

FRACTAL SYSTEMS ANNOUNCES ORGANIZATIONAL CHANGES

Calgary, Alberta – Fractal Systems, Inc., a private company focused on applying proprietary technology for the cost-effective, partial upgrading of heavy-oil and bitumen, is pleased to announce the following executive appointments and management changes.

Joseph Gasca has assumed the role of Chairman of the Board of Directors of the Company, and remains CEO of its US subsidiary, Fractal Systems (USA). Mr. Gasca has more than 35 years' of oil and gas industry experience including senior leadership positions at Texaco and BG Group, and has served as a Director of the Company since joining Fractal in 2008.

Ed Veith has been promoted to President and Chief Operating Officer of the Company. Mr. Veith is a professional petroleum engineer and joined Fractal in February 2015. He brings 35 years' experience largely focused on heavy oil and enhanced oil recovery initiatives working with independent and large oil and gas companies, and has been published in numerous industry journals focused on heavy oil and field upgrading.

About Fractal:

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

The JetShear technology platform (which includes Jetshear™, Enhanced Jetshear™ and Acid Reduction Process™ ("ARP™")) is being recognized by producers and other stakeholders for supporting the sustainable development of Canadian bitumen and extra-heavy oil. The Jetshear™ technology platform is designed to:

- significantly reduce the cost of transporting bitumen and extra-heavy oil and improve the price received for the product by partially upgrading the bitumen and reducing the TAN,
- improve export pipeline utilization leading to 20 to 25% increase in export capacity, and
- reduce the GHG footprint compared to the status quo of shipping conventional dilbit.

New technologies and approaches will be required to manage sustainable growth in the oilsands for the benefit of Canada, North America and the world. Fractal's Jetshear™ technology platform can play a vital role in improving producer operating margins while also improving the GHG footprint and long-term sustainability of the oilsands.



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Jetshear™ has been successfully field demonstrated in Canada. The technology dramatically reduces the viscosity of heavy oil allowing the oil to move more freely in pipelines for transportation. This result allows the owner or transporter of the oil to significantly reduce costs and the environmental footprint associated with moving bitumen or extra-heavy oil to market.

Enhanced JetShear™ and the ARP™ technologies are currently being demonstrated in the field . These two technologies represent a new approach that allows for further reductions in the diluent required, lowers the acid number (TAN) of the bitumen to below 1.0 and increases transportation infrastructure utilization.

For further information, please contact:

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