

November 10, 2015



# QS Energy, Inc. Issues Letter to Shareholders

SANTA BARBARA, CA -- (Marketwired) -- 11/10/15 -- **QS Energy, Inc. (the "Company")** (OTCQX: QSEP), a developer of integrated technology solutions for the energy industry, today issued the following letter to shareholders.

To all QS Energy shareholders,

Before delving into QS Energy developments, I'd like to wish the United States Marine Corps a very happy birthday today, November 10, on behalf of the entire management team. We extend our deepest gratitude to all men and women in uniform, as well as all veterans, for their sacrifice and for upholding their duty to protect this great nation.

As documented in recent QS Energy news releases, shareholder communications and SEC filings, we continue to pursue our bifurcated strategy of commercializing industrial solutions designed to optimize the global pipeline infrastructure, while simultaneously seeking to acquire undervalued assets that have the potential to generate bottom line revenue and significantly enhance shareholder value. With the downward pressure on energy commodity prices continuing unabated, we believe the ideal conditions are in place to support our acquisition strategy.

During our business development efforts throughout the past year we have had encouraging, high level discussions with operators and transporters in Europe, the UK, the Middle East, Canada and here in the U.S. Based on our interactions with the executives and engineers with whom we have met, it is clear that the drive to reduce costs and optimize existing infrastructure remains a top priority within the industry, making the benefits of our technology solutions more compelling and potentially of greater value than at any time previously.

I'm pleased to report that we have recently negotiated an agreement to determine the efficacy of a customized AOT system for a top tier, North American pipeline operator. QS Energy will conduct tests on oil sourced from the operator's pipeline network at Temple University, in order to determine AOT's ability to reduce the viscosity of the feedstock during transport. It is our hope that this will lead to an AOT installation on the operator's midstream infrastructure in the Southeastern United States, paving the way for additional deployment opportunities with our current partners and new prospective customers.

Overseas, due to the efforts of our distributorships, we have made inroads with large oil producers and nationalized energy entities in several foreign markets. In Oslo, Norway, our partner Norront AS has engaged in discussions with Statoil ASA and is positioning AOT for possible development funding under a government research program. Following extensive crude oil testing and hydraulic analysis for a state-owned oil transporter in the Middle East, Energy Tech Africa (ETA) will in the near future meet with officials in Basra for a second round of negotiations for an AOT deployment on a primary line carrying crude oil to a marine

offloading facility. These and several other opportunities in play may provide the high profile showcase necessary to engender widespread interest in the use of electrorheology for viscosity reduction, and thereby additional AOT deployments.

As a result of ongoing discussions with several investment banks, we are confident that we will secure financing for working capital funding requirements, both for acquisitions and to extend the Company's runway. Concurrently, with the assistance of our QS Energy Pool advisors and our Board Members, we have identified a number of acquisition targets that would lead to immediate revenue generation. The current commodity pricing down cycle has created a buyer's market for discounted oil and gas assets, reshaping the industry landscape and benefiting our acquisition strategy enormously. We intend to capitalize on these circumstances to the greatest degree possible.

When I was appointed Chief Financial Officer in 2012, we faced many pressing challenges that required immediate attention to preserve the fiduciary integrity of the Company. Some of these legacy policies threatened the future of the Company while others placed constraints on our ability to raise capital to fuel our growth.

With the help of our Controller Mike McMullen, our dedicated Board Members and the support of our loyal shareholders, we took the steps necessary to mitigate a host of decisions and commitments made during the prior 15 years. In addition to bringing the Company fully into Sarbanes-Oxley 404 compliance and realigning its capital structure, we have established QS Energy as a reputable and trusted vendor among some of the leading entities in the world's most capital-intensive industry.

The initiatives we began then have been as transformative and beneficial as we intended. By any estimation, today's QS Energy is stronger, more professionally managed and unquestionably enjoys a reputation within the industry founded on integrity, competence and a proven ability to execute. I take great personal pride in what we've accomplished thus far, and look forward to continued success. I know that these sentiments are shared by the entire QS Energy team and our Board of Directors, and we have tremendous gratitude for the allegiance of our shareholders.

As CEO, President and Chairman of the Board it has always been my commitment to communicate all meaningful developments to our shareholders in a timely and transparent manner. We have ceased the issuance of news releases without substance, as had been the practice of prior Company leadership. In contrast, we seek to convey only the most critical information to our stakeholders via press release, beyond the material events duly noted in our filings. It is my belief that this is the most honest policy, and it is in the best interest of both the Company and our shareholders.

Since embarking on the mission to design, fabricate and commercialize industrial solutions to improve the delivery of crude oil by optimizing pipeline performance, we have witnessed the domestic and international energy sector undergo substantial changes. During this time, despite QS Energy's status as a small cap entity with a lean management team, modest operating budget and limited resources, we have gained the attention and respect of multinational producers and transporters worldwide.

Of course, the development and refinement of any nascent technological innovation is time consuming, and fraught with risks and detours. Perfecting and commercializing industrial

equipment for use on multi-million dollar crude oil pipelines, which requires certification by several levels of government and approval through intensive industry review, adds incalculably to the challenge of bringing a "better mousetrap" to market. Yet, working together with our partners, customers and supply chain fabricators, we have proven the safety, efficacy and value of our technology in the laboratory and in the field. Under our new auspices of QS Energy and with the added leverage of QS Energy Pool as a financial instrument, it is our intent to prove the commercial viability of AOT and Joule Heat to the fullest extent possible, and thereby to execute strategic deployments and generate substantial revenue.

As we close out yet another momentous year I'd like to take the opportunity to wish our shareholders the happiest of holidays and a very Merry Christmas. In particular, I extend a special thanks to our Board, employees and consultants, the staff at Temple University, our industry partners and distributors, and those who have assisted in the ongoing development of AOT and Joule Heat. Collectively, it is our goal, and my personal objective, to ensure 2016 will be a pivotal period of transition for QS Energy as we solidify our status within the industry and increase cash flow through the acquisition of assets, as well as the deployment of our technology solutions.

Happy Holidays and best wishes,

Greggory M. Bigger  
Chief Executive Officer  
QS Energy, Inc.

For further information about QS Energy, Inc., visit [www.QSEnergy.com](http://www.QSEnergy.com), read our SEC filings at <https://ir.stockpr.com/qsenery/all-sec-filings> and subscribe to Email Alerts at <https://ir.stockpr.com/qsenery/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 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](http://www.QSEnergy.com).

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