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A NEW APPROACH TO DEALING WITH A COSTLY COMMODITY

*4Refuel, Canada's Leader in Onsite Fuel Delivery and Fuel Management Solutions,
Enters Lucrative U.S. Market to Help Businesses Manage their Fuel, Reduce Costs*

(Langley, British Columbia)---"If it's empty, fill it."

It's the attitude most businesses have when it comes to fueling their heavy equipment or vehicles, whether it's an earthmover or a fleet of delivery trucks. Many rely on "jobbers," typically mom-and-pop operators who fuel vehicles onsite on a cost-per-gallon basis. Other companies might have their own refueling trucks or storage tanks, while others simply use commercial pumps.

The cost of their fuel is the price they pay at the pump. It's simple. At least that's what they think. But they've got it all wrong.

Fuel represents the second-highest expense behind labor for businesses involved in transportation, logistics, construction and other fuel-dependent industries. And while every business dedicates resources to managing their labor costs, few have processes in place to manage their fuel. They rarely consider such factors as labor, insurance, theft, loss of productivity and inefficiency that comprise their "true cost" of fuel.

Providing U.S. companies with the tools to collect the information they need to effectively manage their fuel, reduce costs and increase productivity is the goal of 4Refuel, Canada's largest fuel management company and the only franchised concept of its kind.

4Refuel specializes in 24/7 onsite diesel refueling, fuel logistics and automated fleet management, providing clients with such information as when fuel is delivered, which equipment or trucks it is delivered to, and most importantly, fuel usage. Clients can access the data online through user-friendly reports with the click of a mouse.

Data is captured by small radio-frequency tags attached to each vehicle or piece of equipment. The tags are scanned with hand-held computers and the data is immediately sent to a data warehouse. Optional telematics technology gives clients even more in-depth information by merging fuel consumption figures with data such as how long vehicles spend idling, speeding or jack-rabbit starting, which wastes fuel and causes excessive emissions.

Headquartered in Langley, British Columbia, just outside Vancouver, 4Refuel launched its first "corporate franchise" in the United States in Seattle on Aug. 1. Focusing its initial U.S. expansion on western states, 4Refuel expects to have 50 to 75 franchised and corporate-operated tanker trucks in the U.S. by the end of 2010, delivering more than 24 million gallons of fuel. 4Refuel currently has approximately 100 tanker trucks operating in Canada.

"Fuel has always been seen as a commodity," said Norm Bogner, 4Refuel's vice president of international development. "We are not selling fuel. We are selling service and business intelligence so companies can better manage their business. We're merging the delivery of a commodity with technology. There is no other franchise opportunity like 4Refuel."

4Refuel already serves more than 6,000 clients in Canada in all industries, including FedEx, Coca-Cola, CN Rail, Brinks and Tim Hortons. It safely delivered more than 52 million gallons of diesel and biodiesel fuel to customers in 2006 via more than 1.3 million individual refuelings. It reached an impressive benchmark in July 2007 when it pumped its one-billionth liter of fuel.

The United States represents an estimated annual commercial fuel market of 56 billion gallons, but the U.S. onsite refueling industry is still in its infancy and highly fragmented, consisting primarily of the small, local “jobbers” and larger, multi-region operators. Most have no sophistication in areas of providing superior service, logistical information or fuel management.

“There is going to be more competition in the United States, but who are we competing with?” asks 4Refuel founder and CEO Jack Lee. “We do onsite refueling but when we add our technology and fuel management principles, we differentiate ourselves from our competition. We are supplying the tools to help minimize the fuel our clients burn and maximize the productivity they get from their engines.”

Lee is a Canadian entrepreneur who has developed and owned successful businesses in both Australia and Canada. While living in Australia in 1995, Lee was awarded the master license for “Mini-Tankers Canada Ltd.” Founded in Australia in 1984, Mini-Tankers was a franchise concept whose primary focus was onsite diesel refueling for the earthmoving and construction industries. But while Lee successfully expanded operations across Canada through corporate and franchised operators, Mini-Tankers International – licensor of the Mini-Tankers system – became insolvent in 2003.

After terminating his contract, Lee rebranded his highly successful Canadian franchise operation as 4Refuel in January 2006, with a focus on fuel management and plans for international growth. Lee’s companies have experienced double-digit growth every year since 1995. In 2007, 4Refuel expects to safely deliver more than 257 million liters (67 million gallons) of fuel, a 26 percent increase over the 203 million liters delivered in 2006.

But when Lee talks of the growth opportunities available in the United States, the numbers are almost mind-boggling. While Canada is the world’s second-largest country in geographic size (Russia is the largest), its population of 33 million is less than that of California’s 36 million residents.

“From a demographic view of doing business, Canada is probably one of the toughest markets in the world,” Lee said. “But in the United States the population is

much more concentrated, which increases the value of our service because of the congestion and difficulty of getting fuel. I think we can be the Starbucks of our industry.”

It's no wonder that Lee predicts 4Refuel will be delivering 10 billion liters of fuel (2.6 billion gallons) internationally by 2020. Initial expansion into Europe is planned for 2008.

“It's a chance for prospective franchisees in the United States to be part of something that is a major global opportunity,” Lee said. “People get very excited about it. We all complain about the rising cost of fuel, but this is an opportunity to get involved in the fuel industry at a level where you are helping businesses control their fuel costs. We're in a wonderful place because we're in the sweet spot of an issue that's on the front page of the newspaper all the time.”

4Refuel's expansion into the United States will be through a network of regional franchisees who are granted exclusive territories in which they will be required to operate a minimum of 10 tanker trucks by their fourth year in business, beginning with a minimum of four the first year and adding a minimum of two trucks in each of the next three years.

4Refuel is calling its initial Seattle location a “corporate franchise” because it is being “run like a franchise rather than a branch office,” said Bogner, the vice president of international development, who described some of the qualifications 4Refuel is looking for in prospective franchisees:

- A business-to-business background with experience in market development and sales along with a proven track record in running a successful business or department.
- The ability to lead an initial team of four to six employees and the desire to build a multi-unit franchise.
- Past experience in the logistics, construction or other trade industries.

“A background in the oil industry is not necessary,” Bogner stressed. “This is not about the fuel. It’s about our service and technology helping our clients to manage their fuel. Our franchisees will ultimately work ‘on’ their business vs. working ‘in’ the business, but initially it will be important that they have exposure to all areas of the 4Refuel concept, including sales, operations and office procedures.”

Each 4Refuel franchise location will include dedicated territory managers who will build and maintain a client base for the franchisee, making sure customers’ needs are always met. Monthly client care calls ensure that any additional service requirements or adjustments are implemented on an ongoing basis.

“The territory manager program is unique to the industry,” Bogner said. “Most ‘jobbers’ don’t have such support. They are basically order-takers. If someone calls, they supply the fuel. We have the sophistication in terms of business development to help the franchisees build their business through this program.”

By combining a proven business model with ISO-based quality, safety and environmental standards, 4Refuel is offering prospective U.S. franchisees the ability to be part of the initial growth of an international franchise concept that is neither culture- nor border-specific.

“We want to be the branded name in fuel management on a global basis,” Bogner said. “When I explain our concept to individuals who have been in franchising for 25 or 30 years, their eyebrows raise in amazement. This is not another smoothie or fast-food concept. 4Refuel is unique and offers prospective franchisees a ground-floor opportunity to be part of the solution to the ever-increasing costs of the fuel industry.”

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