

January 6, 2020



Petroteq Announces Closing of Financing, Production Increases at the Existing Facility to Reach Profitability and Expansion Plans for New 3,000 Barrel Facility

SHERMAN OAKS, Calif., Jan. 06, 2020 (GLOBE NEWSWIRE) -- Petroteq Energy Inc. (“**Petroteq**” or the “**Company**”) (TSXV:PQE; OTC:PQEFF; FSE:PQCF), a fully integrated clean technology company with proprietary technology for soil remediation and oil extraction, announces that it has issued to an arm’s length lender a US\$750,000 principal amount (including a 20% original issue discount) unsecured convertible debenture, and warrants exercisable for up to 3,676,470 common shares of the Company at US\$0.17 per share for 48 months. The debenture has a term of 48 months and bears interest at a rate of 10% per annum payable quarterly. At the option of the holder the principal amount of the debenture is convertible into 3,676,470 common shares of the Company at US\$0.17 per share, and at the option of the Company is convertible at US\$0.17 per share in the event the closing price of the common shares on the TSXV is above US\$0.40 for twenty (20) consecutive trading days, with average daily volume greater than 1,000,000 common shares over such twenty (20) day period. The net proceeds of the above financing will be used by the Company on its extraction technology in Asphalt Ridge, Utah, and for working capital. All securities issued pursuant to the financing are subject to resale restrictions, including, without limitation, a Canadian four-month hold period.

Petroteq’s 2019 strategy, specifically, the Company’s decision in the second and third calendar quarter of 2019 to curtail the Corporation’s productive capacity in an effort to upgrade and add process equipment to ensure a higher level of oil quality and greater production consistency, has resulted in the expected benefits to the Company. Accordingly, Petroteq began ramping back up its production capacity in the fourth calendar quarter of 2019 and Petroteq now anticipates potentially being able to achieve cash flow positive production capacity in the first calendar quarter of 2020. Current production at the facility has sparked new interest for technology licenses and Petroteq is finalizing terms with its first licensing partner.

Petroteq’s 2020 capital investment plan includes approximately US\$35 million directed to facility expansion capital. As previously announced, Petroteq will invest these funds to complete the 3,000 barrel per day facility expansion. Subject to capital and funding requirements, Petroteq anticipates completing this project in the middle of 2021 and be able to utilize the increased capacity to realize strong cash flow and reduce non-discretionary field infrastructure, regulatory and corporate costs.

Alex Blyumkin, Chairman of Petroteq, stated, “the 2019 capital investment plan focused on driving efficiencies at our Asphalt Ridge facility from an operational and cost perspective and

this focus was driven with an aim to achieve free cash flow in 2020."

In addition, the Company intends to complete a shares for debt transaction, pursuant to which it will issue an aggregate of 653,846 common shares in satisfaction of US\$85,000 of indebtedness currently owed to an arm's length service provider. The Company determined to satisfy the indebtedness with common shares in order to preserve the Company's cash for use on its extraction technology in Asphalt Ridge, Utah, and for working capital. All shares issued pursuant to the shares for debt transaction are subject to TSXV approval and will be subject to resale restrictions, including, without limitation, a Canadian four-month hold period.

About Petroteq Energy Inc.

Petroteq is a fully integrated clean technology company focused on the development and implementation of a new proprietary technology for oil extraction. The Company has an environmentally safe and sustainable technology for the extraction and reclamation of heavy and bitumen from oil sands, oil shale deposits and shallow oil deposits. Petroteq is engaged in the development and implementation of its patented environmentally friendly heavy oil processing and extraction technologies. Petroteq is currently focused on developing its oil sands resources and expanding production capacity at its Asphalt Ridge soil remediation and heavy oil extraction processing facility located near Vernal, Utah.

For more information, visit www.Petroteq.energy.

Forward-Looking Statements

Certain statements contained in this press release contain forward-looking statements within the meaning of the U.S. and Canadian securities laws. Words such as "may," "would," "could," "should," "potential," "will," "seek," "intend," "plan," "anticipate," "believe," "estimate," "expect" and similar expressions as they relate to the Company, including: completing a facility expansion by 2021; achieving free cash flow in 2020; and closing of the transactions noted herein; are intended to identify forward-looking information. Readers are cautioned that there is no certainty that it will be commercially viable to produce any portion of the resources. All statements other than statements of historical fact may be forward-looking information. Such statements reflect the Company's current views and intentions with respect to future events, based on information available to the Company, and are subject to certain risks, uncertainties and assumptions, including, without limitation: receipt of TSXV approval for the transactions; execution of a definitive shares for debt agreement; execution of a definitive licensing agreement; the directors of the Company approving the transactions; the Company's technology producing as expected without additional or unforeseen technical problems; oil prices remaining at or above current prices; and the Company raising necessary capital for an expansion project by the end of 2020; and the Company's ability to continue financing existing expenses, including capital expenses. Material factors or assumptions were applied in providing forward-looking information. While forward-looking statements are based on data, assumptions and analyses that the Company believes are reasonable under the circumstances, whether actual results, performance or developments will meet the Company's expectations and predictions depends on a number of risks and uncertainties that could cause the actual results, performance and financial condition of the Company to differ materially from its expectations. Certain of the "risk factors" that could cause actual results to differ materially from the Company's forward-looking statements in

this press release include, without limitation: failure by the TSXV or the directors of the Company to approve the transactions; failure of the parties to execute definitive agreements; uncertainties inherent in the estimation of resources, including whether any reserves will ever be attributed to the Company's properties; since the Company's extraction technology is proprietary, is not widely used in the industry, and has not been used in consistent commercial production, the Company's bitumen resources are classified as a contingent resource because they are not currently considered to be commercially recoverable; full scale commercial production may engender public opposition; the Company cannot be certain that its bitumen resources will be economically producible and thus cannot be classified as proved or probable reserves in accordance with applicable securities laws; changes in laws or regulations; the ability to implement business strategies or to pursue business opportunities, whether for economic or other reasons; status of the world oil markets, oil prices and price volatility; oil pricing; state of capital markets and the ability of the Company to raise capital; litigation; the commercial and economic viability of the Company's oil sands hydrocarbon extraction technology, and other proprietary technologies developed or licensed by the Company or its subsidiaries, which currently are of an experimental nature and have not been used at full capacity for an extended period of time; reliance on suppliers, contractors, consultants and key personnel; the ability of the Company to maintain its mineral lease holdings; potential failure of the Company's business plans or model; the nature of oil and gas production and oil sands mining, extraction and production; uncertainties in exploration and drilling for oil, gas and other hydrocarbon-bearing substances; unanticipated costs and expenses, availability of financing and other capital; potential damage to or destruction of property, loss of life and environmental damage; risks associated with compliance with environmental protection laws and regulations; uninsurable or uninsured risks; potential conflicts of interest of officers and directors; and other general economic, market and business conditions and factors, including the risk factors discussed or referred to in the Company's disclosure documents, filed with the securities regulatory authorities in certain provinces of Canada and available at www.sedar.com.

Should any factor affect the Company in an unexpected manner, or should assumptions underlying the forward- looking information prove incorrect, the actual results or events may differ materially from the results or events predicted. Any such forward-looking information is expressly qualified in its entirety by this cautionary statement. Moreover, the Company does not assume responsibility for the accuracy or completeness of such forward-looking information. The forward-looking information included in this press release is made as of the date of this press release, and the Company undertakes no obligation to publicly update or revise any forward-looking information, other than as required by applicable law.

The securities referred to in this news release have not been, nor will they be, registered under the United States Securities Act of 1933, as amended, and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons absent U.S. registration or an applicable exemption from the U.S. registration requirements. This news release does not constitute an offer for sale of securities, nor a solicitation for offers to buy any securities. Any public offering of securities in the United States must be made by means of a prospectus containing detailed information about the company and management, as well as financial statements.

Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in policies of the TSX Venture Exchange) accepts responsibility for the adequacy or

accuracy of this release.

CONTACT INFORMATION

Petroteq Energy Inc.
Alex Blyumkin
Executive Chairman
Tel: (800) 979-1897



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