

16 January 2017

FluidOil Limited
("FluidOil" or "the Company")

Heavy oil upgrading technology test programme

FluidOil, the independent international heavy oil technology company, has finalised a six-month testing programme to prove and optimise the commercial benefits of its proprietary and patented heavy oil upgrading technology.

During a previous testing programme, conducted at its pilot plant in the UK, FluidOil demonstrated that its VHTL technology increases the viability of heavy oil production by substantially reducing the viscosity and upgrading heavy oil to higher value synthetic crude oil, which easily reaches pipeline specifications.

This new testing programme will be managed by a team from FluidOil using its Feedstock Test Facility (FTF) located at Southwest Research Institute (SwRI) in San Antonio, Texas, USA, and purchased by the Company as part of its acquisition of Ivanhoe Energy's Heavy-to-Light (HTL) processing technology in January 2016.

The FTF will be run initially with Ivanhoe's HTL technology to establish an upgrading baseline, after which the FTF will be adapted to process heavy oil using the FluidOil's VHTL technology. The results of these tests will quantify the commercial benefits of VHTL and will support the engineering and design of commercial facilities.

Charles Parker, CEO of FluidOil, commented:

"This testing programme will provide further evidence that our upgrading technology will be a paradigm shift for heavy oil production. We expect the results to validate the financial and environmental benefits of VHTL ahead of commercialisation later in 2017.

"With global crude oil demand set to continue to rise and conventional oil resources being rapidly depleted, the need for cost effective heavy oil upgrading solutions remains of paramount importance to the industry. We firmly believe that VHTL will provide a cost-effective and environmentally sound way to create greater economic value from heavy oil."

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About FluidOil Limited:

FluidOil is an independent international heavy oil technology company that is commercialising "VISCOSITOR Heavy to Light" (VHTL®). VHTL is a proprietary and patented technology that will significantly increase the economic viability of heavy oil by upgrading it close to source to produce higher value synthetic crude oil. VHTL will allow heavy oil producers to obtain a significantly higher realised price for their crude - up to \$20/bbl - as well as reducing production and logistics costs.

VHTL combines FluidOil's patented 'VISCOSITOR' technology with Ivanhoe Energy's 'Heavy-to-Light' (HTL™) upgrading process to address key development challenges in heavy oil production. VHTL is a simplification of the traditional Fluidised Catalytic Cracking (FCC) process, well understood and widely used in petroleum refineries today.