

FRACTAL SYSTEMS COMMENCES COMMERCIAL DEMONSTRATION IN ALBERTA

Commercial Demonstration Unit to Operate During 2014

Calgary, Alberta – Fractal Systems announced today that it began operation of a Jetshear™ Commercial Demonstration Facility on April 8, 2014 near Provost, Alberta. The facility will be processing diluted bitumen in collaboration with a large oil sands producer using Fractal Systems' novel Jetshear™ technology. The diluted bitumen is being trucked from the Athabasca oil sands region of Alberta.

The facility has a capacity to process approximately 1,000 barrels per day of diluted bitumen. Testing is expected to continue for most of the rest of 2014. Operating parameters will be gradually “ramped up” to target operating conditions over the next few weeks. Tests are being performed in conjunction with the producer and operating performance targets have been set for the year.

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.