



# PETROTEQ

## ENERGY INC.

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### **PETROTEQ ENERGY ANNOUNCES PROPOSED ISSUANCE OF SECURITIES AND RECEIPT OF SUBSCRIPTIONS**

**Sherman Oaks, California – August 17, 2018** – Petroteq Energy Inc. (the “Company”) (TSXV:PQE; OTC:PQEFF; FSE:PQCF), a fully integrated oil and gas company, announces the receipt of irrevocable subscriptions from 35 arm’s length parties for an aggregate of 5,922,849 common shares at prices ranging from US\$0.70 to US\$0.81, and 1,906,110 common share purchase warrants, for gross proceeds of an aggregate US\$4,412,030. Each warrant shall entitle the holder to acquire one common share of the Company at exercise prices ranging from US\$0.94 to US\$1.50 per common share expiring 24 months from the date of issuance.

The Company has also received an irrevocable subscription from an arm’s length party for 250 debenture units of the Company at \$1,000 per debenture unit for gross proceeds of US\$250,000. Each debenture unit shall consist of (i) one \$1,000 principal amount convertible unsecured debenture, and (ii) 1,250 transferable common share purchase warrants. Each debenture will have a term of 12 months and shall bear interest at a rate of 10% per annum and at the option of the holder will be convertible into 1,250 common shares of the Company at US\$0.80 per share in accordance with the terms and conditions set out in the debenture. Each warrant shall entitle the holder thereof to acquire one additional common share of the Company at a price of US\$1.00 per share until the date that is 12 months from the date of issuance.

In addition, the Company is negotiating definitive terms with an arm’s length lender for the proposed issuance of (i) a US\$3,300,000 principal amount (including an original issue discount of 10%) secured convertible debenture, and (ii) an up to US\$9,500,000 draw down unsecured non-convertible debenture. The secured convertible debenture would be issued pursuant to the issuance of three debenture units of the Company at \$1,000,000 per debenture unit for gross proceeds of US\$3,000,000 (not including an original issue discount of 10%). Each debenture unit shall consist of (i) one US\$1,100,000 principal amount convertible secured debenture, and (ii) 250,000 transferable common share purchase warrants. Each debenture will have a term of 12 months and shall bear interest at a rate of 5% per annum payable at maturity and at the option of the holder will be convertible into 3,000,000 common shares of the Company at US\$1.00 per share in accordance with the terms and conditions set out in the debenture. Each warrant shall entitle the holder thereof to acquire one additional common share of the Company at a price of US\$1.10 per share until the date that is 12 months from the date of issuance. The Company has agreed to pay an arm’s length finder 300,000 common shares (10% of the principal amount of the convertible debenture at a deemed price equal to the conversion price of the convertible debenture) for the introduction to the lender. The unsecured non-convertible debenture would include an initial advance of US\$100,000, would be callable at any time by the Company, accrue interest at 10% per annum payable monthly and mature after 12 months. In connection with the issuance of the unsecured non-convertible debenture, it is proposed that the lender, Bay Private Equity Inc., would be issued 950,000 commitment shares in consideration for its commitment of the line of credit of up to US\$9,500,000.

The net proceeds will be used by the Company for use on its extraction technology in Asphalt Ridge, Utah, for potential acquisitions of new oil sands resources, and for working capital. Closing of the transactions are subject to approval of the TSX Venture Exchange and the directors of the Company. All securities issued pursuant to the above noted transactions would be subject to a four-month hold period.

#### **About Petroteq Energy Inc.**

Petroteq is a fully integrated oil and gas company focused on the development and implementation of a new proprietary technology for oil extraction. The Company has an environmentally safe and sustainable technology for the extraction of heavy oils from oil sands, oil shale deposits and shallow oil deposits. Petroteq is engaged in the development and implementation of its patented environmentally friendly heavy oil processing and extraction technologies. Our proprietary process produces zero greenhouse gas, zero waste and requires no high temperatures. Petroteq is currently focused on developing its oil sands resources and expanding production capacity at its Asphalt Ridge heavy oil extraction facility located near Vernal, Utah. In addition, the Company, through its wholly owned subsidiary, PetroBLOQ, LLC, is seeking to develop the first blockchain based platform created exclusively for the supply chain needs of the oil & gas sector. For more information, visit [www.Petroteq.energy](http://www.Petroteq.energy) and [PetroBLOQ.com](http://PetroBLOQ.com).

### **Forward-Looking Statements**

*Certain statements contained in this press 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: closing of the above noted transactions; and the Company successfully developing block chain technology for the oil and gas industry and the anticipated benefits of such technology, 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. Material factors or assumptions were applied in providing forward-looking information, including: receipt of the approval of the TSX Venture Exchange and the directors of the Company for the transactions; successfully negotiating definitive terms with the lender for the secured convertible debenture and unsecured non-convertible debenture; closing conditions being met; PetroBLOQ successfully developing and implementing a blockchain-based supply chain management system, the blockchain-based supply chain management system being adopted by energy participants, and the producing the benefits 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 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 press release include, without limitation: uncertainties inherent in the estimation of resources including whether any reserves will ever be attributed to the Company’s properties; PetroBLOQ not having the expertise and/or funds necessary to develop and implement a blockchain-based supply chain management system; PetroBLOQ not being able to develop the blockchain technology to completion; blockchain technology not being adopted by the oil and gas industry; 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 ability by 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 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 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; 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 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 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.*

*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.*

*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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