

**PETROTEQ**  
ENERGY INC.

## **CORPORATE PRESENTATION**

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**SEPTEMBER 2020**

**[www.petroteq.energy](http://www.petroteq.energy)**

**OTC: PQEFF | TSX Venture: PQE**

## Forward-looking Information

Certain statements contained in this presentation 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, 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, the ability of the Company to finance expansion and the technology producing as expected. 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 presentation include, without limitation: the ability of the Company to commission the sand separation and the clean sand production processes and the fluid and sediment extraction equipment immediately; the ability of the Company virtually eliminate the need of introducing abrasive sand into its centrifuges by the addition of new vibrating separation; the ability of the Company to use these upgrades to reduce its maintenance costs greatly over the long term; 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 any 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; risks related to COVID-19 including various recommendations, orders and measures of governmental authorities to try to limit the pandemic, including travel restrictions, border closures, non-essential business closures, quarantines, self-isolations, shelters-in-place and social distancing, disruptions to markets, economic activity, financing, supply chains and sales channels, and a deterioration of general economic conditions including a possible national or global recession; 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 United States Securities and Exchange Commission and available at [www.sec.gov](http://www.sec.gov) (including, without limitation, its most recent annual report on Form 10-K under the Securities Exchange Act of 1934, as amended), and with the securities regulatory authorities in certain provinces of Canada and available at [www.sedar.com](http://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 presentation is made as of the date of this presentation, and the Company undertakes no obligation to publicly update or revise any forward-looking information, other than as required by applicable law.

## Non-GAAP Measure

Throughout this presentation, Petroteq uses the term netback to analyze financial and operational performance. This non-GAAP measure does not have any standardized meaning prescribed under IFRS and, therefore, may not be comparable to similar measures presented by other issuers. “Netback” is calculated using [commodity sales from production, excluding realized gains and losses on commodity risk management contracts, less royalties, operating and transportation expenses, calculated on a per stock tank barrel basis]. Management believes that netback is a key industry benchmark and a measure of performance for Petroteq that provides investors with information that is commonly used by other oil and gas producers, however, such measure is not a reliable indicator of Petroteq’s future performance and future performance may not compare to the performance in previous periods.

# COMPANY OVERVIEW



**OTC: PQEFF | TSX Venture: PQE**

## Petroteq's patented oil sands extraction technology is a breakthrough for the oil sands mining industry



**SIGNIFICANT  
CONTINGENT  
RESOURCE**



**ESCALATING  
PRODUCTION**



**PROPRIETARY  
TECHNOLOGY**



**EXPERIENCED  
LEADERSHIP**



**ATTRACTIVE  
ECONOMICS**



**PETROTEQ**  
ENERGY INC.

## Attractive, unique, growth opportunity in both the E&P & Technology sectors



### **SIGNIFICANT CONTINGENT RESOURCE**

- **2,500+ leased acres in Uintah basin, Utah<sup>1</sup> + 8,480 net acres, less royalty & estimated in P.R. Springs and the Tar Sands Triangle, Utah**
- **Excellent existing infrastructure, 5 refineries within short trucking distance to Salt Lake City**



### **ESCALATING PRODUCTION**

- **Production capacity of up to 500 bpd, potential for 5,000 to 10,000 bpd production by 2023**
- **Consistent production; no decline curve**
- **Scalable operations with potential to achieve 25,000 bpd production<sup>4</sup> using parallel trains**



### **PATENTED TECHNOLOGY**

- **Patented & proven oil recovery technology; 10,000 bbl oil produced<sup>2</sup> to date**
- **Expected to extract up to 99% hydrocarbons using no water, while reducing greenhouse gases**
- **Potential to unlock surface minable oil sands deposits domestically and globally**



### **EXPERIENCED LEADERSHIP**

- **Highly qualified leadership team with significant experience in creating investment value**
- **Significant experience across oil sand asset life cycle**
- **Experience in plant construction, start-up & commissioning**



### **ATTRACTIVE ECONOMICS**

- **Innovative technology underpins low facility capex, estimated at \$15-\$20K per daily bbl<sup>3</sup>**
- **Low production costs, estimated to average \$25-\$30/bbl dependent upon scale of production**
- **Netback<sup>4</sup> margins between \$10-\$15/bbl at \$45 WTI**

(1) For a discussion of Petroteq's contingent resource assignable to the Uintah basin, Utah, please see the oil and gas annual disclosure filing (Form 51-101F1) available on [www.sedar.com](http://www.sedar.com) filed on December 19, 2019. Please also refer to the notice on slide 2 of this presentation for information regarding contingent resources. (2) At pilot plant and Asphalt Ridge Facility (3) See slide 17 of this presentation for details on assumptions (4) See Important Notice – Non-GAAP Measure herein.

# Petroteq Energy Inc.

**Value-creation focused company, developing & implementing proprietary, clean oil sands processing and heavy oil extraction technologies**

- **Technology-centric, energy company based in Los Angeles, California with Utah oil sands assets**
- **100% WI<sup>2</sup> in 2,542 gross acres<sup>3</sup> in the Uintah Basin, Utah**
- **100% of the operating rights in 8,480 gross acres in P.R. Springs and the Tar Sands Triangle, Utah**
- **Environmentally benign, using no water in the closed-loop extraction process**
- **Produces bitumen and a clean sand<sup>4</sup> as the only by-product**
- **Potential to unlock resources across U.S. and global oil sands markets**
- **Approved SEC Form 10-12G – Blue Sky Exempt in 39 States in the USA**



**PETROTEQ**  
ENERGY INC.

(1)

**OTC: PQEFF**

**TSXV: PQE**

**HQ:**

**Los Angeles, CA**

**Shares O/S:**

**274.45 mm**

**274.45mm**

**Price:**

**US \$0.09**

**CAD \$0.12**

**Market Cap:**

**US \$24.7mm**

**CAD \$32.9mm**

**52wk High:**

**US \$0.338**

**CAD \$0.400**

**52wk Low:**

**US \$0.018**

**CAD \$0.03**



(1) All values as of September 3, 2020. (2) Working Interest. (3) Net acres of 2,318.75 after royalties contemplated in the leases. (4) Meets EPA Tier 1 standards.

# Industry-Leading Executive Team

 **Highly qualified, experienced management team with 175+ years across the energy, chemical engineering, remediation, and engineering technology sectors**



**Mr. Alex Blyumkin**  
*Chairman of the Board and  
Chief Executive Officer*

- Mr. Alex Blyumkin has over 20 years of a wide range of experience in the energy industry. After achieving significant success in downstream operations on several energy projects in Azerbaijan, Ukraine and the U.S., he recognized a worldwide need for safe, environmentally-friendly oil sands extraction technology. Alex Blyumkin and his team discovered the origins of what is now Petroteq's extraction technology.



**Mr. George Stapleton**  
*Chief Operating Officer*

- Mr. Stapleton brings over forty years of experience in all aspects of design, construction, fabrication and project management for onshore and offshore plant and energy infrastructure related projects. Mr. Stapleton spent over 20 years of his career with McDermott, Inc., a premier international engineering, construction and procurement firm. Most recently he held the position of Senior Director for all fabrication operations for McDermott, Inc. in North, Central and South America.



**Dr. R. Gerald Bailey**  
*Director*

- Dr. R. Gerald Bailey has over 40 years of experience in the international petroleum industry in all aspects, both upstream and downstream with specific Middle East skills and U.S. onshore/offshore sectors. Current Director of Petroteq Energy Inc. as well as its former CEO.



**Mr. Mark Korb**  
*Chief Financial Officer*

- Mr. Mark Korb has over 20 years experience with high growth companies, serving as the CFO or Financial Consultant across several industries.



**Dr. Donald Clark**  
*Chief Geologist*

- Donald Clark utilizes his knowledge of geological resource assessments to assist Petroteq in its oil sands leases and future resource property acquisitions. He also provides counsel on reviewing hydrocarbon reserves and resource reports, feasibility studies and NI 43-101 reports. Dr. Clark develops financial models and analyzes commodity price fluctuations, as well as operational and transportation costs of oil and natural gas leases.



# OPERATIONS & TECHNOLOGY



**OTC: PQEFF | TSX Venture: PQE**

# Asphalt Ridge: Growing production on a multi-decade asset

**Petroteq's key asset, Asphalt Ridge, is located within Utah's prime oil sands play**

## Regional Excellence

- Measured regional play; resources are estimated to exceed 1 Bn bbl, underlying 29,000 acres <sup>1</sup>
- Petroteq has leased over 2,500 acres<sup>2</sup> at Asphalt Ridge
- Excellent existing regional infrastructure

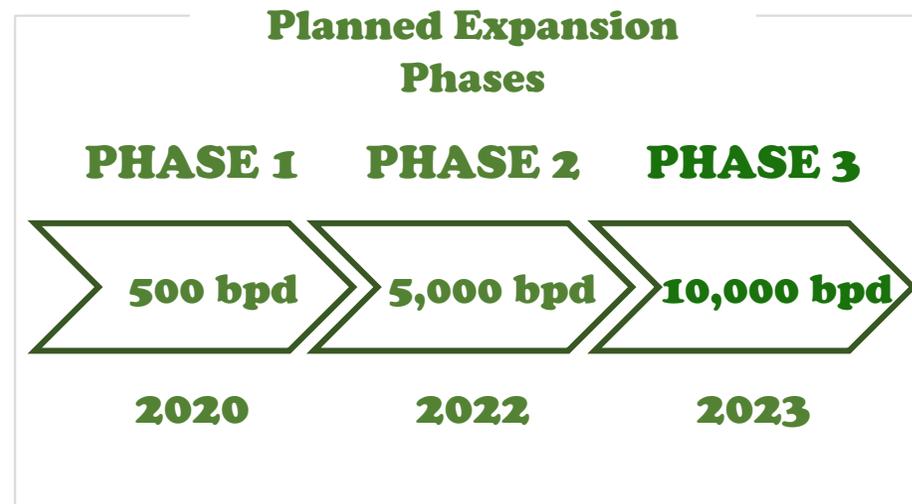
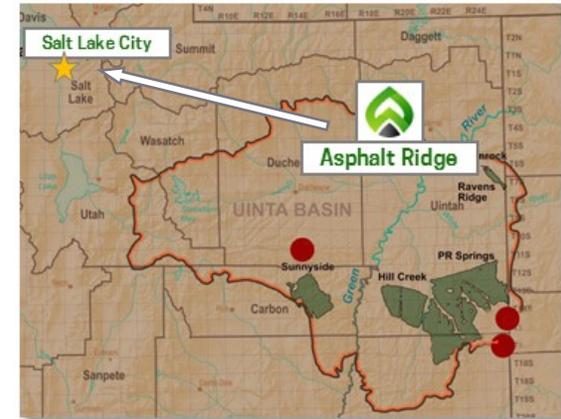
## Rich Oil Sands Deposits

- Asphalt Ridge's oil sands deposits are estimated to be some of the richest in the US from 100 to over 300 bbl/acre-ft <sup>1</sup>
- Deposits average 6% - 15% oil by weight
- Expected resource life >20 years <sup>3</sup>
- 10,000 bbl of high-diesel fractionation oil has been produced to date using the pilot facility at Asphalt Ridge.

## Expanding a Multi-Decade Asset

- Facility upgrade currently underway to deliver 4-500 bpd in Q4 2020
- Staggered addition of 2 X 5,000 bpd production trains to achieve 5,000 bpd in 2022 and 10,000 bpd by 2023 <sup>3</sup>
- Product sold to local Utah refineries

Reservoir Properties	Asphalt Ridge
Depth	20-600 ft.
Net Pay	35-50 ft.
Porosity	27%
Permeability	1,000+ md
Oil Saturation	Max: 60%, Ave: 48%



(1) Department of Energy, U.S. Government. (2) Please refer to the notice on slide 2 of this presentation for information regarding contingent resources. (3) Based on Managements plans in conjunction with Chapman Petroleum Engineering, Ltd., September 1, 2018 and subject to financing.

## PETROTEQ'S CLEAN OIL RECOVERY TECHNOLOGY ("CORT") INTEGRATES CLEAN TECHNOLOGY & OIL SANDS PRODUCTION



### CLEAN TECHNOLOGY

- Proprietary extraction technology
- Greatly reduces greenhouse gases
- Requires no water, leaves no waste water/tailings pond
- Demands no high temperatures or pressures
- No waste - leaves clean, dry sands
- Up to 99% of hydrocarbons are extracted and 95% of solvents used are recycled
- Potential for regional and global deployment via licensing



### OIL SANDS PRODUCTION

- 2,500+ acres leased in Uinta Basin, Utah + 8,400 acres leased in PR Springs/Tar Sands, Utah
- Small, modular footprint, low capex & opex
- Pilot proof-of-technology production facility with 4-500 bpd capacity after upgrades currently nearing completion
- Goal of 5,000 bpd production in 2022 <sup>1</sup> and 10,000 bpd in 2023
- Potential to unlock international heavy oil mining deposits



(1) Based on Managements plans in conjunction with Chapman Petroleum Engineering, Ltd., September 1, 2018.



# GROWTH & DEVELOPMENT



**OTC: PQEFF | TSX Venture: PQE**

# Phased growth plan to 10,000 bpd by 2023

-  Petroteq's extraction technology has been evaluated by reputable, independent consulting firm, Chapman Engineering, who concluded that the process is scalable, commercially viable & cost effective

## PHASE 1

### Upgrade Asphalt Ridge to 500 bpd

- Fully funded, operational Q4 2020
- Peak capacity of up to 500 bpd
- Trucking production to local refineries
- 500 bpd plant is proof-of-technology for additional, larger capacity plants

## PHASE 2

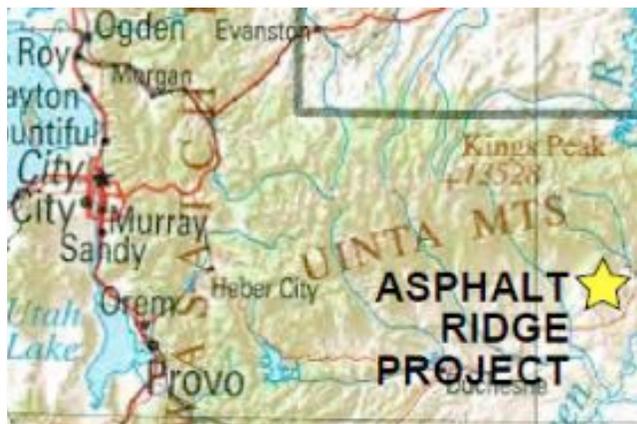
### Target 5,000 bpd in 2022

- New build 5,000 bpd plant based on lessons learned from pilot plant
- \$90 mm of Project Financing required
- FEED due to complete Q4 2020
- Est. EBITDA of \$28 mm at 5,000 bpd<sup>1</sup>

## PHASE 3

### Target 10,000 bpd during 2023

- Construction of parallel 5,000 bpd plant projected for further production increase in 2023
- Phase 3 est. capex of \$70 mm / train
- Est. EBITDA of \$60 mm at 10,000 bpd<sup>1</sup>



 **Petroteq's patented oil sands extraction technology is a breakthrough for the oil sands industry**

## Patents in Major Markets

- **Patents issued = in USA, Canada, Russia**
- **US provisional patents filed within intent to make filings in up to 30 countries worldwide having significant oil sands reserves**
- **Patent applications have been filed covering specific aspects of the entire extraction processes and the physical features of the extraction plants and solvents as follows:**
  - **Solvent combinations and compositions**
  - **Engineering and design features of specific major components**
  - **Oil solids extraction processes**



 **Petroteq has recognized further CORT growth and value potential beyond oil sands production by Petroteq**

**Valkor and Petroteq have entered into a technology license agreement, which provides for Valkor to pay Petroteq a license fee of US\$2,000,000 per oil sands plant in two payments with 50% payable at the start of construction of a plant and the balance payable upon first production. Valkor shall also pay Petroteq an amount equal to five percent (5%) of net sales from production at a plant.**

**Valkor, together with its joint venture partner, Tomco Energy plc, are upgrading Petroteq's existing oil sands plant to increase plant capacity and reliability for continuous operations at up to 500 barrels per day as part of a larger FEED study for a proposed commercial scale 5,000 barrel per day plant design. This design could be utilized for an expansion of Petroteq's existing oil sands plant to potentially up to 5,000 barrels per day and for other similar plants worldwide.**

**TomCo is a UK listed company that, together with Valkor, has established Greenfield Energy LLC to seek investment opportunities in the oil sands sector. Greenfield is funding the current upgrades to Petroteq's existing oil sands plant. Upon successful completion of the testing of the upgraded plant and FEED study, it is Greenfield's intention to offset upgrade costs against the US\$2,000,000 fee that will become payable by Valkor to Petroteq pursuant to the License Agreement as described above.**

 **Petroteq has recognized further CORT growth and value potential beyond oil sands production by Petroteq**

**The upgrade to the existing oil sands plant will include a commercial scale demonstration trial of MSAR technology from Quadrise Fuels International plc to produce over 600 bbls of power grade MSAR. Petroteq, Greenfield and Quadrise believe that the use of MSAR technology could potentially add significant value to the oil produced from Petroteq's existing oil sands plant.**

**Petroteq is also investigating other options to improve pricing on production. Plant output can be directed towards the production of asphalt during summer months, when it commands premium pricing for road construction.**

**Petroteq will continue to investigate opportunities to license CORT in countries that have mineable oil sands resources.**

# THE PETROTEQ ADVANTAGE



**OTC: PQEFF | TSX Venture: PQE**

## Modular Plant Economics

- All-in costs anticipated to average \$25 /bbl<sup>1</sup> – 24 hour day at 10,000 bpd
- Netback margins anticipated to average between \$17 - \$25 /bbl – 24 hour day at 5000 bbl/d
- Economics run at EBITDA assumption of \$42.00 /bbl WTI – 24 hour day at 5000 bbl/d
- Assumes 330 days of operation for each process train – 24 hour day at 5000 bbl/d

## Energy Efficient Technology

- Modular & scalable, anticipate multiple 5,000 bpd process trains
- Closed-loop, continuous recycle of process materials
- Low CAPEX estimates: ~\$18,500 per flowing bbl of capacity (conventional mining operations 2-3x higher due to water demand)
- Returns over 14x energy used to produce oil, comp. to 2-6x for competitive technologies

Plant Size bpd	CAPEX US\$	Production Cost US\$ / day	Gross Daily Revenue US\$	EBITDA US\$ / year	
500	\$8 mm <sup>2</sup>	\$15,000	\$21,000	\$1.98 mm	Payout in 36 months for 5,000 bpd facility
5,000	\$92.5 mm	\$125,000	\$210,000	\$28 mm	

(1) Based on 24 hour operations – 350 days per year at 5,000 bpd

(2) \$8 mm in addition to \$10 mm spent on 250 bpd pilot

- 1. Patented oil recovery technology; 10,000 bbl oil produced to date**
- 2. Innovative technology underpins low facility capex, estimated at \$18.5K per daily bbl for 5,000 bpd modular production train**
- 3. Low production costs, estimated to average no more than \$25-\$30/bbl dependent upon scale of production**
- 4. Netback margins between \$12-\$17/bbl at \$42 WTI**
- 5. Environmentally benign, using no water in the closed-loop extraction process; no tailings pond**
- 6. Expected resource life >20 years with no decline in daily production**
- 7. Estimated EBITDA of \$28 mm at 5,000 bpd; \$60 mm at 10,000 bpd**
- 8. Partnership with Valkor Engineering to mitigate Engineering, Procurement & Construction risk**
- 9. Potential to license technology for a combination of upfront fee & ongoing royalty compensation**

Term	Definition
<b>API gravity</b>	<b>An American Petroleum Institute measure of liquid gravity. Water is 10 degrees API, and a typical light crude is from 35 to 40. Heavy oil is, by convention, typically from 9.0 to 11 degrees API, while bitumen is 7.5 to 8.5.</b>
<b>Bitumen</b>	<b>Naturally occurring, viscous mixture of hydrocarbons that contains high levels of sulphur and nitrogen compounds. In its natural state, it is not recoverable at a commercial rate through a well because it is too thick to flow. Bitumen typically makes up about 10% by weight of oil sand, but saturation varies</b>
<b>Cleaned crude bitumen</b>	<b>Crude bitumen that has had impurities removed to the extent that it is possible to blend it with diluent and transport it by pipeline</b>
<b>Condensate</b>	<b>A mixture of extremely light hydrocarbons recoverable from gas reservoirs. Condensate is also referred to as a natural gas liquid and is used as a diluent to reduce bitumen viscosity for pipeline transportation</b>
<b>Conventional crude oil</b>	<b>Petroleum in liquid form that can be pumped without processing or dilution</b>
<b>Heavy crude oil</b>	<b>Crude oil that is very dense, highly viscous, and has a high boiling point, with an API gravity of less than 25 degrees</b>
<b>Initial established reserves</b>	<b>Established reserves prior to the deduction of any production</b>
<b>Initial volume in place</b>	<b>The volume calculated or interpreted to exist in a reservoir before any volume has been produced</b>
<b>Naptha</b>	<b>The portion of a crude barrel with a boiling point between 145°F and 400°F. Naptha can be used as diluent</b>
<b>Oilsands</b>	<b>A naturally occurring mixture of sand, clay, silt, rocks, other minerals and bitumen, also known as tar sands or bituminous sands.</b>
<b>Overburden</b>	<b>A layer of sand, gravel, and shale between the surface and the underlying oil sand. Must be removed before oil sands can be mined. Overburden underlies muskeg in many places</b>
<b>Pay thickness</b>	<b>The average thickness of an oil or oil sand zone. Differs depending on the type of oil and method of recovery</b>
<b>Possible reserves</b>	<b>Attributed to known accumulations with a greater than 10% confidence of being recovered than probable reserves, also known as P10 reserves. The sum of Proved, Probable and Possible reserves is known as 3P</b>
<b>Probable reserves</b>	<b>Attributed to known accumulations and claim ~50% confidence level of recovery, also known as P50 reserves. The sum of Proved and Probable reserves is known as 2P</b>
<b>Proved developed reserves</b>	<b>'PDs' - P1 reserves that can be produced with existing wells and perforations, or from additional reservoirs where minimal additional operating expense is required</b>
<b>Proved reserves</b>	<b>Classified as having a 90% or greater likelihood of being present and economically viable for extraction in current conditions and with existing technology. Also known as P90 or 1P reserves</b>
<b>Proved undeveloped reserves</b>	<b>'PUDs' - P1 reserves that require additional capital investment (e.g., drilling new wells or facilities) to recover the identified hydrocarbons</b>
<b>Remediation</b>	<b>Returning disturbed land to a stable, biologically productive state.</b>
<b>Recovery factor</b>	<b>Percentage of in-place petroleum in a reservoir that ultimately can be recovered at a specific point in time. Typically assumed as reserves divided by volume in place at a given point in time</b>
<b>Resources</b>	<b>Quantities of petroleum estimated to be potentially recoverable from known accumulations, but not yet ready for commercial development. Includes all known quantities of petroleum that can be technically recovered, regardless of economic conditions.</b>
<b>Saturation</b>	<b>The relative amount of water, oil and gas in the pores of a source material, usually as a percentage of volume</b>
<b>Solvent</b>	<b>Chemical additive for stimulation treatments that is soluble in oil, water and acid-based treatment fluids</b>
<b>Tailings</b>	<b>A combination of water, sand, silt, and fine clay particles that is a byproduct of removing the bitumen from the oil sands</b>
<b>Thermal recovery</b>	<b>Any process by which heat energy is used to reduce the viscosity of bitumen in situ to facilitate recovery</b>
<b>Upgrading</b>	<b>The process of converting bitumen extracted from oil sands into lighter synthetic crude oil. The term “synthetic crude oil” is used interchangeably with “upgraded crude oil.”</b>
<b>Visbreaking</b>	<b>A process designed to reduce residue viscosity by thermal means, but without appreciable coke formation</b>



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