

June 12, 2017



Petroteq Energy Inc. Publishes Letter to Shareholders

STUDIO CITY, CALIFORNIA -- (Marketwired) -- 06/12/17 --

Petroteq Energy Inc. (the "**Company**") (TSX VENTURE:PQE)(OTCQX:PQEFF), a company focused on the development and implementation of proprietary technologies for the environmentally safe extraction of heavy oils from oil sands, oil shale deposits and shallow oil deposits.

Dear Shareholders:

As the Chairman and a founder of the Company, I want to take this opportunity to explain our current business and to provide you with a glimpse of where I believe we can go as a company and what we can potentially achieve.

As previously announced, we recently restructured our operations and Balance Sheet in an effort to improve the ability of the Company to attract future investment facilitate or enhance the growth of our business.

Recent Developments

- We completed a reverse stock split/consolidation that resulted in an increase in the price per share of our common stock.
- We decided to change our name to better reflect the future direction of the Company, using a combination of "petro" and "technology" in our name since we are in both the energy and energy- technology space.
- We also completed a significant number of shares-for-debt transactions to reduce the Company's debt structure and position at the corporate level. This indebtedness was incurred in the process of developing our technologies, building our production facilities, and permitting for our oil sands resources.

Upon completion of the shares-for-debt transactions, the Company will have just under 40 million shares outstanding, with almost US\$22 million in shareholder equity. We will continue to develop our overall brand and corporate activities under the name "Petroteq Energy", now trading as PQE in Canada and PQEFF in the U.S., and will conduct our businesses and operations through our subsidiaries and affiliates.

The Company currently has two primary businesses:

Heavy Oil Production in Utah

- We have a unique hydrocarbon extraction technology used in the development of our oil sands resources near Asphalt Ridge, Utah. This technology - first deployed in our pilot plant in Maeser, Utah - utilizes a proprietary, closed-loop system, which extracts over 99% of all hydrocarbons while using no water, generates no greenhouse gases

and requires no high temperatures or pressures. The only two elements leaving the system are the cleaned sands and the oil itself, with over 99% of the benign solvents being recovered and recycled back into the system.

- We are in the process of relocating our extraction plant from the Maeser area to a location within our Asphalt Ridge mineral lease and are planning to expand and restart the plant during the early part of calendar 2018.
- We have a large contingent oil sands resource base of approximately 87 million barrels of oil equivalent within our Asphalt Ridge mineral lease.
- We produced 10,000 barrels of oil last year from our oil sands resources located near Asphalt Ridge and plan to increase production in the near future.

Oil Production in Texas

- We currently have 7,000 acres under mineral leases in southwest Texas through our ownership interest in Accord GR Energy, Inc. ("Accord").
- To facilitate our development of the Texas properties, Galex Energy Corporation has licensed limited rights to Accord for two enhanced oil recovery (EOR) technologies. The first technology - called SWEPT - is designed to recover hydrocarbons from wells and structures with low pressure or no energy drive mechanism, from residual or partially depleted properties in mature fields, and from structures having complex geophysical matrices or that contain tight oil, in each case by improving rock and fluid properties through the introduction of directed energy waves. The second technology - referred to as S-BRPT - is designed to recover solid and liquid hydrocarbons through conversion to gaseous forms followed by well-based recovery at greater depths, combining both specially designed insitu and well production and recovery methodologies.
- Accord's acquisition of the Texas leases in 2016 included 81 shallow oil wells having limited historical production, due primarily to low pressure and the absence of an energy drive mechanism in wells completed in shallow zones in this area. Recently, however, Accord drilled three new wells on the Texas properties and is now gearing up for production utilizing and testing the SWEPT and S-BRPT technologies. The oil produced from these wells is a heavy crude oil having an API gravity in the upper range of heavy oil at 18-22 degrees.
- Early indications suggest that the use of SWEPT and S-BRPT in low-cost shallow wells will substantially enhance the recovery of heavy oil deposits in this area. Accord is currently developing strategic and capital plans with a view toward additional leasing and drilling in this area.

Technology Reliance; Advancement

In both the Utah and Texas projects, the Company and its subsidiaries and Accord, employ proprietary energy-related technologies, processes and methodologies to recover heavy oil that, once full production is established, are anticipated to be profitable in the current oil pricing environment. Moreover, based on the pilot plant operations conducted in Utah and the initial results demonstrated by the SWEPT and S-BRPT technologies in Texas, the Company believes that its deployment of proprietary energy-related technologies will provide it with distinct economic advantages in the production of heavy oil, both in the oil sands area of Utah and in the traditional oilpatch areas of Texas, and may lead to greater development opportunities in the future.

We believe that the corporate, strategic and operational actions that have been and are being taken by the Company will provide greater clarity to the markets and to you, our shareholders, as to the direction of the Company and will contribute to greater shareholder value as our plans are implemented.

Sincerely,

Alex Blyumkin, Chairman

About Petroteq Energy Inc .

The Company's primary focus is on business growth and the creation of shareholder value through the development and implementation of (1) proprietary, environmentally friendly heavy oil processing and extraction technologies in developing its oil sands resources and in expanding production capacity in its heavy oil project in the Asphalt Ridge Area of Utah, (2) oil and gas exploration and production through the development and recovery of heavy oil through the use and application of proprietary EOR technologies, currently being deployed by Accord (46% of which is owned by the Company), on mineral leases located in southwest Texas, (3) evaluation and development of other medium to heavy oil exploration, production and recovery projects on a global basis - whether through acquisitions, leasing or production sharing agreements, joint ventures or joint interest opportunities, or other arrangements with private and governmental entities - utilizing proprietary licensed technologies under scenarios that generate a substantial return on investment.

Forward-Looking Statements

Certain statements contained in this press release contains 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 statements by the Company concerning the restructuring of the Company and its balance sheet to improve the ability of the Company to attract future investment and facilitate business growth, the Company expanding and restarting its Asphalt Ridge plant during the early part of calendar 2018, the Company's plan to increase production in the near future, and In both the Utah and Texas projects, and once full production is established the projects in Utah and Texas being profitable in the current oil pricing environment, are intended to identify forward-looking information. 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, that the technologies mentioned herein perform as anticipated. 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 depend 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,

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; and oil pricing; state of capital markets and ability by the Company to raise capital; litigation; the commercial and economic viability of the Company's oil sands hydrocarbon extraction technology, the SWEPT technology, the S-BRPT technology, and other proprietary technologies developed or licensed by the Company or by Accord 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 and Accord to maintain their respective 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 annual Management's Discussion and Analysis for the year ending August 31, 2016, 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 the Company undertakes no obligation to publicly update or revise any forward -looking information, other than as required by applicable law.

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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