



PETROTEQ

ENERGY INC.

OPEC extension promises faster payback period for Asphalt Ridge Plant

Recent decision points to further reduction of oil inventories, and higher prices

Studio City, California – December 1, 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, announced today the acquisition of the equipment related to the expansion of its heavy oil extraction facility (the “**Facility**”) located at Asphalt Ridge, Utah.

The Company is excited to announce the acquisition of a significant portion of the equipment needed to expand production of its Facility. The Company has previously announced that it has successfully moved the equipment from its 250 bpd facility in Maeser, Utah to its lease site at Asphalt Ridge, Utah.

The Company has purchased approximately \$3 million of equipment at a discounted price of \$838,000, which was well below the Company’s budgeted purchase price. This reduces the Capex required by the Company to increase the production capacity of the Facility from 250 bpd to 1,000 bpd.

There are two significant reasons for the Company to increase the production capacity of the Facility at this new Asphalt Ridge location:

1. The primary reason for expanding the production capacity of the Facility is to increase the potential revenue generation capacity of the Facility. The more production – the more efficient the Facility can operate – driving down the cost per barrel. The Company believes that the man power required to run a 250 barrel production facility can also safely run a facility 4x in size, thereby increasing the bottom line.
2. The secondary reason to increase the production capacity of the Facility is less obvious. Since the Company’s strategy is to license the patented clean oil sands technology behind the Facility to third parties – to have the Facility operating at a scale of 1,000 bpd is anticipated to be crucial to prospective licensees. Engineers on these projects will want to evaluate a 1,000 bpd Facility in contemplation of how the technology can scale up from the current design level. Therefore, having a 1,000 bpd Facility is anticipated to provide prospective licensees a comfort level that the Company’s technology is scalable.

“We are extremely excited at this equipment purchase, as it is expected to knock 90 days off of the payback period for the plant expansion.” stated Alex Blyumkin, CEO. “We are looking forward to announcing further progress on our new plant in Utah. The recent decision by OPEC to extend the production cuts will also be a tailwind for us, in that we anticipate that our production supply will find a ready market when we begin production in the new year.”

The Company also announces that Dr. Gerald Bailey, a current director and former Chief Executive Officer of the Company, has rejoined the management team as President.

In addition, the board of directors of the Company has approved an option grant, subject to compliance with applicable securities laws, of 1,425,000 stock options, expiring in 10 years, to certain directors at an exercise price of \$2.27. All options will be subject to a four month hold.

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 Facility at Asphalt Ridge, Utah. For more information about Petroteq Energy Inc. visit: <https://petroteq.energy/>.

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 issuance of the options, the Company successfully increasing production capacity of its Facility to 1,000 barrels per day, the man power required to run a 250 barrel production facility safely running a facility 4x in size, thereby increasing the bottom line, and the equipment purchase reducing the Company's payback period for the plant expansion by 90 days, 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 TSX Venture Exchange of the option grant and appointment of Dr. Bailey; the Company delivering option certificates to the optionees; 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 TSX Venture Exchange not approving the option grant; the TSX Venture Exchange not approving the appointment of Dr. Bailey; the Company successfully negotiating licensing arrangements with third parties; 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; 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.

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