

FRACTAL SYSTEMS COMPLETES TESTING AT DEMO FACILITY

Company Achieves Stable Operation of Commercial Demonstration Unit

Calgary, Alberta – Fractal Systems completed testing of heavy oil at its JetShear™ Commercial Demonstration Facility near Provost, Alberta. Upgrading of the heavy oil was achieved, however the heavy oil feedstock (a heavy oil-diluent blend) was “lighter” (less dense) than was anticipated when the agreement was originally signed in mid-2010. Stable operation was achieved at the end of 2011 after several months of commissioning activity.

The company is in discussions with several oil sands producers to place this Commercial Demonstration Facility at a site that will allow for testing of diluted bitumen (“dilbit”).

Fractal Systems Inc. is a private Canadian company with offices in Calgary, Alberta and Sherbrooke, Quebec. Fractal is engaged in the business of processing/upgrading heavy-oil and bitumen, by applying proprietary technology that has **significant cost advantage** over alternatives. The company will be active in manufacturing & licensing systems to oil producers and mid-stream companies.

Jetshear™, Fractal System’s first technology, has been **successfully piloted** in Canada. The technology dramatically reduces the viscosity of heavy oil allowing the oil to move more freely in pipelines for transportation. This result provides the owner or transporter of the oil to significantly reduce their costs associated with moving it. In addition, the heavy oil processed by Jetshear™ has a reduced density.