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**Auterra Inc. Announces Third Round Funding
to Advance FlexDS Desulfurization and Oil Upgrading Process**

Malta, NY. August 16, 2012. Auterra Inc., a clean energy company has received a third round investment and signed a multi-year joint development agreement with a major Canadian oil sands company. Auterra specializes in catalyst and process technology development for the upgrading of heavy and sour crude oil and oil distillates. The strategic investment will advance the development of Auterra's proprietary [FlexDS](#) desulfurization and upgrading process. As part of the strategic investment, the two organizations will work together in the areas of process development, engineering design and scaled unit operations.

"This investment and joint development agreement are validation of the economic and environmental potential of our technology." Eric Burnett, President & CEO of [Auterra, Inc.](#) stated. "While our technology can be used both upstream and downstream, oil sands and heavy oil producers will benefit the most from this technology and Canadian oil sands is an ideal market entry point for us."

Auterra is developing the FlexDS process which is expected to enable producers and refiners to improve the quality of their oil and oil products by removing pollutants and increasing API gravity. The process uses oxygen to remove sulfur and other impurities from a variety of heavy oil feed streams, and has both upstream and downstream applications. The oxidation process provides significant energy saving benefits over existing hydrogen based oil industry processes. FlexDS is complementary to downstream hydrogen processes and reduces the severity of their operating conditions, further reducing costs and CO₂ emissions. The reduced severity of these conditions also improves the safety of these hydrogen processes.

"Upgrading the value of heavy oil and oil sands bitumen through the removal of environmental impurities while reducing total global carbon emissions are two key priorities in maintaining a productive, clean environment." said Greg Hulecki, Auterra board member and Partner at FA Technology Ventures. "This partnership will assist Auterra in accelerating the commercialization of their technology."

While the oil industry has evaluated oxidation based upgrading numerous times in the past, Auterra's process has demonstrated levels of economic and quality performance that can result in a potentially game changing technology. "No technical breakthroughs have ever been successfully commercialized in the field of oxidative desulfurization

for heavy oils. The FlexDS technology offers the potential to level the playing field for heavy, sour oil producers by using environmentally responsible technology to raise the quality of their product," said Humberto Vanieri, former CEO at UOP, Inc. and advisor to Auterra. "Successful commercialization of this technology would help change the make-up of the industry."

About Auterra Inc.

Auterra Inc is a clean energy company, specializing in catalyst and process technology for the purification and upgrading of crude oil and oil distillates. Auterra is located in Malta, NY at the Saratoga Technology + Energy Park (STEP)

STEP is the nation's first park dedicated to renewable and environmental - friendly, clean energy technologies.

For information you can find us at www.Auterrainc.com or call 518.899.9600.