

SulNOx Group Plc

Trading Update

(Aquis Stock Exchange: SNOX)

15 April 2020

SulNOx Group Plc (“SulNOx” or the “Company”), the hydrocarbon fuel emulsification specialist, announces a trading update for the year ended 31st March 2020.

SulNOx successfully debuted on the Aquis Stock Exchange Growth Market (name changed from the NEX Exchange) on 17th December 2019 raising gross proceeds of £185,000 at 50p per share. This enabled the Company to proceed with its plans to advance discussions with a number of companies across a variety of sectors which had been identified as being bulk users of Diesel and Heavy Fuel Oil (HFO) and potentially in search of solutions to reduce toxic exhaust emissions, save fuel and reduce engine maintenance.

During January 2020, the Company was delighted to present its proprietary technology for maritime applications at a meeting organised by the South African Institute of Marine Engineers and Naval Architects (SAIMENA). The technology was positively received which reinforced the directors’ belief that SulNOx can provide a preferred solution for ships needing to reduce sulphurous emissions and particulate matter, other than through the installation of expensive exhaust scrubbers or converting to the much more expensive low-sulphur HFO.

A similar system has been developed for deployment in coal-fired power stations which use substantial quantities of HFO as part of the fuel ignition process. The SulNOx delivery system is perfectly suited to power stations with their relatively simple combustion system and the anticipated benefits could be substantial.

In terms of these bulk users of HFO, the Company had been in discussions with a shipping company and a company with fossil fuel power station interests. Unfortunately, progress has been markedly slower than anticipated to bring these discussions to fruition and, in February, the Board decided to broaden its marketing efforts to other potential customers.

The Company’s second product, a Diesel conditioner, works without the need to add additional water and is aimed at large scale Diesel users.

The board had anticipated selling this product through a major UK fuel distributor but this is taking longer to conclude than envisaged. The barrier appears to be a reluctance by transport operators to become the first-user. The directors have determined that one solution to unlock this reticence is to commit to engine trials in cooperation with specific engine manufacturers and advancements have been made and negotiations continue, with a group of transport companies. To this end, negotiations to commence static engine trials have started with two globally recognised engine manufactures.

In Africa where diesel with heightened levels of sulphur remains the primary fuel, the SulNOx conditioner may have significant environmental benefits in addition to expected fuel savings

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and to this end the Company, through its regional distributor, is making good progress introducing the product to a variety of customer groups.

The COVID-19 outbreak has led to a delay to the engine trial discussions and certain other marketing initiatives due to the Company's inability to freely move staff and equipment. This unprecedented event and resulting lack of visibility has led the board to take an even more prudent approach to the Company's operations and cash preservation. A further announcement will be made in relation to this position once clarity is restored,

Notwithstanding all of the above, the Directors remain confident about the efficacy of the Company's technology and methodology. The Company continues to be active in marketing and promoting the benefits of its products to customers.

In other developments; the Company has submitted its patent application to include worldwide PCT (Patent Cooperation Treaty) application and it is recognised that this process will require a number of years to conclude. In addition during the period the Company entered into agreements with customer, distribution and business development companies in the United Kingdom and abroad and the directors remain confident of the opportunities ahead.

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The directors take responsibility for this announcement.

About SulNOx Group Plc

SulNOx, www.sulnoxgroup.com, has developed a hydrocarbon fuels conditioning and emulsifying process which enables more efficient fuel combustion, potentially leading to reduced fuel consumption and significantly lowered emissions.