States (as defined in Regulation S of the United States Securities Act of 1933, as amended) or the Excluded Jurisdictions.

Neither the Offer Shares, the Open Offer Entitlements nor the Application Form have been, nor will they be, registered in the United States under the United States Securities Act of 1933 (the "Securities Act"), as amended, or under the securities laws of any of the Excluded Jurisdictions and, subject to certain exceptions, they may not be offered or sold directly or indirectly within or into the Excluded Jurisdictions or to, or for the account or benefit of, any national, citizen or resident of the Excluded Jurisdictions. Subject to certain exceptions, the Offer Shares may not be offered or sold, directly or indirectly, in the United States or to, or for the account or benefit of, U.S. persons (as such terms are defined in Regulation S ("Regulation S") under the Securities Act). This document does not constitute an offer to sell or issue or the solicitation of an offer to buy or subscribe for Offer Shares in any jurisdiction in which such offer or solicitation is unlawful.

This document should be read as a whole. Your attention is drawn to the letter from the Chairman of Quadrise Fuels International plc which is set out in Part I of this document and to the Risk Factors in Part III of this document.

Jendens Securities Limited, which is regulated by the Financial Services Authority, is acting exclusively for the Company in connection with the Placing, and will not be responsible to anyone other than the Company for providing the protections afforded to clients of Jendens Securities Limited or for providing advice in relation to the Proposals or any other matter in relation to the contents of this document.

The Offer Shares will rank *pari passu* in all respects with the Existing Ordinary Shares, including the right to receive all dividends and other distributions declared, made or paid on the Existing Ordinary Shares after Admission.

The Open Offer closes at 11.00 a.m. on 29 March 2011. If you are a Qualifying Shareholder and wish to apply for Offer Shares under the Open Offer you should follow the procedure set out in Part II of this document and complete and return the accompanying Application Form. If Qualifying Shareholders have any queries on the procedure for acceptance and payment, or wish to receive another Application Form, they should contact Share Registrars on +44 (0)1252 821390, where relevant, quoting the serial number of their Application Form. **Calls to the Share Registrars Limited 01252 821390 number are charged at your service provider's network standard rate. Calls to the Share Registrars Limited +44 1252 821390 number from outside the UK are charged at applicable international rates. Different charges may apply to calls made from mobile telephones.** Share Registrars cannot provide advice on the merits of the Proposals nor give any financial, legal or tax advice. Share Registrars will not give Qualifying Shareholders any other advice in connection with the Open Offer.

IMPORTANT INFORMATION

Subject to certain exceptions, neither this document, the Open Offer Entitlements or the Application Form constitutes an offer to sell or the solicitation of an offer to buy Offer Shares or any entitlements under the Open Offer in the United States (as defined in Regulation S of the US Securities Act).

None of the Offer Shares, the Open Offer Entitlements or the Application Form have been, or will be, registered under the US Securities Act or under the securities legislation of any state or other jurisdiction of the United States. None of the Open Offer Entitlements, the Application Form or the Offer Shares may be taken up or delivered in, into or within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and in compliance with state securities laws. The Application Form is not being posted to any person in the United States and no Open Offer Entitlements will be credited to a stock or share account of any person in the United States.

None of the Offer Shares, the Open Offer Entitlements or the Application Form, have been or will be, registered under the relevant laws of any state, province or territory of any of the Excluded Jurisdictions. Subject to certain limited exceptions (i) none of the Open Offer Entitlements, the Application Form nor the Offer Shares may be taken up or delivered in, into or within any of the Excluded Jurisdictions, and (ii) the Application Form is not being posted to any person in any of the Excluded Jurisdictions.

The attention of Overseas Shareholders and other recipients of this document who are residents or citizens of any country other than the United Kingdom or who have a contractual or other legal obligation to forward this document, or, where relevant, the Application Form to a jurisdiction outside the United Kingdom (including without limitation custodians, nominees and trustees) is drawn to paragraph 6 of Part II of this document.

It is the responsibility of any person receiving a copy of this document, the Open Offer Entitlements and/or the Application Form outside the United Kingdom to satisfy himself as to the full observance of the laws and regulatory requirements of the relevant territory in connection therewith, including obtaining any governmental or other consents which may be required or observing any other formalities required to be observed in such territory and paying any other issue, transfer or other taxes due in such other territory. Persons (including, without limitation, nominees and trustees) receiving this document, the Open Offer Entitlements and/or the Application Form should not, in connection with the Proposals, distribute or send it into any jurisdiction when to do so would, or might contravene local securities laws or regulations. Any person who does forward this document into any such jurisdictions should draw the recipient's attention to the contents of paragraph 6 headed "Overseas shareholders" of Part II of this document.

Members of the general public are not eligible to take part in the Placing. Shareholders who are not Relevant Persons are not entitled to participate. Only those persons (whether or not they are Shareholders) who are Relevant Persons have been invited to take part in the Placing.

Fairfax, which is authorised and regulated by the Financial Services Authority in the United Kingdom, is acting as nominated adviser to the Company. Its responsibilities as the Company's nominated adviser under the AIM Rules are owed solely to the London Stock Exchange and are not owed to the Company or to any Director or to any other person in respect of his decision to acquire shares in the Company in reliance on any part of this document. No representation, responsibility or warranty, expressed or implied, is made by Fairfax or any of its directors, officers, employees or agents as to any of the contents of this document in connection with the Proposals or any other matter referred to in the document. Fairfax will not be offering advice and will not otherwise be responsible for providing customer protections to recipients of this document or for advising them on the contents of this document or any other matter.

This document includes statements that are, or may be deemed to be, forward-looking statements that are based on current expectations or beliefs, as well as assumptions about future events. These forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "plans", "anticipates", "milestones", "targets", "aims", "continues", "expects", "intends", "hopes", "may", "will", "would", "could" or "should" or, in each case, their negative or other variations or comparable terminology. These forward-looking statements include matters that are not facts. They appear in a number of places throughout this document and include statements regarding the Directors' intentions, beliefs or current expectations concerning, amongst other things, the Company's results of operations, financial condition, liquidity, prospects, growth and strategies. By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances. Any forward-looking statements contained in this document based on past trends or activities should not be taken as a representation that such trends or activities will continue in the future. Subject to any requirement under the AIM Rules or other applicable legislation or regulation, neither the Company nor Fairfax nor Jendens undertakes any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. Undue reliance should not be placed on forward-looking statements, which speak only as of the date of this document. There are several factors which could cause actual results to differ materially from those expressed or implied in forward-looking statements. Among the factors that could cause actual results to differ materially from those described in the forward-looking statements are changes in expectations and assumptions used and changes in the global, political, economic, business, competitive, market and regulatory forces, future exchange and interest rates, changes in tax rates and future business combinations or dispositions.

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EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Record Date	5.00 p.m. on 3 March 2011
Publication and posting of the Circular and Application Form	8 March 2011
Latest time for splitting Application Forms (to satisfy <i>bona fide</i> market claims only)	3.00 p.m. on 24 March 2011
Latest time and date for receipt of completed Application Forms and payment in full under the Open Offer	11.00 a.m. on 29 March 2011
Announcement of the final results of the Placing and Open Offer	8.00 a.m. on 30 March 2011
Admission effective and dealings in Offer Shares commence on AIM	4 April 2011
CREST accounts credited	4 April 2011
Share certificates dispatched by	11 April 2011

The dates set out in the timetable of principal events above and mentioned throughout this document and in the Application Form may be adjusted by the Company, in which event the details will be notified to the London Stock Exchange and, where appropriate, to Shareholders.

PLACING AND OPEN OFFER STATISTICS

Offer Price	3.5p per Offer Share
Number of Ordinary Shares in issue at the date of this document	549,226,857
Number of Offer Shares available under the Open Offer	85,816,534
Estimated net proceeds of the Placing and Open Offer*	£2.7 million
Percentage of the Enlarged Issued Share Capital represented by the Open Offer Shares*	13.51%
Number of Ordinary Shares in issue at Admission*	635,043,391
Market capitalisation of the Company on Admission at the Offer Price*	£22.2 million

* assuming maximum take up under the Placing and Open Offer

Definitions

The following definitions apply throughout this document unless the context otherwise requires:

“Act”	the Companies Act 2006, as amended
“Admission”	admission of the Offer Shares to trading on AIM becoming effective in accordance with the AIM Rules
“AIM”	the market of that name operated by the London Stock Exchange
“AIM Rules”	the AIM rules for companies published by the London Stock Exchange (as updated from time to time) governing the admission to and the operation of AIM
“AkzoNobel”	AkzoNobel Surface Chemistry AB
“Application Form”	the application form to be used by Qualifying Shareholders in connection with the Open Offer
“Australia”	the Commonwealth of Australia, its states, territories and possessions
“Canada”	Canada, its provinces, territories and all areas subject to its jurisdiction and any political sub-division thereof
“certificated form” or “in certificated form”	an ordinary share recorded on a company’s share register as being held in certificated form (namely, not in CREST)
“Code”	the City Code on Takeovers and Mergers, as amended from time to time
“Company” or “QFI”	Quadrise Fuels International plc
“CREST”	the relevant system (as defined in the Uncertificated Securities Regulations 2001) in respect of which Euroclear UK & Ireland Limited is the operator (as defined in those regulations)
“Directors” or “Board”	the directors of the Company or any duly authorised committee thereof
“Enlarged Issued Share Capital”	the issued ordinary share capital of the Company immediately following Admission
“Excluded Jurisdiction”	the United States, Australia, Canada, Japan, the Republic of South Africa, New Zealand and any other jurisdiction where the extension or availability of the Open Offer would breach any applicable law
“Existing Ordinary Shares”	the 549,226,857 Ordinary Shares of 1 pence each in the capital of the Company in issue at the date of this document, all of which are admitted to trading on AIM
“Euro”	the official currency of the European Union, introduced at the start of the third stage of European Economic and Monetary Union pursuant to the treaty establishing the European Community
“Euroclear”	Euroclear UK & Ireland Limited, the operator of CREST (formerly known as CRESTCo Limited)
“Fairfax”	Fairfax I.S. PLC, the Company’s nominated adviser and broker
“FPO”	the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (S.I. 2005/1529)

“FSA”	the Financial Services Authority of the UK in its capacity as the competent authority for the purposes of FSMA
“FSMA”	the Financial Services and Markets Act 2000
“Group”	the Company, its existing subsidiaries and subsidiary undertakings
“Japan”	Japan, its cities and prefectures, territories and possessions
“Jendens”	Jendens Securities Limited, the Company’s joint broker
“London Stock Exchange”	London Stock Exchange plc
“Maersk”	A.P. Moller-Maersk A/S
“Money Laundering Regulations”	The Money Laundering Regulations 1993, as amended, and the Money Laundering Regulations 2007
“MSAR®”	a registered trademark belonging to Quadrise Limited, a wholly-owned subsidiary of QIL, which stands for Multi-Phase Superfine Atomised Residue, and is the name applied to the oil in water emulsion fuel produced using the AkzoNobel technology licensed to QIL
“Offer Price”	3.5 pence per Offer Share
“Offer Shares”	the 85,816,534 Ordinary Shares which are to be made available for subscription by Qualifying Shareholders under the Open Offer
“Official List”	the official list of the UKLA
“Open Offer”	the conditional offer to Qualifying Shareholders to subscribe for the Offer Shares at the Offer Price, as described in this document
“Open Offer Entitlements”	entitlements to subscribe for Offer Shares, allocated to a Qualifying Shareholder pursuant to the Open Offer
“Options”	the options granted to Directors and others to subscribe for Ordinary Shares, details of which are set out in paragraphs 1 and 2.3 of Part IV of this document
“Ordinary Shares”	ordinary shares of 1 pence each in the capital of the Company
“Overseas Shareholders”	Shareholders resident in, or citizens of, jurisdictions outside the United Kingdom
“PEMEX”	Pemex Refinacion, a State-owned refinery business in Mexico
“Placing”	the placing by Jendens of Offer Shares not taken up by Qualifying Shareholders in the Open Offer with other investors pursuant to the Placing Agreement
“Placing Agreement”	the agreement dated 8 March 2011 between the Company and Jendens, details of which are set out in paragraph 3.14 of Part IV of this document
“PowerSeraya”	Powerseraya Limited
“Project Cos”	the four joint venture companies established by QIL to progress the development of MSAR® fuels for use in the marine market (Quadrise Marine) in Saudi Arabia (Quadrise KSA), in Asia (Quadrise Asia) and in North America (including Mexico and South America) (Quadrise Americas)
“Proposals”	the proposals set out in this document including the Placing and Open Offer

“Prospectus Rules”	the Prospectus Rules made in accordance with EU Prospectus Directive 2003/71/EC in relation to offers of securities to the public and admission of securities to trading on a regulated market;
“QCC”	Quadrise Canada Corporation Inc.
“QIL”	Quadrise International Limited, a wholly-owned subsidiary of the Company
“Quadrise Americas”	Quadrise Americas Limited
“Quadrise Asia”	Quadrise Asia Limited
“Quadrise KSA”	Quadrise KSA Limited
“Quadrise Marine”	Quadrise Marine Limited
“Qualifying Shareholders”	holders of Existing Ordinary Shares at the Record Date
“Record Date”	the record date for the Open Offer being 5.00 p.m. on 3 March 2011;
“Relevant Persons”	persons (i) who are investment professionals within Article 19(1) of the FPO; or (ii) who are persons falling within Article 49(1) of the FPO; or (iii) with whom it may otherwise be lawful for the Company to communicate in respect of the Placing and are persons who fall within section 86(7) of FSMA
“Securities Act”	the United States Securities Act of 1933, as amended
“Shareholders”	holders of Ordinary Shares
“Share Registrars”	the Company’s registrars, Share Registrars Limited of Suite E, First Floor, 9 Lion and Lamb Yard, Farnham, Surrey GU9 7LL
“UKLA”	the United Kingdom Listing Authority, being the Financial Services Authority acting in its capacity as the competent authority for the purposes of Part VI of FSMA
“United Kingdom” or “UK”	the United Kingdom of Great Britain and Northern Ireland
“United States” or “US”	the United States of America, each State thereof, its territories and possessions (including the District of Columbia) and all other areas subject to its jurisdiction
“uncertificated” or “in uncertificated form”	an ordinary share recorded on a company’s share register as being held in uncertificated form in CREST and title to which, by virtue of the Uncertificated Securities Regulations 2001, may be transferred by means of CREST
“Warrants”	the 87,500,000 warrants to subscribe for Ordinary Shares at a price of 1 pence per share exercisable at any time prior to 30 June 2011

PART I

LETTER FROM THE CHAIRMAN OF QFI

QUADRISE FUELS INTERNATIONAL PLC

(Incorporated in England and Wales under the Companies Act 1985 with registered number 5267512)

Directors:

Ian Williams (*Executive Chairman*)
Hemant Thanawala (*Finance Director*)
Ian Duckels (*Non-executive Director*)
Laurie Mutch (*Non-executive Director*)
Jason Miles (*Non-executive Director*)
Dilip Shah (*Non-executive Director*)

Registered Office:

Parnell House
25 Wilton Road
London
SW1V 1YD

8 March 2011

To Shareholders and, for information purposes only, to the holders of Options and Warrants

Dear Shareholder,

**Placing and Open Offer of 85,816,534 new Ordinary Shares at 3.5 pence per share
on the basis of 5 Offer Shares for every 32 Existing Ordinary Shares**

1. INTRODUCTION

Your Board is announcing today that it proposes to raise approximately £3.0 million (before expenses) by way of a Placing and Open Offer, thus allowing the Company's existing Shareholders the opportunity to participate in the fundraising.

The terms of the Placing and Open Offer are described in this document. The net proceeds of the Placing and Open Offer are expected to be approximately £2.7 million and, as explained below, the Directors believe they will be sufficient to take the Group to the stage where it is generating net positive cashflow from continuing operations. The Placing and Open Offer are conditional, *inter alia*, upon Admission.

The purpose of this document is to:

- provide you with information about the background to and the rationale for the Proposals; and
- explain why the Board considers the Proposals to be in the best interests of the Company and its Shareholders as a whole.

2. DETAILS OF THE PLACING AND THE OPEN OFFER

Qualifying Shareholders are invited to apply for Offer Shares under the Open Offer at a price of 3.5 pence per Offer Share, payable in full on application and free of all expenses, *pro rata* to their existing shareholdings on the basis of:

5 Offer Shares for every 32 Existing Ordinary Shares

held at the Record Date and so on in proportion for any other number of Existing Ordinary Shares then held. Open Offer Entitlements will be rounded down to the nearest whole number of Offer Shares. Fractional entitlements which would have otherwise arisen will not be issued.

The Open Offer is subject to the satisfaction, amongst other matters, of the following conditions on or before 7 April 2011, or such later date (being not later than 30 April 2011), as the Company may decide:

- (i) the Placing Agreement being unconditional in all respects and not having been terminated in accordance with its terms; and
- (ii) Admission becoming effective.

The Offer Shares will, when issued and fully paid, rank *pari passu* in all respects with the Existing Ordinary Shares, including the right to receive all dividends and other distributions declared, made or paid after the date of Admission.

The Open Offer has been structured so as to allow Qualifying Shareholders to subscribe for Offer Shares at the Offer Price *pro rata* to their holdings of Existing Ordinary Shares. To the extent that Offer Shares are not subscribed by Qualifying Shareholders, Open Offer Entitlements will lapse. Further details of the Open Offer and the procedure for application are given in Part II of this document.

Jendens has pursuant to the Placing Agreement undertaken to use its reasonable endeavours to place any Offer Shares not subscribed for by Qualifying Shareholders with certain other investors. Accordingly, Jendens has made arrangements with certain institutional investors, Directors and other investors for the Offer Shares to be placed to the extent that they are not taken up by Qualifying Shareholders under the Open Offer.

In order to assist with the management of the fund-raising and ensure that a substantial number of Offer Shares were available for institutional investors under the Placing certain Shareholders (including myself and other Directors) have given irrevocable undertakings not to apply for their Open Offer Entitlements, as detailed in paragraph 3.13 of Part IV of this document. In light of these undertakings, 62,752,435 Offer Shares have been placed firm with institutional and other investors and a further 23,064,099 Offer Shares have been provisionally placed with institutional and other investors.

Hemant Thanawala, Ian Duckels, Jason Miles and I have given commitments to subscribe in person or by a nominee for up to 4,714,286 Offer Shares in aggregate in the Placing, as detailed in paragraph 2.2 of Part IV of this document.

Settlement and dealings

Application will be made to the London Stock Exchange for the Offer Shares to be admitted to trading on AIM. It is expected that such Admission will become effective and that dealings will commence on 4 April 2011. Further information in respect of settlement and dealings in the Offer Shares is set out in paragraph 7 of Part II of this document.

The Offer Shares will, when issued, rank *pari passu* in all respects with the Existing Ordinary Shares, including the right to receive dividends and other distributions declared following Admission.

Overseas Shareholders

It is the responsibility of any person receiving a copy of this document and/or the Application Form outside the United Kingdom to satisfy himself as to the full observance of the laws and regulatory requirements of the relevant territory in connection therewith, including obtaining any governmental or other consents which may be required or observing any other formalities required to be observed in such territory and paying any other issue, transfer or other taxes due in such other territory. If in doubt, such persons should consult their professional advisers. Persons (including, without limitation, nominees and trustees) receiving this document and/or the Application Form should not, in connection with the Proposals, distribute or send it into any jurisdiction when to do so would, or might contravene local securities laws or regulations. Any person who does forward this document into any such jurisdictions should draw the recipient's attention to the contents of paragraph 6 of Part II of this document regarding Overseas Shareholders. If you are an Overseas Shareholder, it is important that you read that part of this document.

The Open Offer will be extended to any Qualifying Shareholders to whom this document and the Application Form may not be sent by means of an advertisement in the London Gazette.

3. USE OF PROCEEDS

The net proceeds of the Placing and Open Offer are expected to be approximately £2.7 million. The proceeds will be used to strengthen the Group's balance sheet and to meet the current projected business development costs, capital expenditure and general working capital requirements of the Group over the next 24 months.

The Board believes that the expected net proceeds of the Placing and Open Offer will allow the Company to develop its current projects to the stage when they can generate net positive cash flow from continuing operations. The Directors believe that the Placing and Open Offer is the most equitable method to allow as many Shareholders to participate in the Company's future as possible.

4. CURRENT TRADING AND FUTURE PROSPECTS

The Group restructuring, completed in November 2010, resulted in the separation of the Group's 'directly managed' interests from its investments in Canadian associate companies. The investments in the Canadian companies are directly held by the Company and the managed interests are held and managed by QIL.

The QIL managed activity comprises active business development programmes in which QIL is working jointly with major corporations on defined projects. These programmes typically move through proving phases which, on successful completion, should progress to commercial operations. QIL's active programmes have reached varying stages of development, as detailed below.

Marine MSAR[®] fuel programme

The marine MSAR[®] fuel programme is advancing towards the commercial phase. QIL, Maersk, AkzoNobel and certain major refiners are working jointly in a coordinated programme aimed at the production, supply and marketing of MSAR[®] marine fuel as an approved low cost replacement for bunker fuel oil. Bunker fuel oil is a global market of over 170 million tonnes per annum. Securing even a modest share will provide substantial underpinning of the future value of QFI. The project has advanced through progressive technical development and is nearing the end of the pre-commercial phase. In anticipation of successful progression, Maersk and QIL have entered into a Royalty Agreement, which provides the legal framework for future commercial sales of Marine MSAR[®] fuel to Maersk and third parties.

Saudi and PEMEX programmes

The Saudi and PEMEX programmes involve the installation of MSAR[®] manufacturing units in major refineries initially on a proving basis. The programmes involve trial operations which will be assessed to validate projected benefits and, on success, progress to continuous commercial operation. In both cases the client companies will be meeting the costs of the pre-commercial phase. The value of the conversion from fuel oil to MSAR[®] fuels production has an added advantage for both Mexico and Saudi Arabia. Both are net importers of diesel fuel and the conversion results in a step change in the yield of diesel fuel components from the associated refineries. In both cases, there should be scope to replicate the projects within their refinery portfolios.

PowerSeraya programme

An agreement has been reached with PowerSeraya in Singapore to identify and develop a source of MSAR[®] fuels for their power plant in Jurong. This involves a joint programme, which is currently underway, to identify, evaluate and select a suitable manufacturing base and supply system to support a long term fuel supply agreement.

The Company has adopted a 'select and focus' strategy in relation to its managed projects to concentrate resources and advance the revenue phase. Progress over the past two years has vindicated that decision. However, further opportunities have been identified for the next phase of the Group's development when resources should become available to support a broadening business base.

The Project Cos, Quadrise Marine, Quadrise KSA, Quadrise Americas and Quadrise Asia have been formed to progress these programmes. Further details concerning the Project Cos and their shareholders are given in paragraphs 3.6 to 3.12 (inclusive) in Part IV of this document.

Non-managed interests

In relation to the Group's non-managed interests, where the Company holds minority interests, a new strategy adopted by QCC has led to the creation of several 'spin out' ventures to exploit proprietary technologies developed by QCC under licenses. The most active to date has been Optimal Resources Inc, which is, in effect, a junior oil production company currently piloting the QCC Enhanced Oil Recovery technology in its Lloydminster oil fields. If successful, the QCC Enhanced Oil Recovery technology license would offer substantial competitive advantage for Optimal in securing reserves and developing production. QFI remains the largest shareholder in QCC (20.4 per cent.) and in Optimal (9.6 per cent.).

QFI management have been pioneering a new technology in traditional markets. This is never easy and the obstacles are often more challenging than initially assessed. The Company has, however, made substantial progress over the past 18 months in its core selected managed programmes. As indicated above, the Directors believe that the funds now being sought should be sufficient to take the Group to the point where it is generating net positive cash flow from continuing operations.

5. ACTION TO BE TAKEN IN RESPECT OF THE OPEN OFFER

If you are a Qualifying Shareholder you will find an Application Form accompanying this document which gives details of your Open Offer Entitlement (i.e. the number of Offer Shares allocated to you). If you wish to apply for Offer Shares under the Open Offer, you should complete the enclosed Application Form in accordance with the procedure set out at paragraph 3 of Part II of this document and on the Application Form itself and post it in the accompanying prepaid envelope, together with payment in full in respect of the number of Offer Shares applied for to Share Registrars, Suite E, First Floor, 9 Lion and Lamb Yard, Farnham, Surrey GU9 7LL so as to arrive as soon as possible and in any event so as to be received no later than 11.00 a.m. on 29 March 2011, having first read carefully Part II of this document and the contents of the Application Form.

The latest time for applications to be received under the Open Offer is 11.00 a.m. on 29 March 2011. The procedures for application and payment are set out in Part II of this document. Further details also appear on the Application Form which has been sent to Qualifying Shareholders.

6. RISKS AND ADDITIONAL INFORMATION

Shareholders' attention is drawn to the risk factors set out in Part III and to the additional information set out in Part IV of this document. Shareholders are advised to read the whole of this document and should not rely solely on the information given in this letter.

Yours faithfully

Ian Williams
Executive Chairman

PART II

DETAILS OF THE OPEN OFFER

1. INTRODUCTION

The Open Offer has been structured so as to allow Qualifying Shareholders to subscribe for Ordinary Shares at the Offer Price *pro rata* to their holdings of Existing Ordinary Shares. To the extent that Offer Shares are not subscribed by existing Shareholders, Open Offer entitlements will lapse. Offer Shares not subscribed for under the Open Offer will be allocated to other investors under the Placing.

2. OPEN OFFER

The Company hereby invites Qualifying Shareholders to apply, on and subject to the terms and conditions set out herein and in the Application Form, and subject to the Articles of Association of the Company, for Offer Shares at the Offer Price, free from all expenses, payable in cash in full on application. The mid-market price for an Ordinary Share, as derived from the AIM Appendix to the Official List of the London Stock Exchange for 7 March 2011 (being the last practicable date before the publication of this document) was 7.38 pence.

Subject to fulfilment of the conditions set out below and in the Application Form, Qualifying Shareholders are being given the opportunity to subscribe for Offer Shares at the Offer Price payable in full on application and free of all expenses, *pro rata* to their existing shareholdings, on the basis of:

5 Offer Shares for every 32 Existing Ordinary Shares

held at the Record Date and so on in proportion for any greater number of Ordinary Shares then held. Entitlements of Qualifying Shareholders will be rounded down to the nearest whole number of Offer Shares. Qualifying Shareholders may apply for less than their full Open Offer Entitlements if they wish to do so. Fractional entitlements which would have otherwise arisen will not be issued.

Any monies paid in excess of the amount due in respect of an application will be returned to the applicant (at the applicant's risk and without interest) within 14 days by way of cheque. The procedure for application in relation to the Open Offer is described in paragraph 3 below.

Holdings of Existing Ordinary Shares in certificated and uncertificated form will be treated as separate holdings for the purposes of calculating Open Offer Entitlements, as will holdings under different designations and different accounts.

The Offer Shares will, when issued and fully paid, rank *pari passu* in all respects with and will carry the same voting and dividend rights as, the Existing Ordinary Shares.

The Open Offer is conditional, *inter alia*, on the Placing Agreement becoming or being declared unconditional in all respects (save in respect of Admission) and not being terminated before Admission. It is expected that Admission will take place on 4 April 2011. One of the conditions to the Placing Agreement is Admission occurring no later than 8.00 a.m. on 7 April 2011 or such later time and/or date as the Company, Jendens and Fairfax may agree, being not later than 8.00 a.m. on 30 April 2011. If such conditions are not fulfilled, application monies are expected to be returned without interest by crossed cheque in favour of the applicant(s) (at the applicant's risk) by post as soon as practicable after that date. Any interest earned on the application monies will be retained for the benefit of the Company.

The Open Offer is not a rights issue. Qualifying Shareholders should note that the Application Form is not a negotiable document and cannot be traded. Qualifying Shareholders should also be aware that in the Open Offer, unlike in a rights issue, any Offer Shares not applied for will not be sold in the market or placed for the benefit of Qualifying Shareholders who do not apply under the Open Offer.

Completed Application Forms, accompanied by full payment, should be returned by post or by hand (during normal business hours only) to Share Registrars, Suite E, First Floor, 9 Lion and Lamb Yard, Farnham, Surrey GU9 7LL so as to arrive as soon as possible and in any event so as to be received no later than 11.00 a.m. on 29 March 2011.

The Offer Shares will represent approximately 13.51 per cent. of the Enlarged Issued Share Capital. Further terms of the Open Offer are set out in this Part II and, where relevant, in the Application Form.

3. PROCEDURE FOR APPLICATION

(a) *General*

Subject to the provisions set out in this Part II in relation to the Overseas Shareholders, Qualifying Shareholders will have received an Application Form enclosed with this document. The Application Form shows the number of Existing Ordinary Shares registered in your name on the Record Date. It also shows your Open Offer Entitlement (i.e. the number of Offer Shares allocated to you on a *pro rata* basis). You are entitled to apply for all or part of your Open Offer Entitlement under the Open Offer.

The instructions and other terms set out in the Application Form constitute part of the terms of the Open Offer.

(b) *Market Claims*

Applications may only be made on the Application Form which is personal to the Qualifying Shareholders(s) named thereon and may not be assigned, transferred or split except in the circumstances described below. **The Application Form represents the right to apply for Offer Shares and is not a document of title and cannot be separately traded.** It is transferable only to satisfy legitimate market claims in relation to market purchases pursuant to the rules of the London Stock Exchange prior to the Existing Ordinary Shares being marked "ex" the entitlement to the Open Offer. Applications may be split or consolidated only to satisfy legitimate market claims up to 3.00 p.m. on 24 March 2011. Any Qualifying Shareholder who has sold or transferred all or part of his holding of Existing Ordinary Shares prior to the date upon which the Existing Ordinary Shares were marked "ex" the entitlement to the Open Offer, should consult his stockbroker or other professional adviser as soon as possible since the invitation to acquire Offer Shares under the Open Offer may represent a benefit which can be claimed from him by the purchaser or transferee under the rules of the London Stock Exchange. Qualifying Shareholders who have sold all or part of their registered holdings should complete Box 8 on the Application Form and immediately send it to the purchaser or transferee or the bank, stockbroker or other agent through whom or by whom the sale or transfer was effected for transmission to the purchaser or transferee.

The Application Form should not, however, be forwarded to or transmitted in or into any of the Excluded Jurisdictions.

(c) *Application Procedures*

Qualifying Shareholders wishing to apply for Offer Shares should complete the Application Form in accordance with the instructions printed thereon and post it in the accompanying reply paid envelope or return it, together with payment in full for the number of Offer Shares applied for, to Share Registrars, Suite E, First Floor, 9 Lion and Lamb Yard, Farnham, Surrey GU9 7LL, (+44 (0)1252 821390, Calls to the Share Registrars Limited 01252 821390 number are charged at your service provider's network standard rate. Calls to the Share Registrars Limited +44 1252 821390 number from outside the UK are charged at applicable international rates. Different charges may apply to calls made from mobile telephones. Share Registrars cannot provide advice on the merits of the Proposals nor give any financial, legal or tax advice), so as to arrive not later than 11.00 a.m. on 29 March 2011. After this time, applications will not be accepted.

If any Application Form is sent by first class post within the United Kingdom, Qualifying Shareholders are recommended to allow at least four business days for delivery. The Company may elect in its absolute discretion to accept Application Forms and remittances received after 11.00 a.m. on 29 March 2011. The Company may also in its sole discretion elect to treat an Application Form as valid and binding on the person(s) by whom or on whose behalf it is lodged, even if it is not completed in accordance with the relevant instructions, or if it does not strictly comply with the terms and conditions of application. Applications will not be acknowledged.

The Company, also reserves the right (but shall not be obliged) to accept applications in respect of which remittances are received prior to 11.00 a.m. on 29 March 2011 from an authorised person (as defined in FSMA) specifying the number of Offer Shares concerned and undertaking to lodge the relevant Application Form in due course.

(d) *Payments*

In order to comply with the Money Laundering Regulations, Share Registrars undertake electronic searches for the purposes of verifying identity. To do so, Share Registrars may verify the details against the applicant's identity, but also may request further proof of identity. Share Registrars reserve the right to withhold any entitlement (including any refund cheque) until such verification of identity is completed to its satisfaction.

Payments must be made by cheque or bankers' draft in pounds sterling drawn on a branch in the United Kingdom of a bank or building society and must bear the appropriate sort code in the top right hand corner. Cheques, which must be drawn on the personal account of the individual investor where they have sole or joint title to the funds, should be made payable to Share Registrars Limited a/c: "Quadrise Fuels International plc" and crossed "A/C Payee Only". Third party cheques will not be accepted with the exception of building society cheques or bankers' drafts where the building society or bank has endorsed the back of the draft by adding the Shareholder's details and the branch stamp. The account name should be the same as that shown on the Application Form. Cheques or bankers' drafts will be presented for payment upon receipt. The Company reserves the right to instruct Share Registrars to seek special clearance of cheques and bankers' drafts to allow the Company to obtain value for remittances at the earliest opportunity. No interest will be allowed on payments made before they are due and any interest earned on such payments will accrue for the benefit of the Company. It is a term of the Open Offer that cheques will be honoured on first presentation, and the Company may elect in its absolute discretion to treat as invalid, acceptances in respect of which cheques are not so honoured. If cheques or bankers' drafts are presented for payment before the conditions of the Open Offer are fulfilled, the application monies will be kept in a separate bank account pending fulfilment of such conditions. If all the conditions of the Open Offer have not been fulfilled or (where appropriate) waived by 8.00 a.m. on 7 April 2011 (or such later date as the Company may, in its absolute discretion, elect, but in any event not later than 8.00 a.m. on 30 April 2011), the Open Offer will lapse and application monies will be returned to applicants (at the applicants' risk), without interest, by crossed cheque in favour of the applicant(s) within 14 days after that date.

(e) *Incorrect sums*

If an Application Form encloses a payment for an incorrect sum, the Company, through Share Registrars, reserves the right:

- (i) to reject the application in full and return the cheque or banker's draft or refund the payment to the Qualifying Shareholder in question; or
- (ii) in the case that an insufficient sum is paid, to treat the application as a valid application for such lesser whole number of Offer Shares as would be able to be applied for with that payment at the Offer Price, refunding any unutilised sum to the Qualifying Shareholder in question, save that any sums of less than £1 will be retained for the benefit of the Company; or
- (iii) in the case that an excess sum is paid, to treat the application as a valid application for all of the Offer Shares referred to in the Application Form, refunding any unutilised sums to the Qualifying Shareholder in question, save that any sums of less than £1 will be retained for the benefit of the Company.

(f) *Effect of Application*

All documents and remittances sent by post by or to an applicant (or as the applicant may direct) will be sent at the applicant's own risk. By completing and delivering an Application Form, applicant(s):

- (i) request that the Offer Shares to which they will become entitled be issued to them on the terms in this document, subject to the articles of association of the Company;

- (ii) represent and warrant that they are not applying with a view to reoffering, reselling, transferring or delivering any of the Offer Shares which are the subject of their application to, or for the benefit of, a Shareholder who is a citizen or resident or which is a corporation, partnership or other entity created or organised in or under any laws of any of the Excluded Jurisdictions except where proof satisfactory to the Company has been provided to the Company and that they are able to accept the invitation by the Company of any requirement which it (in its absolute discretion) regards as unduly burdensome, nor acting on behalf of any such person on a non-discretionary basis nor (a) person(s) otherwise prevented by legal or regulatory restrictions from applying for Offer Shares under the Open Offer;
- (iii) represent and warrant that they are not and nor are they applying as nominee or agent for, a person who is or may be liable to notify and account for tax under the Stamp Duty Reserve Tax Regulations 1986 at any of the increased rates referred to in section 93 (depository receipts) or section 96 (clearance services) of the Finance Act 1986;
- (iv) agree that all applications, and contracts resulting therefrom, under the Open Offer shall be governed by, and construed in accordance with, the laws of England;
- (v) confirm that in making the application they are not relying on any information or representation other than that contained in this document, and they accordingly agree that no person responsible solely or jointly for this document or any part thereof shall have any liability for any such information or representation not so contained and further agrees that having had the opportunity to read this document, they will be deemed to have had notice of all information contained in this document; and
- (vi) represent and warrant that they are the Qualifying Shareholder originally entitled to the entitlement under the Open Offer or they have received such entitlement by virtue of a *bona fide* market claim.

The instructions, notes and other terms set out in the Application Form, form part of the terms of the Open Offer.

If you do not wish to apply for any of the Offer Shares to which you are entitled under the Open Offer, you should not complete and return the Application Form.

If you are in doubt whether or not you should apply for any of the Offer Shares under the Open Offer, you should consult your independent financial adviser immediately. All enquiries in relation to the procedure for application for Qualifying Shareholders under the Open Offer should be addressed to Share Registrars, Suite E, First Floor, 9 Lion and Lamb Yard, Farnham, Surrey GU9 7LL, telephone +44 (0)1252 821390. Calls to the Share Registrars Limited 01252 821390 number are charged at your service provider's network standard rate. Calls to the Share Registrars Limited +44 1252 821390 number from outside the UK are charged at applicable international rates. Different charges may apply to calls made from mobile telephones. Share Registrars cannot provide advice on the merits of the Proposals nor give any financial, legal or tax advice.

4. MONEY LAUNDERING REGULATIONS

It is a term of the Open Offer that, to ensure compliance with the Money Laundering Regulations, the money laundering provisions of the Criminal Justice Act 1993, Part VIII of the Financial Services and Markets Act 2000 and the Proceeds of Crime Act 2002 (together with the provisions of the Money Laundering Sourcebook of the Financial Services Authority and the manual of guidance produced by the Joint Money Laundering Steering Group in relation to financial sector firms) (together, the "Regulations"), that Share Registrars may, in its absolute discretion, require verification of your identity to the extent that you have not already provided the same. Pending the provision to Share Registrars of evidence of your identity, definitive certificates in respect of Offer Shares may be retained at its absolute discretion. If within a reasonable time after a request for verification of identity Share Registrars has not received evidence satisfactory to it, the Company may, in its absolute discretion, terminate your Open Offer participation in which event the monies payable on acceptance of the Open Offer participation will, if paid, be returned without interest and net of bank charges by cheque to the applicant(s). To comply with the money laundering requirements, payment in respect of your Open Offer

participation should be drawn from an account in your own name on a branch of a building society or bank in the United Kingdom and must bear the appropriate sort code in the top right hand corner. If this is not practicable and you must use a cheque or bankers' draft drawn on a building society or bank then you should request the building society or bank to print or write on the back of the cheque the full name and account number of the person whose building society or bank account is being debited and add their branch stamp.

For applications over £12,740 (being the approximate equivalent to Euros 15,000), Qualifying Shareholders are also requested to submit with the Application Form as documentary evidence of identity and address one certified copy document from each of the following lists (as appropriate):

Personal identity documents (UK resident individuals)

- current signed passport;
- Northern Ireland Voter's Card;
- current full UK driving licence;
- benefits book or original notification letter from the Benefits Agency confirming the right to benefit; or
- HM Revenue & Customs tax notifications e.g. tax assessment, statement of account or notice of coding.
- Evidence of address (UK resident individuals)
- recent utility bill or utility statement (mobile telephone bills are not acceptable);
- local authority tax bill (current year);
- current UK driving licence (if not used for evidence of name);
- benefits book or original notification letter from the Benefits Agency confirming the right to benefit (provided one or other has not been used as evidence of personal identity); or
- HM Revenue & Customs correspondence addressed to you at stated address (provided HM Revenue & Customs notifications have not been used as evidence of personal identity).

If you are not a UK resident individual such proof of identity may include:

- a certified copy of an official identity card; or
- a certified copy of a driving licence; or
- a certified extract from a full passport (i.e. a copy of the front cover and pages showing photograph, personal details and signature, date and place of issue and serial number); and a certified copy of satisfactory evidence of an address (e.g. utility bill or bank statement).

If you are a corporation, please supply:

- a certified copy of your articles of association or statutes or published accounts or certificate of incorporation or trade register entry or certificate of trade; and
- the names and addresses of all directors and specimen signatures; and
- evidence of identity and address as stated above for each director.

All certified documents must be certified by a professional person such as a lawyer or attorney, notary or an official entity such as an embassy, consulate or high commission of the country of issue.

5. TAXATION AND STAMP DUTY

If you are in any doubt as to your tax position, or if you are subject to tax in a jurisdiction other than the United Kingdom, you should consult your professional adviser without delay.

6. OVERSEAS SHAREHOLDERS

In respect of persons not resident in the United Kingdom, or who are citizens of countries other than the United Kingdom, the Open Offer may be affected by the laws or regulatory requirements of jurisdictions outside the United Kingdom. It is the responsibility of each overseas shareholder to satisfy himself as to the full observance of the laws of any relevant jurisdiction in connection with the Open Offer. No person receiving a copy of this document and/or an Application Form in any territory other than the United Kingdom may treat the same as constituting an invitation or offer to him/her nor should he/she in any event use such Application Form unless in the relevant territory such an invitation could lawfully be made to him/her or such Application Form could be lawfully be used without compliance with any registration or other legal or regulatory requirements other than any which may have been fulfilled.

In particular, the Offer Shares have not been registered under the United States Securities Act of 1933 (as amended) or the relevant Canadian or Australian securities legislation and therefore the Offer Shares may not be offered, sold, transferred or delivered directly or indirectly in the United States of America, Canada, Australia or their respective territories and possessions. No application form will be accepted from, any Shareholder who is unable to give the warranty set out in the Application Form or who the Company or its agent has reason to believe is ineligible to apply.

It is the responsibility of any person receiving a copy of this document or an Application Form and wishing to make an application to subscribe for Offer Shares to satisfy himself/herself as to the full observance of the laws and regulatory requirements of any relevant territory, including the obtaining of all necessary governmental or other consents which may be required or observing any other formalities needing to be observed in such territory and the payment of any taxes due in such jurisdiction.

The Company reserves the right to treat as invalid any application, or purported application, to subscribe for Offer Shares pursuant to the Open Offer which appears to the Company or its agent to have been executed, effected or despatched in a manner which may involve a breach of the securities legislation of any jurisdiction or which does not include the warranties set out in the Application Form. Completion of an Application Form shall constitute a warranty that the Shareholder is eligible to apply.

The Open Offer will be extended to any Qualifying Shareholders to whom this document and the Application Form may not be sent by means of an advertisement in the London Gazette.

7. SETTLEMENT AND DEALINGS

Application will be made to the London Stock Exchange for the Offer Shares to be admitted to trading on AIM. It is expected that the Offer Shares will be admitted to trading on AIM and that dealings will commence on 4 April 2011. For Qualifying Shareholders, if you hold your Existing Ordinary Shares in certificated form, definitive share certificates for the Offer Shares are expected to be dispatched by first class post by 11 April 2011. For Qualifying Shareholders who hold their Existing Ordinary Shares in uncertificated form, it is expected that the relevant CREST account will be credited on the day of Admission. Notwithstanding any other provision of this document, the Company reserves the right to issue any Offer Shares in certificated form. This right is only likely to be exercised in the event of any interruption, failure or breakdown of CREST (or any part of CREST) or on the part of the facilities and/or systems operated by the Company's registrars in connection with CREST. No temporary documents of title will be issued and pending despatch of the definitive share certificates, transfers of the Offer Shares will be certified against the register. All documents and remittances sent by or to an applicant (or his/her agent, as appropriate) will be sent through the post at the risk of the person entitled thereto.

PART III

RISK FACTORS

An investment in the Offer Shares involves a high degree of risk. Accordingly, prospective investors should carefully consider the specific risk factors set out below in addition to the other information contained in this document before investing in the Offer Shares. The Directors consider the following risks and other factors to be the most significant for potential investors in the Company, but the risks listed do not purport to comprise all those risks associated with an investment in the Company and are not set out in any particular order of priority. Additional risks and uncertainties not currently known to the Directors may also have an adverse effect on the Company's business.

If any of the following risks actually occur, the Company's business, financial condition, capital resources, results or future operations could be materially adversely affected. In this event, the price of the Ordinary Shares could decline and investors may lose all or part of their investment. The investment offered in this document may not be suitable for all of its recipients. Before making an investment decision, prospective investors should consult a person authorised under the Financial Services and Markets Act 2000 who specialises in advising on the acquisition of shares and other securities. A prospective investor should consider carefully whether an investment in the Company is suitable for him/her in the light of his/her personal circumstances and the financial resources available to him/her.

There are various risk and other factors associated with an investment of the type described in this document.

In particular:

The Company's objectives may not be fulfilled

The value of an investment in the Company is dependent upon the Company achieving the aims set out in this document. There can be no guarantee that the Company will achieve the level of success that the Board expects.

Market risk

The marketability of MSAR[®] fuels is affected by numerous factors beyond the control of the Group. These factors include variability of price spreads between light and heavy oils and the relative competitiveness of oil, gas and coal prices both for prompt and future delivery.

Feedstock sourcing

There is a risk in respect of appropriately located and ongoing price competitive availability of heavy oil residue feedstocks. Oil refiners also have the opportunity to extract more transportation fuels from each barrel of crude by investing in complex capital and energy intensive residue conversion processes that convert residue into lighter hydrocarbons.

Commercial risks

There is a risk that the Group will not achieve a commercial return due to a major unanticipated change in a key variable or, more likely, the aggregate impact of changes to several variables which results in sustained depressed margins.

The Group's competitive position could be affected by changes to government regulations concerning taxation, duties, specifications, importation and exportation of hydrocarbon fuels and environmental aspects. Freight costs contribute substantially to the final cost of supplied products and a major change in the cost of bulk liquid freight markets could have an adverse effect on the economics of the fuels business.

Technological risk

There is a risk that the technology used for production of MSAR[®] fuel may not be adequately robust for all applications in respect of the character and nature of the feedstock and the particular parameters of transportation and storage pertaining to a specific project. This risk may jeopardise the early commercialisation of the technology and subsequent implementation of projects or give rise to significant liabilities arising from defective fuel during plant operations.

Alliance agreement

The Alliance Agreement, under which Quadris enjoys exclusive rights to promote and develop projects for the commercial application of the MSAR[®] oil process technology of AkzoNobel, can be terminated by AkzoNobel, at 12 months' notice, at any time after 20 December 2013.

While the Directors believe that it is likely to be in the commercial best interests of AkzoNobel to allow the Alliance Agreement to continue after 20 December 2013, there can be no guarantee that this will occur.

Competition risks

There is a risk that new competition could emerge with similar technologies. This could result, over time, in further price competition and a pressure on margins beyond that assumed in the Group's business planning.

Joint venture parties and contractors

The Directors are unable to predict the risk of financial failure or non compliance with respective obligations or default by a participant in any joint venture in which the Group is, or may become a party; insolvency or other managerial failure by any of the contractors used by the Group in its fuel processing and distribution activities; or insolvency or other managerial failure by any of the other service providers used by the Group for any activity.

Investment risk

The Company holds minority interests in a number of non-managed private Canadian enterprises and recognises them as 'Available for Sale Investments'. The potential realisable values or the realisability of these investments could be affected by a number of factors beyond the control of the Company.

Insurance risks

The Group insures its operations in accordance with industry practice and insures the risks it considers appropriate for the Group's needs and for its circumstances. Insurance cover will not be available for every risk faced by the Group, including MSAR[®] inventory risk.

Although the Group believes that it or its partners and counter-parties should carry adequate insurance with respect to its operations in accordance with industry practice, in certain circumstances, the Group's or the partner's and counter-parties' insurance may not cover or be adequate to cover the consequences of such events. In addition, the Group may be subject to liability for pollution, or other hazards against which the Group or its partners and counter-parties may elect not to insure because of high premium costs or other reasons. The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the business, financial condition and results of operations of the Group.

Environmental risks

The Group's operations are subject to environmental risks inherent in the processing, distribution and end use of oil and oil-based products. The Group is subject to environmental laws and regulations in connection with all of its operations. Although the Group intends to be in compliance, in all material respects, with all applicable environmental laws and regulations, there are certain risks inherent to its activities, such as accidental spills, leakages or other circumstances that could subject the Group to extensive liability.

Further, the Group may require approval from the relevant authorities before it can undertake activities which are likely to impact the environment. Failure to obtain such approvals may prevent or delay the Group from undertaking its desired activities. The Group is unable to predict definitively the effect of additional environmental laws and regulations, which may be adopted in the future, including whether any such laws or regulations would materially increase the Group's cost of doing business, or affect its operations in any area.

Currency risk

The Group reports its financial results in pounds sterling, while many contracts in the oil and gas industry are principally denominated in United States dollars and production costs may be denominated in Euros. Fluctuations in exchange rates between currencies in which the Group operates may cause fluctuations in its financial results and may have an adverse effect on income and/or asset values.

No profit to date

The Group has incurred aggregate losses since its inception and it is therefore not possible to evaluate its prospects based on past performance. Since the Group intends to continue investing in the various projects described in this document, the Directors anticipate making further losses until at least the financial period ending 30 June 2012. There can be no certainty that the Group will achieve or sustain profitability or achieve or sustain positive cash flow from its activities.

Corporate and regulatory formalities

The conduct of petroleum processing and distribution requires compliance by the Group with numerous procedures and formalities in many different national jurisdictions. It may not in all cases be possible to comply with or obtain waivers of all such formalities.

Economic, political, judicial, administrative, taxation or other regulatory factors

The Group may be adversely affected by changes in economic, political, judicial, administrative, taxation or other regulatory factors, in the areas in which the Group operates and conducts its principal activities.

Attraction and retention of key employees

The Company's success will depend on its current and future executive management team. The loss of the services of certain employees could have a materially adverse effect upon the Group's business and future.

Requirement for further funds

Although the Board believes that they will be, the existing resources of the Company and the funds raised pursuant to the Placing and Open Offer may not be sufficient for the future working capital requirements of the Company or allow the Company to exploit new opportunities. It may therefore be necessary for the Company to raise further funds in the future, which may be by way of issue of further Ordinary Shares on a non pre-emptive basis. Although it is the Company's intention to issue Ordinary Shares to satisfy all or part of any consideration payable on an acquisition, vendors of suitable companies or businesses may not be prepared to accept Ordinary Shares at the quoted market price.

Suitability of Ordinary Shares as an investment

The Ordinary Shares may not be a suitable investment for all recipients of this document. Before making a decision, investors are advised to consult an appropriate independent investment adviser authorised under FSMA who specialises in advising on the acquisition of shares and other securities. The value of Ordinary Shares can go down as well as up and investors may get back less than their original investment.

Dilution of ownership of Existing Ordinary Shares upon allotment of the Offer Shares

If Qualifying Shareholders do not apply for their full Open Offer Entitlements by 11.00 a.m. on 29 March 2011, the latest date for application and payment in full in respect of their entitlements, their proportionate ownership and voting interest in the Ordinary Shares will be reduced and the percentage that their Existing Ordinary Shares represents of the Enlarged Issued Share Capital will be reduced accordingly.

Market information and nature of Ordinary Shares

The market price of the Ordinary Shares may not reflect the underlying value of the Group's net assets. Potential investors should be aware that the value of shares can rise or fall and that there may not be proper information available for determining the market value of an investment in the Company at all times. An investment in a share which is traded on AIM, such as the Ordinary Shares, may be difficult to realise and carries a high degree of risk. The ability of an investor to sell Ordinary Shares will depend on there being a willing buyer for them at an acceptable price. Consequently, it might be difficult for an investor to realise his investment in the Company and he may lose all of his investment.

General

Whilst the Company is applying for Admission of the Offer Shares to trading on AIM, there can be no assurance that an active trading market for the Ordinary Shares will ensue, or that it will be maintained. AIM is a market for emerging or smaller growing companies and may not provide the liquidity normally associated with the Official List or other exchanges.

The future success of AIM and liquidity in the market for the Ordinary Shares cannot be guaranteed. In particular, the market for the Ordinary Shares may be, or may become, relatively illiquid and therefore the Ordinary Shares may be or may become difficult to sell.

Share Price Volatility and Liquidity

The market price of the Ordinary Shares could be subject to significant fluctuations due to a change in investor sentiment regarding the Company or the industry in which the Company operates or in response to specific facts and events, including positive or negative variations in the Group's interim or full year operating results and business developments of the Group and/or competitors. The market price of the Ordinary Shares may not reflect the underlying value of the Group and it is possible that the market price of the Ordinary Shares will trade at a discount to net asset value. Potential investors should be aware that the value of shares and the income from them can go down as well as up and that investment in a share which is traded on AIM might be less realisable and might carry a higher risk than a share quoted on the Official List.

PART IV

ADDITIONAL INFORMATION

1 SHARE CAPITAL

The authorised and issued share capital of the Company (i) as at the date of this document and (ii) as it is expected to be at Admission (assuming maximum take up under the Placing and Open Offer and disregarding any lost fractional entitlements) is set out below:

<i>Authorised</i>		<i>Issued and fully paid</i>		
£	Number		£	Number
£10,000,000	1,000,000,000	Ordinary Shares	£5,492,268.57	549,226,857
£10,000,000	1,000,000,000	Ordinary Shares	£6,350,435.53	635,043,391

In addition, the Company has granted options to subscribe for a total of 23,650,000 Ordinary Shares at prices ranging between 12 pence and 20 pence per share which are exercisable up to specified dates in 2011, 2015 and 2016.

The Company has also issued the Warrants.

2 DIRECTORS' INTERESTS

2.1 The interests (all of which are beneficial unless stated otherwise) of the Directors and their immediate families and of persons connected with them (within the meaning of Section 252 of the 2006 Act) in the issued share capital of the Company and the existence of which is known to, or could with reasonable due diligence be ascertained by, any Director as at the date of this document and as they are expected to be upon completion of the Proposals, assuming (where applicable) that they subscribe for the maximum number of Offer Shares they have agreed to take, as stated in paragraph 2.2 below, are as follows:

<i>Name</i>	<i>At the date of this document</i>		<i>On Admission</i>	
	<i>Number of Existing Ordinary Shares</i>	<i>Percentage of Existing Ordinary Shares</i>	<i>Number of Ordinary Shares</i>	<i>Percentage of Enlarged Issued Share Capital</i>
Ian Williams*	9,396,580	1.71%	9,396,580	1.48%
Hemant Thanawala	8,344,189	1.52%	9,487,046	1.49%
Ian Duckels	3,203,052	0.58%	4,060,195	0.64%
Jason Miles	—	—	714,286	0.11%

* Tilehouse Limited also owns 377,000 Ordinary Shares and has committed to subscribe in the Placing as noted below. Tilehouse Trust is the owner of Tilehouse Limited and Ian Williams is a beneficiary of Tilehouse Trust.

2.2 In addition, the Directors named below, have given firm and provisional commitments to subscribe in the Placing in person or through a nominee for up to the number of Offer Shares set out below at the Offer Price:

<i>Name</i>	<i>No. of Offer Shares placed firm</i>	<i>No. of Offer Shares provisionally placed</i>
Ian Williams*	1,462,476	537,524
Hemant Thanawala	835,701	307,156
Ian Duckels	626,776	230,367
Jason Miles	522,313	191,973

* Offer Shares will be subscribed by Tilehouse Limited

- 2.3 As at 4 March 2011 (being the latest practicable date prior to the publication of this document), the Directors held the following options over Ordinary Shares:

<i>Name</i>	<i>Number of Options</i>	<i>Exercisable up to</i>	<i>Exercise price</i>
Ian Williams	1,500,000	19 April 2016	20.00p
Hemant Thanawala	2,000,000	19 April 2016	20.00p
Jason Miles	750,000	26 March 2015	14.23p
	2,500,000	31 December 2016	1.00p
	2,500,000	31 October 2017	1.00p
Laurence Mutch	750,000	19 April 2016	20.00p

3 MATERIAL CONTRACTS

The following contracts, not being contracts entered into in the ordinary course of business, have been entered into by the Company and/or its subsidiaries during the two years preceding the date of this document and are or may be material:

Agreements relating to the managed projects and the Project Cos

- 3.1 A Joint Development Agreement dated 4 March 2010 made between the Company and Maersk, pursuant to which the Company and Maersk agreed various matters concerning their ongoing joint project to develop a commercially viable MSAR[®] emulsion fuel for use as marine fuel and the establishment of a 50/50 joint venture company to conduct future sales of MSAR[®] marine emulsion fuel.
- 3.2 An Assignment Agreement dated 29 September 2010 made between the Company, QIL and Maersk, under which the Joint Development Agreement referred to in paragraph 3.1 above was assigned to QIL.
- 3.3 A Royalty Agreement dated 3 February 2011 between QIL and Maersk, pursuant to which terms were agreed for Maersk to receive royalties on the licence fee payments received by QIL from refineries and/or other suppliers of the MSAR[®] marine emulsion fuel. These royalty arrangements replaced the previous agreement to establish a 50/50 joint venture company referred to in paragraph 3.1.
- 3.4 A Memorandum of Understanding dated 22 October 2010 made between QIL and PowerSeraya setting out the terms on which QIL and PowerSeraya will cooperate to establish an MSAR[®] production facility to supply competitively priced fuel to PowerSeraya's power plant located on Jurong Island, Singapore.
- 3.5 A Term Sheet entered into on 12 October 2007 between the Company and Mr Roland J Lever ("RJL"), setting out the basis on which the parties would establish Quadrise Fuels US L.P. as a joint venture vehicle to pursue the manufacture and sale of MSAR[®] fuel in the United States and Mexico. The Term Sheet envisages a joint venture in which the Company will hold 76 per cent. and RJL will hold 24 per cent. but RJL has subsequently requested an increase in his percentage holding to 30 per cent. The final documents to establish this joint venture have not yet been signed and will be entered into by QIL, rather than QFI, when that stage is reached.
- 3.6 A Shareholders Agreement dated 15 October 2010 between QIL, ROE Projects Limited, a company formed by Jason Miles ("RPL") and Emergi Holding APS, a company formed by Simon Craige ("EHA") in which the parties recorded matters agreed between them concerning the conduct of the business and affairs of Quadrise Marine.
- 3.7 A Services Agreement dated 15 October 2010 between Quadrise Marine and QIL under which QIL agreed to provide certain services to Quadrise Marine on the terms therein set out.
- 3.8 A net income royalty and licence agreement dated 15 October 2010 between Quadrise Marine and QIL under which Quadrise Marine agreed to pay a royalty of 15 per cent. of net relevant income to QIL ("Net Income Royalty and Licence Agreement").

- 3.9 Agreements in identical form to those detailed in paragraphs 3.6 to 3.8 (inclusive) but with, or relating to, Quadrise Americas and Quadrise KSA (all dated 15 October 2010) and Quadrise Asia (dated 2 November 2010).
- 3.10 A Consultancy Agreement dated 1 September 2010 between QIL and RPL, setting out the terms on which RPL will provide the services of Jason Miles for a fee and a 10 per cent. share of any royalties received by QIL under the Net Income Royalty and Licence Agreement referred to in paragraph 3.8 above.
- 3.11 A Service Agreement dated 15 October 2010 between QIL and Simon Craige, appointing Simon Craige as Chief Technical Officer of QIL for a salary and a 10 per cent. share of any royalties received by QIL under the Net Income Royalty and Licence Agreement referred to in paragraph 3.8 above.
- 3.12 An Agreement dated 22 February 2011 between QIL, RPL and EHA in which the parties have recorded the terms agreed on which the percentage shareholding of the parties in each of the four Project Cos will be adjusted depending upon the level of additional funding provided by QFI to QIL. In the event that the board of directors of QIL resolves that QIL should accept additional funding from QFI the Shareholders agree that the shareholding of QIL in each of the Project Cos will be adjusted as set out in the table below. Any decision by the board of QIL to take funding from QFI in an amount in excess of £2,000,000 may only be made the approval of RPL and EHA (such approval not to be unreasonably withheld or delayed):

<i>Amount of funding provided by QFI</i>	<i>Revised Shareholding QIL</i>	<i>Revised percentage QIL</i>	<i>Shareholding RPL</i>	<i>Revised percentage RPL</i>	<i>Shareholding EHA</i>	<i>Revised percentage EHA</i>
£2,000,000	108,333	81.25%	12,500	9.375%	12,500	9.375%
£3,000,000	141,666	85.0%	12,500	7.5%	12,500	7.5%
£4,000,000	175,000	87.5%	12,500	6.25%	12,500	6.25%

The revised shareholdings and percentages shown above resulting from funding from QFI of £2,000,000, £3,000,000 and £4,000,000 apply as at those levels. In the event that the board of QIL agrees with the approval of RPL and EHA (as above) to accept funding from QFI at a level higher than £2,000,000, but falling between or above the levels shown above QIL's shareholding shall be increased at the rate of 33,333 additional ordinary shares for each additional £1,000,000 provided and so in proportion for any lesser amount.

Agreements relating to the Placing and Open Offer

- 3.13 Irrevocable Undertakings of various dates in February 2011 from International Energy Group AG, Zenita Enterprises Limited, Mr A. C. Lowrie, the Executors of Mr. A. Davies, Ian Williams, Hemant Thanawala and Ian Duckels not to take up their Open Offer Entitlements in respect of, in aggregate, 401,615,600 Existing Ordinary Shares.
- 3.14 A Placing Agreement dated 8 March 2011 made between the Company (1) Jendens (2) and Fairfax (3) pursuant to which and conditional upon, *inter alia*, admission of the Offer Shares taking place on or before 8.00 a.m. on 7 April 2011, or such later date (being not later than 30 April 2011) as the Company and Jendens may agree, Jendens has agreed to use its reasonable endeavours to procure subscribers at a price of 3.5 pence per share for the Offer Shares not taken up by Qualifying Shareholders. Under the terms of the Placing Agreement the Company has agreed to pay Jendens a commission equal to 7 per cent. of the monies raised in the Placing and Open Offer, excluding any amounts raised from the Directors or their nominees and close associates.

4 LITIGATION

The Group is not involved in any governmental, legal or arbitration proceedings which are having, may have or have had, in the previous 12 months, a significant effect on its financial position or profitability and, so far as the Directors are aware, there are no such proceedings pending or threatened against the Group.

5 WORKING CAPITAL

The Directors believe, having made due and careful enquiry, that the working capital available to the Company from the time of Admission, taking account of the proceeds of the Placing and Open Offer, will be sufficient for its present requirements, that is for at least 12 months from the date of Admission.

6 GENERAL

- 6.1 The total cost and expenses payable by the Group in connection with the Placing and Open Offer (including professional fees, commissions, the cost of printing and the fees payable to the registrars) are estimated to amount to approximately £276,000 (excluding VAT).
- 6.2 Save as disclosed in this document and save as announced through the London Stock Exchange there has been no significant adverse change in the financial or trading position of the Group since 30 June 2010, the date to which the most recent audited accounts have been drawn up.

7 AVAILABILITY OF DOCUMENT

This document will be available for a period of 12 months from the date of this document on the Company's website (www.quadrisefuels.com) free of charge in accordance with the requirements of Rule 26 of the AIM Rules.