

FRACTAL SYSTEMS SIGNS MOU WITH LARGE OIL SANDS PRODUCER

Memorandum of Understanding on Technology Development and Demonstration Unit

Calgary, Alberta – Fractal Systems is pleased to announce that a Memorandum of Understanding (MOU) has been executed with a large, Canadian oil sands producer.

The agreement includes a field demonstration of Fractal Systems' JetShear™ as well as the potential for joint technology development. The companies will work over the coming months to conclude separate definitive agreements that cover each aspect of the MOU.

The field demonstration agreement will provide for testing of Fractal Systems' JetShear™ technology at a scale of 1,000 barrels per day. Location of the demonstration facility is still to be determined. The oil sands producer's dilbit (diluted bitumen) will be the feedstock tested at the facility.

The technology development agreement will provide for testing and development of selected bitumen upgrading technology concepts that have been developed by Fractal Systems. In addition, the agreement will provide for testing and development of concepts developed by the oil sands producer.

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.