

FRACTAL SYSTEMS SIGNS COMMERCIAL DEMONSTRATION AGREEMENT

Commercial Demonstration Agreement with Large Oil Sands Producer

Calgary, Alberta – Fractal Systems is pleased to announce the execution of a Commercial Demonstration Agreement with a large, Canadian oil sands producer.

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 was not disclosed due to the confidential nature of the agreement. The producer's dilbit (diluted bitumen) will be the feedstock tested at the facility. Testing is expected to begin in late 2013.

The companies have already commenced a joint technology program that was agreed in January 2013.

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.