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QS Energy Provides Business Update for the Second Quarter of 2019

HOUSTON, TX / ACCESSWIRE / August 15, 2019 [QS Energy, Inc.](https://ir.qsenergy.com) (the “Company” or “QS Energy”) (OTCQB:QSEP), a developer of integrated technology solutions for the energy industry, today provided a business update for the second quarter ended June 30, 2019. The Company also filed its Form 10-Q for the period ended June 30, 2019 with the SEC on August 14, 2019, a copy of which is available for review on the Company’s website at <https://ir.qsenergy.com/quarterly-reports>.

Jason Lane, Chief Executive Officer and Chairman of the Board, commented, “We continue to advance our Applied Oil Technology (AOT) commercial demonstration project. Notably, we announced in May, the addition of Christopher Gallagher, PhD, a senior industry executive and Fluid Dynamics Expert to work with the Company’s engineering team. Dr. Gallagher has been an invaluable asset to the team as he has deep expertise in addressing flow assurance and the complexities of heavy crude oil transportation.

“As reported in early July, we temporarily discontinued operations of our AOT commercial demonstration project when our primary power supply began to operate erratically upon commencement of testing. We determined the primary power supply had failed, which after analyzing, was determined to be unrelated to operations. Our team responded rapidly and as a result we were able to connect to a second power supply. Although the second power supply was not meant to operate at sufficiently high power, we were able to conduct testing on a very limited basis.

“During the time since, our Engineering team has analyzed the limited in-field tests and has conducted additional laboratory tests and analysis to determine specific attributes of the crude oil at this site, the effect of these crude oil attributes on the operating characteristics of our current AOT configuration, and potential benefits of planned AOT grid pack modifications on system efficiency, effectiveness and power requirements. Results of this analysis indicates the AOT will likely require more power than originally anticipated. The previously damaged power supply has been repaired and is now in route to the demonstration site and should be ready for installation and testing before the end of August. If the system operates effectively, we will establish and test continuous operations. However, based on our most recent laboratory tests, we believe it is likely the repaired power supply will be insufficient to treat crude oil; in which case we will use in-field operations to test, confirm and supplement our laboratory test results.

“With this in consideration, we have decided to procure a new power supply capable of providing significantly more power and accelerate implementation and testing of a value engineered AOT grid pack assembly which our V.P. of Engineering, Shannon Rasmussen, has been developing for the past two years. This value-engineered design implements several modifications to the internal configuration of the AOT grid pack which may reduce power requirements and increase system efficiency. Fabrication and assembly of new grid pack components is in process and should be complete in the next few weeks. Based on our current procurement and assembly schedule, the new grid pack assembly and new power supply should be installed and ready for testing in the fourth quarter of this year. We believe these modifications may enhance output and efficiency and may provide us new areas to expand the Company’s intellectual property.

“Our plans moving forward are centered on achieving commercial adoption of our AOT device leading to sales and revenue as soon as possible. Over the past year, we have met with many leaders in the midstream oil industry who expressed interest in AOT, subject to seeing and evaluating commercial operations and data. Assuming successful operations, the demonstration AOT project should provide both real-time and long-term data quantifying increased flow rates and other pipeline operating benefits. All collected data will be normalized so that it can be used to evaluate the financial and operational benefits across a wide range of commercial operating scenarios without disclosing confidential details of our demonstration partner’s operations. We believe that real-world data, which may be available within a few weeks of establishing sustained operations of our AOT demonstration project, may be used to accelerate commercial adoption of our AOT technology, positioning us to re-engage with industry executives, and targeting sales in 2020.”

Dr. Gallagher commented, “I remain highly encouraged by the opportunity, and we have been proactive while dealing with the recent hurdles. Although we have experienced some delays, the AOT represents a transformational technology in its potential to replace traditional diluents. I am pleased to be part of this team, and I look forward to assisting further in the demonstration project along with preparing for commercialization.”

For further information about QS Energy, Inc., visit www.QSEnergy.com, read our SEC filings at <https://ir.stockpr.com/qsenergy/all-sec-filings> and subscribe to Email Alerts at <https://ir.stockpr.com/qsenergy/email-alerts> to receive Company news and shareholder updates.

Safe Harbor Statement

Some of the statements in this release may constitute forward-looking statements under federal securities laws. Please visit the following link for our complete cautionary forward-looking statement: <https://www.qsenergy.com/site-info/disclaimer>

About Applied Oil Technology

QS Energy's patented Applied Oil Technology (AOT) is a solid-state turn-key system which uses a high volt / low amp electric field to reduce crude oil viscosity. AOT installs inline on crude oil pipelines, operates unattended without interrupting pipeline flow, with full remote monitoring and control. More information is available online at www.qsenergy.com.

About QS Energy

QS Energy, Inc. (OTCQB:QSEP), develops and markets crude oil flow assurance technologies designed to deliver measurable performance improvements to pipeline operations in the midstream and upstream crude oil markets. More information is available at www.qsenergy.com.

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