

THIS DOCUMENT AND ANY ACCOMPANYING DOCUMENTS ARE IMPORTANT AND REQUIRE YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document and/or the action you should take, you should immediately consult your stockbroker, bank manager, solicitor, accountant or other independent financial adviser duly authorised under the Financial Services and Markets Act 2000 (as amended) ("FSMA") who specialises in advising on the acquisition of shares and other securities if you are in the United Kingdom or, if not, another appropriately authorised independent financial adviser. Investment in the Company is speculative and involves a high degree of risk. Your attention is also drawn to the section headed "Risk Factors" in Part III of this document.

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 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 total consideration under the Open Offer is less than €8 million (or an equivalent Sterling amount) in aggregate. Therefore, in accordance with section 85 and Schedule 11A of FSMA, this document is not, and is not required to be, a prospectus for the purposes of the Prospectus Rules and has not been prepared in accordance with the Prospectus Rules. Accordingly, this document has not been, and will not be, reviewed or approved by the FCA, pursuant to sections 85 and 87 of FSMA, the London Stock Exchange, any securities commission or any other authority or regulatory body. This document does not comprise an admission document under the AIM Rules and the London Stock Exchange has not itself examined or approved the contents of this document.

The Existing Ordinary Shares are admitted to trading on AIM. Application will be made for the New Ordinary Shares to be admitted to trading on AIM. It is expected that Admission will become effective and dealings in the New Ordinary Shares will commence on AIM at 8.00 a.m. on 1 October 2019. No application is being made or has been made for the Existing Ordinary Shares or the New Ordinary Shares to be admitted to listing or dealt with on any other recognised investment 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 Financial Conduct 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.

Quadrise Fuels International plc

(Incorporated in England and Wales under the Companies Act 1985 with Registered No. 05267512)

Underwritten Open Offer of up to 46,555,039 Ordinary Shares at a price of 3.96 pence per Ordinary Share with Open Offer Warrants attached

on the basis of:

1 Open Offer Share for every 20 Existing Ordinary Shares

and

1 Open Offer Warrant for every 2 Open Offer Shares subscribed for

Subscription of 18,101,012 Ordinary Shares at a price of 3.96 pence per Ordinary Share with Subscription Warrants on the basis of 1 Subscription Warrant for every 2 Subscription Shares subscribed for

and

Notice of General Meeting

Your attention is drawn to the letter from the Chairman of the Company which is set out in Part I of this document and which contains, amongst other things, the Directors' unanimous recommendation that Shareholders vote in favour of the Resolutions to be proposed at the General Meeting. Your attention is also drawn to the Risk Factors contained in Part III of this document.

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 ("Regulation S")) or the Excluded Jurisdictions.

Neither the Open Offer Shares, the Subscription 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 Open 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). This document does not constitute an offer to sell or issue or the solicitation of an offer to buy or subscribe for Open Offer Shares in any jurisdiction outside of the UK 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 the Company which is set out in Part I of this document and to the Risk Factors in Part III of this document. This letter recommends that you vote in favour of the Resolutions to be proposed at the General Meeting.

Notice convening a General Meeting of the Company, to be held at Park Plaza Victoria London, 239 Vauxhall Bridge Road, London SW1V 1EQ on 27 September 2019 at 11.00 a.m., is set out at the end of this document.

The action to be taken by the Shareholders in respect of the General Meeting is set out on page 24 of this document. If you hold your Existing Ordinary Shares in certificated form, whether or not you plan to attend the General Meeting, you are encouraged to complete the accompanying Form of Proxy and return it in accordance with the instructions printed thereon as soon as possible, but in any event so as to be received by post or, during normal business hours only, by hand, at Share Registrars Limited, The Courtyard, 17 West Street, Farnham, Surrey, GU9 7DR, by no later than 11.00 a.m. on 25 September 2019 (or, in the case of an adjournment of the General Meeting, not later than 48 hours before the time fixed for the holding of the adjourned meeting (excluding any part of a day that is not a Business Day)).

If you hold your Existing Ordinary Shares in uncertificated form (that is, in CREST) you may vote using the CREST Proxy Voting service in accordance with the procedures set out in the CREST Manual (please also refer to the accompanying notes to the Notice of the General Meeting set out at the end of this document). Proxies submitted via CREST must be received by the Company's agent (CREST ID: 7RA36) by no later than 11.00 a.m. on 25 September 2019 (or, in the case of an adjournment, not later than 48 hours before the time fixed for the holding of the adjourned meeting (excluding any part of a day that is not a Business Day)). The completion and return of the Form of Proxy will not prevent you from attending and voting in person at the General Meeting, or any adjournment thereof, should you wish to do so.

Cenkos Securities plc ("Cenkos"), which is authorised and regulated in the United Kingdom by the Financial Conduct Authority, is acting exclusively for the Company and no one else in connection with the Open Offer and will not regard any other person (whether or not a recipient of this document (the "Circular") as a client in relation to the Open Offer and will not be responsible to anyone other than the Company for providing the protections afforded to its clients, nor for providing advice, in relation to the Open Offer, the contents of this Circular or any other matter referred to in this Circular. Cenkos' responsibilities as the Company's nominated adviser under the AIM Rules and the AIM Rules for Nominated Advisers are owed to the London Stock Exchange and the Company and not to any other person. No representation or warranty, express or implied, is made by Cenkos as to any of the contents of this Circular.

Peel Hunt LLP ("Peel Hunt") and Shore Capital Stockbrokers Limited ("Shore Capital"), who are both authorised and regulated in the United Kingdom by the Financial Conduct Authority, are acting exclusively for the Company and no one else and will not regard any other person (whether or not a recipient of this Circular) as a client and will not be responsible to anyone other than the Company for providing the protections afforded to its clients, nor for providing advice, in relation to the contents of this Circular or any other matter referred to in this Circular. Peel Hunt and Shore Capital's responsibilities as the Company's brokers are owed to the London Stock Exchange and not to any other person. No representation or warranty, express or implied, is made by Peel Hunt and Shore Capital as to any of the contents of this Circular.

No representation, responsibility or warranty, expressed or implied, is made by Cenkos, Peel Hunt, Shore Capital or any of their respective directors, officers, employees or agents as to any of the contents of this Circular in connection with the Open Offer, the Subscription or any other matter referred to in the Circular. Cenkos will not be offering advice and will not otherwise be responsible for providing customer protections to recipients of this Circular or for advising them on the contents of this Circular or any other matter.

The New Ordinary Shares and Subscription 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 following Admission.

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' 01252 821390 number are charged at your service provider's network standard rate. Calls to the Share Registrars' +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 Open Offer nor give any financial, legal or tax advice. Share Registrars will not give Qualifying Shareholders any other advice in connection with the Open Offer.

In accordance with the AIM Rules, this Circular will be available on the Company's website at www.quadrisefuels.com from the date of this Circular, free of charge.

IMPORTANT INFORMATION

Subject to certain exceptions, none of this Circular, the Open Offer Entitlements or the Application Form constitutes an offer to sell or the solicitation of an offer to buy Open Offer Shares or any entitlements under the Open Offer in the United States (as defined in Regulation S of the Securities Act). Furthermore the Subscription Shares do not constitute an offer to sell or the solicitation of any offer to acquire any Subscription Shares in the United States (as defined in Regulation S of the Securities Act).

None of the Open Offer Shares, the Subscription 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 Open 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.

It is the responsibility of any person receiving a copy of this Circular, 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 Circular, the Open Offer Entitlements and/or the Application Form should not, in connection with the Open Offer, distribute or send it into any jurisdiction when to do so would, or might contravene local securities laws or regulations.

This Circular 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.

Forward-looking statements appear in a number of places throughout this Circular 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 Circular 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, none of the Company nor Cenkos undertake 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 Circular. 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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DIRECTORS, SECRETARY AND ADVISERS

Directors	Mike Kirk, <i>Executive Chairman</i> Jason Miles, <i>Chief Operating Officer</i> Laurie Mutch, <i>Non-executive Director</i> Philip Snaith, <i>Non-executive Director</i> Hemant Thanawala, <i>Non-executive Director</i> Dilip Shah, <i>Non-executive Director</i> Bryan Sanderson, <i>Non-executive Director</i> <i>all of the registered office below</i>
Registered Office	Gillingham House 38-44 Gillingham Street London SW1V 1HU
Company Secretary	MSP Corporate Services Ltd 27-28 Eastcastle Street London W1W 8DH
QFI website	www.quadrisefuels.com
Nominated Adviser	Cenkos Securities plc 6-8 Tokenhouse Yard, London EC2R 7AS
Joint Brokers	Peel Hunt LLP Moor House 120 London Wall London EC2Y 5ET Shore Capital Stockbrokers Limited Cassini House 57 St James's Street London SW1A 1LD
Legal Adviser to the Company	BDB Pitmans LLP 50 Broadway London SW1H 0BL
Legal Adviser to the Nomad and Underwriter	Fieldfisher LLP Riverbank House 2 Swan Lane London EC4R 3TT
Registrar and Receiving Agent	Share Registrars Ltd The Courtyard 17 West Street Farnham Surrey GU9 7DR

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Announcement of the proposed Open Offer	7.00 a.m. on 23 August 2019
Record Date of the Open Offer	6.00 p.m. on 6 September 2019
Announcement of the Open Offer	7.00 a.m. on 9 September 2019
Publication and posting of this Circular, the Application Form and the Forms of Proxy	9 September 2019
Existing Ordinary Shares marked 'ex' by London Stock Exchange	8.00 a.m. on 10 September 2019
Open Offer Entitlements and Excess CREST Open Offer Entitlements credited to stock accounts in CREST of Qualifying CREST Shareholders	as soon as practicable after 8.00 a.m. on 10 September 2019
Recommended latest time for requesting withdrawal of Open Offer Entitlements and Excess CREST Open Offer Entitlements from CREST	4.30 p.m. on 23 September 2019
Latest time for depositing Open Offer Entitlements and Excess CREST Open Offer Entitlements into CREST	3.00 p.m. on 24 September 2019
Latest time for splitting Application Forms (to satisfy <i>bona fide</i> market claims only)	3.00 p.m. on 25 September 2019
Latest time and date for receipt of Forms of Proxy	11.00 a.m. on 25 September 2019
General Meeting	11.00 a.m. on 27 September 2019
Latest time and date for receipt of completed Application Forms and payment in full under the Open Offer and settlement of relevant CREST instructions (as appropriate)	11.00 a.m. on 27 September 2019
Expected date of announcement of the results of the Open Offer	30 September 2019
Expected time and date of Admission and commencement of dealings in New Ordinary Shares on AIM becoming effective	1 October 2019
CREST accounts credited in respect of Open Offer Shares and Open Offer Warrants	1 October 2019
Share certificates dispatched for the New Ordinary Shares and Warrant certificates for the Open Offer Warrants and Subscription Warrants	14 October 2019

Notes:

- (1) References to times in this Circular are to British Summer Time (unless otherwise stated).
- (2) The dates and timing of the events in the above timetable and in the rest of this Circular are indicative only and may be subject to change at the absolute discretion of the Company. If any of the above times or dates should change, the details of the revised times and/or dates will be notified to AIM and, where appropriate, to Shareholders.
- (3) In order to subscribe for Open Offer Shares under the Open Offer, Qualifying Shareholders will need to follow the procedure set out in Part II of this Circular and, where relevant, complete the accompanying Application Form. If you have any questions relating to this Circular, and the completion and return of the Application Form, please telephone Share Registrars between 9.00 a.m. and 5.30 p.m. (British Summer Time) Monday to Friday on 01252 821390 from within the UK or +44 1252 821390 if calling from outside the UK.

SUBSCRIPTION AND OPEN OFFER STATISTICS

Issue Price of the Open Offer Shares and the Subscription Shares	3.96p
Number of Existing Ordinary Shares in issue as at the Record Date ¹	931,100,784
Number of Ordinary Shares available under the Open Offer	46,555,039
Basis of the Open Offer	1 Open Offer Share for every 20 Existing Ordinary Shares held as at the date of this Circular
Number of Open Offer Warrants ²	1 Open Offer Warrant for every 2 Open Offer Shares subscribed for
Number of Subscription Shares	18,101,012
Number of Ordinary Shares in issue on Admission ³	995,756,506
Number of Subscription Warrants	9,050,506
Number of Funding Warrants	4,900,000
Approximate percentage of the Enlarged Share Capital represented by the New Ordinary Shares ³	6.49%
Estimated net cash proceeds of the Open Offer ⁴	£1.58 million
Estimated net cash proceeds of the Subscription	£0.68 million
TIDM for the Ordinary Shares	QFI
ISIN for the Ordinary Shares	GB00B11DDB67
ISIN for Open Offer Entitlements	GB00BKBR0875
ISIN for Excess Open Offer Entitlements	GB00BKBR0F43
ISIN for Warrants	GB00BH4GHM31

Notes:

- (1) As at the close of business on 6 September 2019, being the last practicable Business Day prior to the publication of this Circular.
- (2) The actual number of Open Offer Shares and Open Offer Warrants to be issued under the Open Offer will be subject to rounding down to eliminate fractional entitlements.
- (3) Assuming the issue of the Subscription Shares and the Open Offer Shares.
- (4) Assuming the allotment of the Open Offer Shares under the Open Offer.

DEFINITIONS AND GLOSSARY

The following definitions apply throughout this Circular (including the Notice of General Meeting) unless the context otherwise requires:

“Act”	the Companies Act 2006, as amended
“Admission”	admission of the Open Offer Shares and Subscription Shares to trading on AIM becoming effective in accordance with the AIM Rules which is expected to take place on 1 October 2019
“Agreement”	the convertible securities deed entered into between the Company and the Investor dated 22 August 2019
“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)
“AkzoNobel”	Akzo Nobel Surface Chemistry AB
“Application Form”	the application form to be used by Qualifying Non-CREST Shareholders in connection with the Open Offer
“Articles”	the articles of association of the Company
“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
“Cenkos”	Cenkos Securities plc and any of its subsidiaries, acting in its capacity as the Company’s nominated adviser
“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)
“Circular”	means this document
“Collateral Shares”	has the meaning given in paragraph 8 of Part I of this Circular;
“Commencement Fee Shares”	has the meaning given in paragraph 8 of Part I of this Circular;
“Company” or “QFI”	Quadrise Fuels International plc
“Conversion Price B”	has the meaning given in paragraph 8 of Part I of this Circular;
“Convertible Security”	has the meaning given in paragraph 8 of Part I of this Circular and “Convertible Securities” shall be interpreted accordingly
“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)
“CREST Manual”	the rules governing the operations of CREST as published by Euroclear
“CREST Regulations”	the Uncertificated Securities Regulations 2001 (SI 2001/3755)

“Directors” or “Board”	the directors of the Company or any duly authorised committee thereof
“Enlarged Share Capital”	the issued ordinary share capital of the Company immediately following Admission
“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)
“Excess Application Facility”	the arrangement pursuant to which Qualifying Shareholders may apply for Open Offer Shares in excess of their Open Offer Entitlements
“Excess CREST Open Offer Entitlements”	in respect of each Qualifying CREST Shareholder, the entitlement to apply for Open Offer Shares in addition to his Open Offer Entitlement credited to his stock account in CREST, pursuant to the Excess Application Facility which is conditional on him taking up his Open Offer Entitlement in full and which may be subject to scaling back in accordance with the provisions of this Circular
“Excess Open Offer Entitlement(s)”	an entitlement for each Qualifying Shareholder to apply to subscribe for Open Offer Shares in addition to his Open Offer Entitlement pursuant to the Excess Application Facility which is conditional on him taking up his Open Offer Entitlement in full and which may be subject to scaling back in accordance with the provisions of this Circular
“Excess Shares”	Open Offer Shares in addition to the Open Offer Entitlement for which Qualifying Shareholders may apply under the Excess Application Facility
“Excluded Jurisdiction”	each of Australia, Canada, Japan, the Republic of South Africa and the United States and any other jurisdiction where the extension or availability of the Open Offer would breach any applicable law
“Existing Ordinary Shares”	the 931,100,784 Ordinary Shares in issue at the Record Date, all of which are admitted to trading on AIM
“FCA”	the Financial Conduct Authority of the United Kingdom acting in its capacity as the competent authority for the purposes of Part IV of FSMA
“Form of Proxy”	the enclosed form of proxy for use by Shareholders in connection with the General Meeting
“FPO”	the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (S.I. 2005/1529)
“Freepoint”	Freepoint Commodities LLC
“FSMA”	the Financial Services and Markets Act 2000 (as amended)
“Funding”	the funding announced by the Company on 23 August 2019 made available to the Company by the Investor pursuant to the Agreement and described at paragraph 8 of part I of this Circular

“Funding Warrant Instrument”	has the meaning given in paragraph 8 of Part I of this Circular
“Funding Warrants”	has the meaning given in paragraph 8 of Part I of this Circular
“General Meeting”	the general meeting of the Company to be held at 11.00 a.m. on 27 September 2019 (or any reconvened meeting following any adjournment of the general meeting) at Park Plaza Victoria London, 239 Vauxhall Bridge Road, London SW1V 1EQ, notice of which is set out at the end of this Circular
“Group”	the Company, its existing subsidiaries and subsidiary undertakings
“HFO”	Heavy fuel oil
“HMRC”	HM Revenue & Customs
“IHT”	Inheritance tax
“IMO”	International Maritime Organisation, the United Nations’ specialised agency responsible for improving maritime safety and preventing pollution from ships
“Initial Tranche”	has the meaning given in paragraph 8 of Part I of this Circular
“Investor”	Bergen Global Opportunity Fund, LP
“Issue Price”	3.96 pence per Open Offer Share
“Japan”	Japan, its cities and prefectures, territories and possessions
“JGC”	JGC Corporation
“KSA”	Kingdom of Saudi Arabia
“London Stock Exchange”	London Stock Exchange plc
“Maersk”	A.P. Moller Maersk A/S
“Maersk Line”	Maersk Line A/S, the Maersk group shipping company
“Marine MSAR®”	Marine Multiphase Superfine Atomised Residue, the oil refinery technology supplied by the Company
“micron”	a unit of length equal to one millionth of a metre
“MMU”	MSAR® Manufacturing Unit
“Money Laundering Regulations”	Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017
“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
“New Ordinary Shares”	the Open Offer Shares and the Subscription Shares
“Notice” or “Notice of General Meeting”	the notice of the General Meeting set out at the end of this Circular

“Nouryon”	formerly Akzo Nobel Speciality Chemicals company
“NOx”	the term for mono-nitrogen oxides
“Official List”	the official list of the FCA
“Open Offer”	the conditional offer to Qualifying Shareholders to subscribe for the Open Offer Shares at the Issue Price, as described in this Circular
“Open Offer Entitlements”	entitlements to subscribe for Open Offer Shares, allocated to a Qualifying Shareholder pursuant to the Open Offer
“Open Offer Shares”	the 46,555,039 Ordinary Shares which are to be made available for subscription by Qualifying Shareholders under the Open Offer
“Open Offer Warrants”	the warrants to be issued pursuant to the Open Offer being 1 warrant for every 2 Open Offer Shares subscribed for, vesting immediately on Admission, with each warrant granting the right to subscribe for one new Ordinary Share exercisable at 7.48 pence and expiring on the date falling 36 months from Admission granted in accordance with the Open Offer Warrant Instrument further details of which are set out in paragraph 1 of this Circular
“Open Offer Warrant Instrument”	the warrant instrument, conditionally entered into by the Company on or around the date of this document, for the issue of up to 23,277,519 Open Offer Warrants further details of which are set out in Part IV, paragraph 5.15 of this Circular
“Options”	the options granted to Directors and others to subscribe for or acquire Ordinary Shares, details of which are set out in paragraph 4.2 of Part IV of this Circular
“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
“Peel Hunt”	Peel Hunt LLP, joint brokers to the Company
“PowerSeraya”	YTL Powerseraya Limited
“Proposals”	the Resolutions to be put to Shareholders at the General Meeting to provide the Directors with the necessary share issuance authorities to enable the issue of the Subscription Shares, the Subscription Warrants and Funding Warrants, to enable the Open Offer to proceed and to avoid an event of default under the Initial Tranche of the Funding
“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
“QIL”	Quadrise International Limited, a wholly-owned subsidiary of the Company
“Qualifying CREST Shareholders”	Qualifying Shareholders who hold their Shares in CREST
“Qualifying Non-CREST Shareholders”	Qualifying Shareholders who hold their Shares in certificated form

“Qualifying Shareholders”	holders of Existing Ordinary Shares at the Record Date (other than certain Overseas Shareholders who are resident in, or are citizens of, an Excluded Jurisdiction)
“Rafid Group”	Rafid Group for Trading & Contracting, a multinational conglomerate made up of companies and affiliated businesses
“Receiving Agent”	Share Registrars
“Record Date”	the record date for the Open Offer being 6.00 p.m. on 6 September 2019
“Resolutions”	the resolutions to be proposed at the General Meeting, as set out in the Notice of General Meeting
“RIS”	Regulatory Information Service
“Second Tranche”	has the meaning given in paragraph 8 of Part I of this Circular
“Securities Act”	United States Securities Act of 1933 (as amended)
“Shareholders”	holders of Ordinary Shares
“Share Registrars”	the Company’s registrars, Share Registrars Limited of The Courtyard, 17 West Street, Farnham, Surrey GU9 7DR
“Shore Capital”	Shore Capital Stockbrokers Limited, joint brokers to the Company
“Subscribers”	those persons who have agreed to subscribe for the New Ordinary Shares
“Subscription”	the conditional subscription to raise aggregate gross proceeds, subject to the passing of the Resolutions, of £716,800, through the issue of 18,101,012 Subscription Shares and 9,050,506 Subscription Warrants
“Subscription Agreements”	the conditional subscription agreements entered into between the Subscribers and the Company on or prior to the date of this document
“Subscription Period”	as defined in paragraph 5.15 of Part IV of this document
“Subscription Shares”	18,101,012 New Ordinary Shares which are to be made available for subscription to Subscribers pursuant to the Subscription Agreements
“Subscription Warrants”	the 9,050,506 warrants to be granted to the Subscribers pursuant to the Subscription Agreements
“Subscription Warrant Instrument”	the warrant instrument, conditionally entered into by the Company on or around the date of this document, for the issue of the Subscription Warrants, further details of which are set out in paragraph 5.15 of Part IV of this Circular
“Transaction”	has the meaning given in paragraph 3 of Part I of this Circular
“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

“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
“USE”	Unmatched Stock Event
“USE Instructions”	an Unmatched Stock Event instruction in CREST
“Underwriter”	Peel Hunt
“Underwriting Agreement”	the conditional agreement, dated 6 September 2019, between the Company, Peel Hunt and Cenkos relating to the Open Offer details of which are set out in paragraph 5.17 of Part IV of this document
“Warrant Instruments”	means each of the Funding Warrant Instrument, Open Offer Warrant Instrument and Subscription Warrant Instrument
“Warrants”	means either the Funding Warrants, Open Offer Warrants or Subscription Warrants granted in accordance with the applicable Warrant Instrument

PART I

LETTER FROM THE CHAIRMAN

Quadrise Fuels International plc

(Incorporated in England and Wales under the Companies Act 1985 with Registered No. 05267512)

Directors:

Mike Kirk (*Executive Chairman*)
Jason Miles (*Chief Operating Officer*)
Laurie Mutch (*Non-executive Director*)
Hemant Thanawala (*Non-executive Director*)
Philip Snaith (*Non-executive Director*)
Dilip Shah (*Non-executive Director*)
Bryan Sanderson (*Non-executive Director*)

Registered Office:

Gillingham House
38-44 Gillingham Street
London
SW1V 1HU

6 September 2019

To Shareholders

Dear Shareholder,

Underwritten Open Offer of up to 46,555,039 Ordinary Shares at a price of 3.96 pence per Ordinary Share

Subscription for 18,101,012 Ordinary Shares at a price of 3.96 pence per Ordinary Share

Issue of Open Offer Warrants and Subscription Warrants

and

Notice of General Meeting

1. Introduction

On 23 August 2019 the Company was pleased to announce that it had secured funding of at least £2 million, being the first tranche in an issue of convertible securities, in order to progress recently announced business development opportunities towards trial projects and commercial contracts. These funds will secure the Company's financial position through to 30 June 2020, subject to Shareholder approval of the Resolutions to be proposed at the General Meeting and required to provide the necessary share issuance authorities to enable the conversion of the initial tranche of convertible securities. Further detail of this Funding is set out in paragraph 8 below.

In recognition of the continuing support from Shareholders, the Company also announced on 23 August 2019 that it intended to offer existing Shareholders the opportunity to participate in an open offer of new Ordinary Shares in the Company with warrants attached.

Accordingly, the Company is now, conditional on Shareholder approval of the Resolutions at the General Meeting, making the Open Offer to Qualifying Shareholders of up to 46,555,039 Open Offer Shares to raise up to approximately £1.8 million at the Issue Price of 3.96 pence per Open Offer Share on the basis of 1 Open Offer Share for every 20 Existing Ordinary Shares held on the Record Date. The Open Offer has been fully underwritten by Peel Hunt.

In addition, the Open Offer presents Qualifying Shareholders with an opportunity, provided that they take up their Open Offer Entitlements in full, to apply for additional Open Offer Shares through the Excess Application Facility.

As part of the Open Offer, each subscribing Shareholder shall receive 1 Open Offer Warrant for every 2 Open Offer Shares subscribed for, vesting immediately on Admission. Each Open Offer Warrant will grant the right

to subscribe for one new Ordinary Share at 7.48 pence. The Open Offer Warrants shall expire on the date falling 36 months from Admission.

The Open Offer is fully underwritten and will raise total gross proceeds of approximately £1.8 million. The Issue Price represents:

- a discount of 10 per cent. to the closing mid-market price of 4.40 pence per Existing Ordinary Share on 22 August 2019, being the last practicable date prior to the announcement of the Company's intention to launch the Open Offer on 23 August 2019; and
- a discount of 15 per cent. to the closing mid-market price of 4.65 pence per Existing Ordinary Share on 6 September 2019, being the last practicable date prior to the publication of this Circular.

Both of the Executive Directors of the Company and two of the Non-Executive Directors of the Company have irrevocably undertaken to subscribe under the Open Offer, in respect of an aggregate of 610,586 Open Offer Shares, with all four of the Directors undertaking to subscribe for their entire Open Offer Entitlements (an aggregate of 245,045 Open Offer Shares) and certain of the Directors applying for an aggregate of 365,541 Open Offer Shares under the Excess Application Facility.

The Company is also pleased to confirm that, as a result of additional investor demand following the announcement by the Company of the intended open offer on 23 August 2019, the Company has entered into conditional binding agreements with the Subscribers to raise additional gross proceeds of £716,800 through the issue of an aggregate 18,101,012 Subscription Shares at 3.96 pence per Subscription Share, with 9,050,506 Subscription Warrants attached. The Subscription is conditional, *inter alia*, on the Resolutions being passed at the General Meeting.

The terms of the Open Offer, the Subscription and the recently announced Funding are described in this Circular and, as explained below, the Directors believe the funds raised as a result of the Open Offer, the Subscription and the Initial Tranche of the Funding will, subject to the passing of the Resolutions at the General Meeting, secure the Company's financial position in enabling the Company to continue to operate and advance its business development initiatives at current levels of expense until 31 December 2020.

However, should the Company successfully enter into a trial project with a prospective partner during this period, the Directors would expect current expenses of approximately £260,000 per month to increase materially prior to the Company being able to advance any secured project to the stage of positive cash flow generation. As a result, should the Company enter into a trial project with a prospective partner, the Directors consider that the Company would be required to raise additional funds prior to the end of calendar year 2020.

The purpose of this letter is to provide you with information about the background to and the rationale for the Open Offer, the Subscription and the General Meeting, and to explain why the Board considers the Proposals to be in the best interests of the Company and its Shareholders as a whole.

The Directors unanimously recommend Shareholders to vote in favour of the Resolutions to be proposed at the General Meeting as they intend to do so in respect of their beneficial holdings amounting, in aggregate, to 34,310,504 Ordinary Shares, representing approximately 3.68 per cent. of the existing issued ordinary share capital of the Company as at 6 September 2019 (being the latest practicable date prior to the publication of this Circular).

2. Background to and reasons for the Open Offer

2019 has, to date, been a year in which the Group has built considerable momentum in implementing its new strategy of developing a wider range of MSAR® project and commercial opportunities. We have demonstrated staged progress in a number of important markets for the Group and are, therefore, well positioned to progress these opportunities with our commercial partners in the relevant countries/regions. This provides, we believe, firm foundations for the Company's future growth.

The Directors believe the funds raised as a result of the Open Offer and the Subscription will, subject to the passing of the Resolutions at the General Meeting and together with the proceeds of the Initial Tranche of the Funding and the Company's existing cash balances, secure the Company's financial position in enabling the Company to continue to operate and advance its business development initiatives at current levels of

expense until 31 December 2020. Whilst the Board anticipate being able to make substantial progress, the Company does not expect to be able to advance any secured project to the stage of sustained positive cash flow generation in this timeframe.

As a result, and given the longstanding support of Shareholders, the Board believes it is appropriate to raise additional funds by way of the Open Offer and the Subscription through the underwritten Open Offer available to Qualifying Shareholders of up to 46,555,039 Open Offer Shares at the Issue Price of 3.96 pence per Open Offer Share and the Subscription by the Subscribers for 18,101,012 Subscription Shares.

3. The Subscription

As a result of additional investor demand following the announcement by the Company of the intended open offer on 23 August 2019, the Company has entered into binding commitments under the Subscription to raise additional gross proceeds of £716,800 through the issue of an aggregate of 18,101,012 Subscription Shares at the Issue Price of 3.96 pence per Subscription Share by way of direct subscription with the Company, with 9,050,506 Subscription Warrants attached on the basis of 1 Subscription Warrant for every 2 Subscription Shares subscribed for.

Each Subscription Warrant will grant the right to subscribe for one new Ordinary Share exercisable at 7.48 pence. The Subscription Warrants shall expire on the date falling 36 months from Admission.

The Subscription is conditional on, *inter alia*, the Resolutions being passed at the General Meeting.

4. Views of the Board

The Board believes that the net proceeds of the Open Offer, which is underwritten by Peel Hunt, alongside the proceeds of the Initial Tranche of the Funding, the Company's existing cash balances and the net proceeds of the Subscription, will secure the Company's financial position in enabling the Company to continue to operate and advance its business development initiatives at current levels of expense until 31 December 2020, subject to the passing of the Resolutions at the General Meeting.

The Board therefore considers the Proposals to be in the best interests of the Company and its Shareholders as a whole.

Both of the Executive Directors of the Company and two of the Non-Executive Directors of the Company have irrevocably undertaken to subscribe under the Open Offer, in respect of an aggregate of 610,586 Open Offer Shares, with all four of the Directors undertaking to subscribe for their entire Open Offer Entitlements (an aggregate of 245,045 Open Offer Shares) and certain of the Directors applying for an aggregate of 365,541 Open Offer Shares under the Excess Application Facility.

If you are in any doubt as to the action you should take, you are recommended to seek your own independent advice. In particular, we refer you to the risk factors relating to the Group in Part III of this Circular.

5. Information on the Company

QFI has developed MSAR[®] as a less expensive, synthetic HFO which is produced using QFI's proprietary technologies and services. MSAR[®], an oil in water emulsion, is made by mixing the residue stream from an oil refinery with water and specialised chemicals in a proprietary production process, instead of diluting the residuals with high value distillate products as in the production of HFO. MSAR[®] offers both producers and consumers of the fuel significant economic and environmental advantages.

MSAR[®] has superior characteristics compared with HFO:

- MSAR[®] can be stored and used at lower temperatures than HFO.
- The small particle size (5-10 microns) of the residue in MSAR[®] results in improved combustion properties and engine efficiency, as well as significant reductions in carbon particulates in the exhaust gas.

- The presence of water in MSAR® reduces the combustion temperatures – leading to significant reductions in NOx emissions.
- MSAR® is provided at a lower price (on an energy equivalent basis) than HFO.
- Producing MSAR® allows the refiner to sell the higher value distillate products that would otherwise be used to dilute the residue in order to create HFO, generating significant increases in refinery economic yields.

QFI acts as the technology and service partner to both the producer and the consumer and aims to generate revenues both through licence revenues from the production of fuel and the sale of the chemicals and MSAR® manufacturing systems. The core technology was developed jointly with the Speciality Chemicals business of AkzoNobel – one of the world’s leading surface chemistry suppliers, which was acquired by the Carlyle Group in October 2018 and renamed Nouryon Speciality Chemicals.

The two largest markets for the use of MSAR® as a low cost, efficient and environmentally friendly synthetic HFO are power generation and marine bunker fuel. In both cases, it is necessary to engage with both the producers (refiners) and consumers (power utilities and shipping companies) to develop the very large market opportunities. Significant work has been carried out to demonstrate the proof of concept in both end-user markets. Both the Maersk Operational trial and the planned KSA project delivered significant positive learnings for the Group which are being used to progress our current suite of anticipated projects.

Business Development

As noted in the interim report for the six months ended 31 December 2018 announced on 25 March 2019, we are very clear on the requirement for achieving near-term business development milestones and the associated additional funding in order to progress to commercial revenue stage and we have been actively engaged in delivering on both fronts during 2019. The most substantive developments during the period have been as follows:

November 2018

- Co-Marketing and Project Development Agreement (“CMPDA”) with Freepoint Commodities LLC (“Freepoint”)
- Memorandum of understanding and MSAR® test programme with a European oil major.

February 2019/March 2019

- Agreement with Aleph Commodities Ltd (“Aleph”) covering Kuwait (a territory under the CMPDA with Freepoint), which builds on the Group’s previous work in Kuwait to demonstrate the feasibility of MSAR opportunities in the country.
- Agreement with Younes Maamar, former CEO of the Moroccan state-owned power and water utility, ONEE.

May/June 2019

- Agency Agreement with Hawazin Regional Trading Company (“Hawazin”) (part of the Kharafi Group) in Kuwait – resulting in delivery of the first milestone with Aleph triggering the award of 5 million warrants to them
- Memorandum of Agreement with our new partner, Al Khafrah Group, to accelerate the substantial opportunities in KSA.
- Services Agreement with Aleph covering KSA, to work in collaboration with the Group and Al Khafrah to accelerate our access to projects.
- Other agreements to enable access to markets in China and Mexico.

Following on from the Company’s year-end we were also pleased to announce:

August 2019

- Memorandum of Understanding with Merlin Energy Resources Limited (“Merlin”), an upstream oil and gas consultancy specialising in geological & geophysical Exploration and Production (“E&P”) related

services. The Group and Merlin will work together to combine their respective expertise to jointly evaluate, develop and promote upstream heavy oil projects.

- Memorandum of Agreement with another European oil refiner to test specific residue samples in Q3 2019 to evaluate and develop a potential MSAR® project at one of their refineries.

Delivery of Key Business Objectives

Through this broad spread of activities that demonstrate staged progress in key markets, we believe that we substantially delivered our key objectives for the year of rebuilding shareholder confidence and demonstrating that their long-term support continues to be justified.

The market had been fully aware since the closing of the open offer in January 2019, that the Company was funded to continue to advance business development initiatives through to October 2019 and the Board was, as a result, reviewing a variety of funding options available to the Company. We were delighted that we were able to secure the funding announced on 23 August 2019 which we believe in combination with the proceeds of the fully underwritten Open Offer and the Subscription assuming shareholders approve the requested authorities at the forthcoming general meeting on 27 September 2019 will be fundamental to the Company being able to progress to recently announced business development opportunities towards trial projects and commercial contracts.

Collectively, these actions will, we believe, enable us to build a sustainable business based on the commercial adoption of MSAR® technology at scale and, through this, to rebuild investor confidence and value. We remain focused on this and determined to deliver shareholder value.

MSAR® Market Background

As stated in the interim results, the positive shifts in the liquid fuel markets continued throughout 2018 and this trend has been maintained through 2019. This combination of strong MSAR® economics, driven by the widening spread between Heavy Fuel Oil (“HFO”) and Gas Oil and the increasing acceptance in the market that there will continue to be a significant demand for high sulphur HFO, post the implementation of the IMO 2020 regulations, with marine operators, including Maersk, accelerating plans for Exhaust Gas Cleaning System (“EGCS” or “scrubbers”) installations as retrofits on existing vessels and on newbuilds. This provides a very resilient environment for Quadrise to work with refiners and fuel consumers in the power, marine and industrial markets to progress MSAR® projects.

Power Generation Opportunities

In Kuwait, our agreements with Aleph and Hawazin have positioned Quadrise to build on the work we had already successfully concluded in 2018 to demonstrate our technology to key participants in the local refining market and we are, through Aleph and Hawazin building on this strong base and look forward to being able to demonstrate substantial progress during 2019. In Morocco, through Younes Maamar, we are making good progress in the industrial market and the power market there provides further opportunities.

The Kingdom of Saudi Arabia still offers a very substantial market opportunity and we have put in place material changes to better address this. First of all, we amicably exited our long-term relationship with the Rafid Group and then put in place a new agreement with Al Khafrah to act as our local agent, supplemented by a further services agreement with Aleph. Through these actions we are developing broad and influential relationships that will enable us to reengage in the country and accelerate plans to evaluate the substantial opportunities for fuel oil substitution with MSAR®.

The agreements that we have reached with Aleph and Younes Maamar include a success-based incentive structure, with material rewards only due upon the delivery of relevant disclosable project milestones and contracts that lead to the establishment of MSAR® projects and commercial sales. This ensures that all parties interests are aligned to bring projects and commercial opportunities at pace.

We are continuing to pursue power market opportunities in a number of other regions through our existing relationships, though in the medium-term, our focus will be on the Middle East and Morocco.

Marine MSAR® Opportunities

The impending implementation of the IMO 2020 sulphur regulations has provided an increasingly positive market background for the Group across all markets, but in the marine market in particular, the increasing uptake of EGCS combined with the continued use of high sulphur fuel is widely regarded as the lowest cost compliance option for ship owners and operators in all major segments including the container, tanker and dry bulk markets. Although there remains some rhetoric in the market regarding scrubbers and the issue of open loop discharge, this is now widely regarded as proven technology and any coastal water or port authority bans on open loop discharge will have a minimal impact on the overall economic viability of scrubber installation – with payback within one to two years for most installations.

The Group is benefiting from this market dynamic and remains in discussion with a number of market participants regarding work to progress trials ahead of making decisions on the adoption of MSAR® alongside EGCS. Maersk has now reversed its previous policy decision to only use compliant fuels and will now be installing scrubbers on some of its fleet. We have continued our discussions with Maersk in relation to the Royalty Agreement and other associated issues and opportunities.

RDI and Operations Activities

We have continued to invest in our Research, Development and Innovation (“RDI”) activities and have hosted a number of investor visits during the year to demonstrate the high-quality team and facilities at QRF, which remain central to our technology-led offering and the provision of operational project support. The development of our pilot production facilities to handle the more challenging residues from more complex refineries continues. These residues need to be emulsified at much higher temperatures and pressures and this will be increasingly important to support our broader business development activities.

PR/IR Activities

Our close control of costs has continued – without impacting our business development and PR/IR activities which are essential to the continued progress of the business. This investment in PR/IR has included continued development of the website, more active use of other media to reinforce the value of the significant news flow that our business development activities have generated and increased use of investor conference calls to engage directly with our shareholders on a regular basis. Most recently, this has included the production of an animated video which shows the benefits of MSAR® technology. This was incorporated into the Company’s website on 6 September 2019 and will be used for general business development including pre-stations at conference and events.

Board and Management

During the year, the Board has continued to ensure that it is in the best possible position to deliver on the significant commercial opportunities presented by MSAR®. Working alongside our Chief Operating Officer, Jason Miles, I have served as Executive chairman since March 2016 and we continue to benefit from the input of our experienced non-executive directors, with Laurie Mutch chairing the Audit and Funding Committees, Philip Snaith chairing the Compensation and Nominations Committees and Hemant Thanawala serving on all the committees. This year we were pleased to be able to add the very considerable experience of Bryan Sanderson to the Board.

Jason Miles spearheads our business development activities and is supported by me and our senior managers in Operations, Projects and RDI. I lead on our Investor Relations and Communications activities supported by Jason and our Head of Finance, David Scott.

Current trading and prospects.

We are now building significant momentum across a broad range of opportunities in the power and marine markets, and our efforts remain focused on moving these forwards at pace through the remainder of 2019. Our evolved business development approach is reducing risk through having a broader portfolio of opportunities. Alongside this, our proven project management expertise enhances our ability to engage with leading companies and reduces the delivery risk to project activities.

Though progress has not always been a smooth as we would wish, and remains subject to potential challenges, we have made substantive progress so far in 2019. We are well positioned to capitalise on the significant opportunities that we see and to manage the risk that we still face – though we believe that these risks have reduced materially during the year.

We continue to believe that our MSAR® technology has significant potential, and recent announcements demonstrate that an increasing number of participants in the energy, power and marine markets are aligned to this view and are incentivised to deliver value for the Company and our shareholders. As a result the directors have a high degree of confidence that the Group will be in a position to demonstrate material progress through to commercial revenues and we look forward to being able to provide updates as appropriate as we progress through the current financial year.

QFI comprise a small, but very capable team and the progress that we have made has only been possible through the significant contributions of everyone within the business and I would thank everyone for their continued dedication and professionalism. Finally, I would like to once again thank our shareholders for their support through some challenging times. This support has and will remain fundamental to the long-term success of the Group.

6. Financial information

Audited accounts for the Group for each of the three financial years ended 30 June 2018, 30 June 2017 and 30 June 2016 are available on the Company's website www.quadrisefuels.com.

As at 31 August 2019, the Group's unaudited cash balance was approximately £0.7 million. The net proceeds of the Open Offer and Subscription, together with the proceeds of the Initial Tranche of the Funding now received by the Company, will materially enhance the Company's cash balance.

7. Principal terms of the Open Offer

Open Offer

Qualifying Shareholders are invited to apply for Open Offer Shares under the Open Offer at the Issue Price of 3.96 pence per Open Offer Share, payable in full on application and free of all expenses, *pro rata* to their existing shareholdings on the basis of:

1 Open Offer Share for every 20 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 Open Offer Shares. Fractional entitlements which would have otherwise arisen will not be issued. The Issue Price represents a discount of: (a) 10 per cent. to the closing mid-market price of 4.40 pence per Existing Ordinary Share on 22 August 2019 as derived from the AIM Appendix to the Official List of the London Stock Exchange on 22 August 2019, being the last practicable date prior to the announcement of the then intended open offer on; and (b) 15 per cent. to the closing mid-market price of 4.65 pence per Existing Ordinary Share as derived from the AIM Appendix to the Official List of the London Stock Exchange on 6 September 2019, being the last practicable date prior to the publication of this Circular.

Qualifying Shareholders are also being given the opportunity, provided that they take up their Open Offer Entitlements in full, to apply for additional Open Offer Shares through the Excess Application Facility. Once subscriptions under the Open Offer Entitlements have been satisfied in full, the Company shall, in its absolute discretion (save that the prior approval of Peel Hunt shall be required if the Company rejects any valid excess applications), determine whether to meet any excess applications in full or in part, and no assurance can be given that applications by Qualifying Shareholders under the Excess Application Facility will be met in full or in part or at all.

To the extent that Open Offer Shares are not subscribed by Qualifying Shareholders, Open Offer Entitlements will lapse. Qualifying Shareholders may apply for more or less Open Offer Shares than they are entitled to under the Open Offer.

The Open Offer is subject to the satisfaction, *inter alia*, of the following conditions on or before 2 October 2019:

- (i) the Resolutions being passed at the General Meeting;
- (ii) the Underwriting Agreement having become wholly unconditional (other than as to Admission) and not having been terminated in accordance with its terms prior to Admission; and
- (iii) Admission.

Accordingly, in the event that any of these conditions are not satisfied, or, if applicable, waived, by 2 October 2019 (or such later time as Peel Hunt may in its absolute discretion determine provided that such time does not extend beyond 5.00 pm on 15 October 2019) the Open Offer will not proceed. In such circumstances, application monies will be returned (at the applicant's sole risk), without payment of interest, as soon as practicable thereafter.

Fractions of Open Offer Shares will not be allotted to Qualifying Shareholders in the Open Offer and, where necessary, entitlements under the Open Offer will be rounded down to the nearest whole number of Open Offer Shares. Any fractional entitlement to Open Offer Shares will be disregarded in calculating Open Offer Entitlements.

Whilst Qualifying Shareholders with a shareholding of less than 20 Existing Ordinary Shares on the Record Date will not receive an Open Offer Entitlement, such Qualifying Shareholders will be able to apply for Open Offer Shares under the Excess Application Facility.

In conjunction with Subscription and the Funding, the participation of a Qualifying Shareholder in their Open Offer Entitlement does not guarantee that their percentage shareholding will not be diluted from the position prior to the Open Offer as a result of the issue of the Open Offer Shares unless their Open Offer Entitlement is taking up in full.

The Open Offer Shares have not been and are not intended to be registered, offered or qualified for sale in any Excluded Jurisdiction. Accordingly, unless otherwise determined by the Company and effected by the Company in a lawful manner, the Application Form will not be sent to Shareholders with registered addresses in any Excluded Jurisdiction since to do so would require compliance with the relevant securities laws of that jurisdiction. Unless otherwise determined by the Company applications from any person in an Excluded Jurisdiction will be deemed to be invalid.

The Open 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.

Part II of this Circular, together with the accompanying Application Form, contains further terms and conditions of the Open Offer and details of the procedures for application.

8. Details of the Funding

The Company entered into a convertible securities issuance deed on 23 August 2019 (the "**Agreement**") with Bergen Global Opportunity Fund, LP (the "**Investor**"), in connection with an issuance by the Company of zero coupon convertible securities in two tranches (each, a "Convertible Security", and collectively, the "**Convertible Securities**") having an aggregate subscription price of up to £4.0 million, a par value of up to £4.3 million and being convertible into new ordinary shares in the Company (the "**Transaction**"). The Investor is managed by Bergen Asset Management, LLC, based in New York, which is an institutional investor with a particular focus on direct investments in small-cap companies around the world.

The Company was pleased to confirm on 23 August 2019 that it had secured funding of £2 million, being the first tranche of an issue of Convertible Securities, to progress recently announced business development opportunities towards trial projects and commercial contracts. These funds will, subject to Shareholder approval of the Resolutions at the General Meeting, secure the Company's financial position through to 30 June 2020.

Summary of Funding documents

The Company has entered into the Agreement with the Investor pursuant to which up to £4.0 million of interest free unsecured funding is to be provided by the Investor in two tranches through the issue by the Company of the Convertible Securities with a nominal value of up to £4.3 million, convertible into Ordinary Shares.

An Initial Tranche of Convertible Securities with a nominal value of £2.15 million (the “**Initial Tranche**”) will be subscribed for by the Investor for £2.0 million. A further announcement will be made once the Initial Tranche has been issued.

A second tranche of Convertible Securities, with a nominal value of up to £2.15 million (the “**Second Tranche**”), is conditionally available to the Company with a subscription price of up to £2.0 million, subject to the aggregate nominal value of the Second Tranche of Convertible Securities to be issued not exceeding 3.5 per cent. of the Company’s market capitalisation on issue. The Second Tranche is envisaged to be issued within one week of the first anniversary of the entry into the Agreement, subject to certain conditions having been met. Both the Initial Tranche and the Second Tranche have 24 month maturity dates from the dates of their respective issuance and any Convertible Securities not converted prior to such dates will automatically convert into Ordinary Shares at such time. There is no interest applicable to either the Initial Tranche or the Second Tranche, absent default.

The conversion price of the Convertible Securities is (a) the average of five daily volume weighted average prices of the Ordinary Shares, during a specified period before the conversion date, rounded down to the next 1/10th of a penny, or (b) 140 per cent. of the average of the daily VWAPs for the 20 trading days immediately prior to the execution date of the Agreement, being 5.78 pence per Ordinary Share (“**Conversion Price B**”). The Investor may only utilize Conversion Price B for Convertible Securities with a par value of no more than £800,000.

As part of the Transaction, and subject to receiving the Authority (defined below), the Company will also issue 4.9 million 36 month warrants to subscribe for new Ordinary Shares (“**Funding Warrants**”) to the Investor by way of a warrant instrument (the “**Funding Warrant Instrument**”) initially exercisable at 5.78 pence per Ordinary Share, subject to anti-dilution and exercise price reduction provisions included in the Funding Warrant Instrument.

The Convertible Securities will only be convertible to the extent that the Company has corporate authority to do so and it is a term of the Agreement that, throughout the term of the Agreement, the Company must retain sufficient authority to issue and allot (on a non-pre-emptive basis) a sufficient number of Ordinary Shares potentially required to be issued under the terms of the Agreement (and the Funding Warrant Instrument). Pursuant to the terms of the Agreement, the Company is required to obtain and maintain sufficient non-pre-emptive share issuance authority from its shareholders in relation to the Ordinary Shares (“**Shareholder Approval**”) that may be required to be issued pursuant to the Agreement and Funding Warrant Instrument. It is acknowledged between the parties that the Company currently does not have Shareholder Approval to enable conversion of the entire Initial Tranche. However, the Investor has agreed that the Agreement can be completed and the Initial Tranche will be funded to the Company on the basis of the remaining current Shareholder Approval from the 2018 annual general meeting, and also on the basis that updated Shareholder Approval must be obtained at a general meeting of Shareholders within an agreed time period after the advance of the initial funding. Failure to obtain or maintain these (as required) will give rise to an event of default under the Agreement, which could potentially precipitate a cash demand for all unconverted securities representing the Initial Tranche.

Other Terms of the Agreement

Failure to obtain the Shareholder Approval at the General Meeting, or to maintain the necessary share issuance authorities, would give rise to an “Event of Default” under the Agreement, which gives the Investor the right to demand repayment in cash of the aggregate amount of the Initial Tranche that has not been converted at such date (as well as a payment of £90,000 in relation to the failure to issue the Funding Warrants). In light of the potentially fluctuating share price, the Investor may have the right to a further cash repayment if the ability to convert any outstanding amount of the Initial Tranche changes. Following this (or any other) Event of Default, default interest of 15 per cent. would be applicable to any sums payable under the Agreement until the date of payment. There is a similar requirement to obtain a further Shareholder Approval prior to the potential issuance of the Second Tranche.

The Company will have the right, but not the obligation, to repurchase the Initial Tranche of Convertible Securities in full (but not in part) for cash at nominal value without penalty within 90 days of issue, subject to the Investor’s right to elect to not redeem 30 per cent. of the Initial Tranche Convertible Securities.

The Investor has a general right to delay completion of the Second Tranche until such time that the Investor holds an aggregate of securities under the Agreement of less than £500,000 or in the event that the price per Ordinary Share is not greater than £0.03 per Ordinary Share and, should the price per Ordinary Share remain below £0.03 for the duration of a 60 day period, the Investor will have the right to terminate the Company's ability to request the Second Tranche.

The Investor has agreed to certain limitations on its ability to transfer/sell its Ordinary Shares following a conversion of the Convertible Securities, and the Investor may not request conversion of the Initial Tranche within the first 30 calendar days of having subscribed for the Initial Tranche of Convertible Securities.

The Investor is also contractually precluded from short selling Ordinary Shares. The Company is precluded from entering into certain prohibited transactions which would adversely impact the Investor's position under the Agreement for a period of 120 days following such date that the Investor has no further unconverted tranches.

In connection with the Agreement, the Company has issued to the Investor:

- (A) 3,888,889 new Ordinary Shares in settlement of a commencement fee of £140,000 ("**Commencement Fee Shares**"); and
- (B) a further 4,500,000 new Ordinary Shares to collateralise the Agreement (the "**Collateral Shares**") subscribed for at nominal value by the Investor. Depending on the market value of the Ordinary Shares once the Company's obligations under the Agreement have been met in full and no amount remains outstanding to the Investor, the Investor shall make an additional payment to the Company (to the extent the value exceeds the subscription price, without such payment being capped) (and otherwise, the Company will make an additional payment not exceeding £45,000 to the Investor).

Other terms of the Funding Warrant Instrument

The Funding Warrant Instrument will be appended to the Agreement and will only be effected if Shareholder Approval is obtained at the General Meeting. If the Shareholder Approval is not obtained, the Funding Warrant Instrument will not be issued by the Company and instead a payment of £90,000 shall be payable by the Company to the Investor for failure to issue the Warrants.

The Funding Warrant Instrument contains adjustment mechanisms such that the number of Warrants a holder holds, and the exercise price of such Warrants, are adjusted if the Company issues Ordinary Shares to shareholders capitalising profits or reserves (although not simply reflecting dividends/distributions issued by way of Ordinary Shares rather than cash); or consolidates, reclassifies or sub-divides its share capital.

9. Use of proceeds

The net proceeds of the Open Offer and the Subscription will be used to further strengthen the Group's balance sheet and will provide the Company with additional funding in pursuing its business development plans and will extend the time horizon available to the Company to progress existing material project opportunities.

The Directors believe the funds raised as a result of the Open Offer and the Subscription will, subject to the passing of the Resolutions at the General Meeting and together with the proceeds of the Initial Tranche of the Funding and the Company's existing cash balances, secure the Company's financial position in enabling the Company to continue to operate and advance its business development initiatives at current levels of expense until 31 December 2020.

Should the Company successfully enter into a trial project with a prospective partner during this period, the Directors would expect current expenses of approximately £260,000 per month to increase materially prior to the Company being able to advance any secured project to the stage of positive cash flow generation. As a result, should the Company enter into a trial project with a prospective partner, the Directors consider that the Company may be required to raise additional funds prior to the end of calendar year 2020.

It has always been the Directors' intention to minimise dilution to Shareholders and so it is not intended to raise the funds necessary to progress projects from trials to commercial operations. With the structured

milestone driven approach to project development, it is the Directors' view that these funds would be raised immediately on entering into such agreements.

Should the Resolutions not be passed at the General Meeting, neither the Open Offer nor the Subscription will proceed and an "Event of Default" would arise under the Funding agreement, which would enable the provider of the Funding the right to demand repayment in cash of the aggregate amount of the Initial Tranche of the Funding that had not been converted at such date and to receive a payment of £90,000 in respect of the Funding Warrants which would not be capable of issue. As at the Record Date, an amount of £2.15 million was outstanding and unconverted under the Initial Tranche of the Funding. In such a scenario, the Company would thereafter need to secure additional funding by either making a further open offer or pursuant to a further, potentially much less attractive, funding alternative.

The Board therefore considers the passing of the Resolutions at the General Meeting to be critical and unanimously recommend that Shareholders vote in favour of the Resolutions.

10. General Meeting

The Directors do not currently have authority to allot all of the Convertible Securities and Funding Warrants (together, the "**Relevant Securities**") and do not currently have authority to allot all of the Subscription Shares and Subscription Warrants (together, the "**Subscription Securities**"). Accordingly, the Board is seeking the approval of Shareholders to allot the Relevant Securities and the Subscription Securities at the General Meeting, together with approval to dis-apply pre-emption rights in respect of the proposed issues.

The Company has also agreed, under the material contracts referred to in paragraphs 5.1, 5.3 and 5.12 of Part IV of this document, to issue warrants, subject to the achievement of certain milestones in those contracts, to subscribe for up to 118,000,000 new Ordinary shares. As at the date of this document, the Directors consider that only warrants in respect of up to 58,000,000 new Ordinary Shares may be issued in the next 12 months as a result of milestones being achieved and accordingly the Resolutions will include authority to issue this number.

A notice convening the General Meeting, which is to be held at 11.00 a.m. at Park Plaza Victoria London, 239 Vauxhall Bridge Road, London SW1V 1EQ on 27 September 2019, is set out at the end of this Circular. At the General Meeting, the following Resolutions will be proposed:

- Resolution 1, which is an ordinary resolution to authorise the Directors to allot relevant securities and issue warrants up to an aggregate nominal amount of up to £2,160,000, being equal to 216,000,000 Ordinary Shares; and
- Resolution 2, which is conditional on the passing of resolution 1 and is a special resolution to authorise the Directors to issue and allot securities and issue warrants up to an aggregate nominal amount of up to £1,910,000, on a non-pre-emptive basis.

The authorities to be granted pursuant to resolution 1 and resolution 2 shall expire on the date which is 3 months from the date of the resolution, or, if earlier, the date of the next annual general meeting (unless renewed, varied or revoked by the Company prior to or on that date).

11. Action to be taken

In respect of the General Meeting

Please check that you have received a Form of Proxy for use in respect of the General Meeting and a reply-paid envelope for use in connection with the return of the Form of Proxy (in the UK only) with this Circular.

Whether or not you propose to attend the General Meeting in person, you are strongly encouraged to complete, sign and return your Form of Proxy in accordance with the instructions printed thereon as soon as possible, but in any event so as to be received, by post or, during normal business hours only, by hand, at Share Registrars, The Courtyard, 17 West Street, Farnham, Surrey, GU9 7DR, by no later than 11.00 a.m. on 25 September 2019 (or, in the case of an adjournment of the General Meeting, not later than 48 hours before the time fixed for the holding of the adjourned meeting (excluding any part of a day that is not a Business Day)).

If you hold your shares in the Company in uncertificated form (that is, in CREST) you may vote using the CREST Proxy Voting service in accordance with the procedures set out in the CREST Manual (please also refer to the accompanying notes to the Notice of the General Meeting set out at the end of this Circular). Proxies submitted via CREST must be received by the Company's agent (CREST ID: 7RA36) by no later than 11.00 a.m. on 25 September 2019 (or, in the case of an adjournment, not later than 48 hours before the time fixed for the holding of the adjourned meeting (excluding any part of a day that is not a Business Day)).

Appointing a proxy in accordance with the instructions set out above will enable your vote to be counted at the General Meeting in the event of your absence. The completion and return of the Form of Proxy or the use of the CREST Proxy Voting service will not prevent you from attending and voting at the General Meeting, or any adjournment thereof, in person should you wish to do so.

In respect of the Open Offer

If a Qualifying Shareholder does not wish to apply for Open Offer Shares they should not complete or return the Application Form nor should they send a USE message through CREST.

The action to be taken by you in respect of the Open Offer depends on whether, at the relevant time, you have an Application Form in respect of your entitlement under the Open Offer or you have Open Offer Shares representing your Open Offer Entitlement and Excess Open Offer Entitlement credited to your CREST stock account in respect of such entitlement, in outline:

(i) ***Qualifying Non-CREST Shareholders (Qualifying Shareholders who hold their shares in certificated form)***

If you are Qualifying Non-CREST Shareholder you will receive an Application Form. If you are a Qualifying Non-CREST Shareholder and wish to participate in the Open Offer, you should carefully read the Application Form accompanying this Circular which gives details of your Open Offer Entitlement. If you wish to apply for Open Offer Shares under the Open Offer (whether in respect of your Open Offer Entitlement, or both your Open Offer Entitlement and any Excess Open Offer Entitlement in respect of which, subject to satisfaction of the terms and conditions set out in this Circular and the Application Form, any application for your Open Offer Entitlement must be satisfied in full), you should complete the enclosed Application Form in accordance with the procedure set out at paragraph 3 of Part II of this Circular and on the Application Form itself and send the Application Form in the accompanying prepaid envelope along with the appropriate remittance Share Registrars, The Courtyard, 17 West Street, Farnham, Surrey GU9 7DR 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 25 September 2019, having first read carefully Part II of this Circular and the contents of the Application Form.

(ii) ***Qualifying CREST Shareholders (Qualifying Shareholders who hold their shares in uncertificated form through CREST)***

Application has been made for the Open Offer Entitlements and Excess Open Offer Entitlements of Qualifying CREST Shareholders to be admitted to CREST. If you are a Qualifying CREST Shareholder, you will not receive an Application Form. You will instead receive a credit to your account in CREST in respect of your Open Offer Entitlement. You should refer to the procedure for application set out in paragraph 3 of Part II of this Circular. Applications by Qualifying CREST Shareholders for Excess Open Offer Entitlements should be made in accordance with the procedures set out in paragraph 3.2 of Part II of this Circular.

Qualifying CREST Shareholders who are CREST sponsored members should refer to their CREST sponsors regarding the action to be taken in connection with this Circular and the Open Offer.

Qualifying CREST Shareholders should note that, although Open Offer Entitlements will be admitted to CREST and be enabled for settlement, applications in respect of entitlements under the Open Offer may only be made by the Qualifying Shareholder originally entitled or by a person entitled by virtue of a *bona fide* market claim raised by Euroclear's Claim Processing Unit.

Qualifying Non-CREST Shareholders should note that their Application Form is not a negotiable entitlement and cannot be traded.

Qualifying Shareholders with holdings of Existing Ordinary Shares in both certificated and uncertificated form will be treated as having separate holdings for the purpose of their applications.

12. Recommendation

The Directors unanimously recommend that Shareholders vote in favour of the Resolutions to be proposed at the General Meeting as they have irrevocably undertaken to do so in respect of their beneficial holdings amounting, in aggregate, to 34,310,504 Ordinary Shares, representing approximately 3.68 per cent. of the existing issued ordinary share capital of the Company as at 6 September 2019, being the latest practicable date prior to the publication of this Circular.

Shareholders should be aware that if any of the Resolutions are not passed, this will constitute an “Event of Default” under the Agreement, which gives the Investor the right to demand repayment in cash of the aggregate amount of the Initial Tranche which has not been converted at such date. Additionally, if the Resolutions are not passed, neither the Open Offer nor the Subscription will proceed.

As at the Record Date, an amount of £2.15 million of remains outstanding and unconverted under the Initial Tranche. In light of the potentially fluctuating share price, the Investor may have the right to a further cash repayment if the ability to convert any outstanding amount of the Initial Tranche changes. Similarly, following this, default interest of 15 per cent. would be payable under the Agreement.

Additionally, if the Resolutions are not passed, the Funding Warrants will not be capable of issue by the Company and instead a payment of £90,000 shall be payable by the Company to the Investor.

As such, if the Resolutions are not passed, the Company would need to secure further alternative funding in the near future which may not be forthcoming and in this event, the Directors may be required to take action which could result in the value attributable to Shareholders being severely reduced or becoming nil. The Board considers that it may need to consider the commencement of an orderly winding down of the business at that time.

THE DIRECTORS THEREFORE BELIEVE THAT THE PASSING OF THE RESOLUTIONS TO BE PROPOSED AT THE GENERAL MEETING IS CRITICAL AND IS IN THE BEST INTERESTS OF THE COMPANY AND SHAREHOLDERS AS A WHOLE AND UNANIMOUSLY RECOMMEND THAT SHAREHOLDERS VOTE IN FAVOUR OF THE RESOLUTIONS.

13. Taxation

A summary general guide to current UK tax legislation is provided at paragraph 6 of Part IV of this Circular. Any person who is in any doubt as to their tax position, or is subject to tax in any jurisdiction other than the UK, are strongly advised to obtain independent tax advice regarding their own tax position and should not rely on the summary provided herein for specific tax advice as to their particular situation.

14. Settlement and dealings

Application will be made for the New Ordinary Shares to be admitted to trading on AIM. It is expected that Admission will become effective and that dealings in the Open Offer Shares will commence on 1 October 2019. Further information in respect of settlement and dealings in the Open Offer Shares is set out in paragraph 8 of Part II of this Circular.

15. Overseas Shareholders

It is the responsibility of any person receiving a copy of this Circular 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 Circular and/or the Application Form should not, in connection with the Open Offer, 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 Circular into any such jurisdictions should draw the recipient's attention to the contents of paragraph 6 of Part II of this Circular regarding Overseas Shareholders. If you are an Overseas Shareholder, it is important that you read that part of this Circular.

16. Further Information

Your attention is drawn to the Risk Factors relating to the Group set out in Part III of this Circular, the additional information set out in Part IV of this Circular and the terms and conditions of the Open Offer set out in Part II of this Circular and the Application Form.

Yours faithfully

Mike Kirk

Executive Chairman

PART II

DETAILS OF THE OPEN OFFER

1. Introduction

As explained in Part I of this Circular, the Company proposes to raise of approximately £1.8 million by way of a fully underwritten Open Offer of up to a maximum of 46,555,039 Open Offer Shares at the Issue Price.

2. Open Offer

The Company hereby invites Qualifying Shareholders to apply, on and subject to the terms and conditions set out herein and, where relevant, in the Application Form, and subject to the Articles, for Open Offer Shares at the Issue Price, free from all expenses, payable in cash in full on application. The Issue Price represents a discount of: (a) 10 per cent. to the closing mid-market price of 4.40 pence per Existing Ordinary Share as derived from the AIM Appendix to the Official List of the London Stock Exchange on 22 August 2019, being the last practicable date prior to the announcement of the then intended open offer on 23 August 2019; and (b) 15 per cent. to the closing mid-market price of 4.65 pence per Existing Ordinary Share as derived from the AIM Appendix to the Official List of the London Stock Exchange on 6 September 2019, being the last practicable date prior to the publication of this Circular.

Qualifying Shareholders are also being given the opportunity, provided that they take up their Open Offer Entitlement in full, to apply for additional Open Offer Shares through the Excess Application Facility.

To enable the Company to benefit from applicable exemptions to the requirement under the Prospectus Rules to prepare a prospectus in connection with the Open Offer, a maximum of 46,555,039 Open Offer Shares, representing a total consideration of approximately £1.8 million will be made available to Qualifying Shareholders under the Open Offer.

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

1 Open Offer Share for every 20 Existing Ordinary Shares

held at the Record Date and so in proportion for any greater or lesser number of Existing Ordinary Shares then held. Entitlements of Qualifying Shareholders will be rounded down to the nearest whole number of Open 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 action to be taken 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 Open 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 passing of the Resolutions at the General Meeting and Admission. It is expected that Admission will take place on 1 October 2019. 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 Non-CREST 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 Open 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, The Courtyard, 17 West Street, Farnham, Surrey GU9 7DR 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 25 September 2019.

Qualifying Shareholders who do not wish to apply for any Open Offer Shares under the Open Offer should not complete or return the Application Form or submit a USE message through CREST. Qualifying Shareholders who hold their Ordinary Shares in CREST through a nominee and who wish to apply for Open Offer Shares must contact their nominee as such Qualifying Shareholders will not be able to apply for Open Offer Shares directly using the Application Form.

The Open Offer Shares will represent approximately 4.68 per cent. of the Enlarged Share Capital on Admission.

Further terms of the Open Offer are set out in this Part II and, where relevant, in the Application Form.

3. Procedure for Application and Payment

If you are in any doubt as to the action you should take, or the contents of this Circular, you should immediately seek your own personal financial advice from your stockbroker, bank manager, solicitor, accountant, fund manager or other independent adviser duly authorised under the FSMA who specialises in advising on the acquisition of shares and other securities.

The action to be taken by Qualifying Shareholders in respect of the Open Offer depends on whether, at the relevant time, they have an Application Form in respect of their entitlement under the Open Offer or they have Open Offer Entitlements credited to their CREST stock account in respect of such entitlement.

If a Qualifying CREST Shareholder is a CREST sponsored member they should refer to their CREST sponsor if they wish to apply for all or some of their entitlement under the Open Offer, as only their CREST sponsor will be able to take the necessary action specified below to apply under the Open Offer in respect of the Open Offer Entitlements of such members held in CREST. CREST members who wish to apply under the Open Offer in respect of their Open Offer Entitlements in CREST should refer to the CREST Manual for further information on the CREST procedures referred to below.

If for any reason it becomes necessary to adjust the expected timetable as set out in this Circular, the Company will make an appropriate announcement to a Regulatory Information Service giving details of the revised dates.

3.1 Qualifying Non-CREST Shareholders

(a) General

Subject to paragraph 6 of this Part II in relation to Overseas Shareholders, Qualifying Non-CREST Shareholders will receive an Application Form. The Application Form will show the number of Existing Ordinary Shares registered in your name on the Record Date. It also shows the number of Open Offer Shares for which you may apply pursuant to your Open Offer Entitlement (on an initial *pro rata* basis) as shown by the total number of Open Offer Shares allocated to you. You may apply for less than your Open Offer Entitlement should you wish to do so. Qualifying Non-CREST Shareholders who take up their Open Offer Entitlements in full may also apply for additional Open Offer Shares by completing Boxes 2(b) and 2(c) on the Application Form relating to your Excess Open Offer Entitlement.

Qualifying Non-CREST Shareholders may also hold such an Application Form by virtue of a *bona fide* market claim. If the total number of Open Offer Shares applied for by all Qualifying Shareholders exceeds 46,555,039, applications for Open Offer Shares will be scaled back at the discretion of the Directors. The instructions and other terms set out in the Application Form form part of the terms of the Open Offer in relation to Qualifying Non-CREST Shareholders. **The**

Application Form represents the right to apply for Open Offer Shares and is not a document of title and cannot be separately traded.

(b) *Market claims*

Applications for the Open Offer Shares may only be made on the Application Form and may only be made by the Qualifying Non-CREST Shareholder named in it or by a person entitled by virtue of a *bona fide* market claim in relation to a purchase of Existing Ordinary Shares through the market prior to the date upon which the Existing Ordinary Shares were marked “ex” the entitlement to the Open Offer by the London Stock Exchange, being 8.00 a.m. on 10 September 2019. Application Forms may be split up to 3.00 p.m. on 25 September 2019.

The Application Form is not a negotiable document and cannot be separately traded. A Qualifying Non-CREST Shareholder who has sold or transferred all or part of his holding of Existing Ordinary Shares prior to 10 September 2019, being the date upon which the Existing Ordinary Shares were marked “ex” the entitlement to the Open Offer by the London Stock Exchange, should consult his or her broker or other professional adviser as soon as possible, as the invitation to acquire Open Offer Shares under the Open Offer may be a benefit which may be claimed from him by the transferee pursuant to the rules of the London Stock Exchange. Qualifying Non-CREST Shareholders who have sold all of their registered holdings should, if the market claim is to be settled outside CREST, complete Box 8 on the Application Form and immediately send it to the stockbroker, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

The Application Form should not, however, subject to certain exceptions, be forwarded to or transmitted in or into any Excluded Jurisdiction. If the market claim is to be settled outside CREST, the beneficiary of the claim should follow the procedures set out in the Application Form. If the market claim is to be settled in CREST, the beneficiary of the claim should follow the procedures set out in paragraph 3.2 below.

(c) *Application procedures*

If you are a Qualifying Non-CREST Shareholder and wish to apply for all or some of your entitlement to Open Offer Shares under the Open Offer you should complete and sign the Application Form in accordance with the instructions on it and send it, together with the appropriate remittance, by post or by hand (during normal business hours only) to Share Registrars at The Courtyard, 17 West Street, Farnham, Surrey GU9 7DR, so as to arrive no later than 11.00 a.m. on 25 September 2019. A reply-paid envelope is enclosed for use by Qualifying Non-CREST Shareholders in connection with the Open Offer. Please note that the Receiving Agent cannot provide financial advice on the merits of the Open Offer or as to whether or not you should take up your entitlement to Open Offer Shares under the Open Offer.

If any Application Form is sent by first class post or using the reply-paid envelope within the United Kingdom, Qualifying Non-CREST Shareholders are recommended to allow at least four Business Days for delivery. The Receiving Agent, on the Company’s behalf (but only with the agreement of Cenkos), may elect to accept Application Forms and remittances after 11.00 a.m. on 25 September 2019 in respect of those bearing a post mark before that date and time. The Receiving Agent may also (on behalf of the Company but only with the agreement of Cenkos) 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 Receiving Agent, on behalf of 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 25 September 2019 from an authorised person (as defined in the FSMA) specifying the number of Open Offer Shares applied for, and undertaking to lodge the relevant Application Form in due course but, in any event, within two Business Days.

(d) *Payments*

All payments must be in pounds sterling and cheques or banker's drafts should be made payable to "Share Registrars Limited Receiving Agent Account" and crossed "A/C payee only". Cheques or banker's drafts must be drawn on an account at a branch of a bank or building society in the United Kingdom which is either a settlement member of the Cheque and Credit Clearing Company Limited or the CHAPS Clearing Company Limited or which has arranged for its cheques and banker's drafts to be cleared through the facilities provided by any of those companies or committees and must bear the appropriate sort code in the top right hand corner. Eurocheques will not be accepted. Cheques should be drawn on the personal account to which you have sole or joint title to funds. Third party cheques will not be accepted with the exception of building society cheques or banker's drafts where the bank or building society has confirmed the name of the account holder (which should match the name detailed on page 1 of the Application Form) and have added the branch stamp.

Cheques or banker's drafts will be presented for payment upon receipt. The Company reserves the right to instruct the Receiving Agent to seek special clearance of cheques and banker's 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 shall be honoured on first presentation, and the Company and/or the Receiving Agent (on the Company's behalf) may elect in their absolute discretion to treat as invalid acceptances in respect of which cheques are not so honoured. Application monies will be paid into a separate bank account pending the Open Offer becoming unconditional. In the event that the Open Offer does not become unconditional the Open Offer will lapse and application monies will be returned by post to applicants, at the applicants' risk and without interest, to the address set out on the Application Form, as soon as practicable. The interest earned on monies held in the separate bank account will be retained for the benefit of the Company.

(e) *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, you (as the applicant(s)):

- (i) 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 and Wales;
- (ii) confirm that in making the application you are not relying on any information or representation other than that contained in this Circular, and you accordingly agree that no person responsible solely or jointly for this Circular or any part of it shall have any liability for any such information or representation not so contained; and
- (iii) represent and warrant that if you have received some or all of your Open Offer Entitlements from a person other than the Company, you are entitled to apply under the Open Offer in relation to such Open Offer Entitlements by virtue of a *bona fide* market claim.

If you do not wish to apply for any of the Open Offer Shares to which you are entitled under the Open Offer, you should take no action and not complete or return the Application Form.

If you are in doubt whether or not you should apply for any of the Open Offer Shares under the Open Offer, you should consult your independent financial adviser immediately. All enquiries in relation to completion of the Application Form by Qualifying Non-CREST Shareholders under the Open Offer should be addressed to Share Registrars Limited at The Courtyard, 17 West Street, Farnham, Surrey GU9 7DR, telephone 01252 821390 or, if telephoning from outside the UK, on +44 1252 821390 between 9.00 a.m. and 5.30 p.m. Calls to the Share Registrars' number are charged at the standard geographic rate and will vary by provider. Calls to the Share Registrars' number from outside the UK are charged at applicable international rates. Different charges may apply to calls made from mobile telephones and calls may be recorded and monitored randomly for security and training purposes. Share Registrars cannot provide advice on the merits of the Open Offer nor given any financial, legal or tax advice.

Qualifying Non-CREST Shareholders who take up their Open Offer Entitlements in full may apply to acquire Excess Shares under the Excess Application Facility, further details are set out in paragraph 4 of this Part II.

3.2 **Qualifying CREST Shareholders**

(a) *General*

Subject as provided in paragraph 6 of this Part II in relation to certain Overseas Shareholders, each Qualifying CREST Shareholder will receive a credit to his stock account in CREST of his Open Offer Entitlements equal to the number of Open Offer Shares for which he is entitled to apply under the Open Offer. Entitlements to Open Offer Shares will be rounded down to the nearest whole number and any fractional entitlements will therefore also be rounded down. Qualifying CREST Shareholders may also apply for Open Offer Shares in excess of their Open Offer Entitlement under the Excess Application Facility.

The CREST stock account to be credited will be the account under the participant ID and member account ID which holds the Existing Ordinary Shares held on the Record Date by the Qualifying CREST Shareholder in respect of which the Open Offer Entitlement has been allocated.

If for any reason the Open Offer Entitlements cannot be enabled for settlement in CREST by, or the stock accounts of Qualifying CREST Shareholders cannot be credited by, 8.00 a.m. on 10 September 2019 or such later time as the Company may determine, an Application Form will be sent out to each Qualifying CREST Shareholder in substitution for the Open Offer Entitlements credited (or due to be credited) to his stock account in CREST. In these circumstances the expected timetable as set out in this Circular will be adjusted as appropriate and the provisions of this Circular applicable to Qualifying Non-CREST Shareholders with Application Forms will apply to Qualifying CREST Shareholders who receive an Application Form.

CREST members who wish to apply for some or all of their entitlements to Open Offer Shares should refer to the CREST Manual for further information on the CREST procedures referred to below. Should you need advice with regard to these procedures, please contact Share Registrars on 01252 821390 (if calling from within the UK) or +44 1252 821390 (if calling from outside the UK). Lines will be open Monday to Friday 9.00 a.m. to 5.30 p.m. excluding bank and public holidays. Calls may be recorded and monitored randomly for security and training purposes. If you are a CREST sponsored member you should consult your CREST sponsor if you wish to apply for Open Offer Shares as only your CREST sponsor will be able to take the necessary action to make this application in CREST.

(b) *Market Claims*

Each of the Open Offer Entitlements will constitute a separate security for the purposes of CREST. Although Open Offer Entitlements will be admitted to CREST and be enabled for settlement, applications in respect of Open Offer Entitlements may only be made by the Qualifying Shareholder originally entitled or by a person entitled by virtue of a *bona fide* market claim transaction.

Transactions identified by the CREST Claims Processing Unit as “cum” the Open Offer Entitlement will generate an appropriate market claim transaction and the relevant Open Offer Entitlement(s) will thereafter be transferred accordingly. Please note that automated CREST generated claims and buyer protection will not be offered on the Excess CREST Open Offer Entitlements security.

(c) *USE instructions*

Qualifying CREST Shareholders who wish to apply for Open Offer Shares in respect of all or some of their Open Offer Entitlements in CREST must send (or, if they are CREST sponsored members, procure that their CREST sponsor sends) an Unmatched Stock Event (“USE”) instruction to Euroclear which, on its settlement, will have the following effect:

- (i) the crediting of a stock account of the Receiving Agent under the participant ID and member account ID specified below, with a number of Open Offer Entitlements corresponding to the number of Open Offer Shares applied for; and

- (ii) the creation of a CREST payment, in accordance with the CREST payment arrangements, in favour of the payment bank of the Receiving Agent in respect of the amount specified in the USE instruction which must be the full amount payable on application for the number of Open Offer Shares referred to in (i) above.
- (d) *Content of USE instructions in respect of the Open Offer Entitlement*
- The USE instruction must be properly authenticated in accordance with Euroclear's specifications and must contain, in addition to the other information that is required for settlement in CREST, the following details:
- (i) the number of Open Offer Shares for which application is being made (and hence the number of the Open Offer Entitlement(s) being delivered to the Receiving Agent);
 - (ii) the ISIN of the Open Offer Entitlement. This is GB00BKBR0875;
 - (iii) the participant ID of the accepting CREST member;
 - (iv) the member account ID of the accepting CREST member from which the Open Offer Entitlements are to be debited;
 - (v) the participant ID of the Receiving Agent. This is 7RA36;
 - (vi) the member account ID of the Receiving Agent. This is RECEIVE;
 - (vii) the amount payable by means of a CREST payment on settlement of the USE instruction. This must be the full amount payable on application for the number of Open Offer Shares referred to in (d)(i) above;
 - (viii) the intended settlement date. This must be on or before 11.00 a.m. on 27 September 2019; and
 - (ix) the corporate action number for the Open Offer. This will be available on viewing the relevant corporate action details in CREST.

In order for an application under the Open Offer to be valid, the USE instruction must comply with the requirements as to authentication and contents set out above and must settle on or before 11.00 a.m. on 27 September 2019.

In order to assist prompt settlement of the USE instruction, CREST members (or their sponsors, where applicable) may consider adding the contact name and telephone number (in the free format shared note field); and a priority of at least 80.

CREST members and, in the case of CREST sponsored members, their CREST sponsors, should note that the last time at which a USE instruction may settle on 27 September 2019 in order to be valid is 11.00 a.m. on that day.

- (e) *Content of USE instruction in respect of Excess Open Offer Entitlements*
- The USE instruction must be properly authenticated in accordance with Euroclear's specifications and must contain, in addition to the other information that is required for settlement in CREST, the following details:
- (i) the number of Excess CREST Open Offer Entitlements for which application is being made;
 - (ii) the ISIN of the Excess CREST Open Offer Entitlements. This is GB00BKBR0F43;
 - (iii) the CREST participant ID of the accepting CREST member;
 - (iv) the CREST member account ID of the accepting CREST member from which the Excess Open Offer Entitlements are to be debited;
 - (v) the participant ID of the Receiving Agent in its capacity as a CREST receiving agent. This is 7RA36;
 - (vi) the member account ID of the Receiving Agent in its capacity as a CREST receiving agent. This is RECEIVE;

- (vii) the amount payable by means of a CREST payment on settlement of the USE instruction. This must be the full amount payable on application for the number of Excess Open Offer Entitlements referred to in (i) above;
- (viii) the intended settlement date. This must be on or before 11.00 a.m. on 27 September 2019; and
- (ix) the Corporate Action Number for the Open Offer. This will be available by viewing the relevant corporate action details in CREST.

In order for an application under the Open Offer to be valid, the USE instruction must comply with the requirements as to authentication and contents set out above and must settle on or before 11.00 a.m. on 27 September 2019.

In order to assist prompt settlement of the USE instruction, CREST members (or their sponsors, where applicable) may consider adding the contact name and telephone number (in the free format shared note field); and a priority of at least 80.

CREST members and, in the case of CREST sponsored members, their CREST sponsors, should note that the last time at which a USE instruction may settle on 27 September 2019 in order to be valid is 11.00 a.m. on that day.

- (f) *Deposit of Open Offer Entitlements into, and withdrawal from, CREST (provided the Qualifying Non-CREST Shareholder is also a CREST Member)*

A Qualifying Non-CREST Shareholder's entitlement under the Open Offer as set out in an Application Form may be deposited into CREST (either into the account of the Qualifying Shareholder named in the Application Form or into the name of a person entitled by virtue of a *bona fide* market claim), provided that such Qualifying Non-CREST Shareholder is also a CREST member. Similarly, Open Offer Entitlements held in CREST may be withdrawn from CREST so that the entitlement under the Open Offer is reflected in an Application Form. Normal CREST procedures (including timings) apply in relation to any such deposit or withdrawal, subject (in the case of a deposit into CREST) as set out in the Application Form.

A holder of an Application Form who is proposing to deposit the entitlement set out in such form is recommended to ensure that the deposit procedures are implemented in sufficient time to enable the person holding or acquiring the Open Offer Entitlements following their deposit into CREST to take all necessary steps in connection with taking up the entitlement prior to 11.00 a.m. on 25 September 2019.

In particular, having regard to normal processing times in CREST and, on the part of the Receiving Agent, the recommended latest time for depositing an Application Form with CREST, where the person entitled wishes to hold the entitlement under the Open Offer set out in such Application Form as Open Offer Entitlements in CREST, is 3.00 p.m. on 24 September 2019, and the recommended latest time for receipt by Euroclear of a dematerialised instruction requesting withdrawal of Open Offer Entitlements from CREST is 4.30 p.m. on 23 September 2019, in either case so as to enable the person acquiring or (as appropriate) holding the Open Offer Entitlements following the deposit or withdrawal (whether as shown in an Application Form or held in CREST) to take all necessary steps in connection with applying in respect of the Open Offer Entitlements prior to 11.00 a.m. on 25 September 2019.

- (g) *Validity of application*

A USE instruction complying with the requirements as to authentication and contents set out above which settles by no later than 11.00 a.m. on 27 September 2019 will constitute a valid application under the Open Offer.

- (h) *CREST procedures and timings*

CREST members and (where applicable) their CREST sponsors should note that Euroclear does not make available special procedures, in CREST, for any particular corporate action. Normal system timings and limitations will therefore apply in relation to the input of a USE instruction and its settlement in connection with the Open Offer. It is the responsibility of the CREST member

concerned to take (or, if the CREST member is a CREST sponsored member, to procure that his CREST sponsor takes) such action as shall be necessary to ensure that a valid application is made as stated above by 11.00 a.m. on 25 September 2019. In this connection CREST members and (where applicable) their CREST sponsors are referred in particular to those sections of the CREST Manual concerning practical limitations of the CREST system and timings).

(i) *Incorrect or incomplete applications*

If a USE instruction includes a CREST payment for an incorrect sum, the Company (through the Receiving Agent) reserves the right:

- (i) to reject the application in full and refund the payment to the CREST member in question;
- (ii) in the case that an insufficient sum is paid, to treat the application as a valid application for such lesser whole number of Open Offer Shares as would be able to be applied for with that payment at the Issue Price, refunding any unutilised sum to the CREST member in question;
- (iii) in the case that an excess sum is paid, to treat the application as a valid application for all the Open Offer Shares referred to in the USE instruction(s) refunding any unutilised sum to the CREST member in question.

(j) *Effect of a valid application*

A CREST member who makes or is treated as making a valid application in accordance with the above procedures will thereby:

- (i) pay the amount payable on application in accordance with the above procedures by means of a CREST payment in accordance with the CREST payment arrangements (it being acknowledged that the payment to the Receiving Agent payment bank in accordance with the CREST payment arrangements shall, to the extent of the payment, satisfy the obligation of the CREST member to pay to the Company the amount payable on application);
- (ii) request that the Open Offer Shares to which he will become entitled be issued to him on the terms set out in this Circular and subject to the Articles;
- (iii) 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 and Wales;
- (iv) represent and warrant that he or she is not and nor is he or she 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 67, 70 and 93 (Depository Receipts) or Section 96 (Clearance Services) of the Finance Act 1986;
- (v) confirm that in making such application he or she is not relying on any information in relation to the Company other than that contained in this Circular and agrees that no person responsible solely or jointly for this Circular or any part of it or involved in the preparation thereof shall have any liability for any such other information and further agrees that having had the opportunity to read this Circular, he will be deemed to have had notice of all the information concerning the Company contained therein; and
- (vi) represent and warrant that he or she is the Qualifying Shareholder originally entitled to the Open Offer Entitlements or that he has received such Open Offer Entitlements by virtue of a *bona fide* market claim.

(k) *The Company's discretion as to rejection and validity of applications*

The Company may in its discretion:

- (i) treat as valid (and binding on the CREST member concerned) an application which does not comply in all respects with the requirements as to validity set out or referred to in this Part II);
- (ii) accept an alternative properly authenticated dematerialised instruction from a CREST member or (where applicable) a CREST sponsor as constituting a valid application in substitution for or in addition to a USE instruction and subject to such further terms and conditions as the Company may determine;

- (iii) treat a properly authenticated dematerialised instruction (in this sub-paragraph the “first instruction”) as not constituting a valid application if, at the time at which the Receiving Agent receives a properly authenticated dematerialised instruction giving details of the first instruction or thereafter, either the Company or the Receiving Agent have received actual notice from Euroclear of any of the matters specified in regulation 35(5)(a) of the CREST Regulations in relation to the first instruction. These matters include notice that any information contained in the first instruction was incorrect or notice of lack of authority to send the first instruction; and
 - (iv) accept an alternative instruction or notification from a CREST member or CREST sponsored member or (where applicable) a CREST sponsor, or extend the time for settlement of a USE instruction or any alternative instruction or notification, in the event that, for reasons or due to circumstances outside the control of any CREST member or CREST sponsored member or (where applicable) CREST sponsor, the CREST member or CREST sponsored member is unable validly to apply for Open Offer Shares by means of the above procedures. In normal circumstances, this discretion 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 Registrar in connection with CREST.
- (l) *Lapse of the Open Offer*

In the event that the Open Offer does not become unconditional by 8.00 a.m. on 2 October 2019 or such later time and date as Peel Hunt may determine, being no later than 15 October 2019 and the Company may agree, the Open Offer will lapse, the Open Offer Entitlements admitted to CREST will be disabled and the Receiving Agent will refund the amount paid by a Qualifying CREST Shareholder by way of a CREST payment, without interest, as soon as practicable thereafter. The interest earned on such monies, if any, will be retained for the benefit of the Company.

4. Excess Application Facility

The Excess Application Facility will enable Qualifying Shareholders, provided that they take up their Open Offer Entitlement in full, to apply for Excess Open Offer Entitlements.

Qualifying Non-CREST Shareholders who wish to apply to acquire more than their Open Offer Entitlement should complete Boxes 2(b) and 2(c) on the Application Form. Qualifying CREST Shareholders will have Excess CREST Open Offer Entitlements credited to their stock account in CREST and should refer to paragraph 3.2 of this Part II for information on how to apply for Excess Shares pursuant to the Excess Application Facility. Applications for Excess Open Offer Entitlements will be satisfied only and to the extent that corresponding applications by other Qualifying Shareholders are not made or are made for less than their Open Offer Entitlements. Once subscriptions by Qualifying Shareholders under their respective Open Offer Entitlements have been satisfied, the Company shall, in its absolute discretion (save that the prior approval of Peel Hunt shall be required if the Company rejects any valid excess applications), determine whether to meet any excess applications in full or in part and no assurance can be given that applications by Qualifying Shareholders under the Excess Application Facility will be met in full, in part or at all. Application will be made for the Open Offer Entitlements and Excess Open Offer Entitlements in respect of Qualifying CREST Shareholders to be admitted to CREST.

It is expected that such Open Offer Entitlements and Excess Open Offer Entitlements will be admitted to CREST at 8.00 a.m. on 10 September 2019. Such Open Offer Entitlements and Excess Open Offer Entitlements will also be enabled for settlement in CREST at 8.00 a.m. on 10 September 2019. Applications through the means of the CREST system may only be made by the Qualifying Shareholder originally entitled or by a person entitled by virtue of a *bona fide* market claim.

Qualifying Non-CREST Shareholders will have received an Application Form with this Circular which sets out their entitlement to Open Offer Shares as shown by the number of Open Offer Entitlements allocated to them. Qualifying Non-CREST Shareholders should note that the Application Form is not a negotiable document and cannot be traded.

If applications are made for less than all of the Open Offer Shares available, then the lower number of Open Offer Shares will be issued and any outstanding Open Offer Entitlements will lapse.

Further information on the Open Offer and the terms and conditions on which it is made, including the procedure for application and payment, are set out in this Part II.

For Qualifying Non-CREST Shareholders, completed Application Forms, accompanied by full payment, should be returned by post or by hand (during normal business hours only) to Share Registrars Limited The Courtyard, 17 West Street, Farnham, Surrey GU9 7DR, UK 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 25 September 2019. For Qualifying CREST Shareholders the relevant CREST instructions must have been settled as explained in this Circular by no later than 11.00 a.m. on 27 September 2019.

5. Money Laundering Regulations

5.1 Holders of Application Forms

It is a term of the Open Offer that, to ensure compliance with the Money Laundering Regulations, the Receiving Agent may require, at its absolute discretion, verification of the identity of the person by whom or on whose behalf an Application Form is lodged with payment (which requirements are referred to below as the “verification of identity requirements”). If the Application Form is submitted by a UK regulated broker or intermediary acting as agent, and which is itself subject to the Money Laundering Regulations, any verification of identity requirements are the responsibility of such broker or intermediary and not of the Receiving Agent. In such case, the lodging agent’s stamp should be inserted on the Application Form.

The person lodging the Application Form with payment, and in accordance with the other terms as described above (the “acceptor”), including any person who appears to the Receiving Agent to be acting on behalf of some other person, accepts the Open Offer in respect of such number of the Open Offer Shares as referred to in the Application Form (for the purposes of this paragraph 5.1 (the “relevant shares”)) shall thereby be deemed to agree to provide the Receiving Agent and/or the Company with such information and other evidence as they or either of them may require to satisfy the verification of identity requirements.

If the Receiving Agent determines that the verification of identity requirements apply to any applicant or application, and the verification of identity requirements have not been satisfied (which the Receiving Agent shall in its absolute discretion determine), the Company may, in its absolute discretion, and without prejudice to any other rights of the Company, treat the application as invalid or may confirm the allotment of the relevant shares to the applicant but (notwithstanding any other term of the Open Offer) the relevant shares will not be issued to the applicant unless and until the verification of identity requirements have been satisfied in respect of that application (which the Receiving Agent shall in its absolute discretion determine).

If the application is treated as invalid and the verification of identity requirements are not satisfied within such period, being not less than seven days after a request for evidence of identity is despatched to the applicant, the Company will be entitled to make arrangements (in its absolute discretion as to manner, timing and terms) to sell the relevant shares (and for that purpose the Company will be expressly authorised to act as agent of the applicant). Any proceeds of sale (net of expenses) of the relevant shares which shall be issued to and registered in the name of the purchasers or an amount equivalent to the original payment, whichever is the lower, will be held by the Company on trust for the applicant, subject to the requirements of the Money Laundering Regulations being satisfied. The Receiving Agent is entitled, in its absolute discretion, to determine whether the verification of identity requirements apply to any applicant or application and whether such requirements have been satisfied. Neither the Company nor the Receiving Agent will be liable to any person for any loss or damage suffered or incurred (or alleged), directly or indirectly, as a result of the exercise of any such discretion or as a result of any sale of relevant shares. Submission of an Application Form with the appropriate remittance will constitute a warranty from the applicant that the Money Laundering Regulations will not be breached by application of such remittance. If the verification of identity requirements apply, failure to provide the necessary evidence of identity within a reasonable time may result in your application being treated as invalid or in delays in the despatch of share certificates or in crediting CREST stock accounts.

The verification of identity requirements will not usually apply:

- (i) if the applicant is an organisation required to comply with the Money Laundering Directive (the Council Directive on the prevention of the use of the financial system for the purpose of money laundering (no. 91/308/EEC));
- (ii) if the applicant is a regulated United Kingdom broker or intermediary acting as agent and is itself subject to the Money Laundering Regulations; or
- (iii) if the applicant (not being an applicant who delivers his application in person) makes payment by way of a cheque drawn on an account in the name of such applicant.

Third party cheques will not be accepted with the exception of banker's drafts or building society cheques where the bank or building society has confirmed the name of the account holder (which must be the same name as appears on page 1 of the Application Form) on the back of the draft or cheque and have added their branch stamp.

In other cases the verification of identity requirements may apply. The following guidance is provided in order to assist in satisfying the verification of identity requirements and to reduce the likelihood of difficulties or delays and potential rejection of an application (but does not limit the right of the Receiving Agent to require verification of identity as stated above). Satisfaction of the verification of identity requirements may be facilitated in the following ways:

- a. If payment is made by building society cheque (not being a cheque drawn on an account of the applicant) or banker's draft, by the building society or bank endorsing on the cheque or draft the applicant's name and the number of an account held in the applicant's name at such building society or bank, such endorsement being validated by a stamp and an authorised signature; or
- b. if the Application Form is lodged with payment by an agent which is an organisation of the kind referred to in (i) above or which is subject to anti-money laundering regulation in a country which is a member of the financial action task force (the non- European Union members of which are Argentina, Australia, Brazil, Canada, Hong Kong, Iceland, Japan, Mexico, New Zealand, Norway, the Russian Federation, Singapore, South Africa, Turkey, the United States of America and, by virtue of their membership of the gulf co-operation council, Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates), the agent should provide written confirmation that it has that status with the Application Form and written assurance that it has obtained and recorded evidence of the identity of the persons for whom it acts and that it will on demand make such evidence available to the Receiving Agent or the relevant authority. In order to confirm the acceptability of any written assurance referred to above or any other case, the applicant should contact the Receiving Agent;
- c. if (an) Application Form(s) in respect of relevant shares is/are lodged by hand by the applicant in person, he should ensure that he has with him evidence of identity bearing his photograph (for example, his passport) and evidence of his address; and
- d. third party payment will not be accepted.

5.2 ***Open Offer Entitlements in CREST***

Submission of a USE instruction which on its settlement constitutes a valid application as described above constitutes a warranty and undertaking by the applicant to provide promptly to the Receiving Agent such information as may be specified by the Receiving Agent as being required for the purposes of the Money Laundering Regulations. Pending the provision of evidence satisfactory to the Receiving Agent as to identity, the Receiving Agent may in its absolute discretion take, or omit to take, such action as it may determine to prevent or delay issue of the Open Offer Shares concerned. If satisfactory evidence of identity has not been provided within a reasonable time, then the application for the Open Offer Shares represented by the USE instruction will not be valid. This is without prejudice to the right of the Company to take proceedings to recover any loss suffered by it as a result of failure to provide satisfactory evidence.

6. Overseas Shareholders

6.1 General

The making of the Open Offer to Overseas Shareholders may be affected by the laws or regulatory requirements of the relevant jurisdiction. Overseas Shareholders who are in any doubt in this respect should consult their professional advisers. No person receiving a copy of this Circular and/or an Application Form and/or receiving a credit of Open Offer Entitlements to a stock account in CREST in any territory other than the United Kingdom and Switzerland may treat the same as constituting an invitation or offer to him, nor should he in any event use such Application Form or credit of Open Offer Entitlements to a stock account in CREST, unless, in the relevant territory, such an invitation or offer could lawfully be made to him or such Application Form or credit of Open Offer Entitlements to a stock account in CREST could lawfully be used without contravention of any legislation or other local regulatory requirements. Receipt of this Circular and/or an Application Form or the crediting of Open Offer Entitlements to a stock account in CREST does not constitute an invitation or offer to Overseas Shareholders in the territories in which it would be unlawful to make an invitation or offer and in such circumstances this Circular and/or any Application Forms are sent for information only.

It is the responsibility of any person receiving a copy of this Circular and/or an Application Form and/or receiving a credit of Open Offer Entitlements to a stock account in CREST outside the United Kingdom and wishing to make an application for any Open Offer Shares 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 issue, transfer or other taxes due in such other territory. Persons (including, without limitation, nominees and trustees) receiving an Application Form and/or receiving credits of Open Offer Entitlements to a stock account in CREST should not, in connection with the Open Offer, distribute or send the Application Form or transfer the Open Offer Entitlements into any jurisdiction when to do so would or might contravene local securities laws or regulations, including those of the Excluded Jurisdictions.

If an Application Form or a credit of Open Offer Entitlements to a stock account in CREST is received by any person in any such jurisdiction or by the agent or nominee of such person, he or she must not seek to take up the Open Offer Shares except pursuant to an express agreement with the Company. Any person who does forward an Application Form or transfer the Open Offer Entitlements into any such jurisdiction, whether pursuant to a contractual or legal obligation or otherwise, should draw the attention of the recipient to the contents of this paragraph 6. The Company, Cenkos and the Receiving Agent reserve the right to reject an Application Form or transfer of Open Offer Entitlements from or in favour of Shareholders in any such jurisdiction or persons who are acquiring Open Offer Shares for resale in any such jurisdiction.

The Company, Cenkos and the Receiving Agent reserve the right in their absolute discretion to treat as invalid any application for Open Offer Shares under the Open Offer if it appears to the Company, Cenkos and the Receiving Agent and their agents that such application or acceptance thereof may involve a breach of the laws or regulations of any jurisdiction or if in respect of such application the Company, Cenkos and the Receiving Agent have not been given the relevant warranty concerning overseas jurisdictions set out in the Application Form or in this Circular, as appropriate. All payments under the Open Offer must be made in pounds sterling.

6.2 United States

The Open Offer Shares and the Open Offer Entitlements have not been and will not be registered under the Securities Act or under any relevant securities laws of any state or other jurisdiction of the United States and, accordingly, may not, be offered, sold, taken up, delivered or transferred in or into the United States. Subject to certain exceptions, Qualifying Shareholders with registered addresses in, or who are located in, the United States, may not participate in the Open Offer. Neither this Circular nor the Application Form constitutes or will constitute or form any part of an offer or an invitation to apply for or an offer or an invitation to acquire any Open Offer Entitlements or Open Offer Shares in the United States. An Application Form will not be sent to any Shareholder located in or having a registered address in the United States. Unless otherwise agreed by the Company in its sole discretion, Application Forms sent from or post-marked in the United States will be deemed to be invalid and all persons acquiring Open Offer Shares and wishing to hold such Open Offer Shares in registered form must provide an address for registration outside the United States.

No Open Offer Entitlements or Excess Open Offer Entitlements will be credited to a stock account in CREST of any Qualifying Shareholder with a registered address in the United States. Unless otherwise agreed by the Company and Cenkos at their discretion, any person completing an Application Form or applying for Open Offer Shares will be required to represent that such person (i) is not located in the United States or any other Excluded Jurisdiction; (ii) is not in any jurisdiction in which it is unlawful to make or accept an offer to acquire the Open Offer Shares; (iii) is not exercising for the account of any person who is located in the United States, unless (a) the instruction to exercise was received from a person outside the United States and (b) the person giving such instruction has confirmed that (x) it has the authority to give such instruction, and (y) either (A) it has investment discretion over such account or (B) it is an investment manager or investment company that it is acquiring the Open Offer Shares in an “off shore transaction” within the meaning of Regulation S (as promulgated under the Securities Act); and (iv) is not acquiring the Open Offer Shares with a view to the offer, sale, resale, transfer, delivery or distribution, directly or indirectly, of any such Open Offer Shares into any Excluded Jurisdictions or any other jurisdiction referred to in (ii) above.

7. 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.

8. Settlement and Dealings

Application will be made to the London Stock Exchange for the Open Offer Shares to be admitted to trading on AIM. It is expected that the Open Offer Shares will be admitted to trading on AIM and that dealings will commence on 1 October 2019. For Qualifying CREST Shareholders (who hold their Existing Ordinary Shares in certificated form) definitive share certificates for the Open Offer Shares are expected to be dispatched by first class post by 14 October 2019. For Qualifying Non-CREST 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 Second Admission. Notwithstanding any other provision of this Circular, the Company reserves the right to issue any Open 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 Open 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.

9. Times and dates

The Company reserves the right to amend or extend the closing time of the Open Offer from 11.00 a.m. on 27 September 2019 and all related dates set out in this Circular. In such circumstances, the Company shall make an announcement on an RIS.

If a supplementary circular is published by the Company two or fewer business days prior to the latest time and date for acceptance and payment in full under the Open Offer specified in this Circular, the latest date for acceptance under the Open Offer shall be extended to the date that is at least three business days after the date of publication of the supplementary circular (and the dates and times of principal events due to take place following such date shall be extended accordingly).

10. Governing law and jurisdiction

The terms and conditions of the Open Offer as set out in this Circular and the Application Form and any non-contractual obligation related thereto shall be governed by, and construed in accordance with, the laws of England and Wales. The courts of England and Wales are to have exclusive jurisdiction to settle any dispute which may arise out of or in connection with the Open Offer, this Circular or the Application Form including, without limitation, disputes relating to any non-contractual obligations arising out of or in connection with the Open Offer, this Circular or the Application Form. By taking up Open Offer Shares under the Open Offer in accordance with the instructions set out in this Circular and, where applicable, the Application Form, Qualifying Shareholders irrevocably submit to the jurisdiction of the courts of England and

Wales and waive any objection to proceedings in any such court on the ground of venue or on the ground that proceedings have been brought in an inconvenient forum.

11. Further Information

Your attention is drawn to the further information set out in this Circular and, for Qualifying Non-CREST Shareholders, also to the terms, conditions and other information printed on any Application Form.

PART III

RISK FACTORS

In addition to the other relevant information set out in this Circular, the following risk factors should be considered carefully when evaluating an investment in the Company. The investment offered in this Circular may not be suitable for all of its recipients. If you are in any doubt as to the action you should take, you should consult a person authorised under FSMA 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.

In addition to the usual risks associated with an investment in a business at an early stage of its development, the Directors consider that the risks and other factors described below, which are not set out in any particular order of priority, are the most significant and should be considered carefully together with all the information contained in this Circular, prior to applying for Open Offer Shares. It should be noted that the risks described below are not the only risks faced by the Company; there may be additional risks that the Directors currently consider not to be material or of which they are currently unaware.

If any of the risks referred to in this Part III crystallise, the Company's business, financial condition, results or future operations could be materially adversely affected. In such case, the price of its shares could decline and investors may lose all or part of their investment.

There can be no certainty that the Company will be able to implement successfully the strategy set out in this Circular. No representation is or can be made as to the future of the Group and there can be no assurance that the Company will achieve its objectives.

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

In particular:

Requirement for further funds

The Company's existing cash balances and the proceeds of the Initial Tranche of the Funding will allow the Company to continue to operate and advance its business development initiatives at current levels of expense until 30 June 2020, subject to the Resolutions being passed at the General Meeting.

Net proceeds from the Open Offer and the Subscription will be used to strengthen the Group's balance sheet and will provide the Company with additional funding in pursuing its business development plans and will extend the time horizon available to the Company to secure potential project leads. However, the Directors currently consider that the Company will be required to raise further capital in the future in order to develop any project to the stage where that project can generate positive cash flow from operations.

The Directors believe the funds raised as a result of the Open Offer and the Subscription will, subject to the passing of the Resolutions at the General Meeting and together with the proceeds of the Initial Tranche of the Funding and the Company's existing cash balances, secure the Company's financial position in enabling the Company to continue to operate and advance its business development initiatives at current levels of expense until 31 December 2020.

Should the Company successfully enter into a trial project with a prospective partner during this period, the Directors would expect current expenses of approximately £260,000 per month to increase materially prior to the Company being able to advance any secured project to the stage of positive cash flow generation. As a result, should the Company enter into a trial project with a prospective partner, the Directors consider that the Company may be required to raise additional funds prior to the end of calendar year 2020.

Shareholders should be aware that if any of the Resolutions are not passed, this will constitute an “Event of Default” under the Agreement, which gives the Investor the right to demand repayment in cash of the aggregate amount of the Initial Tranche which has not been converted at such date. Additionally, if the Resolutions are not passed, neither the Open Offer nor the Subscription will proceed.

As at the Record Date, an amount of £2.15 million of remains outstanding and unconverted under the Initial Tranche. In light of the potentially fluctuating share price, the Investor may have the right to a further cash repayment if the ability to convert any outstanding amount of the Initial Tranche changes. Similarly, following this, default interest of 15 per cent. would be payable under the Agreement.

Additionally, if the Resolutions are not passed, the Funding Warrants will not be capable of issue by the Company and instead a payment of £90,000 shall be payable by the Company to the Investor.

As such, if the Resolutions are not passed, the Company would need to secure further alternative funding in the near future which may not be forthcoming and in this event, the Directors may be required to take action which could result in the value attributable to Shareholders being severely reduced or becoming nil. The Board considers that it may need to consider the commencement of an orderly winding down of the business at that time.

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. There can be no certainty that the Group will achieve or sustain profitability or achieve or sustain positive cash flow from its activities.

Reliance on third parties

The Group places a degree of reliance on third parties including JGC, Freepoint and Nouryon.

Termination of an arrangement (whether formal or informal) with a third party, a change in the terms of a third party contract or a supplier experiencing technical difficulties could result in the Company's access to services being restricted or interrupted, which in turn may have an adverse effect on the Company's business, prospects, results of operations and financial condition.

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.

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.

Market risk

The marketability of MSAR[®] fuels, once technically proven, may be 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 as oil refiners seek to extract more transportation fuels from each barrel of crude using residue conversion processes.

Commercial risks

There is a risk that the Group will not achieve a commercial return due to 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.

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 Board intends that the Group and/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.

Intellectual property risks

The Company's business relies on a combination of trademarks, copyrights, know-how, common law or statutory copyright protection and contractual restrictions to establish and protect its brands, designs and trade secrets. The protection provided by these intellectual property rights, confidentiality laws and contractual restrictions is limited and varies between the UK and other countries. Any third party may challenge the Company's intellectual property and the Group may incur substantial costs in defending any claims relating to its intellectual property rights.

Whilst the Company has taken all reasonable steps to register and protect its intellectual property, including benefiting from contracts with established multinational industry partners such as AkzoNobel, there can be no guarantee that any applications for registered intellectual property rights will be granted or that the Company's intellectual property rights and contractual provisions will be adequate to prevent misappropriation, infringement or other unauthorised use of the Company's intellectual property by third parties. In addition, despite steps taken by the Company to protect its proprietary rights, third parties may attempt to copy aspects of the Company's products and seek to use information that the Company regards as proprietary. Competitors may also independently develop similar technologies, processes or operations of the Company. There is a risk that the Company's means of protecting its intellectual property rights may not be adequate and weaknesses or failures in this area could adversely affect the Company's business. However, even if competitors did develop the same effect through a different chemical process, in operational terms the Company would be significantly advanced by comparison.

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.

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.

Debt financing

Any debt financing, if available, may include conditions that would restrict the Group's freedom to operate its business, such as conditions that:

- limit the Group's ability to pay dividends or require it to seek consent for the payment of dividends;
- increase the Group's vulnerability to general adverse economic and industry conditions;

- require the Group to dedicate a portion of any cash flow to payments on its debt, thereby reducing the availability of its cash flow to fund capital expenditures, working capital and other general corporate purposes; and
- limit the Group's flexibility in planning for, or reacting to, changes in its business and its industries.

There can be no guarantee or assurance that such debt funding or additional equity will be forthcoming when required, or as to the terms and price on which such funds would be available if at all. If the Group is unable to obtain additional financing as needed, or on terms which are acceptable, it may not be able to fulfil its strategy, which could have a material adverse effect on the Group's business, financial position and prospects.

Suitability of Ordinary Shares as an investment

The Ordinary Shares may not be a suitable investment for all recipients of this Circular. Before making a decision, investors are advised to consult an appropriate independent investment adviser authorised through FSMA who specialises in advising on investments of this nature. 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 Open Offer Shares

If Qualifying Shareholders do not respond to the Open Offer by 11.00 a.m. on 27 September 2019, 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 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/her investment in the Company and he/she may lose all of his/her investment.

General

Whilst the Company is applying for admission of the Open 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.

Dividends

There can be no assurance as to the level of future dividends. The declaration, payment and amount of any future dividends of the Company are subject to the discretion of the Directors, and will depend on, among other things, the Company's earnings, financial position, cash requirements and availability of profits. A dividend may never be paid and at present, there is no intention to pay a dividend. At present, the Company's dividend policy is that all funds available for distribution should be reinvested in the business of the Company.

Taxation

This Circular has been prepared in accordance with current UK tax legislation, practice and concession and interpretation thereof. Any change in the Group's tax status or the tax applicable to a holding of Ordinary Shares or in taxation legislation or its interpretation, could affect the value of the investments held by the Group, affect the Group's ability to provide returns to Shareholders and/or alter the post-tax returns to Shareholders. It should be noted that the information contained in paragraph 6 of Part IV of this Circular relating to the taxation of the Group and its investors is based upon current tax law and practice which is subject to legislative change. The taxation of an investment in the Company depends on the individual circumstances of investors, including, *inter alia*, tax laws in the jurisdiction in which that Shareholder is resident or domiciled. Potential investors should consult their professional advisers on the possible tax consequences of subscribing for, buying, holding, selling or transferring Ordinary Shares under the laws of their country of citizenship, residence or domicile.

Failure to pass Resolutions

As noted above, the Open Offer and Subscription are conditional on Shareholder Approval being obtained at the General Meeting. If the Resolutions are not passed, this will constitute an "Event of Default" under the Agreement (please see paragraph 7 of Part I of this Circular). An Event of Default gives the Investor the right to demand repayment in cash of the aggregate amount of the Initial Tranche which has not yet been converted. At the Record Date, an amount of £2.15 million remains unconverted under the Initial Tranche, which will become repayable if Shareholder Approval is not obtained. Similarly, in light of the potentially fluctuating share price, the Investor may have the right to a further cash repayment if the ability to convert any outstanding amount of the Initial Tranche changes. Default interest at a rate of 15 per cent. would also be payable under the Agreement. Further, a failure to issue the Financing Warrants (which also require Shareholder Approval) shall result in a cash payment of £90,000 to become payable by the Company to the Investor. Given the Company's current financial position, this would be a significant liability. The Company would need to secure further alternative funding which may not be forthcoming. In circumstances where Shareholder Approval was not obtained and the Company unable to secure further additional funding, the Board considers that it would need to consider the commencement of an orderly winding down of the business at that time.

PART IV

ADDITIONAL INFORMATION

1. RESPONSIBILITY

The Company, whose registered office appears on page 5 of this Circular and the Directors, whose names also appear on page 5 of this Circular, accept responsibility for the information contained in this Circular. To the best of the knowledge of the Company and the Directors (each of whom has taken all reasonable care to ensure that such is the case) the information contained in this Circular is in accordance with the facts and contains no omission likely to affect the import of such information.

2. SHARE CAPITAL

The issued share capital of the Company (i) as at the Record Date and (ii) as it is expected to be at Admission following issue of the New Ordinary Shares, set out below:

	<i>Issued and fully paid</i>	
	£	Number
Ordinary Shares as at the Record Date	£9,311,007.84	931,100,784
Expected Ordinary Shares at Admission	£9,957,568.35	995,756,835

In addition, the Company has granted options to subscribe, in aggregate, for a total of 39,400,000 new Ordinary Shares at prices ranging between 3.56 pence and 35.16 pence per share which are exercisable up to specified dates up to 25 July 2026.

The Company has also granted warrants to Aleph Commodities Limited to subscribe, in aggregate, for a total of 5,000,000 Ordinary Shares at a price of 3.16 per share which are exercisable up to 25 February 2021.

Pursuant to the Proposals, the Company will, subject to the passing of the Resolutions at the General Meeting, issue 23,277,519 Open Offer Warrants, 9,056,506 Subscription Warrants and 4,900,000 Funding Warrants.

In addition, the Company has agreed to grant, subject to the achievement of certain milestones, further warrants to subscribe, in aggregate, for up to 118,000,000 new Ordinary Shares to certain commercial partners.

3. ARTICLES OF ASSOCIATION

A copy of the Articles can be located on the Company's website www.quadrisefuels.com.

4. DIRECTORS' INTERESTS

- 4.1 As at 6 September 2019, being the last practicable date prior to the publication of this Circular, 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 to 257 of the 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 Record Date and as they are expected to be upon completion of the Open Offer are as follows:

<i>Director</i>	<i>At the Record Date</i>		<i>At Admission</i>	
	<i>Number of Existing Ordinary Shares</i>	<i>Percentage of Existing Ordinary Shares</i>	<i>Number of Ordinary Shares on Admission ⁽¹⁾</i>	<i>Percentage of Enlarged Share Capital ⁽¹⁾</i>
Mike Kirk	605,292	0.07%	784,323	0.08%
Jason Miles	3,580,633	0.38%	3,759,664	0.04%
Hemant Thanawala	29,239,579 (2)	3.14%	29,239,579	2.94%
Laurie Mutch	365,000	0.04%	491,263	0.05%
Philip Snaith	350,000	0.04%	476,262	0.05%
Dilip Shah	170,000	0.02%	170,000	0.02%
Bryan Sanderson	–	–	–	–

1. Assuming that the applications by Directors for Open Offer Shares under the Excess Application Facility are satisfied in full.

2. Including 23,326,179 Existing Ordinary Shares held by Lucrone Investments GmbH.

- 4.2 As at 6 September 2019 (being the latest practicable date prior to the publication of this Circular), the Directors held the following options over Ordinary Shares:

<i>Director</i>	<i>Number of Options</i>	<i>Exercisable up to</i>	<i>Exercise price per new Ordinary Share</i>
Mike Kirk	3,000,000	01 April 2024	12.5p
	3,000,000	27 June 2029	7.5p
Jason Miles	5,000,000	01 April 2022	35.16p
	1,500,000	22 March 2024	12.13p
	5,000,000	27 June 2029	7.5p
Hemant Thanawala	3,500,000	01 April 2022	35.16p
	500,000	23 March 2024	12.13p
	2,000,000	27 June 2027	7.5p
Philip Snaith	2,000,000	27 June 2027	7.5p
Laurence Mutch	3,500,000	01 April 2022	35.16p
	2,000,000	27 June 2027	7.5p
Dilip Shah	500,000	01 April 2022	35.16p
	500,000	27 June 2027	7.5p
Bryan Sanderson	500,000	27 June 2027	7.5p

- 4.3 On Admission, and assuming that the applications by the Directors for Open Offer Shares under the Excess Application Facility are satisfied in full, the Directors will hold the following Open Offer Warrants:

<i>Director</i>	<i>Number of Open Offer Warrants</i>
Mike Kirk	89,515
Jason Miles	89,515
Hemant Thanawala	–
Laurie Mutch	63,131
Philip Snaith	63,131
Dilip Shah	–
Bryan Sanderson	–

5. 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 Record Date and are or may be material:

- 5.1 Representation Agreement dated 27 February 2019 between QFI and Younes Maamar which is to be implemented in two phases. For Phase One, Younes Maamar will assist QFI in obtaining a Memorandum of Understanding (MOU) with Office National de l'Electricite et de l'Eau Potable (ONEE) to trial MSAR® at one of their facilities. The parties are to work together to find ways to progress further MSAR® projects in Morocco and Africa. Any new projects with companies is to follow a similar structure and name as Phase One A (Phase One B, C, D, etc). The Phase Two scope of work will depend on the success of the Phase One work as it relates to agreements to commence MSAR® engineering studies or trials for Company(s), commercial MSAR® production or supply agreements for Company(s) and local sales support to expedite and assist the management of such agreements. The Agreement will expire 6 months from execution if Younes Maamar has not identified Companies that are interested to proceed to Phase Two.
- 5.2 Memorandum of Agreement dated 28 May 2019 between QFI and Al Khafrah Holding Group (Al Khafrah). QFI plans to sell MSAR® technology licenses, chemicals, equipment and related specialist services to potential Clients in conjunction with MSAR® use in the Kingdom of Saudi Arabia (KSA), referred to as 'Project' or 'Projects'. The parties agree to promote Projects in KSA that result in shared profits generated from the sales of MSAR® Consulting and MSAR® Contracts. The parties recognise that a KSA registered joint venture company (JVCo) may be formed for commercial sales of MSAR® technology licenses, equipment and chemicals (MSAR® Sales Contracts). Prior to the formation of a JVCo, QFI may conclude MSAR® Sales Contracts with Clients and separately provide interim specialist MSAR® consulting, testing and process optimisation services under contracts (MSAR® Consulting Services). The Project is to be undertaken on a phased basis . Phase 1 (prior to JVCo formation) is in relation to MSAR® Consulting Services which is to scope studies and activities to enable a Proof of Concept demonstration, followed by the Demonstration. MSAR® Sales Contracts (by JVCo) is to be broken down into two further phases – Phase 2 is for the Commercial Engineering, Procurement and Construction (EPC), equipment sales, additive supplies and supply of MSAR® Consulting Services and maintenance services. Phase 3 is for In-Kingdom Total Value Added Programme (IKTVA) projects.
- 5.3 Memorandum of Understanding (MOU) dated 8 May 2019 between QFI and Aleph Commodities Ltd and Hawakin Regional Trading Company whereby QFI wish to implement MSAR® technology and fuel projects in Kuwait (the Proposed Transaction). The parties will jointly evaluate the economic and technical feasibility of projects in Kuwait which will utilise Quadrise technology, and evaluate commercial structures to facilitate the Proposed Transaction. Aleph Commodities Ltd and QFI have signed a Service Agreement dated 25 February 2019, whereby Aleph Commodities Ltd will provide certain services relating to the Proposed Transaction. Hawakin Regional Trading Company has signed an agreement dated 23 April 2019 with QFI to represent its interests in Kuwait.
- 5.4 Memorandum of Understanding (MOU) dated 13 August 2019 between Merlin Energy Resources Ltd and QFI whereby the parties are to discuss and promote certain cooperative upstream heavy oil projects. The parties are to work together to pursue commercial arrangements involving the application of MSAR® technology to upstream heavy oil assets, where any profits would be shared by the parties. The parties are to study in more detail selected MSAR® project opportunities and it is their intention to work together to jointly investigate and undertake any MSAR® projects.
- 5.5 Memorandum of Understanding (MOU) dated 18 July 2018 between QFI and Freepoint relating to cooperation between the parties in relation to the pursuit of commercial arrangements involving the production and supply of MSAR® fuel to producers and consumers by utilising MSAR® technology, additives and services coupled with Freepoint's marketing, trading, logistics and financial services capabilities. Under this MOU, the parties plan to jointly investigate and pursue selected MSAR® project opportunities in the Americas, with a number of identified counterparties, and in Asia on an exclusive basis with the goal of entering into commercial agreements for MSAR® production and supply arrangements with fuel producers and consumers.
- 5.6 Memorandum of Agreement (MOA) dated 30 November 2017 between QFI and JGC whereby JGC will act as QFI's exclusive partner to work with prospective producers and consumers of MSAR® in

- Japan, Colombia, Peru and elsewhere on a case-by-case basis to jointly develop commercial MSAR® projects.
- 5.7 Memorandum of Understanding dated 22 October 2010 between QFI and PowerSeraya, under which the parties wish to create an MSAR® production facility suitable for supplying competitively priced fuel to Power Seraya's power plant on Jurong Island. QFI will identify and consult with potential oil refiners suitably located to provide the quality and quantity of MSAR® required to supply the power plant. The parties will discuss the samples and enter into negotiations with the chosen refiners to procure their services. QFI will then be responsible for preparing the trials, to include liaising with the chosen refinery and assisting Power Seraya with any modifications at the power plant. The estimated duration for this phase of work is between 8 and 16 weeks. QFI will be responsible for organising and leading the trial manufacture. The estimated duration of this phase of work is between 6 and 8 weeks. On completion of the trial manufacture, QFI will arrange for MSAR® to be transported from the selected refinery to the power plant. This memorandum of understanding was extended by agreement on 20 October 2017 for a further 12 months to 21 October 2018 and subsequently further extended by agreement on 29 October 2018 for a further 12 months to 18 November 2019.
- 5.8 Co-Marketing and Project Development Agreement between the Company and Freepoint dated 29 November 2018 (the Co-Marketing and Project Development Agreement) under which the parties will jointly progress projects involving the commercialisation of MSAR® technology and/or fuel with prospective customers on a target list. The parties will coordinate the specific marketing and project development activities through a jointly established steering committee. The contract sets out how the parties will cooperate in the use of the Company's MSAR® technology, additives and services, and Freepoint's marketing, trading, logistics and financial services, to enable production, sale and consumption of MSAR® emulsion fuel for MSAR® projects to the prospective customers on the target list, and will work together to enter into licences and term supply contracts with prospective customers for the production and commercialisation of MSAR®.
- 5.9 Joint Development Agreement between Quadris International Limited (QIL) and AkzoNobel Chemicals International BV dated 19 November 2013 (JDA), which on 25 November 2018 was extended to 19 November 2019. The JDA defines the joint development of new research projects and the protection of intellectual property. The JDA is an evergreen agreement that remains in force until terminated by either party on twelve months' notice.
- 5.10 Co operation and Exclusive Purchase and Supply Agreement between QIL and AkzoNobel dated 19 November 2013 which was extended on 25 November 2018 to 19 November 2019. This agreement defines the commercial relationship relating to the purchase and supply of goods and associated technical services to MSAR® projects in development. QIL buy speciality chemicals exclusively from AkzoNobel, which AkzoNobel supply exclusively to QIL for oil-in-water emulsion fuel applications.
- 5.11 Memorandum of understanding ("MOU") and MSAR® Pilot Test Programme ("MTP") with a European multinational integrated oil and gas company (the "Major") dated 27 November 2018. Further to the MOU, QFI and the Major intend to work together to discuss, promote and develop specific business development opportunities to identify potential MSAR® clients for one of the Major's European refineries (the "Refinery"), to develop a focused high level MSAR® fuel market assessment for the Refinery and to pursue and obtain a feasibility study agreement from a potential MSAR® fuel client for the consumption of MSAR® produced at the Refinery during 2019. Under the MTP, QFI will be undertaking testing of specific Refinery residues for the Major at the Quadris Research Facility during early 2019 on a paid basis to demonstrate and optimise the blending of Refinery residues to MSAR® fuel.
- 5.12 On 11 June 2019, QFI entered into a Services Agreement with Aleph Commodities Ltd ("**Aleph**") whereby Aleph agreed to provide certain services to QFI in relation to MSAR® or any similar oil product produced via QFI owned/licenced technology. The services to be provided under the Agreement are split across two Projects. Project 1 (Saudi Arabia Production & Consumption) is defined as the refinery production of MSAR® and the supply of associated services in Saudi Arabia for commercial use by domestic consumers (boilers >250MWe) in Saudi Arabia, or exports, of MSAR® fuel. Project 2 (Dussur and Al Khafrah Holding Group) is defined as commercial agreements resulting in a joint venture agreement between QFI and the Al Khafrah Group and/or Dussur or associated companies for local commercial production of MSAR® (>10,000BPD) or associated MSAR® additives in Saudi Arabia for the MSAR® business.

- 5.13 A convertible securities issuance deed entered into between the Company and the Investor dated 22 August 2019 pursuant to which up to £4.0 million of interest free unsecured funding is to be provided by the Investor in two tranches by the issue to the Investor of Convertible Securities with a nominal value of up to £4.3 million, convertible into Ordinary Shares. The Initial Tranche of £2.15 million of Convertible Securities was issued by the Company on 30 August 2019. The Resolutions not being passed at the General Meeting would give rise to an event of default under the Agreement, pursuant to which the Company could be required to repay £2.15 million to the Investor.
- 5.14 A warrant instrument dated 29 August 2019 in relation to the issue of 4.9 million Funding Warrants to the Investor, initially exercisable at 5.78 pence per Ordinary Share, subject to anti-dilution and exercise price reduction provisions. The issue of the Funding Warrants is subject to the Resolutions being passed at the General Meeting being obtained. Should the Funding Warrants not be issued as a result of the Resolutions not being passed at the General Meeting, the Company will be required to make a payment of £90,000 to the Investor.
- 5.15 The Subscription Warrant Instrument and the Open Offer Warrant Instrument were approved by the Board on the same date as the issuance of this document, under which the Company agrees to issue up to 23,277,519 Open Offer Warrants and 9,050,506 Subscription Warrants in connection with the Open Offer and Subscription respectively.

Each Warrant confers the right to subscribe for one New Ordinary Share for every Open Offer Share and Subscription Share (as the case may be). The Warrants shall be freely transferable.

Each Warrant is exercisable for cash at a price of 7.48 pence per Warrant (subject to the terms and conditions described of the applicable Warrant Instrument) during the period commencing 36 months following Admission ("Subscription Period").

Warrants issued in certificated form are exercised by the exercise notice being completed and sent along with the valid Warrant Certificate to Quadrise Fuels International plc along with the relevant cheque payment (payable to Quadrise Fuels International Plc). Warrants held in uncertificated form are exercised by rematerialising the warrants into certificated format and following the process set out above.

Any Warrants remaining unexercised after the end of the Subscription Period shall automatically expire without compensation. Upon exercise of the Warrants, the underlying Ordinary Shares will be issued within three trading days.

The Warrant Instrument contains customary provisions for adjustments to the exercise price in certain circumstances, including if, prior to the end of the Subscription Period, there shall occur any reorganisation, recapitalisation, consolidation or subdivision, involving the Company.

- 5.16 The Company entered into conditional direct subscription agreements with a number of Subscribers. Pursuant to these agreements, the Company has agreed to issue 18,102,012 Subscription Shares and 9,050,506 Subscription Warrants to the Subscribers, for an aggregate subscription price of £716,800. The Subscribers have provided the Company with customary undertakings, amongst other things, that they have relied upon publicly available information as the basis of their decision to subscribe, they are entitled to subscribe under applicable legislation and that their commitments are irrevocable. The Company has agreed to pay a commissions totalling £33,840 in respect of the funds raised under the Subscription. The Subscription is conditional, *inter alia* upon the passing of the Resolutions and Admission.
- 5.17 On 6 September 2019 the Company entered into an underwriting agreement with Peel Hunt and Cenkos, whereby (i) Peel Hunt agreed to purchase as principals any Open Offer Shares which are not taken up by Qualifying Shareholders under the terms of the same underwriting agreement no later than the day before Admission and (ii) Cenkos agreed to co-ordinate the Open Offer. In consideration of the covenants and obligations of Peel Hunt, the Company will pay to Peel Hunt an underwriting commission of 5 per cent. of the value of the Open Offer Shares which Peel Hunt are required to subscribe.

The Underwriting Agreement contains warranties and indemnities in favour of Peel Hunt and Cenkos, and can be terminated by Peel Hunt in certain circumstances. The Underwriting Agreement is conditional on:

- (i) the Resolutions being passed at the General Meeting;
- (ii) the Underwriting Agreement having become wholly unconditional (other than as to Admission)

- and not having been terminated in accordance with its terms prior to Admission; and
- (iii) Admission.

6. UNITED KINGDOM TAXATION

The following information is given in summary form and as a general guide only, based on tax legislation and, where relevant, current HM Revenue & Customs (“HMRC”) practice, at the Record Date. Such legislation and practice is liable to change (in some cases with retrospective effect). The information relates to the tax position of holders of Ordinary Shares in the capital of the Company who are resident and, in the case of individuals, domiciled in the United Kingdom for tax purposes. At present, Scottish residents are subject to the same personal rates of tax as other residents of the United Kingdom. However, this could be subject to change following devolution of certain taxing powers to the Scottish Parliament.

The statements below do not constitute advice to any Shareholder or potential investor on their tax position, and may not apply to certain classes of Shareholder (such as persons carrying on a trade in the United Kingdom, or holding the shares as trustees, or insurance companies). This summary is not a complete and exhaustive analysis of all the potential UK tax consequences for holders of Ordinary Shares. Any Shareholder or potential investor should obtain advice from their own investment or taxation adviser before acquiring Open Offer Shares.

6.1 *Inheritance tax relief*

The Company’s shares are treated as unquoted shares for UK inheritance tax (“IHT”) purposes. Individuals and trustees subject to IHT may be entitled to business property relief of up to 100 per cent. after a holding period of two years, providing all the relevant conditions for the relief are satisfied at the appropriate time.

6.2 *Taxation of dividends*

Income tax

Under current United Kingdom taxation legislation, no withholding tax will be deducted from dividends paid by the Company.

From 6 April 2018, no income tax is payable in respect of the first £2,000 of dividend income received from all sources in the tax year (although such income would still count towards the basic, higher and additional rate thresholds). Dividends received above £2,000 in a tax year are taxable at 7.5 per cent., 32.5 per cent. and 38.1 per cent. for basic rate, higher rate and additional rate taxpayers, respectively.

Corporation tax

With certain exceptions (including for traders in securities), a holder of Ordinary Shares that is a company resident (for taxation purposes) in the United Kingdom and receives a dividend paid by the Company, should generally not be subject to tax in respect of the dividend.

6.3 *Taxation of chargeable gains*

6.3.1 A UK resident individual Shareholder who is not a higher or additional rate income taxpayer and disposes of, or who is deemed to dispose of, their shares in the Company may be liable to capital gains tax at a flat rate of 10 per cent., of any chargeable gain thereby realised (after taking into account any applicable reliefs and exemptions). To the extent that any chargeable gains or part thereof, aggregated with taxable income arising in a tax year, exceed the upper limit of the basic rate income tax band, capital gains tax will be charged at 20 per cent. In computing the gain, the Shareholder should be entitled to deduct from proceeds the cost to them of the shares (together with incidental costs of acquisition and disposal).

6.3.2 From 6 April 2016, a new investment relief is available to certain shareholders disposing of shares in unquoted trading companies (AIM is not regarded as a recognised stock exchange for this purpose) provided that various conditions are satisfied, including that the shareholder has subscribed for the shares in question and the shares are held for a minimum of three years

prior to disposal. If applicable, the relief reduces the rate of capital gains tax to 10 per cent. on up to £10 million worth of lifetime gains (in addition to entrepreneurs' relief lifetime limits).

6.3.3 A UK resident corporate Shareholder disposing of its shares in the Company may be liable to corporation tax on any chargeable gains at the usual rates of corporation tax applicable to it (currently 19 per cent). In computing the chargeable gain liable to corporation tax, the Shareholder should be entitled to deduct from the disposal proceeds, the cost to it of the shares, together with incidental costs of acquisition, as increased by indexation allowance, and disposal costs.

6.3.4 Under current HMRC practice, the subscription by a Shareholder for shares under the Open Offer up to their minimum Open Offer Entitlement may be treated as a reorganisation of share capital for the purposes of UK taxation of chargeable gains. To the extent that it is so treated, the shares issued should be treated as acquired at the same time as the Existing Ordinary Shares held by that Shareholder in respect of which the new shares were offered, and the cost of acquisition of the new shares should be pooled with the expenditure allowable on the relevant Existing Ordinary Shares for the purposes of determining the amount of any chargeable gain arising on a subsequent disposal. Any subscription by a Shareholder for shares under the Open Offer in excess of their minimum entitlement should be treated as a new acquisition outside the scope of the rules on reorganisations of share capital. As a matter of UK tax law, the acquisition of Open Offer Shares may not, strictly speaking, constitute a reorganisation of share capital, and there is no guarantee that the HM Revenue & Customs practice mentioned above will be followed, particularly where an open offer is not made to all shareholders.

6.4 **Stamp duty and SDRT**

No United Kingdom stamp duty should be payable on the issue by the Company of Open Offer Shares. No stamp duty or stamp duty reserve tax should be payable on transactions in shares traded on AIM where the shares are not also listed on a recognised stock exchange.

Shareholders and/or potential investors who are in any doubt as to their tax position in relation to taking up their entitlements under the Open Offer, or who are subject to tax in any jurisdiction other than the UK, should immediately consult a suitable professional adviser.

7. 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.

8. GENERAL

8.1 The total cost and expenses payable by the Group in connection with the Open Offer (including professional fees, commissions, the cost of printing and the fees payable to the registrars) and Subscription are estimated to amount to approximately £250,000 (excluding VAT).

8.2 Save as disclosed in this Circular, and save as notified by the Company via a regulatory news service, there has been no significant adverse change in the financial or trading position of the Group since 31 December 2018, the date to which the interim results have been prepared, as announced on 25 March 2019.

9. AVAILABILITY OF THIS DOCUMENT

Copies of this document and the Open Offer Warrants will be available for inspection at the offices of BDB Pitmans LLP at 50 Broadway, London, SW1H 0BL during normal business hours on any day (except Saturdays, Sundays and public holidays) for a period of one month from the date of publication and will also be available on the Company's website (www.quadrisefuels.com), free of charge.

Dated: 6 September 2019

QUADRISE FUELS INTERNATIONAL PLC

Company number: 05267512

NOTICE OF GENERAL MEETING

NOTICE IS HEREBY GIVEN that a general meeting of Quadrise Fuels International plc (the “**Company**”) will be held at Park Plaza Victoria London, 239 Vauxhall Bridge Road, London SW1V 1EQ at 11.00 a.m. on 27 September 2019 for the purpose of considering and, if thought fit, passing resolution 1 as an ordinary resolution and resolution 2 as a special resolution.

ORDINARY RESOLUTION

1. **THAT**, in accordance with section 551 of the Companies Act 2006 (the “**Act**”) and in addition to the existing authorities, the directors of the Company from time to time (the “**Directors**”) be generally and unconditionally authorised to exercise all powers of the Company to:
 - (a) allot ordinary shares in the Company up to a maximum aggregate nominal amount of £2,020,494 (“**New Ordinary Shares**”) in connection with the Proposals (as defined in the Circular) ; and
 - (b) to grant Warrants (as defined in the Circular) to subscribe for ordinary shares in the Company up to a maximum aggregate nominal amount of £139,506 (the “**Warrants**”) in connection with the Subscription and Funding only. Each Warrant will be exercisable in accordance with the terms of a warrant instruments entered into by the Company in connection with each of the Subscription and Funding.

The authority given in this Resolution 1 will be in addition to any authority conferred upon the Board for the purposes of section 551 of the Act at its annual general meeting held in 2018 and will expire on the date which is 3 months from the date of the resolution, or, if earlier, the date of the next annual general meeting of the Company (unless renewed varied or revoked by the Company prior to or on that date) but the Company may, before this authority expires, make an offer or agreement which would or might require shares in the Company or rights to be allotted or granted after this authority expires and that the Directors may allot shares in the Company or grant rights pursuant to such an offer or agreement as if the authority conferred by this resolution had not expired.

SPECIAL RESOLUTIONS

2. **THAT**, subject to and conditional upon the passing of resolution 1, in accordance with section 571(1) of the Act, the Directors be empowered to allot equity securities for cash (within the meaning of section 560 of the Act) pursuant to the authority conferred by resolution 1 above, as if section 561 of the Act did not apply to any such allotment of:
 - (a) the New Ordinary Shares up to an aggregate nominal value of £1,910,000;
 - (b) the Warrants and the new ordinary shares to be subscribed upon exercise of the Warrants,

and this authority will expire on the date which is 3 months from the date of the resolution, or, if earlier, the date of the next annual general meeting of the Company (unless renewed varied or revoked by the Company prior to or on that date) but the Company may, before this authority expires, make an offer or agreement which would or might require shares in the Company or rights to be allotted or granted after this authority expires and that the Directors may allot shares in the Company or grant rights pursuant to such an offer or agreement as if the authority conferred by this resolution had not expired.

By order of the Board

Notes to the Notice of General Meeting

1. Members are entitled to appoint a proxy to exercise all or any of their rights to attend and to speak and vote on their behalf at the meeting and at any adjournment of it. A member may appoint more than one proxy in relation to the meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that member. If a proxy appointment is submitted without indicating how the proxy should vote on any resolution, the proxy will exercise his discretion as to whether and, if so, how he votes.
2. A proxy need not be a member of the Company. A proxy form which may be used to make such appointment and give proxy instructions accompanies this notice. If you do not have a proxy form and believe that you should have one, or if you require additional forms, please contact the Registrars. Members may also appoint a proxy through the CREST electronic proxy appointment service as described in note 9 below.
3. To be valid any proxy form or other instrument appointing a proxy must be received by post or (during normal business hours only) by hand by no later than 11.00 a.m. on 25 September 2019 (or, in the event of any adjournment, no later than 12 p.m. on the date which is two days before the time of the adjourned meeting (weekends and public holidays excluded)), together with, if appropriate, the power of attorney or other authority (if any) under which it is signed or a duly certified copy of that power or authority.
4. The return of a completed proxy form, other such instrument or any CREST proxy instruction (as described in note 9(a) below) will not prevent a member attending the meeting and voting in person if he/she wishes to do so.
5. A vote withheld option is provided on the form of proxy to enable you to instruct your proxy not to vote on any particular resolution, however, it should be noted that a vote withheld in this way is not a 'vote' in law and will not be counted in the calculation of the proportion of the votes 'for' and 'against' a resolution.
6. To be entitled to attend and vote at the meeting (and for the purpose of the determination by the company of the votes they may cast), members must be registered in the register of members of the Company by 11.00 a.m. on 25 September 2019 (or, in the event of any adjournment, 11.00 a.m. on the date which is two days before the time of the adjourned meeting (weekends and public holidays excluded)). Changes to the register of members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting.
7. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the company's register of members in respect of the joint holding (the first-named being the most senior).
8. If a member submits more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.
9. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for this meeting by using the procedures described in the CREST manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf. Please note the following:
 - (a) in order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST proxy instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications and must contain the information required for such instructions, as described in the CREST manual. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent by the latest time(s) for receipt of proxy appointments specified in this notice. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST application host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.
 - (b) CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST proxy instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred in particular to those sections of the CREST manual concerning practical limitations of the CREST system and timings.
 - (c) the Company may treat as invalid a CREST proxy instruction in the circumstances set out in regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
10. Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same shares.

