

October 26, 2018



# QS Energy CEO Jason Lane Issues Shareholder Update

HOUSTON, Oct. 26, 2018 (GLOBE NEWSWIRE) -- [QS Energy, Inc.](#) (the "Company" or "QS Energy") (OTCQB: QSEP) is a developer of integrated technology solutions for the energy industry. The following is a shareholder update from Jason Lane, Chief Executive Officer and Chairman of the Board, QS Energy, Inc.

Dear Shareholders:

In advance of our upcoming Shareholders' Meeting on November 9, 2018, I would like to update you some on recent developments. If you've been following our press releases and SEC filings over the past few months, you should know we have been working closely with a North American pipeline operator in an effort to install and operate an AOT demonstration project on a crude oil pipeline in the Southern United States. In August, these efforts culminated in the execution of a Memorandum of Understanding ("MOU") detailing the project's general scope, timeline and terms. Since that time, we have been working diligently with the operator to complete engineering reviews, select a project location, and finalize a detailed statement of work which will be the foundation for final definitive agreements.

Although final project terms may vary from those described in the current statement of work, we and the operator have a general understanding that, subject to the execution of a definitive agreement, the demonstration project will operate under an initial term of 36 months, targeting installation in December 2018. QS Energy and the pipeline operator would have dual ownership of all data collected. Importantly, AOT-related data would not be as tightly restricted as it has been in the past, and access to the demonstration site would be made available to prospective QS Energy customers. QS Energy would provide and retain ownership of all AOT equipment at no cost to the operator and pay AOT-related installation and operating costs through the term of the project. The project would be subject to early termination by either party after 6 months of operations. At the end of the initial term, the operator would have the option to extend the project or either purchase equipment or lease equipment under terms to be mutually agreed.

Preparation for this demonstration project started several months ago when we entered into master services contract with the pipeline operator, initiating the operator's vendor qualification process; a process which began with a review of our operating procedures and records, and was finalized earlier this month with the expansion of our insurance coverages to meet the operator's standard requirements. Upon execution of the MOU in August, we selected an AOT unit from inventory for inspection and quality assurance testing, after which we sent the AOT to one of our supply-chain partners for some minor, likely valuable, system improvements. Equipment preparation, hydro testing and final quality assurance should be completed in early November, on schedule for delivery to the

demonstration site for installation in December.

The selected project site operates on a high-volume heavy crude oil pipeline in the southern United States. Crude oil samples provided by the pipeline operator have been tested at Temple University, indicating AOT could significantly reduce viscosity of the heavy crudes typically transported through this pipeline. Analysis of the selected pipeline location and configuration indicates the proposed location has excellent characteristics for demonstration purposes. If successful at the proposed location, acquisition and installation of two additional AOT's would likely be required for the operator to fully realize and optimize AOT benefits along the full length of the selected pipeline.

We are excited by the opportunity this demonstration project presents. Though we are committing significant resources to this project, we are continuing other commercialization efforts as detailed in our Form 10-Q filed with the SEC on August 14, 2018.

Once again, we thank you for your support and we look forward to our Stockholders' meeting in November.

Sincerely,  
Jason Lane  
CEO, QS Energy, Inc.

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

QS Energy's patented Applied Oil Technology (AOT) is a solid-state turn-key system which uses a high volt / low amp electric field to reduce crude oil viscosity. AOT installs inline on crude oil pipelines, operates unattended without interrupting pipeline flow, with full remote monitoring and control. More information is available online at [www.qsenergy.com/technology](http://www.qsenergy.com/technology).

### **About QS Energy**

QS Energy, Inc. (OTCQB: QSEP), develops and markets crude oil flow assurance technologies designed to deliver measurable performance improvements to pipeline operations in the midstream and upstream crude oil markets. More information is available at [www.qsenergy.com](http://www.qsenergy.com).

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