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Petroteq Energy Announces Proposed Resource Acquisition

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SHERMAN OAKS, Calif., April 16, 2019 (GLOBE NEWSWIRE) -- Petroteq Energy Inc. ("**Petroteq**" or the "**Company**") (TSXV: PQE; OTC: PQEFF; FSE: PQCF), a fully integrated oil and gas company, is pleased to announce the execution of a definitive agreement for the acquisition of an additional 50% of the operating rights and interests relating to oil sands under U.S. federal oil and gas leases encompassing approximately 8,480 gross acres (4,240 net acres, less royalty) in the State of Utah. This acquisition, combined with the Company's acquisition, completed and announced last week of 50% of the operating rights and interests under the same leases, will give the Company 100% of the operating rights for oil sands development under the leases. As previously reported, the lands included in the leases are located in P.R. Springs and the Tar Sands Triangle, two areas that have been designated as "Special Tar Sands Areas" by the U.S. Bureau of Land Management.

Pursuant to the proposed acquisition, TMC Capital, LLC ("TMC"), an indirect wholly owned operating subsidiary of the Company, will acquire from Petrollo LP Corp ("Petrollo"), a Nevada corporation, an undivided 50% interest in the operating rights (working interests) under a federal oil and gas lease located in P.R. Springs and five federal oil and gas leases located in the Tar Sands Triangle. Under each of the leases, the operating rights acquired by TMC will consist of the right to explore for and produce bitumen and heavy oil from oil-impregnated bituminous sands formations located at the surface and at subsurface depths down to 1,000 ft. Under this transaction, the total consideration payable to Petrollo will be US$13 million, with US$1 million payable in cash and US$12 million payable in shares, namely 30 million common shares of the Company, at a deemed value of US$0.40 per share, representing a premium of approximately 33% from the last closing price of the common shares.

The federal oil and gas leases to be acquired in this transaction have been included in notices or applications previously filed with the U.S. Bureau of Land Management ("BLM") requesting their conversion to new "combined hydrocarbon leases" or "CHLs" under the (U.S.) Combined Hydrocarbon Leasing Act of 1981. This conversion process, once completed by BLM, will create enhanced opportunities for the evaluation and potential development of oil sands resources in these areas.

According to a report titled "Evaluation of Contingent Resources" from Chapman Petroleum Engineering, Ltd. dated December 31, 2018 (the "Chapman Report"), the 50% operating rights and interests to be acquired by TMC under the P.R. Springs lease in this transaction, when combined with the 50% rights and interests previously acquired by TMC under this lease, are estimated to contain gross contingent resources of 90 million barrels of mineable oil/bitumen in place, with an "arithmetic average after risk" estimate, determined on a net basis (discounted by risk and royalty), of 40.77 million barrels of mineable oil/bitumen in place. Based on certain assumptions in the Chapman Report concerning forecasted oil prices and a recovery factor, the mineable resources that are attributable to the interests in the P.R. Spring leases to be acquired by TMC have an estimated "after risk" cash flow value of US$2.23 billion on an undiscounted basis, a cash flow value of US$293.4 million on a 10%/year discounted basis, and a cash flow value of US$166.6 million on a 15%/year discounted basis.

According to the Chapman Report, the remaining 50% of the operating rights and interests in the Tar Sands Triangle leases to be acquired by TMC are estimated to contain gross contingent resources of 41.3 million barrels of in situ oil/bitumen in place, with an "arithmetic average after risk" estimate, determined on a net basis (discounted by risk and royalty), of 20.7 million barrels of in situ oil/bitumen in place. No economic evaluation of the resources contained in the Tar Sands Triangle leases has been conducted.

The Chapman Report was prepared in compliance with the COGE Handbook and NI 51-101 –*Standards of Disclosure for Oil and Gas Activities*.

"This acquisition is part of the Company's strategy of acquiring oil sands resources and opportunities in the State of Utah, including federal leases covering lands and areas that have been designated "Special Tar Sands Areas" by the U.S. Government," stated the Company's CEO David Sealock

All securities issuable pursuant to the above noted transaction will be subject to a four-month hold period. The transaction is ultimately subject to approval of the directors of the Company and the TSX Venture Exchange.

About Petroteq Energy Inc.

Petroteq is a fully integrated oil and gas 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 of heavy oil 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. Our proprietary process produces zero greenhouse gas, zero waste and requires no high temperatures. Petroteq is currently focused on developing its oil sands resources and expanding production capacity at its Asphalt Ridge heavy oil extraction 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: closing of the above noted transaction; conversion of the leases to new CHLs; the Company’s continued development of its oil sands mining and production operations and its existing oil processing and extraction facility; and the Company successfully producing at its current or future plants; 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 its oil sands and mineral 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. Material factors or assumptions were applied in providing forward-looking information, including: the technology producing as expected; oil prices stabilizing; approval of the transaction by the directors of the Company and by the TSX Venture Exchange. 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: uncertainties inherent in the estimation of resources, including whether any reserves will ever be attributed to the Company’s properties; 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 by 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 are of 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.

Additionally, the mineral resources reported in this news release are “contingent resources” that are expressed in terms of barrels of oil/bitumen in place and do not represent reserves within the meaning of either Canadian or U.S. securities laws and regulations. The estimates as to contingent resources and their potential value do not take into account the certainty, timing or cost of resource recovery, which is contingent on the successful development of exploratory, production and processing operations in the recovery of oil and hydrocarbon substances from oil sands structures and formations and on the successful application of the Company’s oil sands extraction and processing technologies, methods and technologies, or the commercial and economic feasibility of such operations and other *factors, and are therefore not indicative of the expected future resource recovery and should not be relied upon.*

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.

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