

Quadrise Fuels International

Initial pilot trial in Morocco

Quadrise has entered into an agreement with an international chemicals and mining group headquartered in Morocco. During calendar Q120 the two parties will work together on a project to carry out a trial of MSAR, Quadrise's synthetic enhanced heavy fuel oil, on a pilot plant test facility located at one of the client's sites in Morocco. If successful, Quadrise will then undertake feasibility studies in preparation for commercial-scale trials on an industrial unit and a steam boiler owned and operated by the client. These potential trials would be covered by new agreements.

Year end	Revenue (£m)	EBITDA (£m)	PBT* (£m)	EPS* (p)	DPS (p)	P/E (x)
06/16	0.0	(4.0)	(4.1)	(0.49)	0.0	N/A
06/17	0.1	(3.9)	(4.1)	(0.45)	0.0	N/A
06/18	0.0	(3.3)	(3.5)	(0.37)	0.0	N/A
06/19	0.0	(2.8)	(3.0)	(0.32)	0.0	N/A

Note: *PBT and EPS are normalised, excluding amortisation of acquired intangibles, exceptional items and share-based payments.

The cost of the initial trial is estimated at £16k, to be shared equally between Quadrise and the client, with Quadrise providing MSAR fuel, related equipment and engineering services to support this initial test phase. Quadrise will submit a written report to the client when the test phase has been completed. Assuming that this first phase is successful, the client will pay Quadrise £100k for the feasibility and engineering studies for commercial-scale trials, payable in stages on reaching agreed milestones.

Quadrise's representative in Morocco, Younes Maamar, is the former CEO of the Moroccan state electricity company and was instrumental in securing this agreement. Under the terms of his agreement with Quadrise announced in March 2019, Quadrise will issue Younes Maamar with 3m warrants, exercisable at any time until 6 March 2022 and at a price equal to the average mid-market closing price over the five days ending on and including 29 November 2019.

The news demonstrates that management's policy of incentivising local distributors with warrants is resulting in meaningful projects. Moreover, it indicates the potential for wider interest in MSAR for industrial applications as well as in the marine bunker fuel and power generation sectors.

Material transfer and cooperation agreement

Alternative energy

29 November 2019

Price **3.69p**

Market cap **£37m**

Net cash (£m) at end June 2019 (prior to fund-raising of £4.5m gross) 1.1

Shares in issue 995.8m

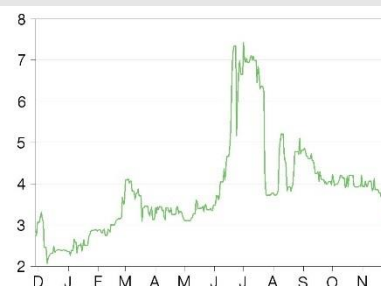
Free float 76.7%

Code QFI

Primary exchange AIM

Secondary exchange N/A

Share price performance



Business description

Quadrise Fuels International is the innovator, supplier and global licensor of disruptive residual oil technology that produces a synthetic, enhanced heavy fuel oil called MSAR. The technology enables refiners to produce MSAR for use as a low-cost substitute for heavy fuel oil.

Analyst

Anne Margaret Crow +44 (0)20 3077 5700

industrials@edisongroup.com

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Frankfurt +49 (0)69 78 8076 960
Schumannstrasse 34b
60325 Frankfurt
Germany

London +44 (0)20 3077 5700
280 High Holborn
London, WC1V 7EE
United Kingdom

New York +1 646 653 7026
1,185 Avenue of the Americas
3rd Floor, New York, NY 10036
United States of America

Sydney +61 (0)2 8249 8342
Level 4, Office 1205
95 Pitt Street, Sydney
NSW 2000, Australia