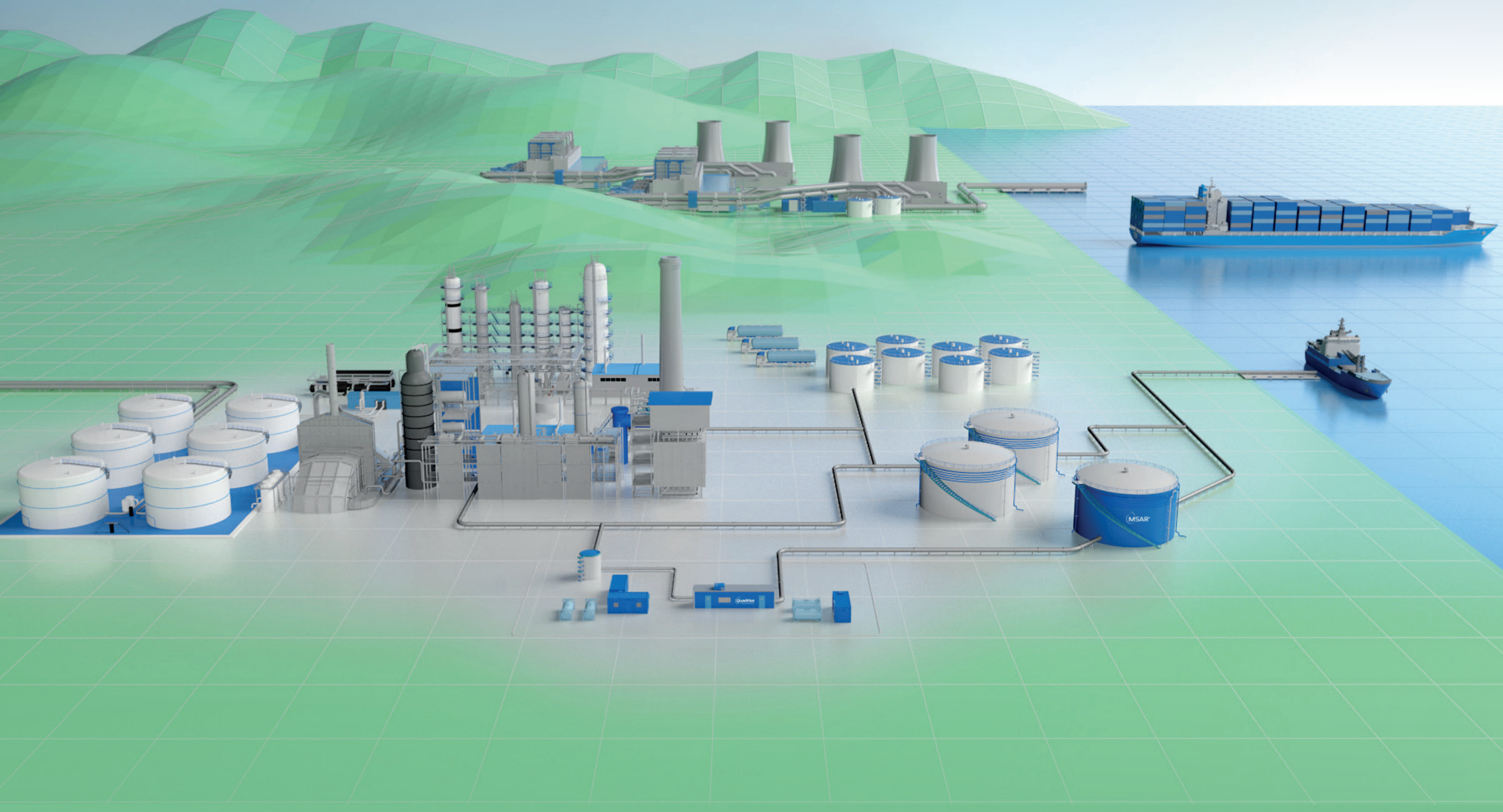
COMPANY REGISTRATION NO. 05267512

Quadrise
Fuels International plc

ANNUAL REPORT & ACCOUNTS

2022



CLEANER FUEL CLEANER PLANET

QUADRISE IS THE INNOVATOR AND GLOBAL SUPPLIER OF A DISRUPTIVE TECHNOLOGY THAT ENABLES THE PRODUCTION OF MSAR®* AND BIOMSAR™, SYNTHETIC HEAVY FUEL OIL AND BIOFUEL RESPECTIVELY, WHICH HAVE SIGNIFICANT ECONOMIC AND ENVIRONMENTAL BENEFITS.

MSAR® IS THE REGISTERED TRADEMARK FOR MULTIPHASE SUPERFINE ATOMISED RESIDUE

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HIGHLIGHTS

Throughout FY2022, Quadrise has seen material progress across a range of international projects. Key agreements have been signed with MSC, Valkor and our client in Morocco, with Morocco and MSC now entering the trial phase. Development of lower carbon bioMSAR™ continues, as well as plans to develop 'bioMSAR™ Zero' by 2030, assisted by the signature of an agreement with Vertoro. These developments, together with the funds in place, are expected to take the Company to commercial revenues in the current financial year.

MSC

In July 2022, Quadrise signed a Framework Agreement with MSC to carry out trials of bioMSAR™ and MSAR® fuels with a view to the commercial supply of one or both of the fuels to MSC's global fleet. Proof-of-concept tests are planned for Q1 2023, following which MSC will run LONO trials. With positive trial progression, Quadrise, MSC and other key stakeholders expect to commence discussions for commercial supply to MSC's global fleet.

Americas

Quadrise and its local agents are progressing discussions with candidate sites in Panama and Honduras to trial MSAR® and bioMSAR™ at power plants as a precursor to potential commercial supply in 2023. Joint discussions are also underway with a large refinery in the Caribbean with an interest in potential MSAR® supply, and the Company continues to progress activities in Mexico.

Morocco

In June 2022, Quadrise signed a new Material Transfer & Cooperation Agreement with the client, under which an industrial demonstration test using MSAR® and bioMSAR™ will be carried out at a client site. The MSAR® fuel for this test has now been manufactured and is being delivered to Morocco, with bioMSAR™ following imminently. The site test is now scheduled for early Q4. Upon successful completion, the parties will enter into discussions for potential commercial supply before year-end.

bioMSAR™

In September 2022, Quadrise signed a Joint Development Agreement with Vertoro to investigate the use of their crude sugar oils (CSO™) as an alternative biofuel feedstock for bioMSAR™.

Utah

In April 2022, Quadrise entered into a Commercial Development Agreement with Valkor Technologies LLC to commercialise both MSAR® and bioMSAR™ at their projects in Utah. The parties are working together to conclude a commercial agreement during Q4 2022.

Financial

Cash balance of £4.4m as at 30 June 2022, with commercial revenues forecast to commence before the end of the current financial year.

CHAIRMAN'S STATEMENT

After joining Quadrise as Chairman in February 2022, I expressed my belief that this was a pivotal time for the Company. Almost no-one could have foreseen how much change and volatility has been witnessed in energy markets since then. The war in Ukraine and record global temperatures pushing the cost, security and carbon intensity of energy supply to the top of the political and business agenda. With the need to find greener, more cost-effective energy solutions becoming more urgent by the month, Quadrise now finds itself very well positioned to capture new business by offering practical, economic and greener solutions to real world problems through its MSAR® and lower carbon bioMSAR™ fuels.

In February, I also stated that our immediate priorities were to determine which of our projects would be able to achieve revenue generation and positive cashflows in the timeliest manner and within our available resources, and to position Quadrise squarely amongst the growing cohort of Green Economy companies.

On the first of these priorities, it has been pleasing to note that the progress achieved to date should enable Quadrise to become revenue generating within the current financial year. Our flagship project with MSC has reached the milestone of a signed Framework Agreement and trials are expected to commence in early 2023. In Morocco, with preparatory work now complete, we expect completion of the trial early next quarter. In Utah, the commencement of drilling by Valkor and their partners will provide the oil samples needed to progress trials and commercial agreements. The agreements in place provide a clear line of sight from trials to commercial revenues.

The Company's immediate future will be to a large extent determined by our ability to deliver on the projects in hand, but it is pleasing to note the increasing enquiries from potential customers and partners who are interested to work with Quadrise and our real-world decarbonisation solutions. Once we secure our first commercial agreements, we should be confident of further growth.

On positioning Quadrise squarely in the Green Economy ecosystem, work is underway to enhance our ESG messaging, with our maiden sustainability report currently being researched and drafted. Shareholders will note our streamlined Annual Report this year as we migrate our sustainability messaging to this report, expected to be published before the end of the calendar year.

In September, we were delighted to appoint Vicky Boiten-Lee as an ESG adviser to the board, in order to assist us in our efforts to make Quadrise a market leader in sustainability and to bring her industrial marketing experience and international perspectives to the board table.

Looking further ahead, we continue to develop the next generation of bioMSAR™ fuel and energy delivery technologies, with the goal of producing a fully net-zero product by 2030. These efforts have been bolstered by our recent JDA with Vertoro. We also remain open to M&A transactions that could de-risk and/or facilitate the expansion of the core emulsion fuels business. Our ambitions for the business are limited more by our available financial resources than by the scale of the opportunities that we can address.

We have come a long way during the financial year, and especially since the end of the Covid-19 pandemic restrictions. External factors and management's successful efforts on project definition and decarbonisation initiatives have combined to convince the board that now is the time to double down on their delivery, rather than to seek a change of direction.

I remain firm in my belief that Quadrise's time has come and am delighted to lead an experienced and determined board. Together with management, the board looks forward to driving the Company towards commercial revenues and generating value for our shareholders, whom I thank for their support and engagement throughout the year.

Results for the Year

The consolidated after-tax loss for the year to 30 June 2022 was £2.6m (2021: £4.3m), with the loss per share for the year reducing to 0.18p from 0.36p in 2021. Production and development costs of £1.5m (2021: £1.4m) comprise the costs of the Group's R&D facility ('QRF' in Essex), its operational staff and consultants, and ongoing bioMSAR™ and MSAR® development costs. These costs are consistent with the previous year, as they largely relate to fixed costs.

Administration expenses of £1.4m (2021: £1.5m), comprise the Group's corporate staff and directors' costs, professional advisor fees, PR/IR costs and head office costs. These have decreased as a result of reduced professional fees and lower office costs due to the move from our previous office in February 2021.

At 30 June 2022, the Group had total assets of £8.0m (2021: £10.7m). The most significant balances were cash of £4.4m (2021 £7.0m), intangible assets of £2.9m (2021: £2.9m), and property, plant and equipment of £0.4m (2021: £0.5m). The Group has tax losses arising in the UK of approximately £60.0m (2020: £58.4m) that are potentially available to be carried forward against future profits.

Andy Morrison
Non-executive Chairman
30 September 2022

CHIEF EXECUTIVE'S STATEMENT

Our Energy Decarbonization Solutions

As a result of our collective efforts during the year, Quadrise has positioned itself as one of the key decarbonisation solutions providers in a rapidly changing global energy market. The world has until 2030 to cut human-caused CO_2 emissions by half, in addition to other greenhouse gas ("GHG") emissions such as methane. These steps are required to have a 50% chance of avoiding the worst effects of climate change by 2050, according to the Intergovernmental Panel for Climate Change. Our unique technology can play a significant role in helping the world achieve this goal economically, today.

Our patented MSAR® technology enhances the combustion of residual fuels and fuel oils, reducing harmful emissions. MSAR® use lowers fuel consumption in diesel engines by up to 10% and reduces greenhouse gas emissions by the same amount. Our innovative low carbon bioMSAR™ fuel takes advantage of this proven fuel technology platform and incorporates renewable glycerine, currently a by-product of biodiesel manufacture, as a clean fuel component to reduce greenhouse gas emissions by over 25%.

Since presenting bioMSAR™ at the International Maritime Organisation ("IMO") in London during their International Shipping Week in September 2021 there has been a steady flow of enquiries from the maritime sector. According to UK Research and Innovation, the shipping industry is responsible for over 900 million tonnes of carbon dioxide emissions annually, roughly 2.5% of the world's total emissions. While a number of lower-carbon and potentially net-zero solutions are in development, they are not ready to be utilised at scale and will require significant investment in either retrofitting existing fleets or building new vessels. Quadrise's solutions are available immediately, and can be deployed at low cost to achieve immediate benefits during the transition to a Net Zero GHG future.

Just as we continue to promote our current technology and products, we also recognise that Net Zero fuel solutions will be mandatory in the future, potentially as early as 2030. We have an RDI strategy in place to take advantage of this opportunity using our innovative and adaptable technology as well as collaborations with others in the field. During the period we have completed a joint study with University of Greenwich to explore the production of glycerine and other products from algae and commenced testing of various biofuel components that are soluble in oil or water.

A Joint Development Agreement ("JDA") was signed with Vertoro of the Netherlands to investigate the use of concentrated sugars extracted from biomass as lignocellulose as an alternative water-based lower cost and abundant biofuel feedstock for bioMSAR™. Initial testing at Quadrise Research Facility ("QRF") in Essex has been positive - incorporating their crude sugar oils (CSO™) into bioMSAR™ formulations. A joint patent application has been filed with Vertoro as a result and diesel engine testing is planned under the JDA during the next 12 months. Additionally, a new patent was filed by Quadrise and Nouryon to cover "blend-on-board" solutions for the production of MSAR® and bioMSAR™ in situ for diesel engines using conventional fuels and biofuels to strengthen our IP portfolio, and we are generating data using our Cummins engine at Aquafuel to support this.

Key Project Delivery

Our lead projects are in the marine, upstream and industrial sectors, with further projects progressing for downstream and powerplant applications. Our current focus is on demonstrating MSAR® and bioMSAR™ technology at commercial scale and progressing each of the opportunities into commercial supply agreements. During the period agreements have been signed to progress these projects accordingly:

- **MSC** – In July 2022, we were delighted to finally sign a framework agreement with MSC Shipmanagement ('MSC') to test and trial both of our economical, cleaner marine fuel and biofuel alternatives on their vessels. Having built a good relationship with MSC over a number of years, Quadrise is excited to be collaborating with them to decarbonise the largest container ship fleet in the world as they lead the way in helping the marine sector transition towards a net-zero carbon future.

  The agreement with MSC is a multi-stage process, with pilot-scale marine testing shortly to be completed in Italy in early Q4, managed by Wärtsilä. The MSC Leandra, which is to be used for testing is a 54,000-deadweight tonne container ship in active commercial service. The Wärtsilä Flex-powered vessel, formerly known as the Seago Istanbul, is familiar to us from previous successful tests of MSAR®, which simplifies and de-risks the planned testing and extended operational use of bioMSAR™. The project team have inspected the MSAR® systems previously installed for the Maersk tests to ensure the unit is ready for fuel testing, and commissioning tests are scheduled to be completed during the coming weeks. Planning is ongoing with MSC and Lloyd's Register to complete a safety review to obtain Flag State approval for the trials as before.

  Proof-of-concept ("POC") tests aboard the Leandra are planned for Q1 2023, after the vessel returns from drydock for its scheduled maintenance and regulatory class inspection. Confirmation of the vessel route and the MSAR® / bioMSAR™ bunker supply point and partner will be made in Q4 2022, with discussions underway with potential fuel supply partners. Following the POC tests, MSC will run operational trials for which approximately 25,000 tonnes of each fuel will be supplied. Each trial encompasses 4,000 hours of testing on board the vessel, with a view to obtaining a letter of no objection ("LONO") from Wärtsilä upon completion. The first operational LONO trial on bioMSAR™ is expected to be completed by the second half of next year. As the trials progress positively Quadrise, MSC and other key stakeholders expect to commence discussions for the commercial supply of bioMSAR™ and MSAR® to MSC's global fleet. Successful trial results will also facilitate negotiations for the supply of our technology to other shipping companies and advance our collaboration to help decarbonise shipping globally.

- **Morocco** – Our project in Morocco is with a key client interested in using MSAR® and potentially bioMSAR™. In June 2022, Quadrise signed a new Material Transfer & Cooperation Agreement ("MTCA") with the client, superseding the original agreement announced late 2019. Under the MTCA Quadrise is contracted to manufacture trial quantities of MSAR® and bioMSAR™ for the purpose of an industrial demonstration test at one of the client's sites, and to complete a technical and economic feasibility study for a potential additional industrial demonstration test at a second site. The draft feasibility study for the second site was submitted to the client in June 2022 as planned.

  Preparations for the industrial demonstration test are well advanced, the trial equipment is on site and the client is ready to receive the MSAR® and bioMSAR™ fuel following several visits by Quadrise personnel to site. Preparation of the MSAR® fuel was delayed by several weeks due to hold ups with the commissioning of our new five tonne-per-hour MSAR® unit in Denmark. This was caused by the late supply of key electronic components for the control system, and limited availability of personnel at our third-party contractor over summer. With these issues now resolved, the MSAR® is now manufactured and is being delivered to Morocco, with bioMSAR™ manufacture and shipment to follow imminently. The site test is now scheduled for early Q4. On completion of the trial Quadrise will provide the Client with a written report on the efficacy of using MSAR® and bioMSAR™. Provided the Client-specified deliverables regarding performance and product quality are met, the parties will enter into discussions for a potential commercial supply of MSAR® before year-end. The additional industrial demonstration test will be subject to a future agreement following positive results from the first test.

- **Utah** – Our project in Utah involves using MSAR® technology to emulsify low-sulphur 10-13° API heavy oil that can be recovered from the billions of barrels of oil-sand and conventional oil deposits at Asphalt Ridge. MSAR® technology reduces the viscosity of the heavy oil, saving the use of diluents or excessive heat in the supply chain. The resulting MSAR® or bioMSAR™ produced is an alternative to very low sulphur (<0.5%) fuel oil ("VLSFO") or FAME-based biofuel for the industrial, power and marine fuel sectors.

  In August 2021, our RDI team at QRF successfully converted Utah oil samples provided by Greenfield Energy LLC ("Greenfield", a subsidy of AIM-listed TOMCO Energy plc) to both MSAR® and bioMSAR™. In April 2022, Quadrise entered into a Commercial Development Agreement ("CDA") with Valkor Technologies LLC ("Valkor") to commercialise Quadrise's MSAR® and bioMSAR™ technologies at its projects in Utah. Valkor has equity interests in the majority of heavy oil projects in Utah, including those of Greenfield, Petroteq Energy Inc, Heavy Sweet Oil LLC and Big Sky Resources LLC. During the period up to the end of August 2022, Valkor managed an extended and expansive core sampling programme in the oil-producing region to accurately define recoverable reserves from surface oil sands and sub-surface heavy oil. In parallel, further work was undertaken by Valkor and partners on selecting and optimising the solvent process used for extraction of oil from the sand, so as to enable finished products of each. Valkor was also involved with presentations to the Utah authorities to obtain drilling permits for 4 pilot wells, Valkor expect to obtain these drilling permits imminently and first oil is anticipated later in Q4 2022.

  The result of these activities has secured heavy oil availability by end 2022, but delayed the assay information and potential samples that Quadrise and Valkor need to market MSAR® and bioMSAR™ in the region. Despite these minor delays the parties are working together to finalise the commercial terms for Phase 1 (the "Primary Project") to conclude an agreement during Q4 2022. The future use of sequestered CO_2 for enhanced oil recovery in Utah could result in a low carbon MSAR® or bioMSAR™ VLSFO alternative that would have compelling competitive advantages, especially for the marine sector.

CHIEF EXECUTIVE'S STATEMENT (CONTINUED)

- **Americas** – Through our regional agent network we are progressing projects in Panama and Honduras with thermal power generators, and in Mexico and the Caribbean with national oil companies and utilities respectively. Quadrise and its local agents, E&PC, are progressing discussions with several candidate sites in Panama and Honduras to trial MSAR® and bioMSAR™ at power plants equipped with medium speed 4 stroke diesel engines (many of which are Wärtsilä), as a precursor to potential commercial supply in 2023. Joint discussions have also recently commenced with a large refinery in the Caribbean with an interest in potential MSAR® supply for internal consumption or sale to regional power plants. In Mexico, the Company submitted a multi-site study in Q3 2022 to the National Oil Company supporting the implementation of MSAR® technology at a number of their refineries, together with documentation for one of the sites to carry out a demonstration of MSAR® refinery refuelling on a fuel oil boiler and/or fired heater in 2023.

Outlook

During the reporting period the downstream oil sector has had to react to a combination of increased product demand for refined transportation fuels as the world emerged from the global pandemic, and then a rapid supply-demand shift resulting from the partial embargo on Russian oil and products due to the invasion of Ukraine. These events elevated oil prices and the relative value of refined products globally. This has been positive for refinery margins in general and has elevated the fuel oil - distillate spread, enhancing the economic value of refinery residuals as an energy source for MSAR® and bioMSAR™ in our key markets. The refining sector is adapting to changes in renewable fuel demand, with many refineries in the developed world investing in biofuel production. Major energy companies are also heavily investing in decarbonisation initiatives, an example being the recent $2.75bn acquisition of the Renewable Energy Group by Chevron in June 2022.

Russia's invasion of Ukraine has also had a material impact on the availability and price of natural gas and LNG, with European shortages and embargoes impacting global demand. Higher energy prices, coupled with increased scrutiny of the role of methane slip in the supply of natural gas are causing a new uncertainty over decisions on future energy supply. Methane is a potent greenhouse gas that has a global warming potential approximately 80 times greater than CO_2 over 20 years (IPCC), hence a small gas leak can materially negate any benefits in CO_2 reductions over fuel oil or biofuel-based products such as MSAR® and bioMSAR™. Many commentators are now questioning the longer-term use and full environmental impact of LNG when the world needs to decarbonise.

New legislation and regulations to advance decarbonisation efforts are coming thick and fast, initiated by the EU but now spreading globally by other regions and the IMO. The shipping sector is one of the hardest sectors to decarbonise but there is increased consumer pressure for operators to address this challenge. The IMO and the Maritime Environment Protection Committee (MEPC) policy goal is to cut annual greenhouse gas emissions in shipping by at least 40% by 2030, pursuing a 70% reduction by 2050. The forthcoming Energy Existing Ship Index (EEXI) and Carbon Intensity Indicator (CII) regulations have resulted from this policy goal. The former's purpose is to regulate the overall energy efficiency of a vessel's design, whilst the latter regulates the operational carbon intensity of a vessel by measuring how efficiently it transports goods or passengers. In addition to the environmental, economic and operational benefits, our fuels represent an effective and swift solution to meet these regulations.

During the period Philip Hill joined us in January 2022 to replace Mark Whittle as COO, and Andy Morrison joined us in February 2022 as Non-executive Chairman to replace Mike Kirk. Both Philip and Andy have settled in well and have hit the ground running. In addition, we have recently welcomed two new staff at QRF in Essex to strengthen the RDI team there, working under Bernard Johnston to advance our projects and decarbonisation initiatives. Vicky Boiten-Lee has recently joined us in an ESG Advisory role to assist David Scott and myself in enhancing our sustainability programmes and reporting during the coming months.

I am pleased to say that Quadrise is entering an exciting period of growth and I look forward to generating value for our loyal shareholders, whilst delivering innovative solutions for a cleaner planet.

Jason Miles
Chief Executive Officer
30 September 2022

STRATEGIC REPORT

For the year ended 30 June 2022

Principal Activity

The principal activity of the Company is to develop markets for its proprietary emulsion fuels, MSAR® and bioMSAR™ as low-cost, more environmentally friendly substitutes for conventional heavy fuel oil ("HFO") and biofuels for use in power generation plants, industrial and upstream oil applications, and marine diesel engines.

Business Review and Future Developments

A full review of the Group's activities during the year, recent events and future developments is contained in the Chairman and CEO Statements on pages 2 and 4.

Key Performance Indicators

The Group's key performance indicators are:

- Development and commercial performance against the Group's business model and project timetables established with partners and clients, and
- Financial performance and position against the approved budgets and cashflow forecasts.

The Board regularly reviews the Group's business model, with a progress review held at least monthly with Non-Executive Directors. The commercial performance of the Company and each of the Company's key projects and business development opportunities is discussed at length in the Chairman and CEO Statements.

Each year, a detailed two-year budget and cash forecast is prepared by the Executive Directors and the Head of Finance, and following an extensive review process, is then approved by the Board. Performance against budget and updated cash projections are included within the monthly management accounts issued to and reviewed by the Board.

For the year ended 30 June 2022, progress against the Group's business model was slower than anticipated, with delays to key projects as discussed in the CEO statement on pages 4-6. The financial performance of the Group was ahead of budget due to lower than forecast expenditure on bioMSAR™ testing, staff costs and up-front project expenditure as a result of delays to project timetables.

Going Concern

The Group had a cash balance of £4.4m as of 30 June 2022, expected to be sufficient to reach forecast commercial revenues in H1 2023 and to cover project expenditure and fixed costs up to early H2 2023. Additional funding will be required beyond this point to bridge the gap between exhaustion of existing funds and the generation of sustainable positive cashflows, expected to commence in H2 2024. The Directors have determined that the continuation of the Group as a going concern will be dependent upon successfully raising sufficient funds to bridge this gap. The Directors have a reasonable expectation that such funds will be raised, although no binding funding agreements are in place at the date of this report, and have therefore determined that it is appropriate to prepare the financial statements on a going concern basis. However, in the absence of additional funding being in place at the date of this report, these conditions indicate the existence of a material uncertainty which may cast significant doubt over the Company's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business. For further details behind the judgments and estimations used by the Directors in reaching this determination, refer to note 3.

Longer Term Viability Statement

In reaching its conclusion on the going concern assessment and longer term viability of the Group, the Board reviewed the Group's three year cash flow forecasts which cover the period to revenue generation and the generation of positive cashflow. This period is applicable because it extends to the point during which the Group is forecast to be generating sustainable positive cashflows. The Board reviewed the underlying assumptions in this cashflow, together with sensitivity analysis performed on these projections. The Board believes these forecasts are based on a prudent assessment of the Group's prospects, target markets and past experience, taking account of reasonably possible scenarios given current market and economic conditions. The risks outlined below have been considered by the Board in their determination of longer-term viability, most significantly 'Delay in commercialisation of MSAR® and funding risks' and 'No profit to date'

The Board have reviewed sensitivity analysis which cover these risks, modelling delays in project timelines as well as the removal of certain projects and have determined that the effect of these risks on the Company's longer term viability is that the timing and amount of funds required to take the Group to the point of sustainable positive cashflows is affected. However, the Board consider that the Group remains viable in the longer term under the sensitivities modelled.

The Board therefore has a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, provided it is able to raise the funding required as outlined in the Going Concern note above.

Climate Change

As discussed in both the Chairman's and CEO's statements on pages 2 to 6, Quadrise's bioMSAR™ technology offers an alternative to HFO with over 25% lower CO_2 emissions. The Directors believe that the growing global emphasis on the COP 26 Goals, specifically the goal of transition to global net-zero carbon by 2050, present Quadrise with increasing opportunities to assist marine, power and industrial clients in obtaining a cost-effective solution to lowering their carbon emissions. Government actions to reduce climate change therefore provide opportunities to Quadrise, but the Board acknowledges that the Company may also be presented with additional risks due to these actions.

Risks, including those introduced by climate change and governmental actions to reduce climate change, are discussed in the next section.

Principal Business Risks

Each year in the second quarter, the Audit Committee assists the Executive Team in a structured zero-based re-assessment of the Company's emerging and principal risks. This is conducted for each operational sector and organisational level including the Company's research and development facility, QRF, and then aggregated for the Company as a whole. The risk level is determined by its probability, impact on the Company, and whether the risk has increased or decreased over the last 12 months. A summary of "Principal Risks and Uncertainties" is reviewed at a Board meeting. Subsequently a Risk Mitigation Strategy and Action Plan is incorporated into the annual Business Planning exercise conducted in June.

The principal risks identified during this exercise, ranked in order of the likelihood of occurrence, are set out below. These may not include all the risk factors that could affect future results. Actual results could differ materially from those anticipated because of these and various other factors, and those set forth in the Group's other periodic and current reports filed with the authorities from time to time.

Environmental constraints, climate change and decarbonisation

The increasingly hostile public attitude towards fossil fuels is a significant challenge resulting in a rapid move away from hydrocarbons towards fully renewable fuels. Whilst MSAR® provides considerable environmental advantages, and bioMSAR™ offers the added benefits of carbon reduction, neither offer a net-zero carbon solution. The Group mitigates this risk by continuing to invest in research and development to pursue 'net-zero' carbon fuel solutions as part of its aim to be at net zero by 2030 and pursue business opportunities that will assist in the achievement of this goal. The Company provides progressive decarbonisation solutions for applications such as shipping, where the existing legacy fleet will be in service for many years to come.

Market scope and risk

Aligned with the constraints above, and faced with the move away from hydrocarbons, the Group must still progress its MSAR® and bioMSAR™ endeavours into a volume business. The Group mitigates this challenge by continuing to promote the environmental contribution of MSAR® and bioMSAR™ and explaining the assured ongoing contribution of hydrocarbons to the global energy mix. The Group further mitigates this risk by increasing the potential applicability of Quadrise technology to various sectors, as evidenced by the opportunities in the upstream and industrial sectors discussed in the CEO's Statement. Nevertheless, the marketability of our fuels is affected by numerous factors beyond the control of the Group, for example the variability of price spreads between light and heavy oils, the relative cost of biofuel components, and the relative competitiveness of oil, gas, biofuel and coal prices both for prompt and future delivery.

Commercial return

The Group has made considerable progress in its rapid development and enhancement of bioMSAR™ whilst continuing to advance commercial opportunities for MSAR® and reduce its treat costs in the face of changes to fuel oil-gasoil spreads. During the product development of bioMSAR™ there remain the considerable challenges of testing, feedstock availability (see below), glycerine treatment options, formulation costs and commercial feasibility still to overcome. There is a risk 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 competitive position could be affected by 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. The Group would mitigate this risk through establishing appropriate flexibilities in the contractual framework, offtake arrangements and price risk management through hedging.

Feedstock sourcing - MSAR®

IMO2020 has impacted high sulphur residue supply, and MSAR® economics are vulnerable to changes in fuel oil-gasoil spreads. Securing low-cost residue looks increasingly challenging. There is a risk in respect of appropriately located residues and ongoing price competitive availability of such feedstock as oil refiners seek to extract more transportation fuels from each barrel of crude using residue conversion processes. The Group mitigates this risk where possible by utilising its deep understanding of the global refining industry, targeting qualifying suppliers matched to prospective major consumers. An MSAR® commercial contract would motivate candidate feedstock suppliers to expedite feedstock supply.

Feedstock sourcing - bioMSAR™

Whilst sufficient quantities have been identified for immediate trial purposes, the volumes and quality of renewable glycerine required for a substantial commercial marine or industrial bioMSAR™ contract are beyond those readily accessible. To mitigate this the Company is rapidly increasing its knowledge of current and potential glycerine sources and engaging with suppliers. Clearly a commercial contract would again stimulate this market and thus expedite feedstock supply. The Company is also investigating the feasibility of algal production of glycerine with the University of Greenwich, as well as researching other renewable feedstocks that could be utilised together with, or instead of glycerine, such as Vertoro's CSO™ biofuel.

Delay in commercialisation of MSAR® and funding risks

There is a risk that the commercialisation of MSAR® and bioMSAR™ could be delayed further, or unforeseen technical and/or commercial challenges arise. This could mean that the Group may ultimately need to raise further equity funds to remain operational. Depending on market conditions and investor sentiment, there is a risk that the Group may be unable to raise the required funds when necessary. The Group mitigates this risk by maintaining strong control over its pre-revenue expenditure, keeping up the momentum on its key projects and maintaining regular contact with the financial markets and investor community.

Technological risk

There is a risk firstly that the markets for MSAR® and bioMSAR™ fuels adopt alternative fuels making these technologies redundant or secondly that the technology used for their production may not be adequately robust for all applications. This is in respect of the character and nature of the feedstock and the 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. The Group mitigates this risk by ensuring that its highly experienced key personnel are closely involved with all areas of MSAR® and bioMSAR™ formulation and manufacture, and that the fuel is thoroughly tested before being put into operational use.

Competition risks

There is a risk that new competition could emerge with similar technologies sufficiently differentiated to challenge Quadrise's process. Were such competition to emerge, this could result, over time, in further price competition and pressure on margins beyond that assumed in the Group's business planning. This risk is mitigated by the limited global pool of expertise in the emulsion fuel market combined with an enhanced R&D programme aimed at optimising cost and performance and protection of intellectual property. The Group also makes best use of scarce expertise by developing close relationships with strategic counterparties such as Nouryon while ensuring that key employees are suitably incentivised.

Environment, Social and Governance risks (ESG)

Quadrise is committed to providing safer, cleaner and more affordable energy. By leveraging our extensive RDI capabilities, and through continuous improvement processes, Quadrise aims to be carbon-neutral by 2030. Furthermore, the highest standards of corporate governance have always been a strength and this places the Company in the top tier of AIM companies. We maintain this commitment by adopting the highest disclosure standards of the UK Corporate Governance Code, through the experience and commitment of our Non-executive Directors and by following stringent Board policies and procedures. The Company works to exceptional health, safety, environmental protection and quality standards, with strong risk management processes in place, all of which are supported by a first-class team of professional advisors.

Other Business Risks

Dependence on key personnel

The Group's business is dependent on obtaining and retaining the services of key personnel of the appropriate calibre as the business develops. The success of the Group will continue to be dependent on the expertise and experience of the Directors and the management team, and the loss of personnel could still have an adverse effect on the Group. The Group mitigates this risk by ensuring that key personnel are suitably incentivised and contractually bound.

Environmental risks

The Group's operations are subject to environmental risks inherent in the oil processing and distribution industry. The Group is subject to environmental laws and regulations in connection with all its operations. Although the Group ensures compliance 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 expose the Group to potential 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 such 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 of its business. The Group mitigates this risk by ensuring compliance with environmental legislation in the jurisdictions in which it operates, and closely monitoring any pending regulation or legislation to ensure compliance.

No profit to date

The Group has incurred aggregate losses since its inception, and it is therefore not possible to evaluate its prospects based on past performance. There can be no certainty that the Group will achieve or sustain profitability or achieve or sustain positive cash flow from its activities.

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. Additionally, functioning as a publicly listed Company requires compliance with the stock market regulations. The Group mitigates this risk through commitment to a high standard of corporate governance and 'fit for purpose' procedures, and by maintaining and applying effective policies.

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. The Group has no direct exposure to the Ukraine/Russia conflict.

Andy Morrison
Non-executive Chairman
30 September 2022

DIRECTORS' SECTION 172 STATEMENT

Statement by the Directors in performance of their statutory duties in accordance with s172(1) Companies Act 2006.

The Board of Directors acknowledge that they have a statutory duty under s172 (1) (a-f) of the Act to promote the success of the Group for the benefit of the members considering broader stakeholder interests, and notably having regard to:

(a) the likely consequence of any decision in the long term: see the 'Outlook' section of the CEO's statement on page 6, and principal business risks on page 8.

(b) the interests of employees: The Group's employees are fundamental to the delivery of its strategy. The Board has prioritised fair remuneration arrangements for employees and undertakes regular communication updates in an open environment. Decisions to maximise the resilience of the business, preserve cash and minimise risk are taken after prioritising the continued employment of those employee roles that are instrumental to the success of the business.

(c) the need to foster business relationships with advisors, partners, suppliers, potential MSAR® and bioMSAR™ consumers and producers and others: As a small team of only nine employees, it is essential to the Group that close relationships are fostered. The Group has healthy longstanding relationships with its key counterparties, based on open and supportive channels of communication and ensuring that payment of invoices to suppliers is made on a timely basis.

(d) the impact of operations on the community and the environment: Use of MSAR® fuel contributes to the solution of key environmental problems, reducing black soot emissions and producing less NOx and SOx emissions compared to HFO. The energy requirements for handling and transporting MSAR® are lower than fuel oil, and pre-atomisation means that MSAR® fuel can be burned at lower temperatures than fuel oil, further reducing energy consumption during use. The Board believe that MSAR® use could provide a safer, cleaner and more affordable energy and a pathway to a more sustainable future. The many environmental benefits of MSAR® technology (as discussed on the company's website https://www.quadrisefuels.com/esg/environmental/) have considerable potential to contribute to wider society.

(e) the desirability of the Group maintaining a reputation for high standards of business conduct: The Group has always adopted the highest disclosure standards of the UK Corporate Governance Code; the Board of Directors contains experienced, independent Non-executive Directors who follow stringent Board policies and procedures. The Group works to high HSEQ standards, with strong management procedures in place, and supported by a first-class team of professional advisors

(f) the need to act fairly between members of the Company: The Board endeavours to keep shareholders fully informed (within the usual disclosure constraints) on the Company's strategic development plans, and welcomes the views of shareholders, as evidenced during the year by the open question and answer session following the Annual General Meeting on 26 November 2021. This has been further demonstrated by the investor conference calls, media interviews, presentations, and regular updates to the Company's website that have occurred throughout the year.

The Strategic Report was approved by the Board of Directors on 30 September 2022 and was signed on its behalf by:

Andy Morrison
Non-executive Chairman
30 September 2022

DIRECTORS

Andy Morrison
Non-Executive Chairman
(appointed 1 February 2022)

Andy is a director of growth businesses with almost forty years of experience encompassing major multi-national corporations and junior public companies. Andy spent 17 years at Shell plc in their oil products, lubricants and speciality chemicals divisions, where his roles included VP positions in sales, marketing, trading and strategy. Andy then held senior positions at BG Group plc and BOC Group plc in Corporate Strategy and New Business Development respectively. Since 2007, Andy has led a number of junior listed companies in both the energy and ESG sectors, where he has significant experience covering restructuring, turnarounds, new listings and acquisitions. Andy holds a first-class bachelor's degree in chemical engineering and fuel technology from the University of Sheffield.

Jason Miles
Chief Executive Officer

Jason spent over twelve years of his career prior to Quadrise developing emulsified fuel projects; initially as a process engineer for BP and subsequently for PDVSA, as Business Development Manager where he implemented numerous Orimulsion® projects globally. Jason has an honours degree in chemical engineering from Loughborough University and an Executive MBA from the Cass Business School in London and is a chartered Chemical Engineer. Jason has extensive emulsion fuel and oil market knowledge and is responsible for managing MSAR® business development, project delivery and commercialisation of the refining, power, marine and industrial sectors.

Laurie Mutch
Non-Executive Director

Laurie is a management consultant to multi-national organisations. He had 25 years' experience in the energy industry with the Royal Dutch/Shell Group where he sat on the Board of Shell International Gas & Power, as Executive Director for business development in the Eastern Hemisphere. From 1994 to 1996, he was the Finance Director in Shell International Gas, and a senior adviser to the International Energy Agency. Prior roles include senior management positions in Shell's Coal and Chemical Divisions. During his last two years of service, he was Group Chief Information Officer. Laurie holds a BSc in Mathematics & Physics and an MSc in Astrophysics. He is chairman of the QFI Audit and Funding committees and a member of the Compensation and Nominations committees.

Dilipkumar Shah
Non-Executive Director

Dilip brings with him over 25 years of commercial experience in trading, finance, manufacturing and distribution. Dilip has most recently been involved in trading and manufacturing in West Africa with focus on Nigeria, Democratic Republic of Congo and Ghana. He is a founder member of various successful companies in West Africa involved in the distribution of fertilizers, chemicals, tobacco related products and the manufacture of food products. In addition, he serves on the boards of several private UK and international companies.

Philip Snaith
Non-Executive Director

Philip has spent more than 35 years with the Royal Dutch Shell Group in senior executive positions, latterly as General Manager of Shell International Trading & Shipping Company Limited in London. Between 2004 and 2008, Philip spent four years in Singapore as President of Shell International Eastern Trading Company – with responsibility for the Asia-Pacific trading portfolio. Concurrent with this executive position, he was a Non-executive Director of Shell Eastern Trading Company (Pte) Ltd, with annual revenues of around US$55 billion, and was also Chairman of both Shell Tankers Singapore (Pte) Ltd and Shell International Shipping Services (Pte) Ltd. Philip holds an MBA from Cranfield University, a BSc (Physics) from Imperial College and a Diploma in Marketing (Dip.M) from the UK Chartered Institute of Marketing. Philip is a member of the QFI Audit committee, and Chairman of the Compensation and Nominations committees.

Mike Kirk
Chairman
(resigned 26 November 2021)

Mike served as a corporate finance partner at Cazenove providing advisory services to several clients in the utilities, oil and gas and oilfield service sectors. Whilst at Cazenove, Mike led the flotation of Wood Group, Expro International and KBC Advanced Technologies (where he also served as a Non-executive Director for 9 years). Since leaving the City, Mike has held a portfolio of non-executive directorships for a variety of companies. Prior to working in the City, Mike worked in the chemical and nuclear industries and has a BSc in Chemical Engineering from Leeds University, an MSc in Nuclear Fuels Technology from Imperial College and a Finance MBA from Cass Business School. Mike has extensive experience in the energy and oilfield/engineering services and utilities sectors, as a senior corporate finance advisor and Non-executive Director. Mike resigned from the QFI board on 26 November 2021.

Mark Whittle
Chief Operating Officer
(resigned 16 July 2021)

Mark is a chemical engineer with over 25 years' experience in energy, covering both the downstream oil and renewables sectors. He started his career as an Engineer with Esso at their Fawley refinery before working for Criterion Catalysts & Technologies (Shell), Louis Dreyfuss and ConocoPhilips on a worldwide basis. His experience is both technical and commercial, and includes refining, technology transfer, asset optimisation, refinery economics & strategic planning, project development and trading. Mark has an honours degree in chemical engineering with minerals from the University of Birmingham. Mark resigned from the QFI board with effect from 16 July 2021.

DIRECTORS' REPORT

The Directors present their report together with the audited accounts of Quadrise Fuels International plc ("the Company"), and its subsidiaries, ("the Group") for the year ended 30 June 2022.

Results and Dividends

The consolidated loss from continuing operations after taxation for the year ended 30 June 2022 was £2.9m (2021: £4.3m). The Directors do not recommend the payment of any dividend for the year (2021: £nil).

Directors

Those who served as Directors during the year are:

- Andy Morrison (Non-executive Chairman) – appointed 1 February 2022
- Mike Kirk (Chairman) - resigned 26 November 2021
- Jason Miles (Chief Executive Officer)
- Mark Whittle (Chief Operating Officer) - resigned 16 July 2021
- Laurence Mutch (Non-executive Director)
- Dilipkumar Shah (Non-executive Director)
- Philip Snaith (Non-executive Director)

Resolutions to elect Andy Morrison who was appointed by the Board with an effective appointment date of 1 February 2022 as a Director of the Company and to re-elect Laurie Mutch who will retire as a Director by rotation under the Company's Articles of Association, will be proposed at the Company's 2022 Annual General Meeting.

Directors' Interests

The interests of the Directors holding office at 30 June 2022 were as follows:

Number of Shares held:

Directors	30 June 2022 Ordinary Shares of 1p each	30 June 2021 Ordinary Shares of 1p each
Andy Morrison[1]	-	-
Jason Miles	3,905,988	3,905,988
Laurence Mutch	522,107	522,107
Philip Snaith	506,649	506,649
Dilipkumar Shah	170,000	170,000

[1] – On 1 August 2022, Andy Morrison purchased 700,000 shares.

Number of share options held:

Directors	30 June 2022 Share options	30 June 2021 Share options	Exercisable up to
Andy Morrison	-	-	-
Jason Miles	-	5,000,000	1 April 2022
	1,500,000	1,500,000	22 March 2024
	3,551,122	3,551,122	27 June 2029
	1,448,878	1,448,878	27 June 2027
	-	5,000,000	21 August 2028
	1,775,862	-	3 September 2029
Laurence Mutch	-	3,500,000	1 April 2022
	2,000,000	2,000,000	27 June 2027
Dilipkumar Shah	-	500,000	1 April 2022
	500,000	500,000	27 June 2027
Philip Snaith	2,000,000	2,000,000	27 June 2027

Substantial Shareholders

The Board was aware of the following interests of 3% and over of the issued share capital of the Company as at the date of this report.

	Nature of holding	Number of ordinary shares held	Percentage of issued share capital and voting rights
Hargreaves Lansdown	Indirect	302,010,511	21.47%
Interactive Investor Trading Limited	Indirect	249,322,740	17.72%
HDSL	Indirect	123,379,623	8.77%
Barclays Smart Investor	Indirect	77,456,126	5.51%
Ruudowen Limited	Direct	62,839,261	4.47%
AJ Bell	Indirect	56,909,544	4.05%
Phibatec Limited	Direct	51,558,994	3.66%
HSBC Private Bank	Indirect	44,198,416	3.14%

Financial Instruments

The Group's principal financial instruments comprise cash balances and other payables and receivables that arise in the normal course of business. The risks associated with these financial instruments are disclosed in note 23.

Research and Development

The Group continues to invest in research and development associated with the design and manufacture of MSAR® and bioMSAR™ proprietary emulsion fuel. Further information regarding the research and development activities of the Group is contained in the Chief Executive's Statement.

Future Developments

Further information regarding the future developments of the Group is contained in the Chief Executive's Statement.

Directors' Liabilities

Subject to the conditions set out in the Companies Act 2006, the Company has arranged appropriate Directors' and Officers' liability insurance to indemnify the Directors against liability in respect of proceedings brought by third parties. Such provisions remain in force at the date of this report.

Disclosure of Information to Auditor

So far as each person who was a Director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow Directors, each Director has taken all the steps that he ought to have taken as a Director in order to have made himself aware of any relevant audit information and to establish that the auditor is aware of that information.

Re-appointment of Auditor

In accordance with Section 489 of the Companies Act 2006, a resolution to re-appoint BDO LLP will be proposed at the next Annual General Meeting.

Board Committees

Information on the Audit and Compensation committees is included in the Corporate Governance section of the Annual Report.

Annual General Meeting

The Annual General Meeting will be held on Friday 25 November 2022 as stated in the Notice, which accompanies this Annual Report.

By order of the Board.

MSP Corporate Services Limited
Company Secretary
30 September 2022

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Strategic Report, Directors' Report and the Financial Statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors have elected to prepare the financial statements in accordance with UK adopted international accounting standards in conformity with the requirements of the Companies Act 2006 for reporting year ended 30 June 2022.

Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period. In preparing these financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgments and accounting estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

They are further responsible for ensuring that the Strategic Report and Report of the Directors and other information included in the Annual Report and Financial Statements is prepared in accordance with applicable law in the United Kingdom.

The maintenance and integrity of the Quadrise Fuels International plc website is the responsibility of the Directors; the work carried out by the auditors does not involve the consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred in the accounts since they were initially presented on the website.

Legislation in the United Kingdom governing the preparation and dissemination of the accounts and the other information included in annual reports may differ from legislation in other jurisdictions.

Andy Morrison
Non-executive Chairman
30 September 2022

REPORT ON DIRECTORS' REMUNERATION

Key Management Remuneration

The Compensation Committee of the Board of Directors is responsible for determining and reviewing compensation arrangements for all key management personnel, regarded as the executive Directors and Officers of the Group. The Compensation Committee assesses the appropriateness of the nature and amount of emoluments of such officers on a periodic basis and is guided by an approved remuneration policy and considers relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high-quality Board and executive team. The Compensation Committee additionally links part of key management remuneration to the Company's financial and operational performance.

Details of the nature and amount of each element of the emoluments of each member of Key Management for the year ended 30 June 2022 were as follows:

Director	Short-term employee benefits £'000s	Social security costs £'000s	Post-employment benefits £'000s	Other benefits £'000s	Share option benefits* £'000s	Total 2022 £'000s	Total 2021 (as disclosed) £'000s	Share option benefits £'000	Total 2021 £'000*s
Andy Morrison[1]	30	4	-	-	-	**34**	-	-	-
Mike Kirk[2]	48	6	4	5	(56)	**7**	127	75	202
Jason Miles	251	34	10	6	(1)	**300**	263	119	382
Mark Whittle[3]	38	5	3	2	(48)	**-**	179	47	226
Philip Snaith	40	4	-	-	9	**53**	44	22	66
Laurence Mutch	47	5	-	-	9	**61**	44	22	66
Bryan Sanderson[4]	-	-	-	-	-	**-**	1	-	1
Dilipkumar Shah	-		-	-	2	**2**	-	5	5
Total	**454**	**58**	**17**	**13**	**(85)**	**457**	**658**	**290**	**948**

[1] – Appointed 1 February 2022

[2] – Resigned 26 November 2021

[3] – Appointed 1 February 2020, resigned 16 July 2021

[4] – Resigned 14 July 2020

* – Non-cash share option expense. Negative figures denote a reversal of prior year share option expense due to the lapsing of unvested share options.

Reconciliation of Share Options Granted to Directors

	30 June 2022 Number of share options	30 June 2021 Number of share options
As at 1 July	38,000,000	28,500,000
Granted during the year by QFI	13,052,793	10,000,000
Exercised during the year	-	-
Resignation of Director	(16,776,931)	(500,000)
Expired during the year	(21,500,000)	-
As at 30 June	**12,775,862**	**38,000,000**

No share options were exercised by Directors during the year (2021: nil).

The market price of the Company's shares at the end of the reporting period was 1.60p (2021: 3.50p) and the range during the year was 1.49p to 4.47p (2021: 1.63p to 6.35p) per share.

Philip Snaith
Chairman of the Compensation Committee
30 September 2022

CORPORATE GOVERNANCE STATEMENT

Since admission to trading on AIM in 2006, the Company has adopted the UK Corporate Governance Code and at its Board meeting on 27 June 2018, the Board of the Company resolved to apply the UK Corporate Governance Code, published by the Financial Reporting Council, as revised in July 2018 (the "Code").

The Code sets standards for good practice in relation to board leadership and effectiveness, remuneration, accountability and relations with shareholders. The provisions of the Code (the 2018 version of which the Board resolved to adopt) which apply to Quadrise Fuels International plc are set out below.

Principles of the UK Corporate Governance Code

Board Leadership & Company Purpose

1. Effective and entrepreneurial board promoting sustainable success, generating value for shareholders and contributing to wider society.
2. Establish the company's purpose, values & strategy. Directors to act with integrity and promote the desired culture.
3. Ensure necessary resources to meet objectives and measure performance. Establish framework of controls which enable risk to be assessed and managed.
4. Ensure effective engagement with and encourage participation from shareholders and stakeholders.
5. Workforce policies and practices are consistent with the company's values and support long term sustainable success. Workforce able to raise matters of concern.

Division of Responsibilities

6. Chair responsible for board effectiveness. Promote a culture of openness and debate, facilitate constructive board relations and contribution of Non-executive Directors. Ensure accurate, timely and clear information.
7. Appropriate combination of Executive and Non-executive (particularly independent) Directors so that no one individual or group dominates. A clear division between board and company leadership.
8. Non-executive directors to have sufficient time to meet responsibilities and provide constructive challenge, strategic guidance, specialist advice and hold executive management to account.
9. Ensure policies, processes, information, time and resources required to function effectively and efficiently.

Composition, Succession and Evaluation

10. A formal, rigorous and transparent procedure to board appointment. Establish a succession plan for board and senior management, based on merit and objective criteria. Promote diversity of gender, social and ethnic backgrounds, cognitive and personal strengths.
11. Board and committees to have a combination of skills, experience and knowledge. Review length of service of the board with membership regularly refreshed.
12. The annual board evaluation to consider its composition, diversity and effective working together. Individual evaluation to demonstrate whether each director continues to contribute effectively.

Audit, Risk and Internal Control

13. Establish formal and transparent policies and procedures to ensure independence and effectiveness of internal and external audit functions. Satisfy itself on integrity of financial and narrative statements.
14. Present a fair, balanced and understandable assessment of company's position and prospects.
15. Establish procedures to manage risk, oversee internal controls and determine nature and extent of principal risks in achieving its long-term strategic objectives.

Remuneration

16. Policies and practices designed to support strategy and promote long-term sustainable success. Executive remuneration aligned to purpose and values and clearly linked to successful delivery of company's long-term strategy.
17. A formal and transparent procedure for developing policy on executive remuneration should be established. No director involved in deciding their own remuneration.
18. Directors to exercise independent judgement and discretion when authorising remuneration outcomes, taking account of company and individual performance and wider circumstances.

Chairman's Corporate Governance Statement

Dear Shareholders,

Since its original listing in April 2006, Quadrise Fuels International has applied strong corporate governance principles in all its endeavours. As an example, each year the Board has (albeit informally) tested itself against the then applicable UK Corporate Governance Code and endeavoured to act on any perceived deficiencies.

With the implementation of the new AIM company corporate governance changes, effective 28 September 2018, it was without hesitation that the Board chose to apply the Code as revised in July that year. We have provided details of the Code on our website and explain where we comply, and if not, why and if appropriate what corrective steps we are taking to address any deficiencies. This information is reviewed at least once each year and our website will disclose the review date.

As Chairman, it is my duty together with my fellow Board members to promote and apply good standards of corporate governance throughout our organisation. The Group benefits from a highly experienced Board, setting clear values and strategy whilst promoting a hands-on, friendly but professional culture.

The Company strives to keep our shareholders informed of material progress on our projects, but we acknowledge that this progress has not been as rapid as we would have liked, leading in some instances, to gaps in the provision of updates. However, we continue to receive positive responses from investors regarding our use of Investor Meet Company ("IMC"), and ensure that all questions, no matter how challenging, are answered either during the event or posted on the IMC website afterwards. Feedback from IMC is that we are a positive outlier in terms of the number of questions that we get asked and the diligence with which we answer them. We believe that this demonstrates a real commitment from the Company to treat our retail shareholders in the same manner as our institutional and longstanding high-net-worth shareholders – with the opportunity to directly ask questions of management on a regular basis.

Alongside IMC, we continue to use Proactive Investors for interviews around key areas, and regularly update our social media feeds (Twitter and LinkedIn) to provide background and supporting information to shareholders.

Whilst we regard the broadening of our channels to shareholders as helpful, it is important to emphasise that all substantive announcements are made via RNS. As a Board we are fully aware of our responsibilities in this regard and we have regular contact with our high-quality advisory team including our NOMAD, brokers and our PR-IR and legal advisors. Our approach to the use of social media, blogs and other non-RNS news dissemination is always discussed in detail with our NOMAD to ensure that we are not revealing any material that should be disclosed via RNS. This open dialogue with our advisors ensures that the information that we provide via RNS meets the regulatory requirements of AIM – and that any supplementary information we disclose via other channels does not contain anything that is material or price sensitive.

The Company maintains a comprehensive suite of policies and practices appropriate for our size and stage of development. Each of these is reviewed and signed off by at least one nominated Executive or Non-executive Director with appropriate experience of the subject matter. The executive team frequently consult the Chairman of the audit, compensation and funding committees on planning, finance, legal and human resource matters.

In May and June each year the Board undertakes a structured risk assessment and the outcomes of this are incorporated in the annual Business Plan and the associated financial modelling.

I trust these few examples illustrate that the Company has a proactive and transparent approach to oversight on behalf of all shareholders and those high standards of corporate governance are inherent in our culture.

Following the expiry of Covid restrictions, the Company was delighted to once again hold an in-person AGM in November 2021, which was live-streamed via the IMC platform to shareholders unable to attend in person. We will be continuing with this hybrid approach for our 2022 meeting, with the investor presentation and subsequent Q&A livestreamed via IMC.

Andy Morrison
Non-executive Chairman
30 September 2022

Application of the Code

In accordance with AIM Rule 26, the following describes how the Company complies with and where it departs from the Code together with an explanation of the reasons for doing so.

Board Leadership and Company Purpose

Principle A: Effective and entrepreneurial board promoting sustainable success, generating value for shareholders and contributing to wider society.

The Quadrise Board met formally on 12 occasions during the year ending 30 June 2022 in its endeavours to progress the announced relationships and potential projects more fully described above and in the Chairman's Corporate Governance statement to Shareholders.

Given the progress outlined in the Chairman and Chief Executive's statements, the opportunity for the Company to generate future value for shareholders remains sound in our view. Refer to further information under Provisions 1 and 14, and Principles F, G and H (Board effectiveness, Independence).

MSAR® and bioMSAR™ technology has many environmental benefits as reported elsewhere, and on the company's website https://www.quadrisefuels.com/esg/environmental/ and in this way has considerable potential to contribute to wider society.

Principle B: Establish the company's purpose, values & strategy. Directors to act with integrity and promote the desired culture.

Our mission is to be the world's leading oil-in-water emulsion fuels company, providing best available technology, solutions, services and MSAR® and bioMSAR™ synthetic fuel oil products for our major, market-leading customers.

Our strategy is to work with global and regional companies in the refining, shipping and power-generation markets to develop, simultaneously, the capacity to both produce and consume MSAR® and bioMSAR™ emulsion fuels on a commercial scale and world-wide.

The Quadrise team of nine employees and directors are highly cohesive and motivated with a clear sense of purpose. The Company is privileged to have a highly experienced Board, setting values and strategy in our annual Business Plan, and adopting the highest standards of integrity whilst promoting a hands-on, friendly but professional culture. For further information refer to Provisions 2 and 8.

Principle C: Ensure necessary resources to meet objectives and measure performance. Establish framework of controls which enable risk to be assessed and managed.

We will continue to reduce costs where this is sensible within the business, without impacting our ability to deliver our business development plans, including the essential research and development support. This includes changes to the executive structure where appropriate.

Refer to Provisions 28: Assessment of Risks, and 29: Internal Controls, as well as the disclosures under Principles I and O.

Principle D: Ensure effective engagement with and encourage participation from shareholders and stakeholders.

Our AGM held on 26 November 2021 was a hybrid in-person/online event attended by 25 shareholders in person with a further 127 attending online. Through investor conference calls (6 October 2021, 26 November 2021, 1 April 2022) with an average of 164 shareholders on each call, media interviews, presentations and regular updates to the Company website, the executive team has endeavoured to keep shareholders fully informed (within the usual disclosure constraints) on the Company's strategic development plans. Refer to Provisions 4, 5, 6 and 7 for further information.

Principle E: Workforce policies and practices are consistent with the company's values and support long term sustainable success. Workforce able to raise matters of concern.

As a small and cohesive organisation, the Company is quickly alerted to any practices that are inconsistent with our values and determination to achieve long-term sustainable success. The Company nevertheless prides itself in having in place all of the standard procedures of a much larger corporation, together with a wealth of experience on the Board to address any workforce concerns. During the induction programme, new employees are encouraged to bring forward any concerns at any time including use of a Whistleblowing Policy. Refer to further disclosures in Provisions 2, 5 and 6.

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

Provision 1: Opportunities and risks to future success.

The CEO's Statement in the 2022 Annual Report describes the MSAR® and bioMSAR™ market opportunities in the power generation, industrial, upstream oil and marine bunker fuel sectors. The risks associated with our endeavours have been demonstrated historically by the disappointments of the terminated trial project in KSA, and the marine fuel trial by Maersk. Principal Business Risks are more fully covered on page 8 in the Annual Report. Notwithstanding the challenges faced in our key markets, the Board firmly believes in the sustainability of the Company's business model. Progress will not always be smooth, but we are well positioned to capitalise on past experience and the significant opportunities that we see going forwards. The Company would not be able to attract the attention of partners of this calibre without clear evidence of its standards of corporate governance.

Provision 2: Monitoring corporate culture

The Company does not formally assess and monitor culture – this being a small organisation, where any deviation from policy, practices and behaviour at odds with the Company's purpose and values would become quickly apparent to management. The Quadrise team can be described as cohesive and highly professional with a very clear sense of purpose. Team meetings are held weekly where project progress is reviewed, and remedial action taken. The performance of all employees is assessed annually together with a discussion on career development plans. The remuneration scheme for all employees includes the potential award of bonuses and options subject to company and personal performance.

Provision 3: Regular engagement with major shareholders

Refer to Disclosure under Principle D and Provision 7.

Provision 4: Action to be taken in the event there are 20% votes against a resolution

At the AGM of 26 November 2021, four ordinary resolutions were carried by at least 95.66% voting in favour. Two special resolutions, about the directors' authority to allot and the disapplication of pre-emption rights, were carried with at least 95.45% voting in favour.

Provision 5: Stakeholder engagement mechanisms

Being a small organisation with 9 employees, the Company can readily consider and respond to views put forward by the workforce and other key stakeholders. In view of this, the Company does not have a director appointed from the workforce, a formal workforce advisory panel or a designated non-executive director to engage with the workforce.

Provision 6: A means for the workforce to raise concerns

During the induction programme and subsequently, employees are encouraged to bring forward any concerns at any time including use of a Whistleblowing Policy. If appropriate the chairman of the compensation committee would be asked to investigate and seek external advice should this be necessary.

Provision 7: Identify and manage conflicts of interest

Both executive and non-executive directors meet and consult major shareholders within the usual disclosure constraints to surface and manage any potential conflicts of interest. Any related party transactions are reported in Note 24 to the financial results.

Provision 8: Board Minutes to record issues that cannot be resolved

The Board works hard to resolve any concerns about the management of the company and the operation of the Board. On occasions a director will request that the Board minutes record his divergent opinion from the majority view. A resigning non-executive director would be encouraged to provide a written statement to the chair if his resignation resulted from such a concern.

Division of Responsibilities

Principles F, G & H: Chair responsible for board effectiveness. Promote a culture of openness and debate, facilitate constructive board relations and contribution of Non-executive Directors.

Ensure accurate, timely and clear information. Appropriate combination of exec and non-exec (particularly independent) directors so that no one individual or group dominates. A clear division between board and company leadership.

Non-exec directors to have sufficient time to meet responsibilities and provide constructive challenge, strategic guidance, specialist advice and hold executive management to account.

Quadrise is privileged to have a highly qualified and practiced Board of directors of an unusual level of seniority and standing given the Company's moderate size and still early stage of development. Refer to Director Profiles on page 12 of the Annual Report. The non-executive directors have a level of experience and gravitas that ensures a culture of openness and debate and provide the necessary challenge, guidance and advice. Detailed board papers are prepared a week ahead of meetings. For further information refer to Provision 8: Divergent opinions, Provision 10: Independence, Provision 15: Demands on time, and Provisions 16: Company Secretary.

With a non-Executive Chairman, there is a clear division between board and company leadership. Refer to Provision 9.

Principle I: Ensure policies, processes, information, time and resources required to function effectively and efficiently.

The Company has a digital Policies and Procedures Directory comprising some 100 policies in 22 business categories. The Policies and Procedures are intentionally kept short so that these are easy to refer to and update. Of note, each of these is reviewed and signed off by at least one nominated director (executive or non-executive) who is required to have considerable prior experience of the subject matter. Refer to Provision 29. QFI has a comprehensive disaster recovery plan which is tested on a regular basis.

Expenditure and other authorities are subject to a tight Authorities Matrix, reviewed regularly by the Audit Committee.

The Company has implemented a GDPR policy and has online training facilities for Bribery and Corruption, GDPR and General Data Protection. Completion of this training is compulsory for all employees and directors.

Provision 9: The roles of chair and chief executive

Addressed under Division of responsibilities above. Jason Miles is the Company's CEO and Andy Morrison was appointed as non-Executive Chairman on 1 February 2022.

Provision 10: Independence of non-executive directors

The profiles and experience of the non-executive directors are provided on page 12 of the Annual Report.

Non-Executive Chairman Andy Morrison has the appropriate experience as a former VP at Shell plc and holder of senior positions at BG Group plc and BOC Group plc, as well as leadership positions at junior listed companies in both the energy and ESG sectors. He is a shareholder and holds options in the Company. Mr Morrison has clearly indicated that these holdings do not and have not hindered his ability to be independent and after careful consideration the Board concurs with this view and believes him to be independent.

Mr Snaith has the appropriate experience as a former senior executive of the Royal Dutch Shell Group to chair the compensation and nominations committees. He is a shareholder and holds options in the Company. Mr Snaith has clearly indicated that these holdings do not and have not hindered his ability to be independent and after careful consideration the Board concurs with this view and believes him to be independent.

Non-executive director Laurence Mutch is also a Director of Laurie Mutch & Associates Limited, which from time to time provides consulting services to the Group. The total fees charged for the 2022 financial year amounted to £5k (2021: £45k). He is a shareholder and holds options in the Company and has been a director since 2006. Mr Mutch has clearly indicated that these potential impairments do not and have not hindered his ability to be independent and after careful consideration the Board concurs with this view and believes him to be independent. He was a former senior finance director of the Royal Dutch Shell Group, and has current financing, corporate governance and regulatory experience. He thus has the experience to chair the audit and funding committees. Mr Mutch retires by rotation with a resolution for his re-appointment to be proposed at the 2022 AGM.

Mr Dilip Shah is closely associated with significant shareholders, he is a shareholder and holds options in the Company and is not considered independent.

In view of their contribution to the Company, Mr Morrison, Mr Snaith, Mr Mutch and Mr Shah have been awarded options in the Company, as more fully detailed on page 15 and Provision 34. In addition, Mr Snaith and Mr Mutch have each shown their support for, and confidence in, the future of the company at fund raisings and accordingly hold shares in the company, with Mr Morrison also having purchased shares in the Company following the end of the financial year – please refer to page 14. Whilst this may question their independence in accordance with the Code, the Board continues to hold the view that this has not and does not impair their ability to act as independent directors.

Provision 12: Appointment of a Senior Independent Director

In view of its size, the Company has not appointed a Senior Independent Director. This will be reviewed as the Company progresses its development plans. To the extent that there are unusual circumstances that may require the duties and role of a Senior Independent Director, Mr Mutch acts in this capacity.

Provision 13: Appointing and Removing Executive Directors

On the appointment of Executive Directors refer to Principle J. As discussed under Provision 41, the Compensation Committee annually reviews the performance of the Company against previously determined corporate performance targets adopted by the Board. The non-executive directors meet frequently to discuss any performance concerns.

Provision 14: Meetings of the Board

At the start of the 2021-22 financial year the Board comprised the Chairman, Chief Executive Officer and Chief Operating Officer as executive Directors and three non-executive Directors. Following the resignations of Mark Whittle on 26 July 2021 and Mike Kirk on 26 November 2021, and the appointment of Andy Morrison on 1 February 2022, the Board now comprises one executive director and four non-executive directors. At each Annual General Meeting, one third of the Directors who are subject to retirement by rotation shall retire from office provided that if their number is more than three, but not a multiple thereof, then the number nearest to but not exceeding one-third shall retire. Appropriate Directors' and Officers' liability insurance has been arranged by the Company.

The Board met a total of 12 times during the 2021/22 financial year, including four formal quarterly meetings to discuss a scheduled agenda covering key areas of the Group's affairs including operational and financial performance and monthly management accounts. All relevant information is circulated in good time. The attendance record of each director is shown below:

Director	Attendance	
Mike Kirk*	7	100%
Andy Morrison**	3	100%
Jason Miles	12	100%
Mark Whittle***	1	100%
Laurence Mutch	12	100%
Philip Snaith	12	100%
Dilip Shah	8	66%

*resigned 26 November 2021

**appointed 1 February 2022

***resigned 26 July 2021

Provision 15: Demands on Directors' time

In addition to his role as Non-Executive Chairman, Andy Morrison is currently also Non-Executive Director of Kanabo Group Plc and of Ondo InsurTech Plc and Non-Executive Chairman of Hemspan Ltd. Dilip Shah has other disclosed external appointments. These positions have been disclosed to the Board and do not, of themselves, impact the time they need to commit to the Company.

Provision 16: Advice from the Company Secretary

In Ian Farrelly the Company has a highly experienced Company Secretary and, for example, both the chairman of the compensation committee and the chairman of the audit committee are in regular contact to seek his guidance.

Composition, Succession and Evaluation of the Board

Principle J: A formal, rigorous and transparent procedure to board appointments. Establish a succession plan for board and senior management, based on merit and objective criteria. Promote diversity of gender, social and ethnic backgrounds, cognitive and personal strengths.

The Board Nominations Committee is chaired by Philip Snaith and comprises Andy Morrison, Philip Snaith and Laurence Mutch. There is a formal, rigorous and transparent procedure to board appointments with the use of external recruitment advisers as may be necessary.

Refer to Provision 20. In view of its small size the Board does not have a formal succession plan, and this will be put in place as the Company progresses its development plans. The Board is keen to promote diversity as the Company develops.

Principle K: Board and committees to have a combination of skills, experience and knowledge. Review length of service of the board with membership regularly refreshed.

Refer to Director Profiles in the Annual Report page 12. Each of the members of the Audit Committee has considerable financial experience. The members of the Audit and Compensation Committees formerly held senior executive positions in large organisations. External guidance is used in setting remuneration policy guidelines.

Mr Mutch has been on the Board for 16 years (since listing in April 2006). Whilst this is at odds with regularly refreshing the Board, long experience is highly valued by shareholders when the directors retire by rotation and are then re-elected. Refer to Provisions 18 and 19.

Principle L: The annual board evaluation to consider its composition, diversity and effective working together. Individual evaluation to demonstrate whether each director continues to contribute effectively.

An annual appraisal is undertaken of the contribution of each director, and the effectiveness of the Board and its committees. This involves the completion of a confidential director evaluation matrix with 10 contribution attributes, and a detailed questionnaire on board and committee performance together with an opportunity to propose improvements to Board and committee effectiveness. These are returned to the Company Secretary and a consolidated review is provided to the Chairman for review by the Board.

The Chairman oversees an annual evaluation of all employees with targets set for the following year. The Compensation Committee undertakes an evaluation of the Company's performance and that of the Chairman and CEO. Refer to Provision 41.

Provision 17: The Nominations Committee

Refer to Principle J.

Provision 18: Re-election of Directors

In accordance with the Company's Articles of Association, at each Annual General Meeting, one third of the Directors who are subject to retirement by rotation shall retire from office provided that if their number is more than three, but not a multiple thereof, then the number nearest to but not exceeding one-third shall retire.

Provision 19: Nine-year limitation of Chairman

Andy Morrison was appointed Non-executive Chairman on 1 February 2022.

Provision 20: External search consultant

The Company appointed external search consultants during the year to assist with the recruitment of the Chairman and COO roles.

Provisions 21, 22 and 23: Evaluation of the Board.

Refer to the commentary under Principle L above.

Audit, Risk and Internal Control

Principle M: Establish formal and transparent policies and procedures to ensure independence and effectiveness of internal and external audit functions. Satisfy itself on integrity of financial and narrative statements.

Refer to the Corporate Governance Statement on pages 19-28 in the Annual Report. In view of its size the Company does not have an internal audit function. However, the Audit Committee is closely consulted on the drafting of the Annual Report and of course is integral to the preparation of the annual results. The Committee has considerable governance, control and finance experience. Refer to "The work of the Audit Committee" under Provisions 24, 25 and 26.

Principle N: Present a fair, balanced and understandable assessment of company's position and prospects.

Refer to the Chairman's Statement in the Annual Report, and to Provision 24, 25 and 26: The work of the Audit Committee, Provision 27: Board responsibility in preparing the accounts, Provision 30: Going Concern and Provision 31: The prospects of the Company.

Principle O: Establish procedures to manage risk, oversee internal controls and determine nature and extent of principal risks in achieving its long-term strategic objectives.

QFI performs a structured risk assessment on an annual basis. This involves a review of the probability and impact of adverse events across operational regions and at corporate level. This culminates in the preparation of a risk dashboard for consideration by the Board. This is followed by a documented risk mitigation strategy that is subsequently incorporated into the annual Business Plan. Refer also to Provision 28: Assessment of the Company's Risks and Provision 29: Risk Management and Internal Control systems.

Provisions 24, 25 and 26: The work of the audit committee

The Audit Committee is chaired by Laurence Mutch and comprises Philip Snaith and Laurence Mutch, both of whom have recent and relevant financial experience and considerable competence across all elements of the oil sector. The chairman of the committee provides a written or detailed verbal report as necessary of every Audit Committee meeting at the next board meeting. The committee meets at least four times a year and is responsible for monitoring the integrity of the financial statements of the Company, keeping under review the scope and results of the audit, its cost effectiveness and the independence and objectivity of the auditors. The committee provides advice on whether the annual report and accounts are fair, balanced and understandable. Due to the size of the Company, there is currently no internal audit function, although the committee has oversight responsibility for public reporting, overall good governance and the Company's internal controls. The committee annually assists management in the formal and robust assessment of the Company's risks. Other members of the Board, the Head of Finance, as well as the auditors, typically attend the Audit Committee meetings.

The performance of the committee is reviewed annually by the Board as more fully described under Principle L above.

Significant Issues

The significant issues considered relating to the 2022 financial statements were Going Concern, the Valuation of Intangible Assets, and Management Override of Controls. The subject of Going Concern is covered in the Strategic Report on page 7 in the Annual Report, in the Auditors Report on page 29 and in Note 3 to the Financial Statements. The Valuation of Intangible Assets is addressed in the Auditors Report on page 29 and in Note 11 to the Financial Statements.

No Internal Audit function

An internal audit function is not appropriate at this time given the Company's current size, and in view of this, the Audit Committee consider the risk of management override of controls a significant issue. In making their assessment the Audit Committee considered specifically the controls over and approval processes covering cash payments and journals, as well as any indication of unusual transactions and any evidence of bias in the estimates made by management. The Audit Committee also considered the quality and frequency of management information provided to the Board. The Audit Committee's conclusion was that there is no evidence of inappropriate management override of controls.

Assessment and Safeguarding the Independence and Effectiveness of the external audit process

The committee has not identified any issues with regards to integrity, objectivity and independence of the Auditors and therefore considers them to be independent.

Provision 27: Board responsibility in preparing the accounts

The Board is responsible for the direction and overall performance of the Group with emphasis on policy and strategy, financial results and major operational issues. In addition, the Board is responsible for preparing the annual report and accounts, and considers this annual report and accounts, taken as a whole, to be fair, balanced and understandable, and that it provides the information necessary for shareholders to assess the company's position, performance, business model and strategy.

Provision 28: Assessments of the Company's Risks

Each year in the second quarter, the Audit Committee assists the Executive Team in a structured zero-based re-assessment of the Company's emerging and principal risks. This is conducted for each operational sector and organisational level including the Company's research and development facility, QRF, and then aggregated for the Company as a whole. The risk level is determined by its probability, impact on the Company, and whether the risk has increased or decreased over the last 12 months. A summary of "Principal Risks and Uncertainties" is reviewed at a Board meeting. Subsequently a Risk Mitigation Strategy and Action Plan is incorporated into the annual Business Planning exercise conducted in June.

Provision 29: Risk Management and Internal Control systems.

The Board is responsible for the effectiveness of the Group's internal control system and is supplied with information to enable it to discharge its duties. Internal control systems are designed to meet the particular needs of the Group and to manage rather than eliminate the risk of failure to meet business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Company has a digital Policies and Procedures Directory comprising some 100 policies in 22 business categories. The Policies and Procedures are intentionally kept short so that these are easy to refer to and remain current. Of note, each of these is reviewed and signed off by at least one nominated director (executive or non-executive) who is required to have considerable prior experience of the subject matter. Expenditure and other authorities are subject to a tight Authorities Matrix, reviewed regularly by the Audit Committee. QFI has a comprehensive disaster recovery plan which is tested on a regular basis.

The Board has established a Bribery Policy, signed by all Directors and employees, to achieve compliance with the UK Bribery Act 2010, which came into effect on 1 July 2011. Agreements with third parties contain statements that the Company and its associates are required to always adhere to the UK Bribery Act 2010. The Company has implemented a GDPR policy and has online training facilities for Bribery and Corruption, GDPR and General Data Protection. Completion of this training is compulsory for all employees and directors.

Provision 30: Going Concern and Longer Term Viability

The subject of Going Concern is covered in the Strategic Report on page 7 of the Annual Report, in the Auditors Report on page 29 and in Note 3 to the Financial Statements. The Group's longer term viability as a revenue and profit generating entity is covered in the Chairman's statement and CEO's statements on pages 2-6 and in the Strategic Report on page 7.

Provision 31: The prospects of the Company

The Outlook for the Company is addressed as part of the CEO's Statement on page 4 of the Annual Report.

Principles P, Q & R: Remuneration

Policies and practices designed to support strategy and promote long-term sustainable success. Executive remuneration aligned to purpose and values and clearly linked to successful delivery of company's long-term strategy.

A formal and transparent procedure for developing policy on executive remuneration should be established. No director involved in deciding their own remuneration.

Directors to exercise independent judgement and discretion when authorising remuneration outcomes, taking account of company and individual performance and wider circumstances.

Refer to the Report on Directors' Remuneration on page 18.

With reference to Provision 41, the Compensation Committee reviews remuneration policy on an annual basis to assess its effectiveness, and on behalf of the Board conducts performance appraisals of the Company, the Chairman and CEO each year. External guidance is sought as necessary in setting the terms of senior executive compensation. Refer to Provision 35: Remuneration Consultant. In consultation with the Chairman, the committee prepares corporate targets for formal adoption by the Board and proposals to determine the award of bonuses and / or options. These are clearly linked to the delivery of long-term objectives and corporate strategy. Refer also to Provision 37: Compensation Committee discretion.

Provision 32: Appointment of the Compensation Committee

The Compensation Committee is chaired by Philip Snaith and comprises Philip Snaith and Laurence Mutch. The chairman of the committee provides a written or detailed verbal report as necessary of every compensation committee meeting at the next Board Meeting. Philip Snaith served on the committee prior to taking over as chairman.

Provision 33: Remuneration Policy

Refer to Provision 41.

Provision 34: Remuneration of Non-executive Directors

The Board determines the remuneration of the non-executive directors, and no Director participates in discussions about his own remuneration. Each of the non-executive directors have been awarded share options in prior years. Provision 34 of the Code states that remuneration for non-executive directors should not include share options or other performance-related elements. However as stated above, the Company's Non-executive Directors are of an unusual level of seniority and standing given the Company's moderate size and still early stage of development. The Company has a small full-time team and therefore the non-executive directors are more closely engaged in the strategic development of the Company than is normally the case, and their fee compensation is low given their seniority.

Provision 35: Remuneration Consultant

At this time the committee does not make use of a remuneration consultant, but the committee does make use of independent remuneration surveys when these become readily available.

Provision 36: The award of share options to Executive Directors

Options are granted by Board resolution in line with one or more of the three QFI Share Option Schemes, a Schedule 5 Enterprise Management Incentive Plan ("EMIP"), a Schedule 4 Company Share Option Plan ("CSOP") and an Unapproved Share Option Plan ("USOP"). The award of options is tightly linked to the delivery of long-term objectives and corporate strategy. The views of shareholders are taken into consideration.

Provision 37: Compensation Committee discretion

The committee retains an attitude of applying discretion when this is applicable regarding outstanding individual performance.

Provision 38: Only basic salary to be pensionable

Only basic salary is pensionable and pension contribution rates for executive directors are in line with those for other staff.

Provision 39: Contract periods and no reward for disappointing performance

The contracts for Executive Directors have no fixed end date. Bonuses to Executive Directors are proposed by the Compensation Committee with the amount determined by a formula which factors in both Company and individual performance.

Provision 40: Remuneration Policy Principles

Refer to Provision 41.

Provision 41: The work of the Compensation Committee

The committee works within the framework of a regularly reviewed compensation policy approved by the Board. It meets at least twice a year and conducts performance appraisals of the Company against previously determined corporate performance targets adopted by the Board. External guidance is sought as necessary in setting the terms of senior executive compensation including the award of bonuses and / or options.

In determining Executive Director compensation, the committee places considerable importance on proportionality, clearly linking remuneration to the delivery of long-term objectives and corporate strategy. In designing remuneration policy, the committee has endeavoured to incorporate the principles of clarity, simplicity, and predictability. As an external measure, the committee refers to remuneration surveys of AIM companies of similar size and complexity, when these are readily available.

Shareholder views on compensation have been expressed at the AGM and in other meetings, and the committee has taken these and the company's performance into account in its deliberations.

The Report on Directors' Remuneration is on page 18.

The performance of the committee is reviewed annually by the board at large as more fully described under Principle L above.

Laurence Mutch
Chairman of the Audit Committee
30 September 2022

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF QUADRISE FUELS INTERNATIONAL PLC

Opinion on the financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 30 June 2022 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK adopted international accounting standards;
- the Parent Company financial statements have been properly prepared in accordance with UK adopted international accounting standards and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Quadrise Fuels International Plc (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 30 June 2022 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Cash Flows, the Company Statement of Financial Position, the Company Statement of Changes in Equity, the Company Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards and as regards the Parent Company financial statements as applied in accordance with the provisions of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remain independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Material uncertainty related to going concern

We draw attention to note 3 to the financial statements, which explains that the Group requires additional funding during the twelve months after approval of the financial statements in order to continue as a going concern. As stated in note 3, these events or conditions, indicate that a material uncertainty exists that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

For the reason set out above and based on our risk assessment, we determined going concern to be a key audit matter.

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors' assessment of the Group and the Parent Company's ability to continue to adopt the going concern basis of accounting and in response to the key audit matter included:

- We critically assessed Directors' cash flow forecast and underlying assumptions which have been approved by the Board. Our testing included checking the mathematical accuracy and reviewing the underlying data upon which the cash flow forecast is based.

- We critically assessed the assumptions applied in the forecasts to consider their appropriateness, comparing forecast operating cash expenditure against historic actuals, obtaining explanations from Directors and support for any significant variances.
- We checked the consistency of the assumptions for projected project revenue and costs and capital commitments with the intangible assets valuation model (refer to Carrying value of the (MSAR) intangible asset KAM).
- We reviewed the Directors' assessment of the impact of COVID-19 and the Russia-Ukraine conflict on the going concern assumption checking that it has been appropriately factored into the forecasts where applicable. This included discussing the actual and ongoing potential impact of COVID-19 and the Russia-Ukraine conflict with the Directors and the Audit Committee including their assessment of risks and uncertainties associated with areas such as the Group's workforce, supply chain, business development partners and access to sites, as well as commodity prices.
- We reviewed the Directors' sensitivity analysis and performed our own sensitivity analysis in respect of the key assumptions underpinning the cash flow forecasts.
- We reviewed the financial statement disclosures regarding going concern to satisfy ourselves that the disclosures are in accordance with the requirements of the applicable accounting standards and are consistent with Directors' assessment.

In relation to the Parent Company's reporting on how it has applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the Directors' statement in the financial statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Overview

Coverage	*100% (2021: 100%) of Group loss before tax*		
	100% (2021:100%) of Group total assets		
Key audit matters		2022	2021
	Carrying value of the (MSAR) intangible asset	✓	✓
	Accounting for Convertible Securities Deed	✗	✓
	Going concern	✓	✓
	Accounting for Convertible Securities Deed is no longer considered to be a key audit matter because the deed was settled in the prior year ended 30 June 2021.		
Materiality	*Group financial statements as a whole*		
	£120,000 (2021:£220,000) based on 1.5% (2021: 5%) of Total assets (2021: Loss before tax)		

An overview of the scope of our audit

Our Group audit was scoped by obtaining an understanding of the Group and its environment, including the Group's system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the Directors that may have represented a risk of material misstatement.

The Group and its subsidiaries are accounted for from one central operating location, the Group's registered office. We identified two significant components for which we conducted a full scope audit, and one non-significant component for which we conducted a desktop review. All procedures were performed by the Group engagement team.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team. In addition to the matter disclosed in the Material uncertainty related to going concern section of our report, we determined the matter below to be the key audit matter to be communicated in our report. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter		**How the scope of our audit addressed the key audit matter**
1) Carrying value of the (MSAR) intangible asset *Refer to note 2 for the accounting policies and critical judgements and note 11 for the detailed disclosure*	*The Group holds the MSAR intangible asset which has a carrying value of £2.9million.* *The MSAR intangible asset is considered to have an indefinite useful life and is tested annually for impairment as required by the applicable accounting standards.* *As detailed in note 11, management prepared a discounted cash flow valuation model which indicated the recoverable amount was above the carrying value of the MSAR intangible asset.* *The appropriateness of judgements and estimates applied, including forecast project revenues, operating and capital costs and discount rates, in the determination of the recoverable amount and therefore the carrying value of the MSAR intangible asset represented a significant focus area for our audit and was determined to be a key audit matter.*	We obtained and examined management's assessment of impairment and assessed whether it was performed in accordance with IAS 36 *Impairment of Assets* challenging the key assumptions made by management. Our audit procedures included the following: • We met with the management team to discuss project progress and key developments and reviewed correspondence, contracts and other documents relating to the business development opportunities included within the economic model supporting the impairment test. • We checked the mathematical accuracy of management's model. • We critically challenged the key estimates and assumptions used by management, including project revenue projections, operating costs, capital costs, discount rate and royalty rate. We assessed the discount and royalty rates used against those used in the industry. We reviewed project correspondence and contracts relating to revenue projections, which include the operating and capital costs. • We reviewed management's sensitivity analysis and performed our own sensitivity analysis over individual key inputs, including: timing of forecast project revenues; royalty rate; forecast period and discount rate together with a combination of sensitivities over such inputs. • We have reviewed the outcomes of prior year forecasts to assess management's forecasting accuracy, obtaining explanations from management and support for significant variances. • We have assessed the impact of COVID-19 and the Russia-Ukraine conflict on the model and assumptions, by considering the impact of these on the industry as a whole and for the Group specifically. We also considered the impact of the delays in project progressions as a result of COVID-19 and potential delays from the Russia-Ukraine conflict.

Key audit matter	How the scope of our audit addressed the key audit matter
	Key observations: We observed that although individually these sensitivities described above did not impact on the headroom, however if a combination of the sensitivities above occurred, headroom would be negatively impacted. Based on the procedures performed, we consider the judgements and estimates made in determining the carrying value of the MSAR intangible asset to be appropriate.

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole and performance materiality as follows:

	Group financial statements		Parent company financial statements	
	2022	2021	2022	2021
Materiality	£120,000	£220,000	£100,000	£48,000
Basis for determining materiality	1.5% of Total assets	5% of Loss before tax	90% of Group materiality	5% of Loss before tax
Rationale for the benchmark applied	Total assets is considered to be the most appropriate basis in determining materiality taking into consideration where the Group is in its lifecycle and the metric considered to be of most importance to the users of the financial statements.	The Group is still significantly involved in business development activities and has not generated any significant revenue from its ongoing projects. The ultimate value of the Group remains within its MSAR technology under development and the ongoing results of the business, and therefore an earnings-based materiality was considered to be the most appropriate.	Capped at 90% of Group materiality taking into consideration component aggregation risk.	The Parent company is still significantly involved in business development activities and has not generated any significant revenue from its ongoing projects. The ultimate value of the Parent company remains within its MSAR technology under development and the ongoing results of the business, and therefore an earnings-based materiality was considered to be the most appropriate.
Performance materiality	£90,000	£165,000	£37,000	£36,000
Basis for determining performance materiality	75% of materiality based on our consideration of factors including the level of historical misstatements and the nature of the Group and Parent Company.			

Component materiality

We set materiality for each significant component of the Group based on a percentage of 42% and 90% of Group materiality dependent on the size and our assessment of the risk of material misstatement of that component. Component materiality ranged from £50,000 to £100,000. In the audit of each component, we further applied performance materiality levels of 75% of the component materiality to our testing to ensure that the risk of errors exceeding component materiality was appropriately mitigated.

Reporting threshold

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of £6,000 (2021:£11,000). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report and financial statements other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Corporate governance statement

As the Group has voluntarily adopted the UK Corporate Governance Code 2018, we are required to review the Directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the parent company's compliance with the provisions of the UK Corporate Governance Code specified for our review.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements or our knowledge obtained during the audit.

Going concern and longer-term viability	• The Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 27; and • The Directors' explanation as to their assessment of the Group's prospects, the period this assessment covers and why the period is appropriate as set out page 27.
Other Code provisions	• Directors' statement on fair, balanced and understandable set out on page 25; • Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on pages 8 to 10; • The section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on page 25; and • The section describing the work of the audit committee set out on page 26.

Other Companies Act 2006 reporting

Based on the responsibilities described below and our work performed during the course of the audit, we are required by the Companies Act 2006 and ISAs (UK) to report on certain opinions and matters as described below.

Strategic report and Directors' report	In our opinion, based on the work undertaken in the course of the audit: • the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and • the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements. In the light of the knowledge and understanding of the Group and Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the Directors' report.
Matters on which we are required to report by exception	We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion: • adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or • the Parent Company financial statements are not in agreement with the accounting records and returns; or • certain disclosures of Directors' remuneration specified by law are not made; or • we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

As explained more fully in the statement of Directors' responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We gained an understanding of the legal and regulatory framework applicable to the Group and industry in which it operates, through discussion with management and the Audit Committee and our knowledge of the industry. We focussed on significant laws and regulations that could give rise to a material misstatement in the financial statements, including, but not limited to the applicable accounting standards, UK Employment Legislation, Companies Act 2006, Health and Safety Law, environmental legislation and HMRC tax regulations.
- We considered compliance with these laws and regulations through discussions with management, those charged with governance and the company secretary. Our procedures also included reviewing minutes from board meetings, inspecting invoices for legal fees incurred in the period and agreeing disclosures to underlying documentation.
- We assessed the susceptibility of the Group's financial statements to material misstatements, including how fraud might occur via management override of controls and bias in key estimates. We obtained an understanding of management's controls designed to prevent and detect irregularities.
- We performed a review of the Group's year end adjusting entries and journals throughout the year and investigated any that appeared unusual as to nature or amount. We identified and tested journals with unusual posting dates and unusual descriptions by agreeing to supporting documentation.
- We identified areas at risk of management bias, particularly cashflow models to support intangible asset valuations, and reviewed key estimates and judgements applied by Management in the financial statements to assess their appropriateness (refer to Carrying value of the (MSAR) intangible asset KAM)
- We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Parent Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Parent Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Jack Draycott (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London, UK

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2022

	Notes	Year ended 30 June 2022 £'000s	Year ended 30 June 2021 £'000s
Continuing operations			
Revenue		75	17
Production and development costs		(1,447)	(1,377)
Other administration expenses		(1,419)	(1,527)
Fair value adjustments arising on Convertible Securities	17	-	(1,257)
Share option credit/(charge)	18	44	(303)
Warrant charge	19	(18)	-
Foreign exchange loss		5	(9)
Operating loss	5	**(2,760)**	(4,456)
Finance costs		(3)	(4)
Finance income		1	50
Loss before tax		**(2,762)**	(4,410)
Taxation	8	164	150
Loss and total comprehensive loss for the year from continuing operations to owners of the parent		**(2,598)**	(4,260)
Loss per share – pence			
Basic	9	**(0.18)**	(0.36)
Diluted	9	**(0.18)**	(0.36)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

Company No. 05267512

	Notes	As at 30 June 2022 £'000s	As at 30 June 2021 £'000s
Assets			
Non-current assets			
Property, plant and equipment	10	398	460
Intangible assets	11	2,924	2,924
Non-current assets		**3,322**	3,384
Current assets			
Cash and cash equivalents	14	4.423	7,006
Trade and other receivables	15	103	117
Prepayments		177	95
Stock		-	61
Current assets		**4,703**	7,279
TOTAL ASSETS		**8,025**	10,663
Equity and liabilities			
Current liabilities			
Trade and other payables	16	262	276
Current liabilities		**262**	276
Equity attributable to owners of the parent			
Issued share capital	20	14,069	14,069
Share premium	20	77,189	77,189
Merger reserve	21	3,777	3,777
Share option reserve	21	1,151	3,344
Warrant reserve	21	970	1,017
Reverse acquisition reserve	21	522	522
Accumulated losses		(89,915)	(89,531)
Total shareholders' equity		**7,763**	10,387
TOTAL EQUITY AND LIABILITIES		**8,025**	10,663

The financial statements, accompanying policies and notes 1 to 28 (forming an integral part of these financial statements), were approved and authorised for issue by the Board on 30 September 2022 and were signed on its behalf by:

A. Morrison
Chairman

J. Miles
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2022

	Issued capital £'000s	Share premium £'000s	Merger reserve £'000s	Share option reserve £'000s	Warrant reserve £'000s	Reverse acquisition reserve £'000s	Accumulated losses £'000s	Total £'000s
1 July 2020	**10,351**	**75,431**	**-**	**3,927**	**1,122**	**522**	**(87,324)**	**4,029**
Loss and total comprehensive loss for the year	-	-	-	-	-	-	(4,260)	(4,260)
Fair value adjustments arising on Convertible Securities	-	-	-	-	-	-	1,564	1,564
Share option charge	-	-	-	303	-	-	-	303
Transfer of balances relating to expired share options	-	-	-	(886)	-	-	886	-
Transfer of balances relating to expired warrants	-	-	-	-	(105)	-	105	-
New shares issued	2,599	639	3,777	-	-	-	-	7,015
Share issue costs	-	-	-	-	-	-	(502)	(502)
Shares issued upon exercise of Convertible Security	1,119	1,119	-	-	-	-	-	2,238
30 June 2021	**14,069**	**77,189**	**3,777**	**3,344**	**1,017**	**522**	**(89,531)**	**10,387**
1 July 2021	14,069	77,189	3,777	3,344	1,017	522	(89,531)	10,387
Loss and total comprehensive loss for the year	-	-	-	-	-	-	(2,598)	(2,598)
Share option charge	-	-	-	(44)	-	-	-	(44)
Transfer of balances relating to expired share options	-	-	-	(2,149)	-	-	2,149	-
Warrant charge	-	-	-	-	18	-	-	18
Transfer of balances relating to expired warrants	-	-	-	-	(65)	-	65	-
30 June 2022	**14,069**	**77,189**	**3,777**	**1,151**	**970**	**522**	**(89,915)**	**7,763**

For an explanation of the nature and purpose of other reserves refer to note 21.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2022

	Notes	Year ended 30 June 2022 £'000s	Year ended 30 June 2021 £'000s
Operating activities			
Loss before tax from continuing operations		(2,762)	(4,410)
Fair value adjustments arising on Convertible Securities	17	-	1,257
Depreciation	10	120	135
Loss on disposal of fixed assets		-	16
Finance costs paid		3	4
Finance income received		(1)	(50)
Share option (credit)/charge	18	(44)	303
Warrant charge		18	-
Working capital adjustments			
Decrease in trade and other receivables	15	14	96
(Increase)/decrease in prepayments		(82)	17
(Decrease)/increase in trade and other payables	16	(14)	78
Decrease in stock		61	-
Cash utilised in operations		**(2,687)**	(2,554)
Finance costs paid		(3)	(4)
Taxation received	8	164	150
Net cash outflow from operating activities		**(2,526)**	(2,408)
Investing activities			
Finance income received		1	50
Purchase of property, plant and equipment	10	(58)	(29)
Net cash outflow from investing activities		**(57)**	21
Financing activities			
Issue of ordinary share capital	20	-	7,015
Issue costs	20	-	(502)
Increase in Convertible Securities	17	-	500
Net cash inflow from financing activities		**-**	7,013
Net (decrease)/increase in cash and cash equivalents		(2,583)	4,626
Cash and cash equivalents at the beginning of the year		7,006	2,380
Cash and cash equivalents at the end of the year	14	**4,423**	7,006

COMPANY STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

Company No. 05267512

	Notes	As at 30 June 2022 £'000s	As at 30 June 2021 £'000s
Assets			
Non-current assets			
Property, plant and equipment	10	1	2
Investments in subsidiaries	13	21,479	21,479
Amount due from subsidiary	13	26,109	23,644
Non-current assets		**47,589**	45,125
Current assets			
Cash and cash equivalents	14	4,086	6,541
Trade and other receivables	15	50	63
Prepayments		61	73
Current assets		4,197	6,677
TOTAL ASSETS		**51,786**	51,802
Equity and liabilities			
Current liabilities			
Trade and other payables	16	148	161
Amount due to subsidiary	13	7,666	7,666
Current liabilities		**7,814**	7,827
Equity attributable to equity holders of the parent			
Issued capital	20	14,069	14,069
Share premium	20	77,189	77,189
Merger reserve	21	3,777	3,777
Share option reserve	21	1,151	3,344
Warrant reserve	21	970	1,017
Accumulated losses		(53,184)	(55,421)
Total shareholders' equity		**43,972**	43,975
TOTAL EQUITY AND LIABILITIES		**51,786**	51,802

The income for the year dealt within the accounts of Quadrise Fuels International plc was £0.02m (2021: loss of £1.40m).

The financial statements, accompanying policies and notes 1 to 28 (forming an integral part of these financial statements), were approved and authorised for issue by the Board on 30 September 2022 and were signed on its behalf by:

A. Morrison
Chairman

J. Miles
Director

COMPANY STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2022

	Issued capital £'000s	Share premium £'000s	Merger reserve £'000s	Share option reserve £'000s	Warrant reserve £'000s	Accumulated losses £'000s	Total £'000s
1 July 2020	10,351	75,431	-	3,927	1,122	(56,074)	34,757
Loss and total comprehensive loss for the year	-	-	-	-	-	(1,400)	(1,400)
Fair value adjustments arising on Convertible Securities	-	-	-	-	-	1,564	1,564
Share option charge	-	-	-	303	-	-	303
Transfer of balances relating to expired share options	-	-	-	(886)	-	886	-
Transfer of balances relating to expired warrants	-	-	-	-	(105)	105	-
New shares issued	2,599	639	3,777	-	-	-	7,015
Share issue costs	-	-	-	-	-	(502)	(502)
Shares issued upon exercise of convertible security	1,119	1,119	-	-	-	-	2,238
30 June 2021	**14,069**	**77,189**	**3,777**	**3,344**	**1,017**	**(55,421)**	**43,975**
1 July 2021	14,069	77,189	3,777	3,344	1,017	(55,421)	43,975
Income and total comprehensive income for the year	-	-	-	-	-	23	23
Share option credit	-	-	-	(44)	-	-	(44)
Transfer of balances relating to expired share options	-	-	-	(2,149)	-	2,149	-
Warrant charge	-	-	-	-	18	-	18
Transfer of balances relating to expired warrants	-	-	-	-	(65)	65	-
30 June 2022	**14,069**	**77,189**	**3,777**	**1,151**	**970**	**(53,184)**	**43,972**

COMPANY STATEMENT OF CASH FLOWS

For the year ended 30 June 2022

	Notes	Year ended 30 June 2022 £'000s	Year ended 30 June 2021 £'000s
Operating activities			
Income/(loss) before tax from continuing operations		23	(1,400)
Fair value adjustments arising on Convertible Securities		-	1,257
Depreciation	10	1	1
Finance costs paid		-	-
Finance income received		(1)	(49)
Share option (credit)/charge	18	(44)	303
Warrant charge		18	-
Working capital adjustments			
Decrease in trade and other receivables	15	13	68
Decrease in prepayments		12	18
(Decrease)/increase in trade and other payables	16	(13)	45
Cash generated by operations		**9**	243
Finance costs paid		-	-
Net cash inflow from operating activities		**9**	243
Investing activities			
Finance income received		1	49
Purchase of property, plant and equipment	10	-	(2)
Loan to subsidiary	13	(2,465)	(2,919)
Net cash outflow from investing activities		**(2,464)**	(2,872)
Financing Activities			
Issue of Ordinary Share Capital		-	7,015
Issue costs		-	(502)
Increase in Convertible Securities	17	-	500
Net cash inflow from financing activities		**-**	7,013
Net (decrease)/increase in cash and cash equivalents		**(2,455)**	4,384
Cash and cash equivalents at the beginning of the year		6,541	2,157
Cash and cash equivalents at the end of the year	14	**4,086**	6,541

NOTES TO THE FINANCIAL STATEMENTS

1. General Information

Quadrise Fuels International plc ("QFI", "Quadrise", "Company") and its subsidiaries (together "the Group") are engaged principally in the manufacture and marketing of emulsion fuel for use in power generation, industrial and marine diesel engines and steam generation applications. The Company's ordinary shares are listed on the AIM market of the London Stock Exchange.

QFI was incorporated on 22 October 2004 as a limited company under UK Company Law with registered number 05267512. It is domiciled at, and is registered at, Eastcastle House, 27-28 Eastcastle Street, London, W1W 8DH.

2. Summary of Significant Accounting Policies

The Board has reviewed the accounting policies set out below and considers them to be the most appropriate to the Group's business activities.

(2.1) Basis of Preparation

The financial statements have been prepared in accordance with UK adopted international accounting standards in conformity with the requirements of the Companies Act 2006 and effective, or issued and early adopted, as at the date of these statements. The financial statements have been prepared under the historical cost convention as modified for financial assets carried at fair value.

The preparation of financial statements in conformity with IFRS accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates.

(2.2) Basis of Consolidation

The consolidated financial statements incorporate the financial statements of entities controlled by the Group as at 30 June 2022.

All inter-company balances, transactions, income and expenses and profits and losses resulting from intra-group transactions are eliminated on consolidation. Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. Accounting policies of subsidiaries are consistent with those adopted by the Group.

Control is defined as when QFI, or a company which it controls, is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Thus QFI demonstrates control when it has all the following:

- power over the investee;
- exposure, or rights, to variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect the amount of the investor's returns.

(2.3) Changes in Accounting Principles and Adoption of New and Revised Standards

Other

The Group does not expect any other standards issued by the IASB, but not yet effective, to have a material impact on the group. The Directors do not expect that the adoption of new standards will have a material impact on the financial statements of the Group in future periods.

(2.4) Significant Accounting Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the statement of financial position date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities in the next financial period are discussed below:

Intangible Assets (see note 11)

The recoverable amount of the MSAR® trade name intangible asset has been determined using a VIU model. The expected future cash flows utilised in the VIU model are derived by quantifying the royalties that would result if the asset was licensed from a third party in order to determine the income stream directly attributable to the asset in isolation. The royalties are based on a percentage of projected future revenues up to 30 June 2032 with an assumed growth rate being used beyond that date. The key assumptions used by management in this VIU model are a) royalty rate, b) discount rate, c) the period over which cashflows are forecast d) the growth rate beyond that period. The basis for the assumptions used is discussed further in note 11.

The carrying value of intangible assets at 30 June 2022 is determined to be £2.9m (2021: £2.9m). Further details are given in Note 11.

Estimates of credit losses ('ECL') (see note 13)

Management makes judgement in relation to the future recoverability of receivables. In relation to the parent Company there is a net substantial loan to subsidiaries. Management has used the 'General Approach' guidance as noted in IFRS 9 to make judgements in relation to the future risk of default and the ability of the subsidiary to raise the funds necessary to repay the loan in the event that it was called due. Inherent in this model are a number of judgements. Management have estimated that a provision was required of £621k at 30 June 2022 (2021: £426k).

Under the General Approach, at each reporting date, entities are required to determine whether there has been a Significant Increase in Credit Risk (SICR) since initial recognition and whether the loan is credit impaired. This determines whether the loan is in ***Stage 1***, ***Stage 2*** or ***Stage 3***, which in turn determines both:

- The amount of ECL to be recognised: 12-month ECL or Lifetime ECL; and
- The amount of interest income to be recognised in future reporting periods: EIR based on gross carrying amount of the loan which excludes ECL or the net carrying amount (i.e. the amortised cost) which includes ECL.

Lifetime ECL are the ECL that result from all possible default events over the expected life of the loan whereas 12-month ECL are a portion of Lifetime ECL that represent the ECL that result from default events that are possible within 12 months of the reporting date. For loans with an expected life in excess of 12 months, Lifetime ECL will typically be greater than 12-month ECL because entities will need to factor in all possible default event rather than only those possible within 12 months.

(2.5) Revenue Recognition

Under IFRS 15, revenue is recognised based on the delivery of performance obligations and an assessment of when control is transferred to the customer. In determining the amount of revenue and profits to record, and associated statement of financial position items (such as trade receivables, accrued income and deferred income), management is required to review performance obligations within individual contracts.

Revenue is recognised to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Interest income

Revenue is recognised as interest accrues.

(2.6) Foreign Currencies

The Group financial statements are presented in sterling, which is the Company's functional and presentation currency. Each entity in the Group uses Sterling as its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Transactions in foreign currencies are initially recorded using the functional currency rate ruling at the date of the transaction. Any resulting exchange differences are included in the statement of comprehensive income. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

The following exchange rates are used in the Group's major currencies:

	ISO Code	Statement of Financial Position (closing rate at 30 June 2022)	Statement of Comprehensive Income (average rate throughout the financial year)
USA	USA	1.214	1.324
Europe	EUR	1.162	1.179

(2.7) Finance Costs

Finance costs include interest charges and other costs incurred in connection with the borrowing of funds and are expensed as incurred. Interest and costs are accounted for on the accruals basis and are recognised through the statement of comprehensive income in full. No interest or borrowing costs have been capitalised.

(2.8) Business Combinations

Acquisition of subsidiaries is accounted for using the purchase method. The results of businesses acquired are consolidated from the effective date of acquisition, whereby upon acquisition of a business or an associate, net assets are stated at fair value.

On 18 April 2006, Zareba plc (renamed Quadrise Fuels International plc) became the legal parent of Quadrise International Limited in a share-for-share transaction. Due to the relative size of the companies, the shareholders of Quadrise International Limited became the majority shareholders of Quadrise Fuels International plc. Accordingly, the substance of the combination was that Quadrise International Limited acquired Quadrise Fuels International plc and was therefore accounted for as a reverse acquisition under IFRS 3.

(2.9) Intangible Assets

Intangible assets acquired separately are measured initially at cost. The costs of intangible assets acquired in a business combination are measured at the fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment loss.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the assets are accounted for by changing the amortisation period or method, as appropriate, and treated as a change in accounting estimate. The amortisation expense on intangible assets with finite lives is recognised in the statement of comprehensive income in the expenses category consistent with the function of the intangible asset.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. Such intangibles are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether indefinite life assessment continues to be supportable and, if not, the change in the useful life assessment from indefinite to finite is made on a prospective basis. Research expenditure is recognised as an expense when it is incurred.

Development expenditure is recognised as an expense except that costs incurred on development projects are capitalised as long-term assets to the extent that such expenditure is expected to generate future economic benefits.

(2.10) Property, plant and equipment:

Property, plant and equipment is stated at cost less accumulated depreciation. Depreciation is calculated using a straight line method with an allowance for estimated residual values. Rates are determined based on the estimated useful lives of the assets as follows:

Plant and equipment	3 to 15 years

Additions to property, plant and equipment are comprised of the cost of the contracted services, direct labour and materials. Depreciation commences in the month the asset is placed in service.

(2.11) Financial Instruments

Financial assets and liabilities are recognised in the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument. The Group currently does not use derivative financial instruments to manage or hedge financial exposures or liabilities.

(2.12) Financial liabilities and equity instruments

Financial assets and financial liabilities are recognised when a Company becomes a party to the contractual provisions of the instruments.

- Initial Recognition: Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss and ancillary costs related to borrowings) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are charged to the Statement of Profit and Loss over the tenure of the financial assets or financial liabilities.
- Classification as debt or equity: Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a Company are recognised at the proceeds received.
- Classification and Subsequent Measurement: Financial liabilities are classified as either financial liabilities at FVTPL or 'other financial liabilities'.

At 30 June 2020, the group had a convertible securities instrument which is classified entirely as a liability. As the instrument contained an embedded derivative, it has been designated at fair value through profit or loss on initial recognition and as such the embedded conversion feature was not separated. The convertible securities instrument was converted in parts, and was fully converted during the prior financial year. At the conversion dates, the fair value loss or gain on the portion converted was determined.

The Company de-recognises financial liabilities when and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the fair value amount of the financial liability de-recognised and the consideration paid and payable is recognised in the Statement of Profit and Loss.

Fair value measurement

The fair value measurement of the Group's financial liabilities utilises market observable inputs and data as far as possible.

Inputs used in determining fair value measurements are categorised into different levels based on how observable the inputs used in the valuation technique utilised are (the 'fair value hierarchy'): - Level 1: Quoted prices in active markets for identical items (unadjusted) - Level 2: Observable direct or indirect inputs other than Level 1 inputs - Level 3: Unobservable inputs (i.e. not derived from market data).

The classification of an item into the above levels is based on the lowest level of the inputs used that has a significant effect on the fair value measurement of the item. Transfers of items between levels are recognised in the period they occur.

Convertible Securities are designated as fair value through profit or loss, with all subsequent gains and losses, included in the income statement as part of fair value adjustments arising on Convertible Securities.

The fair value of the Convertible Securities instrument is estimated using an appropriate valuation method. The key input to the assumptions are:

- The propensity to convert factor.
- The forecast conversion price of the Convertible Securities.
- The estimated timing of the conversions.
- The value converted upon each historical conversion.
- The lifespan of the Convertible Security.
- The historical volatility of the Company share price.
- The Company risk of default before the maturity date of the Convertible Security.

Inputs to the valuation technique are observable and unobservable (Level 3 fair value hierarchy).

(2.13) Investments and other Financial Assets

Subsequent to the initial recognition, trade and other receivables in the Group accounts and the loan receivable in the Company accounts are measured at amortised cost using the effective interest method. These assets arise principally from the provision of goods and services to customers (eg trade receivables), but also incorporate other types of financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Investments in Subsidiaries

Investments in subsidiaries are carried at cost less impairment. The Company tests investments annually for impairment, or more frequently if there are indications that they might be impaired. Impairment is based on the value in use of the subsidiaries.

Equity instruments

Following the introduction of IFRS 9, the Group subsequently measures all equity investments at fair value. Changes in the fair value of financial assets is recognised in the statement of profit or loss as applicable.

Investments, where there is no active market are held at fair value, are determined using valuation techniques which include using recent arm's length market transactions, reference to the current market value, discounted cash flow analysis and option pricing models.

(2.14) Impairment

At each statement of financial position date, reviews are carried out on the carrying amounts of tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent, if any, of the impairment loss. Where the asset does not generate cash flows that are independent from the other assets, estimates are made of the cash-generating unit to which the asset belongs. Intangible assets with an indefinite useful life are tested for impairment at least annually and whenever there is an indication that the asset may be impaired.

The recoverable amount is the higher of fair value, less costs to sell, and value in use. In assessing value in use, estimated future cash flows are discounted to their present value using a discount rate appropriate to the specific asset or cash-generating unit. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. Impairment losses are recognised immediately in the statement of comprehensive income.

(2.15) Cash and Cash Equivalents

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash-in-hand bank balances, call money and unrestricted time deposit balances with a maturity of 90 days or less.

(2.16) Trade and Other Receivables and Payables

Trade and other receivables and trade and other payables are initially recognised at fair value. Fair value is considered to be the original invoice amount, discounted where material, for short-term receivables and payables. Long term receivables and payables are measured at amortised cost using the effective interest rate method. Where receivables are denominated in a foreign currency, retranslation is made in accordance with the foreign currency accounting policy previously stated.

(2.17) Taxation

Current Tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the tax authorities. The tax rates and the tax laws used to compute the amount are those that are enacted or substantively enacted by the statement of financial position date.

Deferred Tax

Deferred income tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, with the following exceptions:

- where the temporary difference arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting nor taxable profit or loss;
- in respect of taxable temporary differences associated with investment in subsidiaries, associates and joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future and
- deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised.

Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the statement of financial position date.

The carrying amount of deferred income tax assets is reviewed at each statement of financial position date. Deferred income tax assets and liabilities are offset, only if a legal enforcement right exists to set off current tax assets against current tax liabilities, the deferred income taxes related to the same taxation authority and that authority permits the Group to make a single net payment.

Income tax is charged or credited directly to equity if it relates to items that are credited or charged to equity. Otherwise income tax is recognised in profit or loss or other comprehensive income as appropriate.

(2.18) Employee Retirement Benefits

The Group maintains a defined contribution pension plan for providing employee retirement benefits. The retirement benefit plan is generally funded by contributions from the Group to an independent entity that operates the retirement benefit schemes. Current service cost for the defined contribution plan is equivalent to the employer’s contributions due for that period. The Group’s contributions to the defined contribution pension plans are charged to the statement of comprehensive income in the year to which they relate.

(2.19) Share-based Payments

Employees (including Directors and senior executives) of the Group receive remuneration in the form of share-based payment transactions, whereby these individuals render services as consideration for equity instruments ("equity-settled transactions"). These individuals are granted share option rights approved by the Board, which can only be settled in shares of the respective companies that award the equity-settled transactions. No cash settled awards have been made or are planned.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant individuals become fully entitled to the award ("vesting point"). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments and value that will ultimately vest. If equity settled transactions are not expected to vest as at the reporting date, then the cumulative expense recognised in the statement of comprehensive income up to the reporting date will be reversed. The statement of comprehensive income charge for the year represents the movement in the cumulative expense recognised as at the beginning and end of that period.

The fair value of share-based remuneration is determined at the date of grant and recognised as an expense in the statement of comprehensive income on a straight-line basis over the vesting period, taking account of the estimated number of shares that will vest. The fair value is determined by use of a Black Scholes model.

(2.20) Warrants

Warrants are recognised at fair value on date of grant. The fair value is measured using the Black-Scholes model. Where warrants are issued in exchange for services, under IFRS 2 they are expensed on a straight line basis over the vesting period. Warrants issued as part of an equity based fundraising fulfil the criteria to be recognised as an equity instrument under IAS 32, with the fair value recorded in the warrants reserve and recognised in Share Premium. At initial recognition, the consideration received as part of the Convertible Security issuance that also included the issue of warrants (see note 17) was apportioned to the Convertible Security instrument with the treatment as outlined per 2.12 and the warrants based on their relative fair values.

(2.21) Financial Risk Management, Recognition and Accounting

The Group's multi-national operations expose it to a variety of financial risks that include the effects of changes in foreign currency exchange rates, credit risks, liquidity and interest rates. The Group has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the Group. The Board has approved the risk management policies applied by the Group.

These policies are implemented by central finance that prepares regular reports to enable prompt identification of financial risks so that appropriate actions may be taken. The Group has a policy and procedures manual that sets out specific guidelines to manage foreign exchange risk, interest rate risk, credit risk and the use of financial instruments to manage these. No forward hedging activities are undertaken.

3. Going Concern

The Group had a cash balance of £4.42m as of 30 June 2022, expected to be sufficient to cover project expenditure and fixed costs up to H2 2023. Additional funding will be required to bridge the gap to the generation of sustainable positive cashflows, with these now forecast to commence in H2 2024.

The basis for these expectations is the Group business model, budget and business plan, and sensitivity analysis, which have been reviewed and approved by the Board. The model comprises the financial forecasts associated with each project opportunity deemed to have a realistic chance of progressing, with assumptions based on the latest market information, agreements with counterparties and the status of discussions.

The Directors carry out a detailed risk assessment process each year, with key risks and mitigating actions identified. Despite the ongoing global disruption caused by COVID-19 and Russia's invasion of Ukraine, the Directors note the positive and sustained levels of engagement with partners, prospective clients and project stakeholders worldwide during the year, with three major agreements signed during the year with MSC, Valkor and the client in Morocco. Existing and prospective commercial partners make decisions based on long-term considerations, and the Directors believe that the economic and environmental advantages offered by MSAR® and bioMSAR™ are increasingly attractive in periods of global uncertainty as counterparties look to both generate savings and further improve their environmental performance.

The Group's ability to reach commercial revenues in H1 2023 will be determined by the successful outcome of the forthcoming trials. The Board are confident that the trials will be successful based upon the following:

- Morocco: The trial in Morocco involves the combustion of MSAR® for power generation. This is a similar application to that successfully trialled by Quadrise at the Orlen Lietuva plant in Lithuania in 2011, where MSAR® was consumed in a power plant boiler to generate electricity.
- MSC: The MSC trials will take place on the same vessel used for the Maersk LONO trial (the MSC Leandra, formerly the Seago Istanbul). In addition, the engine manufacturer (Wartsila) and MSC are happy to proceed directly to on-vessel trials, rather than commencing with an initial stationary engine test, given their assessment of the low-risk nature of the trial.
- Utah: The Utah application is in the upstream sector, where similar technology has been successfully demonstrated previously by Quadrise Canada.

In addition, the positive results generated by the Aquafuel testing on bioMSAR™ and the similar properties of MSAR® and bioMSAR™ mean that trials involving bioMSAR™ do not have a significantly higher risk of failure than the MSAR® equivalents.

The Directors have reviewed both the Group and Company's ability to operate as a going concern up to the 31 December 2023, and have determined that the continuation of the Group and Company as a going concern will be dependent upon successfully raising sufficient funds within 12 months of the financial statements sign off date to bridge the gap between the exhaustion of existing funds and the generation of sustainable positive cashflows. The Company is the 100% parent of Quadrise International Limited ('QIL'), the subsidiary through which the Group runs the operating and project activities discussed above. The Directors have a reasonable expectation that with positive trial results and ongoing progress to commercial revenues, such funds will be raised, although no binding funding agreements are in place at the date of this report, furthermore, notwithstanding the Board's confidence, there are currently no binding agreements in place in respect of commercial revenues.

The Directors have therefore concluded that it is appropriate to prepare the Group and Company financial statements on a going concern basis; however, in the absence of additional funding being in place at the date of this report, these conditions indicate the existence of a material uncertainty which may cast significant doubt over the Group's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

The financial statements do not include the adjustments that would result if the Group and Company were unable to continue as a going concern.

4. Segmental Information

For the purpose of segmental information, the reportable operating segment is determined to be the business segment. The Group principally has one business segment, the results of which are regularly reviewed by the Board. This business segment is a business to produce emulsion fuel (or supply the associated technology to third parties) as a low cost substitute for conventional heavy fuel oil ("HFO") for use in power generation plants and industrial and marine diesel engines.

Geographical Segments

The Group's only geographical segment during the year was the UK.

5. Operating Loss

Operating loss is stated after charging:

	Year ended 30 June 2022 £'000s	Year ended 30 June 2021 £'000s
Fees payable to the Company's auditor for the audit of the Company's annual accounts.	41	43
Fees payable to the Company's auditor and its associates for other services:		
Audit of accounts of subsidiaries	41	35
Tax compliance services	-	-
Consultants and other professional fees (including legal)	211	273
Depreciation of property, plant and equipment	120	135
Research and development costs	326	300

6. Staff Cost

Head count	Year ended 30 June 2022 Number	Year ended 30 June 2021 Number
Average number of employees of the Group (including executive Directors employed by the Company) during the year was:		
Management	2	3
Technical staff / support / other	7	6

Staff costs	Year ended 30 June 2022 £'000s	Year ended 30 June 2021 £'000s
Wages and salaries	836	887
Social security costs	101	116
Pension costs	57	62
UK Government COVID-19 employee furlough receipts	-	(15)
Total	**994**	1,050

Included in total staff costs are the costs of the Executive Directors as employed by the Company as follows:

Director	Year ended 30 June 2022 £'000s	Year ended 30 June 2021 £'000s
Mike Kirk[1]		
Wages and salaries - as paid	48	98
Pension costs	4	8
	52	106
Jason Miles		
Wages and salaries – as paid	251	219
Pension costs	10	10
	261	229
Mark Whittle[2]		
Wages and salaries - as paid	38	144
Pension costs	3	11
	41	155
Total	**354**	490

Aggregate emoluments of the Directors of the Company (excluding social security costs) were as follows:

Salaries and fees – as paid	454	542
Share option expense	(86)	290
Pension costs	17	29
Total	**385**	861

[1] Resigned 25 November 2021

[2] Appointed 1 February 2020, resigned 16 July 2022.

Non-executive Directors fees for the year amounted to £117k (2021: £81k).

The highest paid Director's remuneration totalled £261k (2021: £229k), represented by all aggregate emoluments.

Refer to the Report of Directors' Remuneration (on page 18) for further details, the Key Management Personnel referred to therein are the Directors of the Company.

Further details regarding Non-executive Directors' remuneration are disclosed in note 24 – Related Party Transactions.

7. Losses Attributable to Quadrise Fuels International plc

As provided by s.408 of the Companies Act 2006, no statement of comprehensive income is presented in respect of Quadrise Fuels International plc.

8. Taxation

	Year ended 30 June 2022 £'000s	Year ended 30 June 2021 £'000s
UK corporation tax credit	(164)	(150)
Total	**(164)**	(150)

No liability in respect of corporation tax arises as a result of trading losses.

Tax Reconciliation	Year ended 30 June 2022 £'000s	Year ended 30 June 2021 £'000s
Loss on continuing operations before taxation	(2,762)	(4,410)
Loss on continuing operations before taxation multiplied by the UK corporation tax rate of 19% (2021: 19%)	(525)	(838)
Effects of:		
Non-deductible expenditure	6	58
Super deduction	(4)	-
R&D tax credit	(164)	(150)
Non-taxable income	(10)	-
Temporary differences	-	24
Tax losses carried forward	532	756
Total taxation credit on loss from continuing operations	**(164)**	(150)

The Group has tax losses arising in the UK of approximately £59.97m (2021: £58.46m) that are available, under current legislation, to be carried forward against future profits. However the ability to utilise the losses is restricted, being dependant on the type of loss and when it arose. The use of losses under the UK corporation tax regime was reformed from 1 April 2017 such that different rules on the use of losses apply to losses arising pre-April 2017 and post-April 2017. Pre-2017 trading losses can only be deducted against profits of the same trade within the company in which they arose, whereas the post-2017 trading losses can be used more widely and are deductible against total profits of the group.

Reconciliation of tax losses	Year ended 30 June 2022 £'000s	Year ended 30 June 2021 £'000s
Trading losses	33,215	30,692
Non-trade deficits arising in Intangible Assets within Quadrise International Limited	25,758	25,758
Pre-trading losses incurred by subsidiaries	-	200
Management expenses incurred by Quadrise International Limited	817	817
Non-trade loan relationships	89	899
Capital losses	89	89
Total	**59,968**	58,455

A deferred tax asset representing these losses and other temporary differences at the statement of financial position date of approximately £14.99m (2021: £11.1m) has not been recognised as a result of existing uncertainties in relation to its realisation.

9. Loss Per Share

The calculation of loss per share is based on the following loss and number of shares:

	Year ended 30 June 2022	Year ended 30 June 2021
Loss for the year (£'000s)	(2,598)	(4,260)
Weighted average number of shares:		
Basic	1,406,904,000	1,175,406,844
Diluted	1,406,904,000	1,175,406,844
Loss per share:		
Basic	(0.18)p	(0.36)p
Diluted	(0.18)p	(0.36)p

Basic loss per share is calculated by dividing the loss for the year from continuing operations of the Group by the weighted average number of ordinary shares in issue during the year.

For diluted loss per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all potential dilutive options over ordinary shares. Potential ordinary shares resulting from the exercise of share options have an anti-dilutive effect due to the Group being in a loss position. As a result, diluted loss per share is disclosed as the same value as basic loss per share. The 18.3m dilutive share options and the 40.2m dilutive warrants issued by the Company and which are outstanding at year-end could potentially dilute earnings per share in the future if exercised when the Group is in a profit making position.

10. Property, plant and equipment

Consolidated

	Leasehold Improvements £'000s	Computer Equipment £'000s	Software £'000s	Office Equipment £'000s	Plant and machinery £'000s	Total £'000s
Cost						
Opening balance – 1 July 2021	74	98	43	16	1,397	1,628
Additions	15	-	-	-	43	58
Disposals	-	(4)	-	-	-	(4)
Closing balance – 30 June 2022	**89**	**94**	**43**	**16**	**1,440**	**1,682**
Depreciation						
Opening balance – 1 July 2021	(74)	(92)	(43)	(16)	(943)	(1,168)
Depreciation charge for the year	(2)	(2)	-	-	(116)	(120)
Disposals		4	-	-	-	4
Closing balance – 30 June 2022	**(76)**	**(90)**	**(43)**	**(16)**	**(1,059)**	**(1,284)**
Net book value at 30 June 2022	**13**	**4**	**-**	**-**	**381**	**398**

Company

	Leasehold Improvements £'000s	Computer Equipment £'000s	Software £'000s	Office Equipment £'000s	Plant and machinery £'000s	Total £'000s
Cost						
Opening balance – 1 July 2021	-	71	44	16	-	131
Additions	-	-	-	-	-	-
Disposals	-	(4)	-	-	-	(4)
Closing balance – 30 June 2022	**-**	**67**	**44**	**16**	**-**	**127**
Depreciation						
Opening balance – 1 July 2021	-	(69)	(44)	(16)	-	(129)
Depreciation charge for the year	-	(1)	-	-	-	(1)
Disposals	-	4	-	-	-	4
Closing balance – 30 June 2022	**-**	**(66)**	**(44)**	**(16)**	**-**	**(126)**
Net book value at 30 June 2022	**-**	**1**	**-**	**-**	**-**	**1**

Property, plant and equipment

Consolidated

	Leasehold Improvements £'000s	Computer Equipment £'000s	Software £'000s	Office Equipment £'000s	Plant and machinery £'000s	Total £'000s
Cost						
Opening balance – 1 July 2020	181	95	43	16	1,410	1,745
Additions	-	3	-	-	26	29
Disposals	(107)	-	-	-	(39)	(146)
Closing balance – 30 June 2021	**74**	**98**	**43**	**16**	**1,397**	**1,628**
Depreciation						
Opening balance – 1 July 2020	(181)	(89)	(43)	(16)	(834)	(1,163)
Depreciation charge for the year	-	(3)	-	-	(132)	(135)
Disposals	107	-	-	-	23	130
Closing balance – 30 June 2021	**(74)**	**(92)**	**(43)**	**(16)**	**(943)**	**(1,168)**
Net book value at 30 June 2021	**-**	**6**	**-**	**-**	**454**	**460**

Company

	Leasehold Improvements £'000s	Computer Equipment £'000s	Software £'000s	Office Equipment £'000s	Plant and machinery £'000s	Total £'000s
Cost						
Opening balance – 1 July 2020	107	69	44	16	-	236
Additions	-	2	-	-	-	2
Disposals	(107)	-	-	-	-	(107)
Closing balance – 30 June 2021	**-**	**71**	**44**	**16**	**-**	**131**
Depreciation						
Opening balance – 1 July 2020	(107)	(68)	(44)	(16)	-	(235)
Depreciation charge for the year	-	(1)	-	-	-	(1)
Disposals	107	-	-	-	-	107
Closing balance – 30 June 2021	**-**	**(69)**	**(44)**	**(16)**	**-**	**(129)**
Net book value at 30 June 2021	**-**	**2**	**-**	**-**	**-**	**2**

11. Intangible Assets

Consolidated

	QCC royalty payments £'000s	MSAR® trade name £'000s	Technology and know-how £'000s	Total £'000s
Cost				
Balance as at 1 July 2021 and 30 June 2022	7,686	3,100	25,901	36,687
Amortisation and Impairment				
Balance as at 1 July 2021 and 30 June 2022	(7,686)	(176)	(25,901)	(33,763)
Net book value as at 30 June 2022	-	**2,924**	-	**2,924**
Cost				
Balance as at 1 July 2020 and 30 June 2021	7,686	3,100	25,901	36,687
Amortisation and Impairment				
Balance as at 1 July 2020 and 30 June 2021	(7,686)	(176)	(25,901)	(33,763)
Net book value as at 30 June 2021	-	**2,924**	-	**2,924**

Intangible assets comprise intellectual property with a cost of £36.7m, including assets of finite and indefinite life. Quadrise Canada Corporation's ("QCC's) royalty payments of £7.7m and the MSAR® trade name of £3.1m are termed as assets having indefinite life as it is assessed that there is no foreseeable limit to the period over which the assets would be expected to generate net cash inflows for the Group, as they arise from cashflows resulting from Quadrise and QCC gaining a permanent market share. The assets with indefinite life are not amortised, but the QCC royalty payments intangible asset became fully impaired in 2012.

The remaining intangibles amounting to £25.9m, primarily made up of technology and know-how, are considered as finite assets and were amortised over 93 months, being fully amortised in 2012. The Group does not have any internally generated intangibles.

MSAR® trade name intangible asset

In accordance with IAS 36 "impairment of assets" and IAS 38 "intangible assets", a review of impairment for indefinite life intangible assets is undertaken annually or at any time an indicator of impairment is considered to exist. The discount rate applied to calculate the present value is for the cash generating unit ("CGU"). A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. The recoverable amount of the CGU is assessed by reference to the value in use ("VIU"), being the net present value ("NPV") of future cash flow expected to be generated by the asset, and fair value less costs to sell ("FVLCS").

The recoverable amount of the MSAR® trade name intangible asset has been determined using a VIU model. The expected future cash flows utilised in the VIU model are derived by quantifying the royalties that would result if the asset was licensed from a third party in order to determine the income stream directly attributable to the asset in isolation. The royalties are based on a percentage of projected future revenues up to 30 June 2032 with an assumed growth rate being used beyond that date.

The key assumptions used in this calculation are as follows:

	2022	2021
Royalty rate (% of projected revenue)[1]	0.5%	0.5%
Discount rate[2]	20%	20%
Revenues forecast up to[3]	30 June 2032	30 June 2031
Growth rate beyond forecast period[4]	0%	0%

1) The royalty rate used upon initial recognition of this intangible asset was 0.33% of revenues determined as part of a third-party intangible asset valuation exercise. This was increased to 0.5% of revenues from 2011 onwards to reflect the wider awareness of the MSAR® trademark in the market.

2) The discount rate of 20% has been determined by management as conservative estimate based on the uncertainty inherent in the revenue forecasts. Management estimates the discount rates using pre-tax rates that reflect current market assessments of the time value of money and risks specific to expected future projects.

3) The 2022 revenue forecast extends to 30 June 2032 which ensures that each project included within the forecast reaches full maturity.

4) No growth has been forecast beyond the forecast period due to the uncertainty inherent in the revenue projections beyond the stage of project maturity.

The revenue forecast is based on the latest Company business model, which is regularly reviewed by management. The basis for the inclusion of projects and the estimation of growth rates, margins and project lifespans within the business model is based on the latest agreements with counterparties, commodity and chemical prices and the most recent discussions with customers, suppliers and other business partners.

The ‘base-case’ impairment assessment based on the above inputs shows a recoverable amount for the asset that is in excess of the net book value of asset and therefore no impairment has been identified, with the VIU exceeding the carrying value by £1.48m (the ‘headroom’).

Management have performed sensitivity analyses whereby certain parameters were flexed downwards by reasonable amounts and certain scenarios were modelled for the CGU to assess whether the recoverable value would result in an impairment charge. In isolation, none of these scenarios would result in an impairment to the MSAR® Trade Name intangible asset. However, a combination of two or more of these scenarios could result in an impairment charge, but management do not consider this likely.

The following sensitivities were applied:

Results of sensitivity analysis

Scenario	Resulting headroom (£’m)	Scenario which would reduce headroom to nil
Delayed revenues (1 year)	0.74	A 3 year delay to forecast revenues.
Delayed revenues (2 years)	0.13	A 3 year delay to forecast revenues.
Increase in discount rate to 25%	0.01	Increase in discount rate to 25.03%.
Removal of projects which generate 25% of forecast revenues	0.38	Removal of projects which generate 33.6% of revenues.
Finite company lifespan (to 30 June 2034).	0.23	Finite company lifespan (to 30 June 2032).

Amortisation of Intangible Assets

The Board has reviewed the accounting policy for intangible assets and has amortised those assets which have a finite life. All intangible assets with a finite life were fully amortised as at 30 June 2022.

12. Investments

At the statement of financial position date, the Group held a 20.44% share in the ordinary issued capital of Quadrise Canada Corporation (“QCC”), a 3.75% share in the ordinary issued capital of Paxton Corporation (“Paxton”), a 9.54% share in the ordinary issued capital of Optimal Resources Inc. (“ORI”) and a 16.86% share in the ordinary issued capital of Porient Fuels Corporation (“Porient”), all of which are incorporated in Canada.

QCC is independent of the Group and is responsible for its own policy-making decisions. There have been no material transactions between QCC and the Group during the period or any interchange of managerial personnel. As a result, the Directors do not consider that they have significant influence over QCC and as such this investment is not accounted for as an associate.

The Group has no immediate intention to dispose of its investments unless a beneficial opportunity to realise these investments arises.

Given that there is no active market in the shares of any of above companies, the Directors have determined the fair value of the unquoted securities at 30 June 2022. The shares in each of these companies were valued at CAD $nil on 1 July 2021 due to their business models being highly uncertain, with minimal possibility of any material value being recovered from their asset base. During the year there has been no indication that this situation has changed, therefore the Directors have determined that the investments should continue to remain valued at CAD $nil at 30 June 2022.

13. Investments and loans in Subsidiaries

	Company Amount due from subsidiary £’000s	Company Amount due to subsidiary £’000s	Company Direct investment £’000s	Total
Opening balance	23,644	(7,666)	21,479	37,457
Long term loans advanced	2,660	-	-	2,660
Movement in expected credit loss arising under IFRS 9	(195)	-	-	(195)
Closing balance	**26,109**	**(7,666)**	**21,479**	**39,922**

Loans to/from subsidiaries

In accordance with IFRS 9, a Company must recognise expected credit losses for all financial assets held at amortised cost, including most intercompany loans from the perspective of the lender. Expected credit losses are based on the assumption that repayment of the loan is demanded at the reporting date. As at 30 June 2022, the Company has a loan of £26.7m (2021: £24.1m) due from its 100% subsidiary Quadrise International Limited (‘QIL’), and a loan payable of £7.7m (2021: £7.7m) due to its 100% subsidiary Quadrise Limited (‘QL’). Both loans are repayable upon demand.

As at 30 June 2022, QIL has no ability to repay the balance due if this were to be demanded, there would therefore be a 100% probability of default. In this event, the Company must assess the expected manner of recovery.

The directors have determined that the most expeditious means of recovery of this balance would be via the means of a sale of QIL’s assets in order to raise the balance due. The assets held by QIL include the Group’s intangible assets, patents and trademarks, assets which underpin the value of the Group’s business model. The directors have determined that the sale of these assets at a sufficient discount would allow QIL to obtain the funds necessary to raise the balance due and have further assumed that such a sale would be completed within a period of 6 months. The expected credit loss is calculated by discounting the balance due over the period of recovery at a determined discount rate.

On 29 April 2015 a Debenture agreement was finalised between QIL and the Company, in which QIL agrees to pay any balances when due, and to pay interest of 3.5% above the base rate on any sum demanded until payment. The base rate at 30 June 2022 is 1.25%. The discount rate used to calculate the expected credit loss is 4.75%.

The resulting expected credit loss arising on the loan due from QIL is £621k (2021: £426k). This is based on the recovery in full of the loan. In the event the group were only to realise a percentage of QIL's assets, the expected credit loss would be as follows:

Percentage recovery	Expected Credit Loss 30 June 2022 (£'000s)	Expected Credit Loss 30 June 2021 (£'000s)
100%	621	426
90%	3,231	2,790
75%	7,147	6,337
50%	13,675	12,247

Investment in subsidiaries

In accordance with IAS 36 a Company's assets must not be carried at more than their recoverable amount. Where there is any indication of impairment, an impairment test must be carried out.

The Group's business model relies upon the assets held by QIL – intangible assets, patents and trademarks. The recoverable amount of the investment in QIL is therefore determined by calculation of the net present value ('NPV') of the forecast cashflows produced by the Group's business model, which is regularly reviewed by management. The basis for the inclusion of projects and the estimation of growth rates, margins and project lifespans within the business model is based on the latest agreements with counterparties, commodity and chemical prices and the most recent discussions with customers, suppliers and other business partners.

The NPV valuation of the forecast cashflows was prepared using discount rates of 10%, 20% and 30%. Further sensitivity analysis was carried out using the following scenarios:

- The base-case scenario using the existing financial forecasts
- A 2 year delay to projects.
- Removal of the projects contributing 60% of cashflows.
- A finite company lifespan assuming activity does not progress beyond 2031-32.

None of the scenarios modelled above result in an NPV below the investment value of £21.5m.

As at 30 June 2022, there is no indication that the carrying value of the investment held by the Company in QIL is being held at more than its recoverable amount as determined by the net present value of the forecast cashflows produced by the Group's business model. Based on this the Directors concluded that no impairment is necessary for the year ended 30 June 2022. Holdings in subsidiaries are detailed in note 26.

14. Cash and Cash Equivalents

	Consolidated 30 June 2022 £'000s	Consolidated 30 June 2021 £'000s	Company 30 June 2022 £'000s	Company 30 June 2021 £'000s
Cash at bank	4,423	7,006	4,086	6,541
Total	**4,423**	7,006	**4,086**	6,541

15. Trade and Other Receivables

	Consolidated 30 June 2022 £'000s	Consolidated 30 June 2021 £'000s	Company 30 June 2022 £'000s	Company 30 June 2021 £'000s
Trade receivables	24	16	-	-
Other receivables	25	39	20	30
Other taxes	54	62	30	33
Total	**103**	117	**50**	63

16. Trade and Other Payables

	Consolidated 30 June 2022 £'000s	Consolidated 30 June 2021 £'000s	Company 30 June 2022 £'000s	Company 30 June 2021 £'000s
Trade payables	81	87	53	67
Other taxes	40	33	25	32
Accruals	141	156	70	62
Total	**262**	276	**148**	161

There are no material differences between the fair value of trade and other payables and their carrying values at year-end.

Trade payables as at 30 June 2022 amount to 16 days (2021: 17 days) of purchases made in the year. All trade payables balances are less than 30 days old.

Amounts due to related parties at year end amounted to £nil (2021:£nil).

17. Convertible Securities

On 22 August 2019, the Company entered into an agreement with Bergen Global Opportunity Fund LP ('the Investor') whereby the Investor would provide up to £4.0 million of interest free unsecured funding, provided in two tranches through the issue by the Company of Convertible Securities with a nominal value of up to £4.3 million, convertible into Ordinary Shares.

An initial tranche of Convertible Securities with a nominal value of £2.15 million was subscribed for by the Investor for £2.0 million on 30 August 2020. A second tranche of Convertible Securities, with a nominal value of up to £537.5k was subscribed for by the Investor for £0.5 million on 10 February 2022. Both tranches have 24 month maturity dates from the dates of their respective issuance, and any Convertible Securities not converted prior to such dates will automatically convert into Ordinary Shares at such time.

Upon entry into the agreement, the Company issued 4.9 million 36 month warrants to subscribe for new Ordinary Shares to the Investor by way of a Warrant Instrument initially exercisable at 5.78p per Ordinary Share, subject to anti-dilution and exercise price reduction provisions. The Company also issued to the Investor 3,888,889 new Ordinary Shares in settlement of a commencement fee of £140,000 and a further 4,500,000 new Ordinary Shares to collateralise the Agreement subscribed for at nominal value by the Investor.

The Convertible Securities are only converted to the extent that the Company has corporate authority to do so, and it is a term of the agreement that the Company must retain sufficient authority to issue and allot (on a non-pre-emptive basis) a sufficient number of Ordinary Shares potentially required to be issued under the terms of the Agreement (and the Warrant Instrument).

The Agreement was completed and both tranches funded to the Company on the basis of the remaining Authority from the 2019 Annual General Meeting, and the updated authority obtained at the 27 September 2020 General Meeting of shareholders.

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity. An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Under the terms of the Convertible Securities agreement of 22 August 2020, the Company has no obligation to repay the securities in cash (unless the Company defaults on the terms) and the number of shares which may be issued upon conversion is variable. As there is no residual interest in the assets of the Company after conversion of the Convertible Securities, the Convertible Securities meet the criteria to be classified entirely as a financial liability.

Tranches 1 and 2 of the Convertible Securities instrument were designated at fair value on initial recognition. The fair value of tranche 1 was assessed as £1.86m, being the nominal value of £2.15m less interest and warrant charges. At 30 June 2021, the remaining nominal value of £1.70 million of tranche 1 was assessed to have a fair value of £2.05m. The fair value of tranche 2, which has a nominal value of £537.5k was assessed as £1.19m, with tranche 2 being fully converted on 30 April 2022, and therefore no balance remaining outstanding as at 30 June 2022. Upon each exercise of conversion rights, the portion of the Convertible Securities converted is assessed at fair value, with the resulting fair value adjustment being recorded in the Statement of Comprehensive Income.

The fair value adjustment charge arising for the year of £nil (2021:1.257m) comprises fair value adjustments arising upon initial recognition, revaluation as at balance sheet dates and upon subsequent conversion.

During the years ended 30 June 2020 and 2021, the Investor exercised their conversion rights as follows:

Conversion date	Convertible Securities converted (£)	Conversion price (p)	No. of shares awarded upon conversion	Share price on conversion date	Fair value adjustment (£'000)
23 March 2020	100,000	1.2	8,333,333	1.68	40
15 April 2020	100,000	1.2	8,333,333	1.64	36
22 June 2020	250,000	1.1	22,727,273	2.98	426
19 August 2020	300,000	1.6	18,750,000	2.90	244
7 September 2020	400,000	1.7	23,529,412	2.76	248
5 January 2021	500,000	1.8	27,777,778	3.01	336
26 January 2021	500,000	2.0	25,000,000	3.40	350
30 April 2021	537,500	3.2	16,796,875	5.50	386
Total	**2,687,500**		**151,248,004**		**2,066**

As at 30 June 2022, both tranches have been converted in full, and no nominal value remains outstanding to the investor under the terms of the Convertible Security instrument.

18. Share Options

Movement in the year:

The following table illustrates the number and weighted average exercise prices ("WAEP") of, and movements in, share options during the year:

	Number 30 June 2022	WAEP (pence) 30 June 2022	Number 30 June 2021	WAEP (pence) 30 June 2021
Outstanding as at 1 July	42,750,000	14.69	39,250,000	17.95
Granted during the year	14,515,722	5.70	10,000,000	7.50
Expired during the year	(35,880,379)	14.44	(6,500,000)	23.36
Exercised during the year	-	-	-	-
Options outstanding as at 30 June	**21,385,343**	**9.00**	**42,750,000**	**14.69**
Exercisable as at 30 June	18,250,000	10.37	28,312,500	18.36

The weighted average remaining contractual life of the 21.4 million options outstanding at the statement of financial position date is 4.64 years (2021: 5.17 years). The weighted average share price during the year was 2.66p (2021: 2.98p) per share.

The expected volatility of the options reflects the assumption that historical volatility is indicative of future trends, which may not necessarily be the actual outcome. The expected life of the options is based on historical data available at the time of the option issue and is not necessarily indicative of future trends, which may not necessarily be the actual outcome.

The Share Option Schemes are equity settled plans, and fair value is measured at the grant date of the option. Options issued under the Schemes vest over a one to three year period provided the recipient remains an employee of the Group. Options also may be exercised within an agreed period of an employee leaving the Group at the discretion of the Board.

The Company issued 14.5 million share options to directors and employees during the year (2021: 10 million).

The fair value was calculated using the Black Scholes option pricing model. The weighted average inputs were as follows

	2022	2021
Stock price:	4.10p	3.08p
Exercise Price	5.70p	7.50p
Interest Rate	0.1%	0.1%
Volatility	124.12%	126.91%
Expected term (years)	4.0	4.0

19. Warrants

Movement in the year:

The following table illustrates the number and weighted average exercise prices ("WAEP") of, and movements in, warrants during the year:

	Number 30 June 2022	WAEP (pence) 30 June 2022	Number 30 June 2021	WAEP (pence) 30 June 2021
Outstanding as at 1 July	40,228,026	6.98	45,228,026	6.56
Granted during the year	3,000,000	1.80	-	-
Exercised during the year	-	-	-	-
Expired during the year	(3,000,000)	3.53	(5,000,000)	3.16
Warrants outstanding as at 30 June	**40,228,026**	6.85	40,228,026	6.98
Exercisable as at 30 June	40,228,026	6.85	40,228,026	6.98

The warrants are equity settled warrants which vest immediately on grant date. Fair value is measured at the grant date of the option using the Black Scholes pricing model. The inputs into this model are: Stock price at the date of grant, exercise price, interest rate, expected term and expected volatility. The expected volatility of the warrants reflects the assumption that historical volatility is indicative of future trends, which may not necessarily be the actual outcome. The expected life of the warrants is based on historical data available at the time of the option issue and is not necessarily indicative of future trends, which may not necessarily be the actual outcome.

The weighted average inputs into the Black Scholes option pricing model were as follows:

	2022	2021
Stock price	1.87p	-
Exercise Price	1.80p	-
Interest Rate	1.25%	-
Volatility	91.94%	-
Expected term (years)	0.72	-

The weighted average remaining contractual life of the 40.2 million warrants outstanding at the statement of financial position date is 0.23 years (2021: 1.15 years). The weighted average share price during the year was 2.66p (2021: 2.98p) per share.

20. Share Capital

The company has one class of ordinary share capital which carries no rights to fixed income, any preferences or restrictions.

	2022 £	2021 £
Issued and fully paid: 1,406,904,968 (2021: 1,406,900,659) Ordinary shares of £0.01 each	14,069,050	14,069,007

The table below shows a reconciliation of movement in share capital and share premium during the year:

	No. of shares	Share Capital (£'000) £	Share Premium (£'000) £
As at 1 July 2021	1,406,900,659	14,069	77,189
Sep 2021 – Warrant exercise at 7.48p	4,309	-	-
As at 30 June 2022	**1,406,904,968**	**14,069**	**77,189**

On 21 September 2021, 4,039 new ordinary shares were issued at 7.48p per share in respect of an exercise of warrants.

21. Other Reserves

Nature and purpose of other reserves

Merger reserve

In March 2021, the Company incorporated a Jersey registered 'Cash Box' company. This was used to facilitate the placing of 222,222,222 new ordinary shares of 1p each on 9 March 2021 at a placing price of 2.7p per share. The placing raised £6.0m and the Company received cash proceeds of £5.5m net of expenses. The proceeds of the share issue were parcelled into the 'cash box' Company which was then acquired by way of a share exchange which qualified for merger relief so avoided the need to recognise a share premium on the share issue. The net amount booked to share capital and reserves was £6.0m. £2.2m was allocated to nominal share capital and the excess of £3.8m was recorded within the merger reserve. All shares are fully paid up.

Reverse acquisition reserve

The reverse acquisition reserve arose on the reverse acquisition of Zareba plc (now Quadrise Fuels International plc) by Quadrise International Limited on 18 April 2006 as accounted for under IFRS 3.

Share option reserve

The share option reserve is used to record the cumulative fair value of share options granted by the Company net of lapsed and exercised options.

Warrant reserve

The warrant reserve is used to record the cumulative fair value of warrants granted by the Company net of lapsed and exercised warrants.

22. Pension Commitments

For direct employees of Quadrise Fuels International plc, the Company contributes 8% of salary to a defined contribution pension scheme. Pension cost to the Company for the year amounted to £57k (2021: £67k).

23. Derivatives and Other Financial Instruments

The Group's principal financial instruments comprise cash balances, accounts payable and accounts receivable arising in the normal course of its operations.

The financial instruments of the Group and the Company at year-end are:

	Consolidated 30 June 2022 £'000s	Consolidated 30 June 2021 £'000s	Company 30 June 2022 £'000s	Company 30 June 2021 £'000s
Financial assets				
Loans and receivables – Cash and cash equivalents	4,423	7,006	4,086	6,541
Loans and receivables – Trade and other receivables	103	117	50	63
Financial liabilities				
Other financial liabilities – Trade and other payables	233	263	134	153

All receivables are current and are due within 30 days. Trade and other payables are due within 30 days. For further information on the Convertible Securities, see note 17.

Foreign currency exchange risk

The Group does not generally undertake foreign currency hedging. The majority of the Group's transactions are denominated in Sterling and it uses this as its reporting currency. Exposure to any foreign exchange movements exists primarily in the Euro currency.

The net monetary balances in other currencies at 30 June 2022 were net assets of US$38k (2021: US$13k) and €38k (2021: €64k).

A 10% strengthening of Sterling against the Euro at the statement of financial position date would have increased loss for the year by £3k (2021: £1k) whilst a 10% weakening of Sterling against the Euro would have reduced loss for the year by £3k (2021: £1k). This analysis assumes that all other variables remain constant.

A 10% strengthening of Sterling against the US$ at the statement of financial position date would have increased loss for the year by £6k (2021: £6k) whilst a 10% weakening of Sterling against the US$ would have reduced loss for the year by £6k (2021: £6k). This analysis assumes that all other variables remain constant.

Interest rate risk

The Group has floating rate financial assets in the form of deposit accounts with major banking institutions; however, it is not currently subjected to any other interest rate risk.

Based on cash balances at the statement of financial position date, a rise in interest rates of 1% will reduce loss for the year by approximately £44k (2021: £69k) per annum. A decrease in interest rates of 1% will increase loss for the year by approximately £21k (2021: £21k) per annum.

Liquidity risk

The Group regularly reviews its major funding positions to ensure that it has adequate financial resources in meeting its financial obligations. The Group takes liquidity risk into consideration when deciding its sources of funds.

Credit risk

The Group had receivables of £103k at 30 June 2022 (2021: £117k), of which £nil (2021: £nil) was receivable from related parties. Receivables of £103k represent the maximum credit risk to which the Group is exposed.

Capital risk management

The Group defines capital as the total equity of the Group. The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Fair value of financial assets and liabilities

There are no material differences between the fair value of the Group's financial assets and liabilities and their carrying values in the financial information.

Borrowings Facilities

The Group had no external borrowing facilities as at 30 June 2022 (2021: £nil).

24. Related Party Transactions

Non-executive Director Laurence Mutch is also a Director of Laurie Mutch & Associates Limited, which has provided consulting services to the Group. The total fees charged for the year amounted to £5k (2021: £45k). The balance payable at the statement of financial position date was £nil (2021: £nil).

QFI defines key management personnel as the Directors of the Company. Other than as above, there are no transactions with Directors, other than their remuneration as disclosed in the Report of Directors' Remuneration.

25. Ultimate Parent Undertaking and Controlling Party

The directors have determined that there is no Controlling Party as no individual shareholder holds a controlling interest in the Company.

26. Subsidiaries

The financial statements include the financial statements of Quadrise Fuels International plc and the following subsidiaries:

Name	Percentage interest held and voting rights	Class of share held
Quadrise International Limited	100%	Ordinary
Quadrise Limited	100%	Ordinary

Quadrise Fuels International plc and its subsidiaries are involved in the production and development of MSAR® and bioMSAR™ emulsion fuel (along with supplying the associated technology to third parties) as a low cost substitute for conventional heavy fuel oil for use in power generation plants and industrial and marine diesel engines.

The Company's 100% subsidiary companies Quadrise KSA Limited and Quadrise Marine Limited were closed down during the year. These companies were dormant with no trading activity.

The registered office for all subsidiaries is Eastcastle House, 27-28 Eastcastle Street, London, W1W 8DH.

27. Events After the end of the Reporting Period

On 4 August 2022, the Company granted a total of 12,500,000 options (the "Performance Options") over new ordinary shares of 1p each in the Company to employees and management of the Company in accordance with the provisions of the Company's Unapproved Share Option Plan 2016 ("2016 Plan") and Enterprise Management Incentive Share Option Plan ("EMI Plan"), as appropriate. 7,500,000 Performance Options were issued to Jason Miles following the lapsing in full of the 7,500,000 options issued by the Company on 3 September 2021 due to the specific performance condition of reaching certain project milestones prior to the option vesting date not having been met.

Director	Number of Performance Options	Plan	Exercise price
Jason Miles	7,500,000	2016 Plan	3.0p

These Performance Options will vest as to 50% on the first anniversary of grant and the remaining 50% shall vest on the second anniversary of the date of grant. All vestings are subject to the satisfaction of specific performance conditions, being the achievement of certain project milestones and remaining in employment with the Company, prior to the first anniversary of grant. The Performance Options will be exercisable from vesting until the eighth anniversary of the date of grant.

On 4 August 2022 Quadrise also granted 14,000,000 options over new ordinary shares of 1p each in the Company to the Company's non-executive directors in accordance with the provisions of 2016 Plan (the "Additional Options").

Director	Number of Options	Plan	Exercise price
Andrew Morrison	4,000,000	2016 Plan	3.0p
Laurie Mutch	4,000,000	2016 Plan	3.0p
Philip Snaith	4,000,000	2016 Plan	3.0p
Dilip Shah	2,000,000	2016 Plan	3.0p
Total	**14,000,000**	-	-

The Additional Options will vest as to 50% on the first anniversary of grant and the remaining 50% shall vest on the second anniversary of the date of grant and have no performance conditions to vesting attached. The Additional Options will be exercisable from vesting until the eighth anniversary of the date of grant. The vestings are not subject to the satisfaction of specific performance conditions.

On 4 August 2022, the Company granted 6,382,979 NVOs over new ordinary shares of 1p each in the Company to the Company's employees in lieu of cash bonuses for the year ended 30 June 2022. These NVOs were issued under the Company's Enterprise Management Incentive Plan, and will vest after 12 months from the date of grant, have no performance conditions and will be exercisable from vesting until the tenth anniversary of the date of grant.

28. Copies of the Annual Report

Copies of the annual report will be posted to shareholders and will be available shortly from the Company's website at www.quadrisefuels.com and from the Company's registered office, Eastcastle House, 27-28 Eastcastle Street, London, W1W 8DH

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