



PETROTEQ ENERGY INC. ANNOUNCES MOU FOR \$10MM FOR LEASE AND EXTRACTION FACILITY

Studio City, California – November 23, 2017 – Petroteq Energy Inc. (the “**Company**”) (TSXV:PQE; OTCQX:PQEFF, Frankfurt: MW4A), 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, announces the execution of a memorandum of understanding (the “**MOU**”) with Deloro Energy LLC (“**Deloro**”).

Pursuant to the terms of the MOU, and subject to all applicable director, shareholder and regulatory approvals, including approval of the TSX Venture Exchange (the “**TSXV**”), Deloro will loan Petroteq Energy CA, Inc. (“**Petroteq Energy CA**”), a wholly owned subsidiary of the Company, US\$10 million under a convertible debenture (the “**Debenture**”) which will, subject to the terms and conditions of the Debenture, be convertible into up to 49% of Petroteq Energy CA. Petroteq Energy CA is the sole shareholder of Petroteq Oil Sands Recovery, LLC (“**Petroteq Oil Sands**”) and TMC Capital, LLC (“**Petroteq TMC**”).

Upon execution of the MOU, Deloro paid Petroteq Energy CA a US\$50,000 non-refundable deposit. Pursuant to the terms and conditions of the MOU, under the Debenture:

- Deloro will be required to loan US\$9,950,000 in three tranches.
- Upon receipt of the first tranche (US\$2,500,000) Deloro shall be entitled to receive an economic royalty equal to 25% of the net profits of the Facility (defined below) from the date that the Facility is operational.
- The parties agree that at least US\$2,000,000 of the first tranche shall be allocated by the Company towards the capital costs and related expenses associated with the Company’s planned expansion of the Facility’s processing capacity to at least 1,000 barrels/day.
- Upon receipt of the second tranche (US\$3,500,000) Deloro’s economic royalty will increase to 35%.
- The second tranche shall only become due and owing by Deloro upon the Company completing its expansion of the Facility’s processing capacity to at least 1,000 barrels/day.
- If Deloro fails to provide the second tranche by the deadline, subject to a grace period, the first tranche will automatically convert into a 25% equity interest in Petroteq Energy CA, with the Company maintaining an option to repurchase such equity for the principal amount of the first tranche for a period of 12 months.
- Upon receipt of the third tranche (US\$3,950,000), which is expected to occur on or before June 1, 2018, Deloro’s economic royalty will increase to 49%.
- If Deloro fails to provide the third tranche by the deadline, subject to a grace period, the first and second tranches will automatically convert into a 35% equity interest in Petroteq Energy CA, with the Company maintaining an option to repurchase such equity for the principal amount of the first and second tranches for a period of 12 months.

While the Company continues to work towards completing the transaction contemplated by the MOU, there can be no assurance that a viable transaction will result or successfully conclude in a timely manner, or at all. Additional information will be released by the Company as it occurs.

The MOU contains a number of conditions precedent to the obligations of Petroteq Energy CA and Deloro, including, but not limited to, board of director and TSXV acceptance. Unless all such conditions are satisfied or waived by the party for whose benefit such conditions exist, to the extent they may be capable of waiver, the transactions contemplated by the MOU and the Debenture will not proceed. There is no assurance that the conditions will be satisfied or waived on a timely basis, or at all.

In addition, the Company announces that it has received subscriptions from two arm's length investors for 472,592 common shares of the Company for gross proceeds of US\$127,599. The shares will be subject to a four month hold period from the date of issuance. The issuance is subject to final approval of the TSXV. The net proceeds will be used by the Company for general corporate purposes and working capital.

About Petroteq Energy Inc.

The Company is engaged in the development and implementation of its proprietary, environmentally friendly heavy oil processing and extraction technologies. The Company is currently focused on oil and gas exploration and production on mineral leases located in southwest Texas held by Accord GR Energy Inc. (46% of which is owned by the Company), developing its oil sands resources and in expanding production capacity at its Asphalt Ridge heavy oil extraction facility (the "**Facility**") located near Uintah County, Utah.

The Company owns all of the technology and intellectual property of its environmentally friendly heavy oil processing and extraction process. Petroteq TMC's sole asset is a mineral lease (the "**Lease**") related to tar sands, oil and other minerals located in and within certain lands situated in Uintah County, Utah. The Lease is subject to a 1.6% gross royalty held by the owner of the property. At its Temple Mountain site in Utah, the Company's property contains an estimated contingent resource of 87,817,000 barrels of bitumen. Petroteq Oil Sands is the owner of the Facility.

Forward-Looking Statements

Certain statements contained in this news 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 the successful completion of the transactions contemplated in the MOU and the Company successfully increasing production capacity of its Facility to 1,000 barrels per day, 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, including, approval of the TSXV of the of the transactions contemplated in the MOU and the Company having the working capital and access to labour and equipment necessary to complete the work on its Facility. 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 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: the TSXV or the directors or, if applicable, shareholders of the Company, not approving the transactions contemplated in the MOU; the TSXV not approving the issuance of the 472,592 common shares for gross proceeds of US\$127,599; 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 and 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.

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.

Petroteq Energy Inc.
Alex Blyumkin
Chief Executive Officer
Tel: (800) 979-1897