

# Quadrise Fuels International PLC

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## Quadrise hopes 2019 will be the year it puts its words into action

If someone asks you to list the major causes of climate change, gas guzzling cars and planes are probably at the top of your list, or at least somewhere near.

But if you think those forms of transport are bad, they are a drop in the ocean (excuse the pun) compared with cruise liners and cargo ships.

Shipping emissions are a major problem

Engines in some of the world's biggest vessels can be four stories tall and almost as wide. They can burn through gallons of fuel every minute, which in turn creates a large amount of CO2.

International shipping accounts for around 2.2% of all global greenhouse gas emissions, according to the latest data from the UN's International Maritime Organisation (IMO). To put that into context, that's the same amount as Germany.

Quadrise Fuels International PLC (LON:QFI) has long been aware of this issue. It has been perfecting a type of fuel called MSAR for the best part of 20 years now.

MSAR is made from the thick, almost solid residues left when lighter fractions such as gasoline and diesel have been distilled from the crude oil which are then mixed with a small amount of water and specialty chemicals.

What's created is a synthetic heavy fuel oil which is around one-third water. With a couple of simple, relatively cheap tweaks to a ship's engine or a power station's boiler, it can be used as a direct replacement for diesel or heavy fuel oil.

Because of the high-water content, the combustion temperature is much lower which reduces NOx emissions, and as MSAR is pre-atomised, it burns almost completely, meaning next to no black soot is pumped out into the atmosphere.

Not only is it cleaner - it reduces nitrogen oxide (NOX) emissions by between 20-50% - but MSAR, being made from quite literally the dregs of a barrel, is also cheaper than typical heavy fuel oils as well.

BP has trialled this technology before

The idea of taking thick oil residues and mixing them with water and chemicals to turn them into something useful is not a new idea.

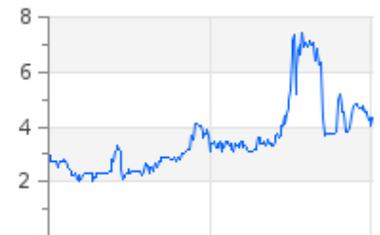
At the turn of the millennium, BP, in a joint venture with the Venezuelan state oil Company PDVSA, sold 60mIn tonnes of emulsion fuel called Orimulsion - "effectively MSAR version one" - into the world power market, while Quadrise had a big trial of its own in the mid-2000s.

The company, which is listed on London's AIM market, carried out the trial in Lithuania and MSAR produced about 40%

**Price:** £0.04

**Market Cap:** £38.77 m

### 1 Year Share Price Graph



September 2018 March 2019 September 2019

### Share Information

**Code:** QFI

**Listing:** LSE

**52 week High Low**  
**7.93564 1.98391**

**Sector:** Energy

**Website:** [www.quadrisefuels.com](http://www.quadrisefuels.com)

### Company Synopsis:

*Proprietary technology that enables a low cost, modular and rapidly implemented solution to upgrading the bottom of the crude oil barrel which has typically been achieved through large, complex, capital intensive solutions.*

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of the country's energy for two weeks.

"The only reason that didn't proceed was because it happened immediately prior to the financial crash, which meant that the planned EBRD funding was not available," explains executive chairman Mike Kirk, who has been at the helm for just over three years.

While Kirk freely admits that Quadrise hasn't always delivered on its promises, the company has had some rotten luck, too.

A combustion boiler trial in Saudi Arabia ended in a surprise disappointment last year, while a major trial with shipping giant Maersk seemed to be going well until the ship using the fuel hit a wreck.

While the vessel was being repaired, Maersk made the decision that it was going to use a compliant, low sulphur fuel rather than a mix of high sulphur MSAR and scrubbers - a device that sprays sea water to take the sulphur dioxide out of exhaust gases.

That was a big blow and dented Quadrise's share price, but Maersk is now said to be exploring the use of scrubbers again, while cruise giant Carnival is spending US\$1bn kitting out its fleet with the devices.

It isn't just bad luck, either; Kirk notes that the industries Quadrise is operating in are notoriously "conservative" and don't like to rock the boat if they can help it.

Freepoint tie-up could be transformational

But while previous trials and agreements haven't led to anything more formal or commercial - something reflected in Quadrise's £27m market cap - there is much more optimism surrounding a recent tie-up with US commodities powerhouse, Freepoint.

In the past, the company has acted as a quasi-middleman: it would license its technology to a refiner and then go and find it a customer to sell the MSAR to.

"With Freepoint, what we're looking to do is buy the residue from the refiner, build and operate an MSAR production facility and then sell that directly to consumers," explains Kirk.

"We think this enables us to look at these opportunities in a totally different way. We've got much more control of the overall project and it'll bring things together on a much more rapid scale."

Whether it is with Freepoint or on its own, Kirk's plan for 2019 is to take a project and progress it, which would give him something to point to when he's looking to get other projects off the ground. The thinking goes that as soon as one customer starts using MSAR, others will follow suit.

"What we're looking to do during 2019 is take us from where we are now, which we believe is a company that's always had great promise but has failed to deliver on that, to actually taking at least one of the projects that we're working on forward, either on our own or with our partners."

With a recent fund-raise bringing in some much-needed cash, which gives the company some financial breathing room, Kirk is confident that 2019 will be the year when Quadrise makes the transition from talker to doer.

"We believe we have got to a position where we can actually start to deliver on our promises."

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