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QS Energy Partners With JBL Royalty Company to Drive Oil & Gas Acquisition Strategy

SANTA BARBARA, CA -- (Marketwired) -- 03/08/16 -- [QS Energy, Inc.](#) (the "Company") (OTCQX: QSEP), a developer of integrated technology solutions for the energy industry, today announced that it has signed a joint venture agreement with JBL Royalty Company, LLC, a wholly owned subsidiary of JBL Energy Partners, an oil and gas exploration and production company, to assist in identifying and assessing undervalued oil and gas leases, properties and other assets. As a JV partner to QS Energy Pool ("QSEP"), the Company's wholly owned subsidiary established for pursuing acquisition opportunities, JBL Royalty Company will source and evaluate proved developed producing (PDP) oil & gas properties, with upside cash-producing potential through the drill bit.

"Coming on the heels of our announcement that a recently re-engineered and upgraded AOT unit will be re-deployed on a major condensate line in south Texas, our partnership with JBL Royalty Company further underlines our commitment to executing purposefully and aggressively on our previously stated dual-pronged growth strategy," stated Gregory M. Bigger, QS Energy Chief Executive Officer and Chairman. "Our goal and objective over a rolling 12-month period is to identify acquisition opportunities that yield the Company nearly \$4,000,000 in net operating cash flow on a per annum basis. With access to favorable equity and secured debt financing, we can position these projects for long term growth within the oil and gas vertical."

Headquartered in Texas, JBL Royalty Company is a wholly owned subsidiary of JBL Energy Partners, an independent E&P firm experienced in managing the well operations and output of early stage and mature properties in the East Texas basin and the Gulf Coast. Following the industry's first use of enhanced oil recovery techniques nearly a decade ago to extract tight oil and gas from shale formations, JBL Royalty Company has purchased, leased or joint ventured a variety of acreage positions in several high oil and gas production regions of Texas.

"Since announcing the formation of QS Energy Pool in July of last year, we have seen a continued growth in the volume of undervalued oil and gas assets entering the market due to the current level of spot prices," Mr. Bigger added. "Jason Lane and his team at JBL have



[Gregory M. Bigger, Chief Executive Officer and Chairman of the Board, QS Energy, Inc.](#)



[As recognized in previous news releases, QS Energy has been evaluating oil and gas assets in the Delaware Basin, the second largest basin within the Permian Basin in West Texas, the only large domestic formation that has seen production increases during the industry's current down cycle.](#)
[Photo courtesy Zorin09](#)

earned a well-deserved reputation for locating and acquiring exceptional oil, gas and mineral rights opportunities, and in doing so they have demonstrated an impressive degree of operational expertise and for following through with high-return results for their partners. We look forward to a mutually beneficial relationship with JBL in capitalizing on the market conditions that are providing today's buy-side opportunities."

"With regard to our acquisition strategy, we're going to be paying close attention to PV10 valuation, carefully scrutinizing terminal value, while being highly mindful of the depletion curve on the assets that we acquire," Mr. Bigger stressed. "We will only consider deals that represent exceptional value to our shareholders and the strongest potential for generating cash flow on an accretive basis for QS Energy. While JBL will stay focused on much larger transactions, there will be also significant opportunities for QSEP to analyze non-operated producing assets while securing mineral and royalty rights."

Present Value 10, or PV10, is a commonly used industry term to describe the present value of estimated future oil and gas revenues of a property or leasing rights, net of estimated direct expenses, discounted at an annual discount rate of 10 percent.

In addition to operating its QSEP subsidiary, QS Energy is the developer and exclusive vendor of AOT (Applied Oil Technology), the energy industry's first crude oil pipeline flow improvement hardware using an electrical charge to coalesce microscopic particles within feedstock. Independent third-party testing of AOT by R&D partner Temple University, the U.S. Department of Energy and ATS RheoSystems has proven its efficacy to improve flow, increase the volume of oil transported by pipeline, mitigate bottlenecks, and reduce the amount of energy used to operate pipeline pumping stations.

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: <http://www.qsenergy.com/site-info/disclaimer>.

About JBL Royalty Company

JBL Royalty Company, LLC is a wholly owned subsidiary of JBL Energy Partners, an independent oil and gas exploration and production company headquartered in Texas. JBL Energy Partners' operations generate onshore prospects throughout the state, focusing specifically on the acquisition and early development of properties in the East Texas basin and the Gulf Coast. The Company's low-cost, high-return track record over the past ten years is a direct result of its tenured executive team's experience, landowner relations, singular geographic focus and use of local talent.

About QS Energy, Inc.

QS Energy, Inc. (OTCQX: QSEP) provides the global energy industry with patent-protected industrial equipment designed to deliver measurable performance improvements to crude oil pipelines. Developed in partnership with leading crude oil production and transportation entities, QS Energy's high-value solutions address the enormous capacity inadequacies of

domestic and overseas pipeline infrastructures that were designed and constructed prior to the current worldwide surge in oil production. In support of our clients' commitment to the responsible sourcing of energy and environmental stewardship, QS Energy combines scientific research with inventive problem solving to provide energy efficiency 'clean tech' solutions to bring new efficiencies and lower operational costs to the upstream, midstream and gathering sectors. More information is available at: www.QSEnergy.com.

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