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

**This document is not, and is not required to be, a prospectus for the purposes of the Prospectus Rules published by the FCA. This document has not been approved by the FCA or by any other authority in any jurisdiction.**

The Existing Ordinary Shares are admitted to trading on AIM. Application has been made to the London Stock Exchange for the Placing Shares to be admitted to trading on AIM. It is expected that First Admission and dealings in the Placing Shares will become effective, and dealing for normal settlement in the Placing Shares will commence on AIM at 8.00 a.m. on 18 October 2016. Application will be made for the Open Offer Shares to be admitted to trading on AIM. It is expected that Second Admission and dealings in the Open Offer Shares will become effective, and dealing for normal settlement in the Open Offer Shares will commence on AIM at 8.00 a.m. on 1 November 2016. 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 UKLA. 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. Neither the London Stock Exchange nor the UKLA has examined or approved the contents of this document. This document does not comprise an admission document under the AIM Rules.**

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## Quadrise Fuels International plc

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

**Open Offer of up to 10,119,814 Ordinary Shares at a price of 10 pence per Open Offer Share**

**on the basis of:**

**1 Open Offer Share for every 80 Existing Ordinary Shares**

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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 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 Quadrise Fuels International plc which is set out in Part I of this document and to the Risk Factors in Part III of this document.**

Smith & Williamson Corporate Finance Limited, which is authorised and regulated by the FCA in the United Kingdom, is acting as nominated adviser exclusively to the Company in connection with the Placing and Open Offer. Its responsibilities as the Company's nominated adviser under the AIM Rules are owed solely to the London Stock Exchange and are not owed to the Company or to any Director or to any other person in respect of his decision to acquire shares in the Company in reliance on any part of this document.

Peel Hunt LLP, which is regulated by the FCA, is acting as broker exclusively for the Company in connection with the Placing, and will not be responsible to anyone other than the Company for providing the protections afforded to clients of Peel Hunt LLP or for providing advice in relation to the Proposals or any other matter in relation to the contents of this document.

No representation, responsibility or warranty, expressed or implied, is made by Smith & Williamson or Peel Hunt or any of its respective directors, officers, employees or agents as to any of the contents of this document in connection with the Placing and Open Offer or any other matter referred to in the document. Neither Smith & Williamson nor Peel Hunt will be offering advice and will not otherwise be responsible for providing customer protections to recipients of this document or for advising them on the contents of this document or any other matter.

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

**The Open Offer closes at 11.00 a.m. on 28 October 2016. If you are a Qualifying Shareholder and wish to apply for Open Offer Shares under the Open Offer you should follow the procedure set out in Part II of this document and complete and return the accompanying Application Form. If Qualifying Shareholders have any queries on the procedure for acceptance and payment, or wish to receive another Application Form, they should contact Share Registrars on +44 (0)1252 821390, where relevant, quoting the serial number of their Application Form. Calls to the Share Registrars Limited 01252 821390 number are charged at your service provider's network standard rate. Calls to the Share Registrars Limited +44 1252 821390 number from outside the UK are charged at applicable international rates. Different charges may apply to calls made from mobile telephones. Share Registrars cannot provide advice on the merits of the 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.**

## IMPORTANT INFORMATION

Subject to certain exceptions, none of this document, 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).

None of the Open Offer Shares, the Open Offer Entitlements or the Application Form, have been or will be, registered under the relevant laws of any state, province or territory of any of the Excluded Jurisdictions. Subject to certain limited exceptions: (i) none of the Open Offer Entitlements, the Application Form nor the 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 document, the Open Offer Entitlements and/or the Application Form outside the United Kingdom to satisfy himself as to the full observance of the laws and regulatory requirements of the relevant territory in connection therewith, including obtaining any governmental or other consents which may be required or observing any other formalities required to be observed in such territory and paying any other issue, transfer or other taxes due in such other territory. Persons (including, without limitation, nominees and trustees) receiving this document, the Open Offer Entitlements and/or the Application Form should not, in connection with the Open Offer, distribute or send it into any jurisdiction when to do so would, or might contravene local securities laws or regulations.

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

This document includes statements that are, or may be deemed to be, forward-looking statements that are based on current expectations or beliefs, as well as assumptions about future events. These forward-looking statements can be identified by the use of forward-looking terminology, including the terms “believes”, “estimates”, “plans”, “anticipates”, “milestones”, “targets”, “aims”, “continues”, “expects”, “intends”, “hopes”, “may”, “will”, “would”, “could” or “should” or, in each case, their negative or other variations or comparable terminology. These forward-looking statements include matters that are not facts.

Forward-looking statements appear in a number of places throughout this document and include statements regarding the Directors’ intentions, beliefs or current expectations concerning, amongst other things, the Company’s results of operations, financial condition, liquidity, prospects, growth and strategies. By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances. Any forward-looking statements contained in this document based on past trends or activities should not be taken as a representation that such trends or activities will continue in the future. Subject to any requirement under the AIM Rules or other applicable legislation or regulation, none of the Company, Smith & Williamson or Peel Hunt 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 document. There are several factors which could cause actual results to differ materially from those expressed or implied in forward-looking statements. Among the factors that could cause actual results to differ materially from those described in the forward-looking statements are changes in expectations and assumptions used and changes in the global, political, economic, business, competitive, market and regulatory forces, future exchange and interest rates, changes in tax rates and future business combinations or dispositions.

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## DIRECTORS, SECRETARY AND ADVISERS

<b>Directors</b>	Mike Kirk, Executive Chairman Hemant Thanawala, Finance Director Jason Miles, Chief Operating Officer Ian Duckels, Non-executive Director Laurie Mutch, Non-executive Director Philip Snaith, Non-executive Director Dilip Shah, Non-executive Director
	<i>all of the registered office below</i>
<b>Registered Office</b>	Gillingham House 38-44 Gillingham Street London, SW1V 1HU
<b>Company Secretary</b>	Audrey Clarke FCIS Gillingham House 38-44 Gillingham Street London, SW1V 1HU
<b>QFI website</b>	<a href="http://www.quadrisefuels.com">www.quadrisefuels.com</a>
<b>Nominated Adviser</b>	Smith & Williamson Corporate Finance Limited 25 Moorgate London, EC2R 6AY
<b>Broker</b>	Peel Hunt LLP Moor House 120 London Wall London, EC2Y 5ET
<b>Legal Adviser to the Company</b>	Bircham Dyson Bell LLP 50 Broadway London, SW1H 0BL
<b>Legal Adviser to the Nominated Adviser and Broker</b>	Fieldfisher LLP Riverbank House 2 Swan Lane London, EC4R 3TT
<b>Registrar and Receiving Agent</b>	Share Registrars Ltd The Courtyard 17 West Street Farnham Surrey, GU9 7DR

## EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Announcement of the proposed Placing and proposed Open Offer	7.00 a.m. on 12 October 2016
Record Date for Open Offer	6.00 p.m. on 13 October 2016
Announcement of the Open Offer	7.00 a.m. on 14 October 2016
Publication and posting of the Circular and Application Form	14 October 2016
Existing Ordinary Shares marked 'ex' by London Stock Exchange	8.00 a.m. on 14 October 2016
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 17 October 2016
Expected time and date First Admission effective and dealings in Placing Shares commence on AIM	18 October 2016
Expected date for CREST accounts credited in respect of Placing Shares	18 October 2016
Recommended latest time for requesting withdrawal of Open Offer Entitlements and Excess CREST Open Offer Entitlements from CREST	4.30 p.m. on 24 October 2016
Latest time for depositing Open Offer Entitlements and Excess CREST Open Offer Entitlements into CREST	3.00 p.m. on 25 October 2016
Latest time for splitting Application Forms (to satisfy <i>bona fide</i> market claims only)	3.00 p.m. on 26 October 2016
<b>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)</b>	<b>11.00 a.m. on 28 October 2016</b>
Expected date of announcement of the results of the Open Offer	31 October 2016
Share certificates dispatched for the Placing Shares by	1 November 2016
Expected time and date Second Admission effective and dealings in Open Offer Shares commence on AIM	1 November 2016
CREST accounts credited in respect of Open Offer Shares	1 November 2016
Share certificates dispatched for the Open Offer Shares by	15 November 2016

Notes:

- (1) References to times in this document are to London time (unless otherwise stated).
- (2) The dates and timing of the events in the above timetable and in the rest of this document 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 document and, where relevant, complete the accompanying Application Form. If you have any questions relating to this document, and the completion and return of the Application Form, please telephone Share Registrars between 9.00 a.m. and 5.30 p.m. (London time) Monday to Friday on 01252 821390 from within the UK or +44 1252 821390 if calling from outside the UK.

## PLACING AND OPEN OFFER STATISTICS

Issue Price of the Placing Shares and the Open Offer Shares	10p
Number of Existing Ordinary Shares in issue as at the date of this document <sup>1</sup>	809,585,162
Number of Placing Shares	42,500,000
Number of Ordinary Shares available under the Open Offer <sup>2</sup>	Up to 10,119,814
Number of Ordinary Shares in issue on First Admission	852,085,162
Number of Ordinary Shares in issue on Second Admission <sup>3</sup>	862,204,976
Approximate percentage of the Enlarged Share Capital represented by the Placing Shares <sup>3</sup>	4.92%
Approximate percentage of the Enlarged Share Capital represented by the Open Offer Shares <sup>3</sup>	1.17%
Estimated net cash proceeds of the Placing and Open Offer <sup>3</sup>	£4.93 million
TIDM for the Ordinary Shares	QFI
ISIN for the Ordinary Shares	GB00B11DDB67
ISIN for Open Offer Entitlements	GB00BD5CRN30
ISIN for Excess Open Offer Entitlements	GB00BD5CRP53

### Notes:

- (1) As at the close of business on 13 October 2016, being the last practicable Business Day prior to the publication of this document.
- (2) The actual number of Open Offer Shares to be issued under the Open Offer will be subject to rounding down to eliminate fractional entitlements.
- (3) Assuming the maximum number of Open Offer Shares are allotted pursuant to the Open Offer and the issue of the Placing Shares.

**PART I**  
**LETTER FROM THE CHAIRMAN**

**Quadrise Fuels International plc**

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

**Directors:**

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

**Registered Office:**

Gillingham House  
38-44 Gillingham Street  
London  
SW1V 1HU

14 October 2016

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

Dear Shareholder,

**Open Offer of up to 10,119,814 Ordinary Shares at a price of 10 pence per Open Offer Share**

**1. Introduction**

On 12 October 2016 the Company announced that it had raised gross proceeds of £4.25 million through a placing of 42,500,000 New Ordinary Shares with institutional and other investors at the Issue Price of 10 pence per Placing Share.

On announcement of the Placing, the Board also stated that it was appropriate, given the longstanding support that Shareholders, including a large number of individual shareholders, have provided to the Company over an extended period, that existing Shareholders were provided with the opportunity to participate in the further issue of new equity in the Company at the same price as was available to institutional and other investors under the Placing.

Accordingly, the Company is now making the Open Offer to Qualifying Shareholders of up to 10,119,814 New Ordinary Shares to raise up to, approximately, a further £1.0 million at the Issue Price of 10 pence per Open Offer Share on the basis of 1 Open Offer Share for every 80 Existing Ordinary Shares held on the Record Date.

The Placing and Open Offer is expected to raise total gross proceeds of approximately £5.25 million, should the Open Offer be fully subscribed. The Issue Price represents a discount of approximately 14.0 per cent. to the closing mid-market price of 11.625 pence per Existing Ordinary Share on 11 October 2016, being the last practicable date prior to the announcement of the Placing and of the proposed Open Offer.

In order to maximise the number of Open Offer Shares available under the Open Offer to Qualifying Shareholders, the Directors have confirmed that they and their affiliates will not take up any Ordinary Shares which may have been offered to them as part of the Open Offer and will not subscribe for any Open Offer Shares. The Open Offer Entitlements which could otherwise have been available to the Directors and their affiliates under the Open Offer will be made available to Qualifying Shareholders under the Excess Application Facility.

The terms of the Placing and the Open Offer are described in this document and, as explained below, the Directors currently believe the funds raised as a result will be sufficient to take the Group to the stage where it is generating net positive cash from continuing operations. The Placing is conditional on, *inter alia*, the Placing and Open Offer Agreement being unconditional in all respects and not having been terminated in accordance with its terms and First Admission. The Open Offer is conditional upon Second Admission taking place.

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



## **2. Background to and reasons for the Placing and Open Offer**

As stated in the Company's Final Results for the 12 months ended 30 June 2016, announced on 12 October 2016, the Company has continued to make excellent progress in relation to its marine project and, in the Kingdom of Saudi Arabia ("KSA"), significant engagement with our clients on the production to combustion pilot programme which led to the execution of a memorandum of understanding on 10 August 2016. Notwithstanding this continued positive operational progress, the timescales of our major trial projects have extended beyond those anticipated when the Company last raised equity funds in March 2014.

As a result, the Board believes it is appropriate to raise additional funds by way of the Placing and Open Offer. The net funds raised through the Placing are expected to fund development of the Company's current key projects to enable the migration to commercial operations and generation of net positive cash flow from those projects. In addition to this continued core project funding, the Board believes that it is prudent to ensure that the Company has a resilient capital base as it enters the commercial phase of its development and the negotiation of contracts with both current and prospective clients.

Given the longstanding support of Shareholders, including a large number of individual shareholders, the Company is making the Open Offer available to Qualifying Shareholders of up to 10,119,814 Open Offer Shares at the Issue Price of 10 pence per Open Offer Share (the same price as was available to institutional and other investors under the Placing) in order that Shareholders are provided with the opportunity to participate in the issue of new equity in the Company.

The net proceeds from the Open Offer will be used to strengthen the Group's balance sheet and to meet any additional capital expenditure and general working capital requirements of the Group.

## **3. Views of the Board**

The Board believes that the net proceeds of the Placing will be sufficient to allow the Company to develop its current projects to the stage when they can generate net positive cash flow from continuing operations. The Open Offer is intended to provide Qualifying Shareholders with the opportunity to subscribe for additional Ordinary Shares at the Issue Price, thereby mitigating the dilution arising from the Placing on Qualifying Shareholders. The Directors believe that the Placing and the Open Offer are in the best interests of the Company and its Shareholders as a whole.

Whether or not Qualifying Shareholders decide to participate in the Open Offer will depend, amongst other things, on their view of the Company's prospects and on their own individual circumstances.

**If you are in any doubt as to the action you should take, you are recommended to seek your own independent advice.**

## **4. Information on the Company**

QFI has developed MSAR<sup>®</sup> as a less expensive, cleaner synthetic HFO. Produced using QFI's proprietary technologies and services, MSAR<sup>®</sup> offers both producers and consumers of the fuel significant economic and environmental advantages. MSAR<sup>®</sup>, 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<sup>®</sup> has superior characteristics compared with HFO:

- MSAR<sup>®</sup> can be stored and used at lower temperatures than HFO.
- The small particle size (5-10 microns) of the residue in MSAR<sup>®</sup> results in virtually complete combustion – leading to improvements in engine efficiency and significant reductions in carbon particulates in the exhaust gasses.
- The presence of water in MSAR<sup>®</sup> reduces the combustion temperatures – leading to significant reductions in NOx emissions.
- MSAR<sup>®</sup> is provided at a lower price than HFO for the equivalent energy output.
- Producing MSAR<sup>®</sup> allows the refiner to sell the higher value distillate products that would otherwise be used to dilute the residue in order to create HFO.

QFI acts as the technology and service partner to both the producer and the consumer and aims to create value both through licence revenues from the production of fuel and the sale of the chemicals and MSAR<sup>®</sup> manufacturing systems. The core technology has been developed jointly with AkzoNobel – one of the world's leading surface chemistry companies.

For the refiner, the production of MSAR<sup>®</sup> upgrades the low value residue that is inherent in any oil refining process by treating it with speciality chemicals and water in a proprietary production process, rather than diluting it with high value distillate to create HFO. This releases material volumes of high value distillate for sale (typically increasing from 50% to 70% of the overall output) – providing the potential to significantly increase refining margins. For the consumer, MSAR<sup>®</sup> is offered at a discount (on an energy equivalent basis) to HFO and also offers environmental and handling benefits, compared with HFO.

The two largest markets for the use of MSAR<sup>®</sup> as a low cost, efficient and environmentally friendly synthetic HFO are marine bunkering and power generation. In both cases, it is necessary to engage with both the producers (refiners) and consumers (shipping companies and power utilities) to develop the very large market opportunities. Significant work has been carried out to demonstrate the proof of concept in both end-user markets and current work is focused on commercial scale trials, the successful conclusion of which will be a significant milestone towards QFI developing sustainable commercial revenues.

### **Economic Case for MSAR<sup>®</sup> Remains Sound at Current Oil and Gas Prices**

The key value driver for MSAR<sup>®</sup> is the price differential, or spread, between HFO and distillate fuels (essentially diesel). Whilst the spread has remained in the range \$155 to \$235 during the 2015/16 financial year, the economics of Quadrise's MSAR<sup>®</sup> technology remain sound at these levels. There is, therefore, a compelling economic case for conversion to MSAR<sup>®</sup> production to enhance refinery margins, using a proven technology with low capital costs and rapid payback. We continue to make progress with our major programmes in the marine and power sectors and we are working with a number of refiners considering participation in the envisaged global marine MSAR<sup>®</sup> supply network.

Oil and energy market conditions remained volatile through the period, though the falls during the first half of the year were recovered during the second half. Although the current lower oil and gas prices do not directly impact the economic case for Quadrise's unique offer, historically the pace and scale of the price changes have extended decision making cycles for our key customers. Our continued investment in business development capacity in our key customer markets is enabling us to respond positively to this challenge and we believe that the positive progress on our key programmes demonstrates this.

### **Targeted Business Development Programme to Develop Commercial Market**

Quadrise targets specific sectors of very large global bulk fuels markets, and our present and intended clients are large companies which presently account for a substantial share of the production and combustion of HFO – refiners for production and the marine bunkering and power generation sectors for consumption. We believe that there are significant synergies in this approach, as the major producers and consumers are co-located around a small number of major refining and bunker fuel hubs in Europe, the Middle East and Asia.

Both the producers and consumers are inherently conservative and so building the customer base requires Quadrise to engage in significant and sustained business development activity to enable collaborative projects to be developed. Our business development activities are organised along sector lines, to align with our clients in the refining, marine and power markets. We believe that the ability to develop both the marine and power markets offer significant advantages to the producers, as it both increases the available product market potential and de-risks its development through the building of multiple potential customers in different market segments.

All of our business development, research and support activities are co-ordinated to ensure that we can maximize the opportunity for development of a global commercial market for MSAR<sup>®</sup> in the marine and power sectors. We have highlighted below, the background to and progress in each of these sectors.

### **Marine MSAR<sup>®</sup> Bunker Fuel**

Quadrise has been working with Maersk for over 5 years and this has culminated in the current operational and LONO trials, which commenced in the first half of 2016, with the MSAR<sup>®</sup> fuel being manufactured using a commercial-scale MMU at the CEPESA San Roque refinery, adjacent to the Algeciras Mediterranean bunker hub.

Following the installation and commissioning of the MMU during the second quarter of 2016, the first fuel was bunkered to the nominated Maersk vessel in the first few days of July 2016 and the operational and LONO trial will run for a total of 4,000 hours. It is anticipated that this will complete by the middle of 2017, as the MSAR® fuel can only be burned when the vessel is steaming outside of the European Emission Control Area on its normal operating schedule. At the date of this report, several additional batches of marine MSAR fuel have been successfully produced and bunkered to the nominated vessel and the trial continues to progress well on the vessel.

During the negotiation of the current agreements for the trial with Maersk, the Royalty Agreement with Maersk Line was extended to the tenth anniversary of the date of first fully commercial marine MSAR® which is presently expected to be mid-2027.

When LONO certification and other regulatory formalities have been completed the early commercial phase should get underway, subject to Quadrise agreeing appropriate commercial terms with CEPESA and Maersk. Whilst the initial focus would be to service Maersk Line's nominated requirements, Quadrise plans to work with other refiners and shipping companies to accelerate the scope of the commercial roll-out. The modular nature of the MMU and associated infrastructure provides refiners with a simple, quick and cost-effective means of scaling up production to meet the anticipated rapidly increasing demand for Marine MSAR® - the MMU capital cost is relatively modest and the site infrastructure is designed for export of larger quantities of fuel oil and hence MSAR® in the future.

## **Macro Features of the Marine Fuel Market**

### *Emission Standards*

Emission standards have a significant impact on the market for marine bunker fuels. The more stringent standards in the European and North American Emission Control Areas have been in force since January 2015 and are primarily being met by switching to high cost low sulphur marine diesel fuel; though the option to use HFO and exhaust scrubbers offers an alternative route for compliance. The pending reductions in the IMO open ocean emission standards are due to be discussed at the MEPC meeting of the IMO on the 24th-28th October 2016 – and potentially a decision taken for implementation in either 2020 or 2025. "High-sulphur" MSAR® and exhaust scrubbers appear to offer the most economic compliance option, though the use of higher-cost low-sulphur marine diesel will be an option for some operators. With appropriate residue streams there is also the potential to produce low-sulphur MSAR®. It should also be noted that MSAR® provides other benefits including a reduction in NOx and particulates emissions which are likely to be of increasing importance.

### *Alternative Fuels*

The use of LNG as an alternative fuel for shipping has increased in profile over the years – primarily as a result of the fall in gas prices in the USA. The recent fall in oil prices has resulted in HFO becoming more cost competitive than LNG per energy unit in many circumstances. Therefore there are likely to be cost constraints on the widespread adoption of LNG as a replacement for HFO, although it may be used in certain geographic and end-user market niches. Given the scale of the global marine fuel market, the development of the marine LNG fuel market is not considered to have a material impact on the market opportunity for marine MSAR®.

## **Power Generation MSAR® Fuel**

The KSA is the world's largest market for consumption of crude-oil and HFO for power generation and the scale and nature of the oil and power generation industries offers an enormous opportunity for Quadrise. It was therefore identified as the primary target market and we have been working with our local partner there, the Rafid Group, on a sustained basis for over 5 years. During this time, we have developed good relationships and have been working closely with a number of key parties and have undertaken a number of studies and evaluation programmes.

We are delighted that we were able to announce in early August 2016 the signing of an MoU to progress discussions for a major production to combustion trial in KSA. We are now engaged with our clients and their advisors to progress from the MoU to definitive contracts for the trial. The refining complex at which the MSAR® will be produced and the major coastal power station at which the combustion trial will take place have been defined and Quadrise is working with all parties to scope the requirements of this complex project which has to be co-ordinated with the existing operating schedules of both facilities. As part of the preparatory work carried out during 2015, the refinery was able to undertake the installation

of “tie-ins” for the supply of the residue to the planned emulsion fuel manufacturing unit during a planned maintenance shut down at the end of 2015.

The recent experience that Quadrise has in designing, installing and commissioning a commercial scale MMU at CEPESA, together with our proven ability to manufacture MSAR® on a commercial scale will be highly relevant to the work required for the successful delivery of the production element of the trial in KSA during 2017.

### **Future Marine, Power and Industrial Programmes**

In addition to our work with Maersk, CEPESA and a number of parties in KSA, Quadrise has been working on a number of other carefully selected opportunities with both refiners, as potential producers of MSAR® fuels, and power utilities and shipping operators as potential consumers. As noted previously, in many cases there are synergies to expanding both the bunker fuel and power generation markets in parallel as it reduces the risks significantly for both parties when there are multiple suppliers and multiple consumers.

In Asia, we continue our relationship with YTL PowerSeraya Pte Limited and the prospective benefits continue to remain material at current oil prices and price spreads, though lower gas prices are affecting competition in the Singapore power generation market. The project is dependent on MSAR® production being available from a major regional refiner and this is only likely to start when there is a market for Marine MSAR® through the Singapore bunker hub – which we believe will be an integral part of the post-LONO commercial roll-out from 2017.

Quadrise has maintained relationships with a number of oil majors for whom several technical evaluations have been completed or are progressing to confirm the suitability of specific refining residues for MSAR® production. These relationships also provide opportunities to explore options for MSAR® production and conversion of refinery units and steam generation plant.

### **Enhancement of Research, Development and Operations Activities**

During the year we have enhanced our capacity and capability in research and development, operations and technical support activities, to ensure that we were able to respond to the increase in activity during the current trials and to enable us to support the planned commercial roll-out following the successful completion of the trials. This included expanding the team at QRF (where all our in-house R&D is undertaken) together with additional business development/process engineering support at our head office. We also commenced a complementary programme of research at the University of Surrey that, through enhancing our understanding of the mechanisms that underpin the creation of stable oil in water emulsion fuels, supports our in-house development activities. This has given Quadrise access to state of the art facilities and world-renowned expertise in emulsions and is proving to be an excellent partnership and we anticipate extending the current arrangements when they expire in the fourth quarter of 2016.

Central to our offer is the input and support of our technology partner, AkzoNobel, who have worked with Quadrise for over a decade and with whom we have a Joint Development Agreement and a Co-Operation and Exclusive Purchase and Supply Agreement for the chemicals used to create MSAR®. These agreements were recently extended to November 2018 which will give confidence to our customers that we are able to support them when we enter into commercial agreements.

### **Board and Management**

During the year, the Board has developed in order to ensure that it is in the best possible position to deliver on the significant commercial opportunities that the successful conclusion of the current trials is expected to present during 2017 and beyond. After serving for 10 years, Ian Williams retired at the end of March 2016 and I succeeded him as Executive Chairman, working alongside our established Chief Operating Officer, Jason Miles, and Finance Director, Hemant Thanawala.

We continue to benefit from the input of our experienced non-executive directors, with Laurie Mutch chairing the Audit Committee, and Ian Duckels chairing the Compensation Committee. However, on Ian Duckel’s previously announced retirement, Phil Snaith will take over as Chair of the Compensation Committee at the annual general meeting of the Company in 2016. The Board would like to take this opportunity to thank both Ian Williams and Ian Duckels for their input and support over many years.

As noted above, we have enhanced our capacity and capability in research and development, operations and technical support activities. In combination with our existing business development activities, this has ensured that we have been able to respond positively to the challenges of supporting

two substantial, commercial-scale trial programmes, whilst having the capacity to plan for our future commercial operations.

#### **Outlook – Current trading and prospects.**

Both the marine and power programmes have reached defining stages. At CEPESA, we now have a commercial-scale MMU producing MSAR<sup>®</sup> for use in a Maersk nominated vessel whilst steaming on its normal scheduled route. The trial has progressed well to date and we expect further substantial progress towards the required 4,000 hours for the LONO element to be made during the remainder of 2016 and for the trial to be completed by the middle of 2017. The facility at CEPESA also provides QFI with a commercial facility built to permanent standards that it is able to showcase to potential clients. In KSA we are working hard with all key participants to progress the planned production to combustion trial and our experience at CEPESA is proving to be invaluable in demonstrating our capabilities and our experience in moving from design studies to a producing facility within tight timescales in an operating refinery.

We believe that the successful completion of the current trials are the last remaining steps to being able to develop substantial commercial markets, subject to the negotiation of suitable contracts, for the production and sale of MSAR<sup>®</sup> and we are working hard to maximise the opportunity that this will provide. Whilst there remain challenges, we believe that MSAR<sup>®</sup> provides a compelling economic and environmental offer to both producers and consumers and that this will drive market uptake during 2017 and beyond.

#### **5. Financial information**

Audited accounts for the Group for each of the three years ended 30 June 2015, 30 June 2014 and 30 June 2013 are available on the Company's website [www.quadrisefuels.com](http://www.quadrisefuels.com) as are the unaudited interim accounts for the 6 months ended 31 December 2015.

The Company announced its audited final results for the 12 months ended 30 June 2016 on 12 October 2016. A copy of the audited final results announcement is also available on the Company's website.

As at 30 June 2016, the Group's audited cash balance was approximately £4.3 million. The net proceeds of the Placing and Open Offer will materially enhance the Company's audited cash balance.

#### **6. Principal terms of the Placing and Open Offer**

##### ***Open Offer***

Qualifying Shareholders are invited to apply for Open Offer Shares under the Open Offer at a price of 10 pence per Open Offer Share (being the same price as the Issue Price under the Placing), 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 80 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 approximately 14.0 per cent. to the closing mid-market price of 11.625 pence per Existing Ordinary Share on 11 October 2016, being the last practicable date prior to the announcement of the Placing and proposed Open Offer.

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, 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 1 November 2016, or such later date as the Company may decide:

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

Accordingly, in the event that any of these conditions are not satisfied, or, if applicable, waived, by 1 November 2016 (or such later time as the Company may in its absolute discretion determine) 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 80 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.

The participation of a Qualifying Shareholder in their Open Offer Entitlement and any Excess Shares under the Excess Application Facility does not guarantee that their percentage shareholding will not be diluted from the position prior to the Placing and the Open Offer as a result of the issue of the New Ordinary Shares.

**The Open Offer Shares have not been and are not intended to be registered 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 and the Placing Shares, including the right to receive all dividends and other distributions declared, made or paid after the date of Second Admission.

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

### **Placing**

On 12 October 2016, the Company announced that pursuant to the Placing and Open Offer Agreement, 42,500,000 Placing Shares were conditionally placed with certain institutional and other investors at the Issue Price, thereby raising gross proceeds of £4.25 million. The Placing is conditional on, *inter alia*, the Placing and Open Offer Agreement becoming unconditional in all respects and not having been terminated in accordance with its terms and First Admission. Further details of the Placing and Open Offer Agreement are given in paragraph 5.13 of Part IV of this document.

The Directors were given power by special resolution passed at the Company's annual general meeting in 2015 to dis-apply the statutory pre-emption rights in relation to the allotment and issue up to 65 million Ordinary Shares for cash permitting the issuance of the Placing Shares. 42,500,000 Placing Shares have been conditionally placed with institutional and other investors under these existing share authorities.

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

As part of the Placing, the Company has, pursuant to the Subscription Letters, also procured a conditional subscription of a total of 5,500,000 New Ordinary Shares with certain Shareholders at the Issue Price. Further details of the Subscription Letters are given in paragraph 5.14 of Part IV of this document.

**Part II of this document, together with the accompanying Application Form, contains further terms and conditions of the Open Offer.**

## **7. Use of proceeds**

The Board believes that the net proceeds of the Placing will be sufficient to allow the Company to develop its current projects to the stage when they can generate net positive cash flow from continuing operations.

Any additional net proceeds from the Open Offer will be used to strengthen the Group's balance sheet and to meet any additional capital expenditure and general working capital requirements of the Group.

## **8. Action to be taken**

### ***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 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 (*holders of Ordinary Shares who hold their shares in certificated form*)**

If you are a 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 document 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 Entitlements, or both your Open Offer Entitlement and any Excess Open Offer Entitlements), of which, subject to satisfaction of the terms and conditions set out in this document and the Application Form, any application for your Open Offer Entitlement shall be satisfied in full, you should complete the enclosed Application Form in accordance with the procedure set out at paragraph 3.1 of Part II of this document and on the Application Form itself and send the Application Form in the accompanying prepaid envelope along with the appropriate remittance 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 28 October 2016, having first read carefully Part II of this document and the contents of the Application Form. Qualifying Non-CREST Shareholders should note that their Application Form is not a negotiable entitlement and cannot be traded.

### **(ii) Qualifying CREST Shareholders (*holders of Ordinary Shares 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 document. 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 document.

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

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.

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.

## **9. Taxation**

A summary general guide to current UK tax legislation is provided at paragraph 6 of Part IV of this document. Any person who is in any doubt as to their tax position, or is subject to tax in any jurisdiction other than the UK, should consult their professional adviser without delay.

## **10. Settlement and dealings**

Application has been made for the Placing Shares to be admitted to trading on AIM. It is expected that First Admission of the Placing Shares will become effective and that dealings will commence on 18 October 2016. Application will also be made for the Open Offer Shares to be admitted to trading on AIM. It is expected that Second Admission will become effective and that dealings will commence on 1 November 2016. Further information in respect of settlement and dealings in the Open Offer Shares is set out in paragraph 8 of Part II of this document.

## **11. Overseas Shareholders**

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

## **12. Further Information**

Your attention is drawn to the Risk Factors relating to the Group set out in Part III of this document, the additional information set out in Part IV of this document and the terms and conditions of the Open Offer set out in Part II of this document 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 document, the Company proposes to raise up to approximately £1 million by way of an Open Offer of a maximum of 10,119,814 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 14.0 per cent. to the mid-market price per Ordinary Share of 11.625 pence, as derived from the AIM Appendix to the Official List of the London Stock Exchange for 11 October 2016 (being the last practicable date before the announcement of the Placing and proposed Open Offer).

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.

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 80 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 and Placing Shares.

The Open Offer is conditional, *inter alia*, on the Placing and Open Offer Agreement becoming or being declared unconditional in all respects (save in respect of Admission) and not being terminated before Second Admission, and on Second Admission. It is expected that Second Admission will take place on 1 November 2016. 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 28 October 2016.

**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 CREST 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 CREST Shareholders will not be able to apply for Open Offer Shares directly using the Application Form.**

The Open Offer Shares and the Placing Shares will together represent approximately 6.10 per cent. of the Enlarged Share Capital (assuming full take up of the Open Offer Shares under the Open Offer).

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 document, 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 document, 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 in Box 4. 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 in Box 5. You may apply for less than your Open Offer Entitlement should you wish to do so. If you apply for your Open Offer Entitlements in full in Box 2(a), you 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 10,119,814, 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 14 October 2016. Application Forms may be split up to 3.00 p.m. on 26 October 2016.

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 14 October 2016, 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 Limited at The Courtyard, 17 West Street, Farnham, Surrey GU9 7DR, so as to arrive no later than 11.00 a.m. on 28 October 2016. 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 Smith & Williamson and Peel Hunt), may elect to accept Application Forms and remittances after 11.00 a.m. on 28 October 2016 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 Smith & Williamson and Peel Hunt) 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 28 October 2016 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 a/c re Quadrise Open Offer" 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 in Box 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 document, and you accordingly agree that no person responsible solely or jointly for this document 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 17 October 2016 or such later time as the Company (with Smith & Williamson and Peel Hunt's consent) may decide, 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 document will be adjusted as appropriate and the provisions of this document 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 GB00BD5CRN30;
- 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 28 October 2016; 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 28 October 2016.

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 28 October 2016 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 GB00BD5CRP53;
- 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 28 October 2016; 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 28 October 2016.

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 28 October 2016 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 28 October 2016.

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 25 October 2016, 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 24 October 2016, 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 28 October 2016.

*(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 28 October 2016 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 28 October 2016. 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 document 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 document and agrees that no person responsible solely or jointly for this document 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 document, 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, Smith & Williamson and Peel Hunt may in their 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 1 November 2016 or such later time and date as Smith & Williamson, Peel Hunt 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) (as well as Box 2(a)) 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, 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 17 October 2016. Such Open Offer Entitlements and Excess Open Offer Entitlements will also be enabled for settlement in CREST at 8.00 a.m. on 17 October 2016. 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 document which sets out their entitlement to Open Offer Shares as shown by the number of Open Offer Entitlements allocated to them in Box 5. 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 28 October 2016. 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 28 October 2016.

## **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, Switzerland, 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 document and/or an Application Form in any territory other than the United Kingdom or Switzerland and/or receiving a credit of Open Offer Entitlements to a stock account in CREST in any territory other than the United Kingdom 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 document 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 document and/or any Application Forms are sent for information only.

It is the responsibility of any person receiving a copy of this document 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, Smith & Williamson, Peel Hunt 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, Smith & Williamson and Peel Hunt 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, Smith & Williamson and Peel Hunt 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, Smith & Williamson, Peel Hunt and the Receiving Agent have not been given the relevant warranty concerning overseas jurisdictions set out in the Application Form or in this document, 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 document 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, Smith & Williamson and Peel Hunt 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 "offshore 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 November 2016. For Qualifying Non-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 15 November 2016. For Qualifying 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 document, 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 28 October 2016 and all related dates set out in this document. 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 document, 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 document, 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 document 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 document or the Application Form. By taking up Open

Offer Shares under the Open Offer in accordance with the instructions set out in this document 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 document and, for Qualifying Non-CREST Shareholders, also to the terms, conditions and other information in the Application Form.

## **PART III RISK FACTORS**

In addition to the other relevant information set out in this document, the following risk factors should be considered carefully when evaluating an investment in the Company. The investment offered in this document 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 document, 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 document. 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:

### **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<sup>®</sup> 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<sup>®</sup> 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.

### **Reliance on third parties**

The Group places a degree of reliance on third parties including Maersk and AkzoNobel.

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.

### **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<sup>®</sup> 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.

### **No profit to date**

The Group has incurred aggregate losses since its inception and it is therefore not possible to evaluate its prospects based on past performance. Since the Group intends to continue investing in the various projects described in this document, the Directors anticipate making further losses until at least the financial period ending 30 June 2017. There can be no certainty that the Group will achieve or sustain profitability or achieve or sustain positive cash flow from its activities.

### **Corporate and regulatory formalities**

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

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

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

### **Attraction and retention of key employees**

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

### **Requirement for further funds**

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



## **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 document. 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, wishing to apply for Open Offer Shares, do not respond to the Open Offer by 11.00 a.m. on 28 October 2016, 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 has applied for admission of the Placing Shares and will apply 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 document 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 document 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.

**PART IV  
ADDITIONAL INFORMATION**

**1 RESPONSIBILITY**

The Company, whose registered office appears on page 5 of this document and the Directors, whose names also appear on page 5 of this document, accept responsibility for the information contained in this document. To the best of the knowledge of the Company, the Directors (each of whom has taken all reasonable care to ensure that such is the case) the information contained in this document 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 date of this document and (ii) as it is expected to be at Second Admission (assuming maximum take up under the Open Offer) is set out below:

	<b>Issued and fully paid</b>	
	<b>£</b>	<b>Number</b>
(i) Ordinary Shares	£8,095,851.62	809,585,162
(ii) Ordinary Shares	£8,622,049.76	862,204,976

In addition, the Company has granted options to subscribe, in aggregate, for a total of 27,133,333 new Ordinary Shares at prices ranging between 12.1 pence and 35.16 pence per share which are exercisable up to specified dates up to 31 March 2024.

**3 ARTICLES OF ASSOCIATION**

A copy of the Articles can be located at the Company's website [www.quadrisefuels.com](http://www.quadrisefuels.com). Hard copies of the Articles can be obtained from Quadrise's company secretary by telephoning +44 (0)20 7031 7321.

**4 DIRECTORS' INTERESTS**

- 4.1 As at 13 October 2016, being the last practicable date prior to the publication of this document, 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 date of this document and as they are expected to be upon completion of the Placing and Open Offer are as follows:

<b>Director</b>	<b>At the date of this document</b>		<b>At First Admission</b>		<b>At Second Admission</b>	
	<b>Number of Existing Ordinary Shares</b>	<b>Percentage of Existing Ordinary Shares</b>	<b>Number of Ordinary Shares on First Admission</b>	<b>Percentage of issued ordinary share capital on First Admission</b>	<b>Number of Ordinary Shares on Second Admission<sup>1</sup></b>	<b>Percentage of Enlarged Share Capital<sup>1</sup></b>
Mike Kirk	0	0.00%	500,000	0.06%	500,000	0.06%
Hemant Thanawala	27,710,553	3.42%	28,260,553	3.32%	28,260,553	3.28%
Jason Miles	2,880,633	0.36%	3,180,633	0.37%	3,180,633	0.37%
Ian Duckels	3,877,766	0.48%	4,127,766	0.48%	4,127,766	0.48%
Laurie Mutch	0	0.00%	150,000	0.02%	150,000	0.02%
Philip Snaith	0	0.00%	150,000	0.02%	150,000	0.02%
Dilip Shah	0	0.00%	100,000	0.01%	100,000	0.01%

<sup>1</sup> Assuming full take-up under the Open Offer

- 4.2 As at 13 October 2016 (being the latest practicable date prior to the publication of this document), the Directors held the following options over Ordinary Shares:

<b>Director</b>	<b>Number of Options</b>	<b>Exercisable up to</b>	<b>Exercise price per new Ordinary Share</b>
Mike Kirk	3,000,000	01 April 2024	12.5p
Hemant Thanawala	3,500,000	01 April 2022	35.16p
	500,000	23 March 2024	12.13p
Jason Miles	5,000,000	01 April 2022	35.16p
	1,500,000	22 March 2024	12.13p
Laurence Mutch	3,500,000	01 April 2022	35.16p
Ian Duckels	1,500,000	01 April 2022	35.16p
Dilip Shah	500,000	01 April 2022	35.16p

## **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 date of this document and are or may be material:

- 5.1 A novation and amendment agreement dated 14 September 2015 between QFI, A.P. Moller-Maersk and Maersk Line which assigns the rights of A.P. Moller-Maersk to Maersk Line. The amendments serve to better define certain provisions in the Royalty Agreement last updated on 20 February 2014 which provides the legal framework and key terms for future commercial supplies of Marine MSAR<sup>®</sup> fuel to A.P. Moller-Maersk / Maersk Line and to third parties.
- 5.2 A tri-party operational trial agreement between Maersk Line, QFI and CEPESA for the installation of a commercial scale MSAR Manufacturing Unit at the CEPESA San Roque refinery, dated 14 September 2015. QFI's responsibilities under the agreement include constructing the manufacturing facility at the refinery and supplying the equipment, technical personnel and chemicals necessary for the operation. QFI also has overall responsibility for the manufacture of MSAR and is responsible for delivering it to the standard set out in Appendix 1 of the agreement.
- 5.3 An Operational Trial Margin Share Agreement dated 15 September 2015 between CEPESA and QFI, relating to the production of MSAR<sup>®</sup> at CEPESA's refinery. A formula has been outlined in the agreement to calculate the MSAR<sup>®</sup> margin for each delivery which is to be documented by the parties and accrued by CEPESA. The Margin will be split between the parties, with 60% due to CEPESA and 40% due to QFI.
- 5.4 A Collaboration Agreement dated 14 September 2015 between QFI, CEPESA and Maersk Line relating to the parties' future collaboration, following the end of the agreement which set out the terms under which the fuel MSAR<sup>®</sup> would be sold to Maersk, for use on one or more of its test vessels (Vessel Trials). The agreement will remain in force for a period of 5 years after the end of the Vessel Trials. If the Vessel Trials are completed and the parties decide to enter into a future commercial agreement, their collaboration will be governed by that agreement.
- 5.5 A Feasibility Study Contract dated 11 December 2015 between QFI and JGC Corporation (JGC) relating to a study comparing JGC's production of the fuel MSAR<sup>®</sup> with the Company's existing production methods. The study comprises a paper study and an experimental screening study. Each will compare JGC feed properties with QFI's existing properties in relation to the production of MSAR<sup>®</sup>. Both studies will assess and advise on the acceptable range of properties for feasible MSAR<sup>®</sup> production and will, amongst other things, make preliminary comments on technical uncertainties and potential issues.
- 5.6 A Co-operation and Exclusive Supply Agreement dated 7 November 2014 between QFI and ENH Engineering (ENH), relating to the commercialisation of fuel emulsion, including MSAR<sup>®</sup>, under which the parties agree to collaborate on the commercialisation of fuel emulsion technology. If another supplier offers goods to QFI that are considerably lower in price than those offered by ENH, QFI is entitled to ask ENH to lower their price to match the offer, or to purchase the cheaper goods from the alternate supplier. If ENH does not respond to a purchase order from QFI within five days of receiving the order, QFI is free to source alternate goods elsewhere. Once ENH confirms acceptance of a purchase order, a binding sales transaction is created. Prices for the goods are stipulated in a price list provided by ENH to QFI, to be updated by ENH annually.

- 5.7 A Framework Collaboration Agreement dated 18 November 2015 between QFI and the University of Surrey (the University), relating to the establishment of a QFI sponsored research group at the University to develop new technology solutions which can be used in QFI's operations and to support its development of laboratory capabilities. The research group will be privately funded by QFI and will comprise Dr Spencer Taylor, part-time administrative support, additional staff and PHD students, all recruited by the University. The parties shall establish a steering committee (the Committee) to approve appointments to the Group, guide the themes of the research and approve projects. The Committee will comprise three representatives from each party. The agreement outlines the four types of project undertaken by the group and the purpose of each project. The University is responsible for overseeing each project, to include the provision of necessary equipment and verification that all research is conducted in accordance with the laws and regulations in place. QFI will provide funding to the University, to be invoiced by the University quarterly in advance. Unless otherwise agreed, the University will purchase all equipment and it will remain the University's property to be used for other projects on termination of the agreement.
- 5.8 An agreement on the Supply of AkzoNobel Technical Support Services dated 2 May 2016 (which is an extension of the Co-operation and Exclusive Purchase and Supply Agreement dated November 2013 between QFI and AkzoNobel Surface Chemistry AB), which is a technical service agreement, providing that AzkoNobel's employee Joakim Kringsman will perform technical services ordered by QFI from 1 January 2016 to 31 December 2016. The Agreement will terminate automatically on 31 December 2016.
- 5.9 A Memorandum of Understanding (MOU) dated 9 August 2016 between QFI and its clients in the Kingdom of Saudi Arabia, relating to cooperation between the parties in relation to a joint fuel formulation pilot project for the demonstration of Vacuum Residue emulsification in Saudi Arabia, using QFI's supplied MSAR<sup>®</sup> technology. The MOU states that the parties intend to establish a pilot facility with a fuel emulsion production capacity of 6 MBD in the nominated refinery and produce enough fuel for a 45 days combustion test. The MOU takes effect from its date of signing and remains in effect for 15 months, or until the termination of the on-site emulsified fuel production and pilot decommissioning. The MOU may be extended by mutual written agreement of the parties.
- 5.10 Extension, dated 10 March 2016, of Co-operation and Exclusive Purchase and Supply Agreement, dated 12 November 2013, between QFI and AkzoNobel Surface Chemistry AB, under the terms of which the parties agree that the 'Volume Target Term' is extended by a further 2 years, expiring on 12 November 2018.
- 5.11 Extension, dated 5 September 2016, of Joint Development Agreement and Amendment to Project Plan between QFI and AkzoNobel Chemicals International BV (ANCI), which provides that all terms of the JDA effective 11 November 2013 between the Company and ANCI remain the same, except that the JDA Exhibit A.1, 'Marine Engine Fuel MSAR<sup>®</sup>', originally expiring on 10 November 2016, shall now be extended by a further 24 months, expiring on 10 November 2018.
- 5.12 Memorandum of Understanding dated 22 October 2010 between QFI and PowerSeraya, under which the parties wish to create an MSAR<sup>®</sup> production facility suitable for supplying competitively priced fuel to PowerSeraya's power plant on Jurong Island, Singapore. QFI will identify and consult with potential oil refiners suitably located to provide the quality and quantity of MSAR<sup>®</sup> 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 PowerSeraya 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, the Company will arrange for MSAR<sup>®</sup> to be transported from the selected refinery to the power plant. This memorandum of understanding was extended by agreement on 21 October 2015 for a further 12 months to 21 October 2016.

*Agreements relating to the Placing and Open Offer*

- 5.13 A Placing and Open Offer Agreement dated 12 October 2016 made between the Company (1) Peel Hunt (2) and Smith & Williamson (3) pursuant to which and conditional upon, *inter alia*, admission of the Placing Shares taking place on or before 8.00 a.m. on 18 October 2016, or such later date (being not later than 31 October 2016) as the Company, Peel Hunt and Smith & Williamson may agree and admission of the Open Offer Shares taking place on or before 8.00 a.m. on 1 November

2016, or such later date as the Company, Peel Hunt and Smith & Williamson may agree, Peel Hunt agreed to use its reasonable endeavours to procure subscribers at a price of 10 pence per share for the Placing Shares. Under the terms of the Placing and Open Offer Agreement the Company has agreed to pay Peel Hunt a commission in relation to the Placing. The Company has agreed to pay Smith & Williamson a corporate finance fee in relation to the Placing and Open Offer.

- 5.14 As part of the Placing, Subscription Letters dated 12 October 2016 made between the Company and certain Shareholders to the Company subscribing for 5,500,000 New Ordinary Shares, which are conditional upon the Placing and Open Offer Agreement having been entered into and having become unconditional in all respects and not having been terminated in accordance with its terms.

## **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 date of this document. Such legislation and practice is liable to change (in some cases with retrospective effect). The information relates to the tax position of holders of New 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 New Ordinary Shares. Any Shareholder or potential investor should obtain advice from their own investment or taxation adviser before acquiring New Ordinary 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 2016, no income tax is payable in respect of the first £5,000 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 £5,000 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 New 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 20 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 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 New Ordinary 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 Placing and 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 Placing and Open Offer (including professional fees, commissions, the cost of printing and the fees payable to the registrars) are estimated to amount to approximately £320,000 (excluding VAT).
- 8.2 Save as disclosed in this document and save as announced through the London Stock Exchange there has been no significant adverse change in the financial or trading position of the Group since 30 June 2016, the date to which the final results have been prepared, as announced on 12 October 2016.

### 9 **AVAILABILITY OF THIS DOCUMENT**

Copies of this document will be available for inspection at the offices of Bircham Dyson Bell 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.

This document will be available on the Company's website ([www.quadrifuel.com](http://www.quadrifuel.com)) free of charge in accordance with the requirements of Rule 26 of the AIM Rules.

Dated: 14 October 2016

## DEFINITIONS AND GLOSSARY

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

<b>“Act”</b>	the Companies Act 2006, as amended
<b>“Admission”</b>	admission of the New Ordinary Shares to trading on AIM becoming effective in accordance with the AIM Rules, which will take place in two stages at the time of First Admission and Second Admission
<b>“AIM”</b>	the market of that name operated by the London Stock Exchange
<b>“AIM Rules”</b>	the AIM Rules for Companies published by the London Stock Exchange (as updated from time to time)
<b>“AkzoNobel”</b>	Akzo Nobel Surface Chemistry AB
<b>“Application Form”</b>	the application form to be used by Qualifying Non-CREST Shareholders in connection with the Open Offer
<b>“Articles”</b>	the articles of association of the Company
<b>“Australia”</b>	the Commonwealth of Australia, its states, territories and possessions
<b>“Canada”</b>	Canada, its provinces, territories and all areas subject to its jurisdiction and any political sub-division thereof
<b>“CEPSA”</b>	Compañía Española De Petróleos S.A.U.
<b>“certificated form” or “in certificated form”</b>	an ordinary share recorded on a company’s share register as being held in certificated form (namely, not in CREST)
<b>“Company” or “QFI”</b>	Quadrise Fuels International plc
<b>“CREST”</b>	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)
<b>“CREST Manual”</b>	the rules governing the operations of CREST as published by Euroclear
<b>“CREST Regulations”</b>	the Uncertificated Securities Regulations 2001 (SI 2001 / 3755)
<b>“Directors” or “Board”</b>	the directors of the Company or any duly authorised committee thereof
<b>“Enlarged Share Capital”</b>	the issued ordinary share capital of the Company immediately following Second Admission
<b>“ECAs”</b>	Emission Control Areas (European and North American)
<b>“Excess Application Facility”</b>	the arrangement pursuant to which Qualifying Shareholders may apply for Open Offer Shares in excess of their Open Offer Entitlements
<b>“Excess CREST Open Offer Entitlements”</b>	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



<b>“Excess Open Offer Entitlement(s)”</b>	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
<b>“Excess Shares”</b>	New Ordinary Shares in addition to the Open Offer Entitlement for which Qualifying Shareholders may apply under the Excess Application Facility
<b>“Excluded Jurisdiction”</b>	the Republic of Ireland, the United States, Australia, Canada, Japan, the Republic of South Africa and any other jurisdiction where the extension or availability of the Open Offer would breach any applicable law
<b>“Existing Ordinary Shares”</b>	the 809,585,162 Ordinary Shares in issue at the date of this document, all of which are admitted to trading on AIM
<b>“Euro”</b>	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
<b>“Euroclear”</b>	Euroclear UK & Ireland Limited, the operator of CREST (formerly known as CRESTCo Limited)
<b>“First Admission”</b>	the admission to trading on AIM of the Placing Shares, which is expected to take place on 18 October 2016
<b>“FPO”</b>	the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (S.I. 2005/1529)
<b>“FCA”</b>	the Financial Conduct Authority of the UK in its capacity as the competent authority for the purposes of FSMA
<b>“FSMA”</b>	the Financial Services and Markets Act 2000 (as amended)
<b>“Group”</b>	the Company, its existing subsidiaries and subsidiary undertakings
<b>“HFO”</b>	Heavy fuel oil
<b>“HMRC”</b>	HM Revenue & Customs
<b>“IHT”</b>	Inheritance tax
<b>“IMO”</b>	International Maritime Organisation, the United Nations’ specialised agency responsible for improving maritime safety and preventing pollution from ships
<b>“Issue Price”</b>	10 pence per Open Offer Share and Placing Share
<b>“Japan”</b>	Japan, its cities and prefectures, territories and possessions
<b>“KSA”</b>	Kingdom of Saudi Arabia
<b>“London Stock Exchange”</b>	London Stock Exchange plc
<b>“LNG”</b>	liquid nitrogen gas
<b>“LONO”</b>	Letter of No Objection from leading engine manufacturers
<b>“Maersk”</b>	A.P. Moller-Maersk A/S

<b>“Maersk Line”</b>	Maersk Line A/S, the Maersk group shipping company
<b>“MMU”</b>	MSAR® Manufacturing Unit
<b>“Marine MSAR®”</b>	Marine Multiphase Superfine Atomised Residue, the oil refinery technology supplied by the Company
<b>“micron”</b>	a unit of length equal to one millionth of a metre
<b>“Money Laundering Regulations”</b>	Money Laundering Regulations 2007 (SI 2007/2157)
<b>“MSAR®”</b>	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
<b>“New Ordinary Shares”</b>	together the Open Offer Shares and the Placing Shares
<b>“NOx”</b>	the term for mono-nitrogen oxides
<b>“Official List”</b>	the official list of the UKLA
<b>“Open Offer”</b>	the conditional offer to Qualifying Shareholders to subscribe for the Open Offer Shares at the Issue Price, as described in this document
<b>“Open Offer Entitlements”</b>	entitlements to subscribe for Open Offer Shares, allocated to a Qualifying Shareholder pursuant to the Open Offer
<b>“Open Offer Shares”</b>	the 10,119,814 Ordinary Shares which are to be made available for subscription by Qualifying Shareholders under the Open Offer
<b>“Options”</b>	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 document
<b>“Optimal”</b>	Optimal Resources, Inc.
<b>“Ordinary Shares”</b>	ordinary shares of 1 pence each in the capital of the Company
<b>“Overseas Shareholders”</b>	Shareholders resident in, or citizens of, jurisdictions outside the United Kingdom
<b>“Peel Hunt”</b>	Peel Hunt LLP, the Company’s broker
<b>“Placing”</b>	the conditional placing by Peel Hunt of the Placing Shares with institutional and other investors pursuant to the Placing and Open Offer Agreement and the conditional subscriptions made by certain Shareholders directly with the Company pursuant to the Subscription Letters
<b>“Placing and Open Offer Agreement”</b>	the agreement dated 12 October 2016 between the Company, Peel Hunt and Smith & Williamson, details of which are set out in paragraph 5.13 of Part IV of this document
<b>“Placing Shares”</b>	the New Ordinary Shares to be issued pursuant to the Placing and Subscription Letters
<b>“POC”</b>	Proof of Concept
<b>“PowerSeraya”</b>	Powerseraya Limited

<b>“Project Cos”</b>	the four joint venture companies established by QIL to progress the development of MSAR® fuels for use in the marine market (Quadrise Marine) in Saudi Arabia (Quadrise KSA), in Asia (Quadrise Asia) and in North America (including Mexico) and South America (Quadrise Americas)
<b>“Prospectus Rules”</b>	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
<b>“QCC”</b>	Quadrise Canada Corporation Inc.
<b>“QIL”</b>	Quadrise International Limited, a wholly-owned subsidiary of the Company
<b>“Quadrise Americas”</b>	Quadrise Americas Limited
<b>“Quadrise Asia”</b>	Quadrise Asia Limited
<b>“Quadrise KSA”</b>	Quadrise KSA Limited
<b>“Quadrise Marine”</b>	Quadrise Marine Limited
<b>“Qualifying CREST Shareholders”</b>	holders of Existing Ordinary Shares at the Record Date who hold their Shares in CREST
<b>“Qualifying Non-CREST Shareholders”</b>	holders of Existing Ordinary Shares at the Record Date who hold their Shares in certificated form
<b>“Qualifying Shareholders”</b>	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)
<b>“Rafid Group”</b>	Rafid Group for Trading & Contracting, a multinational conglomerate made up of companies and affiliated businesses
<b>“Receiving Agent”</b>	Share Registrars
<b>“Record Date”</b>	the record date for the Open Offer being 6.00 p.m. on 13 October 2016
<b>“Relevant Persons”</b>	persons (i) who are investment professionals within Article 19(1) of the FPO and are persons who fall within section 86(7) of FSMA; or (ii) who are persons falling within Article 49(1) of the FPO; or (iii) with whom it may otherwise be lawful for the Company to communicate in respect of the Placing
<b>“RIS”</b>	Regulatory Information Service
<b>“Second Admission”</b>	the admission to trading on AIM of the Open Offer Shares, which is expected to take place on 1 November 2016
<b>“Securities Act”</b>	United States Securities Act of 1933
<b>“Shareholders”</b>	holders of Ordinary Shares
<b>“Share Registrars”</b>	the Company’s registrars, Share Registrars Limited of The Courtyard, 17 West Street, Farnham, Surrey GU9 7DR
<b>“Smith &amp; Williamson”</b>	Smith & Williamson Corporate Finance Limited, the Company’s nominated adviser

<b>“Subscription Letters”</b>	the letters received from certain Shareholders to the Company pursuant to which they have conditionally agreed to subscribe for 5,500,000 New Ordinary Shares under the Placing
<b>“UKLA”</b>	the United Kingdom Listing Authority, being the Financial Services Authority acting in its capacity as the competent authority for the purposes of Part VI of FSMA
<b>“United Kingdom” or “UK”</b>	the United Kingdom of Great Britain and Northern Ireland
<b>“United States” or “US”</b>	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
<b>“uncertificated” or “in uncertificated form”</b>	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
<b>“USE”</b>	Unmatched Stock Event
<b>“USE Instructions”</b>	an Unmatched Stock Event instruction in CREST



