EVALUATION OF CONTINGENT RESOURCES

INDAGO LEASES, ASPHALT RIDGE UTAH, USA

Owned by

PETROTEQ ENERGY INC.

October 31, 2021
(November 1, 2021)

Chapman Petroleum Engineering Ltd.
1122 - 4th Street S.W., Suite 700, Calgary, Alberta T2R 1M1 • Phone: (403) 266-4141 • Fax: (403) 266-4259 • www.chapeng.ab.ca

November 2, 2021

Petroteq Energy Inc.
181 Bay Street, Suite 4400
Toronto, ON
M5J 2T3

Attention: Mr. Alex Blyumkin

Dear Sir:

Re: Evaluation of Contingent Resources – Petroteq Energy Inc.
Indago Leases, Utah, USA – October 31, 2021

In accordance with your authorization, we have prepared a resource evaluation report on the Contingent Resources on bitumen properties on the Indago Leases, Utah, USA, owned by Petroteq Energy Inc. (the "Company"), for an effective date of October 31, 2021 (November 1, 2021).

This evaluation has been carried out in accordance with standards set out in the Canadian Oil and Gas Evaluation Handbook ("COGEH"), compliant with the NI 51-101 standards and the professional practice standard under our Permit to Practice with APEGA. The report has been prepared and/or supervised by a "Qualified Reserves Evaluator" as demonstrated on the accompanying Certificate of Qualification of the author(s).

The INTRODUCTION contains the authorization and purpose of the report and describes the methodology and economic parameters used in the preparation of this report.

The SUMMARY OF RESOURCES AND ECONOMICS includes values at the property level and the consolidated cash flows for each Contingent Resource category category for Forecast Prices and Costs. The Forecast Prices of our benchmark products are also presented in Attachment 1 to the Introduction. The net present values presented in this report do not necessarily represent the fair market value of the reserves evaluated in this report. All monetary values presented in this report are expressed in terms of US dollars.

The DISCUSSION contains a description of the interests and burdens, resources and geology, production forecasts, product prices, capital and operating costs and a map of each major property. The economic results and cash flow forecasts (before income tax) are also presented for each Contingent Resource category.

A REPRESENTATION LETTER from the Company confirming that to the best of their knowledge all the information they provided for our use in the preparation of this report was complete and accurate as of the effective date, is enclosed following the Glossary.

Because the resources data are based on judgments regarding future events, actual results will vary and the variations may be significant. We have no responsibility to update our report for events and circumstances which may have occurred since the preparation date of this report.

Prior to public disclosure of information derived from this report, or our name as author, our written consent must be obtained, as to the information being disclosed and the manner in which it is presented. This report may not be reproduced, distributed or made available for use by any other party without our written consent and may not be reproduced for distribution at any time without the complete context of the report, unless otherwise reviewed and approved by us.

We consent to the submission of this report, in its entirety, to securities regulatory agencies and stock exchanges, by the Company.

It has been a pleasure to prepare this report and the opportunity to have been of service is appreciated.

Yours very truly,

Chapman Petroleum Engineering Ltd.

[Original Signed By:]
[Signature], [Licensed Professional's Stamp]
[Membership ID Number]
November 2, 2021
C. W. Chapman, P. Eng.,
President

PERMIT TO PRACTICE
CHAPMAN PETROLEUM ENGINEERING LTD.
Signature [Original Signed By:] *C.W. Chapman*
Date *November 2, 2021*
PERMIT NUMBER: P 4201
The Association of Professional Engineers and Geoscientists of Alberta

[APEGA ID Number]

cwc/lml/6794

CERTIFICATE OF QUALIFICATION

I, C. W. CHAPMAN, P. Eng., Professional Engineer of the City of Calgary, Alberta, Canada, officing at Suite 700, 1122 – 4th Street S.W., hereby certify:

1. THAT I am a registered Professional Engineer in the Province of Alberta and a member of the Australasian Institute of Mining and Metallurgy.

2. THAT I graduated from the University of Alberta with a Bachelor of Science degree in Mechanical Engineering in 1971.

3. THAT I have been employed in the petroleum industry since graduation by various companies and have been directly involved in reservoir engineering, petrophysics, operations, and evaluations during that time.

4. THAT I have in excess of 40 years in the conduct of evaluation and engineering studies relating to oil & gas fields in Canada and around the world.

5. THAT I participated directly in the evaluation of these assets and properties and preparation of this report for Petroteq Energy Inc., dated November 2, 2021 and the parameters and conditions employed in this evaluation were examined by me and adopted as representative and appropriate in establishing the value of these oil and gas properties according to the information available to date.

6. THAT I have not, nor do I expect to receive, any direct or indirect interest in the properties or securities of Petroteq Energy Inc., its participants or any affiliate thereof.

7. THAT I have not examined all of the documents pertaining to the ownership and agreements referred to in this report, or the chain of Title for the oil and gas properties discussed.

8. A personal field examination of these properties was considered to be unnecessary because the data available from the Company's records and public sources was satisfactory for our purposes.

[Original Signed By:]
[Signature], [Licensed Professional's Stamp]
[Membership ID Number]
November 2, 2021
C.W. Chapman, P.Eng.
President

PERMIT TO PRACTICE
CHAPMAN PETROLEUM ENGINEERING LTD.
Signature [Original Signed By:] *C.W. Chapman*
Date *November 2, 2021*
PERMIT NUMBER: P 4201
The Association of Professional Engineers and Geoscientists of Alberta

[APEGA ID Number]

EVALUATION OF CONTINGENT RESOURCES

INDAGO LEASES, ASPHALT RIDGE UTAH, USA

Owned by

PETROTEQ ENERGY INC.

October 31, 2021
(November 1, 2021)

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INTRODUCTION

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INTRODUCTION

1. AUTHORIZATION

This evaluation has been authorized by Mr. Alex Blyumkin, and Mr. George Stapleton, on behalf of Petroteq Energy Inc. The engineering analysis has been performed during the month of November 2021.

2. PURPOSE OF THE REPORT

The purpose of this report was to independently determine the magnitude and value of the Company's Contingent Resources in bitumen properties in the Indago Leases, Utah, USA before and after the consideration of risk.

3. USE OF THE REPORT

The report is intended for corporate requirements and financial planning.

4. SCOPE OF THE REPORT

4.1 Methodology

The evaluation of the Contingent Resources on the properties included in this report has been conducted in accordance with the Canadian Oil & Gas Evaluation Handbook, 3rd Edition, December 2018 (COGEH). COGEH describes a project as "a defined activity, or set of activities, that provides the basis for assessment and classification of resources".

This evaluation of Contingent Resources is considered to be a development study.

Contingent Resources are "discovered resources" which are usually estimated based on deterministic methods based on data from existing wells on the same or analogous properties.

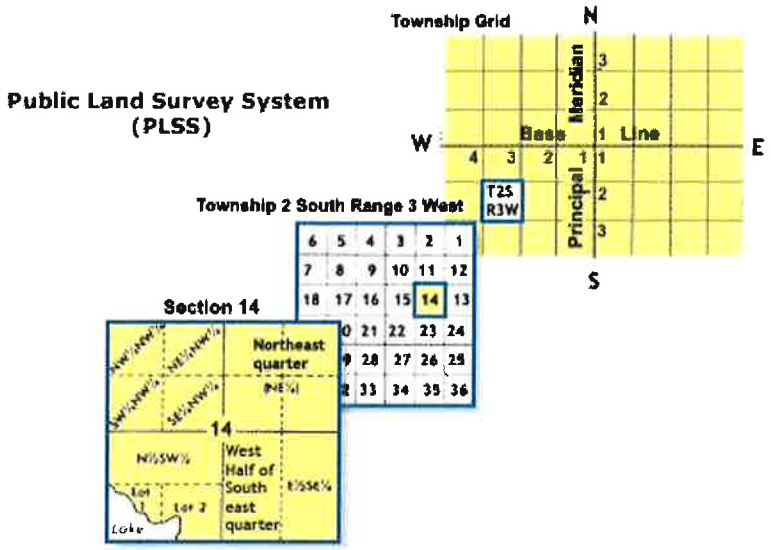
In preparing the evaluation the same methods and/or criteria are used as for evaluating reserves, except that certain "contingencies" exist which need to be overcome before a reserves classification can be assigned. The assumption is made in the evaluation procedure

that the contingencies would be solved and any capital requirements to accomplish this are appropriately accounted for. The results of the evaluation are then adjusted to account for the probability of the contingencies being resolved.

The Evaluation Standard, Section 6.0 of this Introduction presents the COGEH resource definitions and other related terms used in the evaluation of Contingent Resources.

4.2 Land Survey System

Mineral and surface rights in Utah are described by and administered according to the Public Land Survey System (PLSS). The PLSS typically divides land into 6-mile-square townships, which is the level of information included in the National Atlas. Townships are subdivided into 36 one-mile- square sections. Each township is identified with a township and range designation. Township designations indicate the location north or south of the baseline, and range designations indicate the location east or west of the Principal Meridian.



Source: http://www.utahcounty.gov/dept/surveyor/plss.html

4.3 Economics

An economic analysis of the mineable resources has been conducted based on information supplied by the Company, including operating and capital costs, project timing, pricing, etc.

4.4 Barrels of Oil Equivalent

If at any time in this report reference is made to "Barrels of Oil Equivalent" (BOE), the conversion used is 6 Mscf : 1 STB (6 Mcf : 1 bbl).

BOEs may be misleading, particularly if used in isolation. A BOE conversion ratio of 6 Mcf : 1 bbl is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent value equivalency at the well head.

4.5 Environmental Liabilities

We have been advised by the Company that they are in material compliance with all Environmental Laws and do not have any Environmental Claims pending, as demonstrated in the Representation Letter attached.

5. BASIS OF REPORT

5.1 Sources of Information

Sources of the data used in the preparation of this report are as follows:

i) Interests and royalties have been derived from the Company's land records.
ii) Core data from earlier exploration formed the basis of the geological mapping and bitumen yields.
iii) Technical information has been derived from previous reports, which included core hole data, geological mapping within the boundaries of the respective leases.
iv) Bitumen yields have been estimated from actual pilot plant recoveries from a similar bitumen mined from a nearby location and processed at the Company's pilot plant.

5.2 Product Prices

Chapman Petroleum Engineering Ltd. conducts continual surveillance and monitoring on a number of Benchmark product prices both locally and internationally. Based on historical data, current conditions and our view of the relevant political and economic trends, we independently prepare oil, gas and by-product price forecasts including predictions for the near term (first few years) with 2 percent escalation thereafter.

In establishing our forecasts we also consider input from operating companies, consulting firms, oil & gas marketing companies and financial institutions. Our forecasts are updated quarterly and the latest one prior to the effective date would generally be used. The forecast used for this report is presented as Attachment 1 to this Introduction.

The Benchmark Oil Par Price shown is the equivalent price of light sweet crude landed in Edmonton to that of the West Texas Intermediate crude (WTI) in Cushing, Oklahoma after adjustments for transportation and the prevailing dollar exchange rate ($US/$Can).

The Benchmark Heavy Oil Par Price shown refers to the Western Canada Select (20.5 API) Spot price which includes British Columbia, Alberta, Saskatchewan and Manitoba.

For properties where actual data is not available, an average blended mix price has been estimated based on a typical liquid composition assumed to be 40% propane, 30% butane and 30% pentanes plus.

Any prices quoted in the property discussions reflect fully adjusted prices for crude quality, transportation, gas heating value and specific contractual arrangements. In the case of delayed production the equivalent 2021 price for that production has been quoted.

5.3 Fiscal Regime

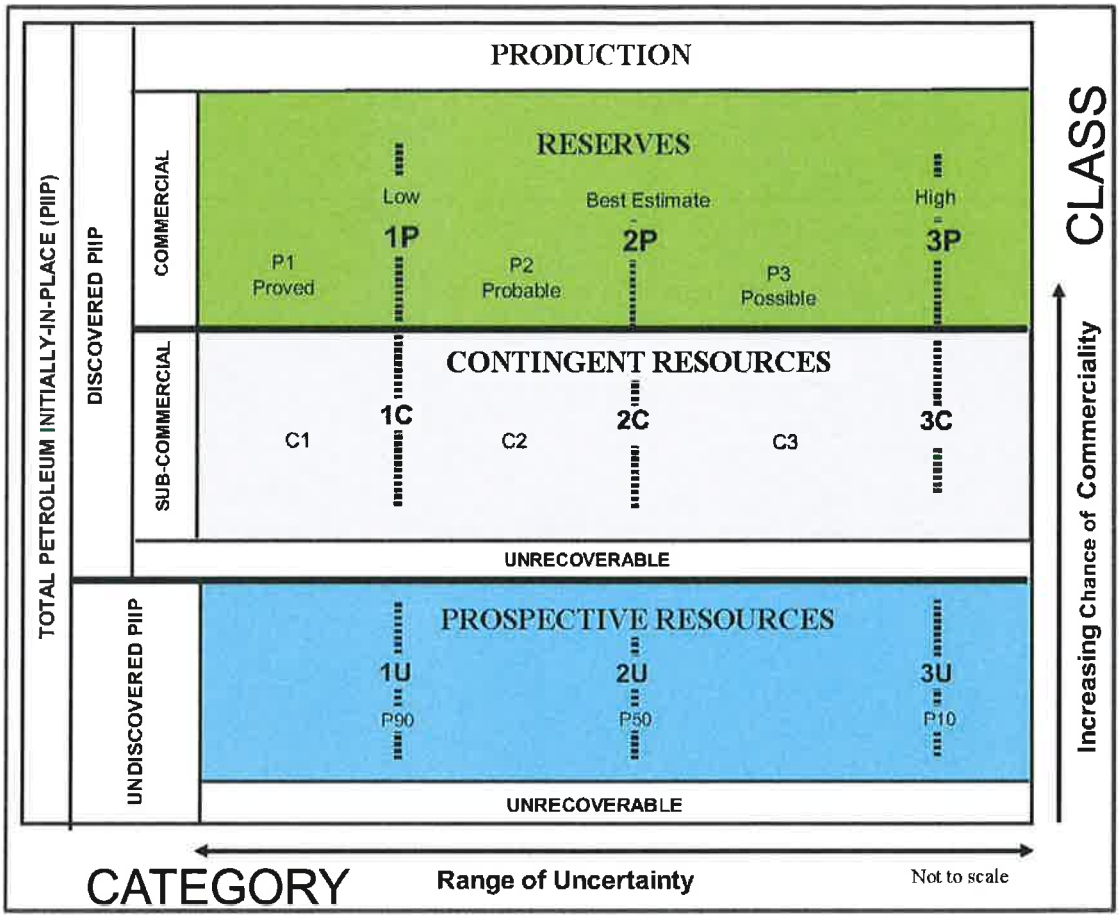
The fiscal regime, i.e. royalties, production sharing terms, etc., has been described in the body of the report discussion.

6. EVALUATION STANDARD USED

6.1 General

This evaluation and report preparation have been carried out in accordance with standards set out in the APEGA professional practice standard "The Canadian Oil and Gas Evaluation Handbook", 3rd Edition December 2018 ("COGEH"), prepared by the Calgary Chapter of the Society of Petroleum Evaluation Engineers (SPEE).

COGEH uses the SPE-PRMS (2018 Update) resource classification system shown in the below diagram.



By way of explanation, 'CLASS' forms the vertical axis of the PRMS diagram and represents the range of Chance of Commerciality. Likewise, 'CATEGORY' forms the horizontal axis and provides a measure of the uncertainty in estimates of the Resource Class.

Petroleum Initially-In-Place (PIIP) is that quantity of petroleum that is estimated to exist originally in naturally occurring accumulations with reference to the above diagram and is potentially producible. It includes that quantity of petroleum that is estimated, as of a given date, to be contained in known accumulations, prior to production, plus those estimated quantities in accumulations yet to be discovered (equivalent to "total resources").

Discovered PIIP (equivalent to "discovered resources") is that quantity of petroleum that is estimated, as of a given date, to be contained in known accumulations prior to production. The

Discovered PIIP includes production, Reserves, and Contingent Resources; the remainder is unrecoverable.

Undiscovered PIIP (equivalent to "undiscovered resources") is that quantity of petroleum that is estimated, on a given date, to be contained in accumulations yet to be discovered. The recoverable portion of undiscovered petroleum initially in place is referred to as "Prospective Resources", the remainder as "unrecoverable".

Unrecoverable is that portion of Discovered or Undiscovered PIIP quantities which is estimated, as of a given date, not to be recoverable by future development projects. A portion of these quantities may become recoverable in the future as commercial circumstances change or technological developments occur; the remaining portion may never be recovered due to the physical/chemical constraints represented by subsurface interaction of fluids and reservoir rocks.

6.2 Resource Definitions

The following definitions have been extracted from COGEH and represent an overview of the resource definitions and evaluation criteria required for compliance with the Canadian Securities National Instrument 51-101. These definitions are considered to be compliant with the PRMS - 2018, in that they use the same primary nomenclature, principles and concepts.

6.2.1 Reserves

The following Reserves definitions and guidelines are designed to assist evaluators in making Reserves estimates on a reasonably consistent basis and assist users of evaluation reports in understanding what such reports contain and, if necessary, in judging whether evaluators have followed generally accepted standards.

Reserves are estimated remaining quantities of oil and natural gas and related substances anticipated to be recoverable from known accumulations, as of a given date, based on the analysis of drilling, geological, geophysical, and engineering data; the use of established technology; and specified economic conditions, which are generally accepted as being reasonable. Reserves are further classified according to the level of certainty associated with the estimates and may be subclassified based on development and production status.

The guidelines outline

- general criteria for classifying reserves,
- procedures and methods for estimating reserves,
- confidence levels of individual entity and aggregate reserves estimates,
- verification and testing of Reserves estimates.

The following definitions apply to both estimates of individual Reserves Entities and the aggregate of reserves for multiple entities.

RESERVES CATEGORIES

Reserves are categorized according to the probability that at least a specific volume will be produced. In a broad sense, Reserves categories reflect the following expectations regarding the associated estimates:

Reserves Category	Confidence Characterization
Proved (1P)	Low Estimate, Conservative
Proved + Probable (2P)	Best Estimate
Proved +Probable +Possible (3P)	High Estimate, Optimistic

a. Proved Reserves are those reserves that can be estimated with a high degree of certainty to be recoverable. It is likely that the actual remaining quantities recovered will exceed the estimated Proved Reserves.

b. Probable Reserves are those additional reserves that are less certain to be recovered than Proved Reserves. It is equally likely that the actual remaining quantities recovered will be greater or less than the sum of the estimated Proved + Probable Reserves.

c. Possible Reserves are those additional reserves that are less certain to be recovered than probable reserves. It is unlikely that the actual remaining quantities recovered will exceed the sum of the estimated Proved + Probable + Possible Reserves.

DEVELOPMENT AND PRODUCTION STATUS

Each of the reserves categories (proved, probable and possible) may be divided into developed and undeveloped categories.

a. Developed Reserves are those Reserves that are expected to be recovered from existing wells and installed facilities or, if facilities have not been installed, that would involve a low expenditure (e.g., when compared to the cost of drilling a well) to put the Reserves on production. The developed category may be subdivided into producing and non-producing.

   i. Developed Producing Reserves are those reserves that are expected to be recovered from completion intervals open at the time of the estimate. These reserves may be currently producing or, if shut-in, they must have previously been on production, and the date of resumption of production must be known with reasonable certainty.

   ii. Developed Non-Producing Reserves are those reserves that either have not been on production, or have previously been on production, but are shut-in and the date of resumption of production is unknown.

b. Undeveloped Reserves are those reserves expected to be recovered from known accumulations where a significant expenditure (e.g., when compared to the cost of drilling a well) is required to render them capable of production. They must fully meet the requirements of the Reserves classification (Proved, Probable, Possible) to which they are assigned.

In multi-well pools, it may be appropriate to allocate total pool Reserves between the Developed and Undeveloped categories or to sub-divide the Developed Reserves for the pool between Developed Producing and Developed Non-Producing. This allocation should be based on the estimator's assessment as to the reserves that will be recovered from specific wells, facilities and completion intervals in the pool and their respective development and production status.

LEVELS OF CERTAINTY FOR REPORTED RESERVES

The qualitative certainty levels contained in the definitions are applicable to "individual Reserves entities," which refers to the lowest level at which Reserves calculations are performed, and to "Reported Reserves," which refers to the highest level sum of individual entity estimates for which Reserves estimates are presented. Reported Reserves should target the following levels of certainty under a specific set of economic conditions:

- At least a 90 percent probability that the quantities actually recovered will equal or exceed the estimated Proved Reserves,
- At least a 50 percent probability that the quantities actually recovered will equal or exceed the sum of the estimated Proved + Probable reserves,
- At least a 10 percent probability that the quantities actually recovered will equal or exceed the sum of the estimated Proved + Probable + Possible reserves.

A quantitative measure of the certainty levels pertaining to estimates prepared for the various Reserves categories is desirable to provide a clearer understanding of the associated risks and uncertainties. However, the majority of Reserves estimates are prepared using deterministic methods that do not provide a mathematically derived quantitative measure of probability. In principle, there should be no difference between estimates prepared using probabilistic or deterministic methods.

Additional clarification of certainty levels associated with Reserves estimates and the effect of aggregation is provided in Section 5.7.1.6, The Portfolio Effect, of COGEH.

6.2.2 Contingent Resources

Contingent Resources are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations using established technology or technology under development (TUD), but which are not currently considered to be commercially recoverable due to one or more contingencies. Contingent Resources are further categorized in accordance with the level of certainty associated with the estimates and may be sub-classified based on project maturity and/or characterized by their economic status.

Contingencies may include economic, environmental, social and political factors, regulatory matters, a lack of markets or prolonged timetable for development. Contingent Resources have a Chance of Development that is less than certain.

Contingent resources are further categorized according to their level of certainty associated with the estimates and may be sub-classified based on project maturity and/or characterized by their economic status.

Project Maturity Sub-Classes are: Development Pending, Development on Hold, Development Unclarified and Development Not Viable, as demonstrated in the chart below (Section 6.3).

Reports on Contingent Resources must specify the level of maturity and usually include 1C, 2C and 3C estimates.

There is no certainty that it will be commercially viable to produce any portion of the Contingent Resources.

6.2.3 Prospective Resources

Prospective Resources are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from undiscovered accumulations by application of future development projects. Prospective resources have both an associated Chance of Discovery and a Chance of Development. Prospective resources are further subdivided in accordance with the level of certainty associated with recoverable estimates assuming their discovery and development and may be sub-classified based on project maturity.

The project maturity subclasses describe the stage of exploration and broadly correspond to chance of commerciality from in increasing order from "play" to "lead" to "prospect" as demonstrated in the chart below (Section 6.3).

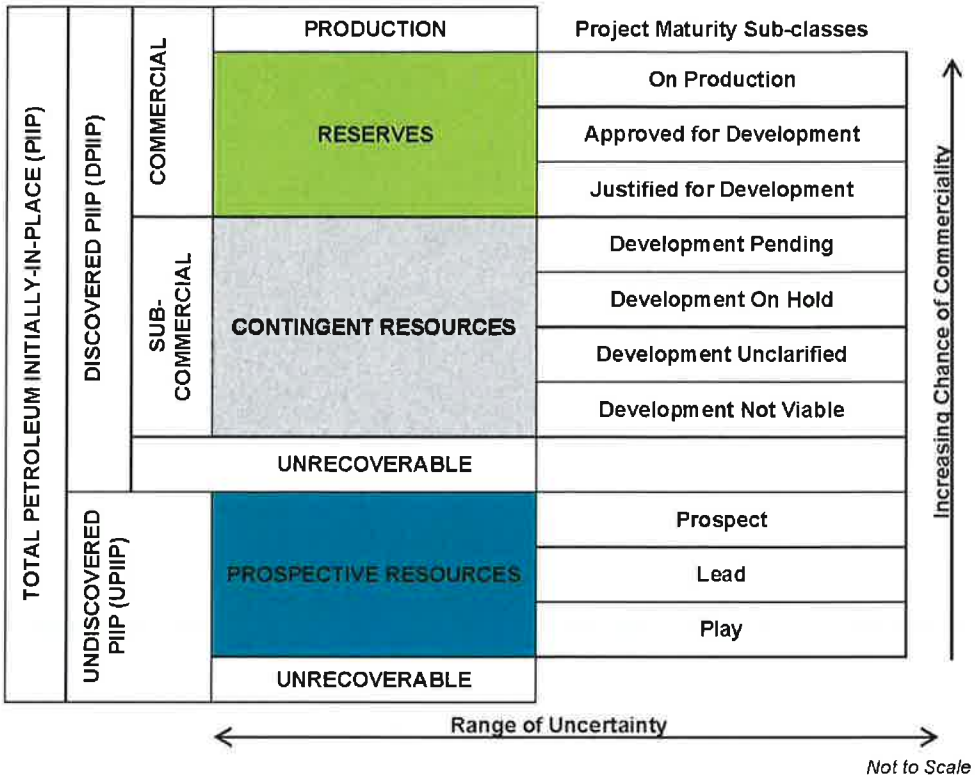
A "play" is a family of geologically similar fields, discoveries, prospects and leads. It would have the lowest chance of commerciality in these project maturity subclasses.

A "lead" is a potential accumulation within a play that requires more data acquisition and/or evaluation in order to be classified as a prospect.

A "prospect" is a potential accumulation within a play that is sufficiently well defined to represent a viable drilling target. A "prospect" would have the highest chance of commerciality.

There is no certainty that any portion of the resources will be discovered. If discovered, there is no certainty that it will be commercially viable to produce any portion of the resources.

6.3 Project Maturity Sub-Classes



7. SITE VISIT

In October 2019, Chapman staff completed a field site visit and witnessed the pilot plant in operation. A detailed study of the entire Asphalt Ridge bitumen deposit was not done, since it covers a vast area of land and has already been well documented in existing literature. However, the small scale mine that is providing feedstock to the pilot plant was inspected. All aspects of the operation were consistent with information that has been provided by the Company. Photographs taken during that site visit are included in Appendix B. A similar field visit was conducted earlier in September, 2015

PETROTEQ ENERGY INC.

INDAGO LEASE

UINTAH COUNTY, UTAH, USA

ORIENTATION MAP

NOV. 2021 **JOB No. 6794**

Attachment 1

CHAPMAN PETROLEUM ENGINEERING LTD.
CRUDE OIL
HISTORICAL, CONSTANT, CURRENT AND FUTURE PRICES

November 1, 2021

Date		WTI [1] $US/STB	Brent Spot (ICE)[2] $US/STB	AB Synthetic Crude Price [3] $CDN/STB	Western Canada Select [4] $CDN/STB	Exchange Rate $US/$CDN
HISTORICAL PRICES						
2012		94.05	111.63	92.56	71.70	1.00
2013		97.98	108.56	100.17	75.76	0.97
2014		93.12	99.43	101.07	82.07	0.91
2015		48.69	53.32	62.17	46.23	0.78
2016		43.17	45.06	57.98	38.90	0.76
2017		50.86	54.75	67.75	49.63	0.77
2018		64.92	71.64	75.06	50.17	0.77
2019		57.00	64.11	75.28	57.86	0.75
2020		39.54	43.40	48.78	37.05	0.75
2021	10 mos.	66.28	69.06	81.58	69.06	0.80
CONSTANT PRICES (The average of the first-day-of-the-month price for the preceding 12 months-SEC)						
		59.20	61.67	72.56	58.70	0.79
FORECAST PRICES						
2021	2mos.	**82.00**	86.10	95.13	77.06	0.80
2022		**82.00**	86.10	95.13	77.06	0.80
2023		**80.00**	84.00	92.63	75.03	0.80
2024		**79.00**	82.95	91.38	74.02	0.80
2025		**80.58**	84.61	93.36	75.62	0.80
2026		**82.19**	86.30	95.37	77.25	0.80
2027		**83.84**	88.03	97.42	78.91	0.80
2028		**85.51**	89.79	99.52	80.61	0.80
2029		**87.22**	91.58	101.66	82.34	0.80
2030		**88.97**	93.42	103.84	84.11	0.80
2031		**90.75**	95.28	106.06	85.91	0.80
2032		**92.56**	97.19	108.33	87.75	0.80
2033		**94.41**	99.13	110.65	89.62	0.80
2034		**96.30**	101.12	113.01	91.53	0.80
2035		**98.23**	103.14	115.41	93.48	0.80
2036		**100.19**	105.20	117.87	95.47	0.80

Escalated 2% thereafter

Notes:
[1] West Texas Intermediate quality (D2/S2) crude (40API) landed in Cushing, Oklahoma.
(Comperative WTI future oil prices are: $US73.74/STB in 2021; $US71.10/STB in 2022 and $US64.66/STB in 2023)
[2] The Brent Spot price is estimated based on historic data.
[3] Equivalent price for Light Sweet Crude (D2/S2) & Synthetic Crude landed in Edmonton.
[4] Western Canada Select (20.5API), spot price for B.C., Alberta, Saskatchewan, and Manitoba.

SUMMARY OF COMPANY CONTINGENT RESOURCES AND ECONOMICS

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Table 1

Summary of Company Contingent Resources and Economics
Before Income Tax
October 31, 2021

Petroteq Energy Inc.

Indago Lease, Mineable Bitumen Resource

	Resources		Cumulative Cash Flow (BIT) - M$				
	Bitumen MSTB		Discounted at:				
Description	Gross	Net	Undisc.	5%/year	10%/year	15%/year	20%/year
BEFORE RISK							
Best Estimate (2C) - 5000 Bbl/d plant							
Indago Lease Bitumen Extraction Project	83,777	77,075	6,586,764	1,857,912	810,087	453,095	289,821
Low Estimate (1C) - 2500 Bbl/d Plant							
Indago Lease Bitumen Extraction Project	52,903	48,671	4,248,722	960,711	392,840	212,785	131,922
High Estimate (3C) - 10,000 Bbl/d Plant							
Indago Lease Bitumen Extraction Project	109,820	101,034	8,198,820	3,081,031	1,459,433	817,846	512,676
Arithmetic Average	**82,167**	**75,593**	**6,344,769**	**1,966,551**	**887,453**	**494,575**	**311,473**
Indago Lease Bitumen Extraction Project							
AFTER RISK							
Chance of Commerciality - 81.3%							
Arithmetic Average After Risk	**66,803**	**61,458**	**5,158,383**	**1,598,833**	**721,512**	**402,096**	**253,232**
Indago Lease Bitumen Extraction Project							

M$ means thousands of dollars

Gross resources are the total of the Company's working interest share before deduction of royalties owned by others.

Net resources are the total of the Company's working and/or royalty interest share after deducting the amounts attributable to royalties owned by other

Columns may not add precisely due to accumulative rounding of values throughout the report.

INDAGO LEASES, ASPHALT RIDGE

UTAH, USA

INDEX

Discussion

INDAGO LEASES, ASPHALT RIDGE
UTAH, USA
DISCUSSION

Property Description

The Company previously owned a 100% working interest in 2,541.8 acres of land in the Asphalt Ridge area, which contain Contingent mineable bitumen resources. The Company has recently completed a transaction whereby they swapped the Asphalt Ridge property for a property referred to as the Indago leases, which contain 3,458.22 acres located just north of their leases in Asphalt Ridge. The resource volumes on the two blocks are considered to be practically equivalent.

The discovered bitumen deposit is located near or at the outcrop on three contiguous sections of land. The leases surround a separate 320 acre block, referred to as the SOHIO block, which has undergone significant exploration, but negligible development.

Production is expected to be subject to an eight percent royalty.

The leases are shown on Figure 1, and a description of the lands, interests, and burdens is shown in Table 1.

Exploration and Development History

The bituminous sands of Asphalt Ridge and Asphalt Ridge Northwest have been known to early people and settlers of the area for quite some time. The first known use of the material was for road paving and construction during the early 1920s and the 1930s.

In the 1950s, two companies (Knicker-Bocker Investments and W.M. Barnes Engineering Company) acquired a large block of placer mining claims and began in earnest the first drilling and evaluation program of the area. The claims were then leased to SOHIO Oil Company, which continued to expand upon the earlier evaluation program.

During the 1970s and 1980s, interest in this resource was at a high, and many companies completed extensive exploration and testing efforts around Asphalt Ridge and NW Asphalt Ridge. The Laramie Energy and Technology Center (DOE) conducted 3 in-situ experiments on the NW Asphalt Ridge

deposit. The tests were conducted on an initial 10 Acre block, and then subsequently an additional 16 Acre block, in sections 23 and 24 of T4S R20E, part of the SOHIO "D" tract. In addition to the experiments, researchers drilled and analyzed numerous core holes, and studied formation outcrops where they were available.

In 2005, TMC Capital, LLC (TMC) began operating a mine in section 31 in township 5S range 22E. TMC focused on sales of raw bitumen sands that have typically been subject to minor crushing and screening and were sold with the bitumen and sand together for use as a road paving material.

Other key transactions, etc., related to this asset are summarized below in order of occurrence:

- MCW Energy Group Ltd. (MCW) acquired SITLA lease and built a pilot plant at the SITLA lease.
- MCW entered into a contract with Temple Mountain Energy (TME) to supply ore to the pilot plant. At the time, TME leased their land from ARI.
- TMC purchased all the TME rights and assets to become owner of the lease agreement with ARI.
- MCW purchased TMC in September 2015.
- The pilot plant was disassembled and moved from the SITLA lease to its current location at the Temple Mountain lease.

MCW completed a pilot extraction plant at the site of the SITLA lease and ran small amounts of material to test with their process. On October 1, 2014, the Company held a demonstration of the plant that was documented by the press and attended by members of local and state government. The test produced a 9:1 solvent to bitumen product at a rate of approximately (250 STB/d), as well as clean dry sand requiring no further treatment or processing. Intermittent production continued during 2015 through to the present, while the existing plant has undergone a series or optimizations.

In May 2017, MCW changed its name to Petroteq Energy Inc.

Plans are underway for the construction of a full-scale plant capable of 5000 STB/d of product, based on the knowledge and result gain over several years of operation of the pilot project. An expansion, twinning the plant to a 10,000 STB/d capacity is being considered for the future.

Geology

Asphalt Ridge is one of several bituminous sandstone deposits in the Uinta Basin, which contains significant amounts of bitumen from which petroleum products may be extracted. The Unita Basin is located in northeast Utah, formed in the Late Cretaceous and early Tertiary period. Asphalt Ridge is a northwest trending hogback that extends for a distance of about 12 miles along the Northeast flank of the basin.

Structurally, Asphalt Ridge is terminated on its northwest end by a series of major crosscutting northeast trending high angle faults. Along Asphalt Ridge, the bitumen deposit extends downdip in the subsurface for a distance ranging from one-third to thirds-thirds of a mile from the outcropping sandstones. The Indago leases, which surround the SOHIO "D" tract, are located in a relatively flat area about a mile north of the hogback and is sometimes referred to as the Northwest Asphalt Ridge.

The geological knowledge of the Asphalt Ridge has been derived from the results of drilling records from exploration carried out by SOHIO in the late 1950s.

A stratigraphic chart of the shallow formations in this area is presented on Figure 2a. The bitumen accumulations are most prominent in the Mesa Verde Group of the Cretaceous age. The outcrop of the Mesa Verde occurs on the northern portion of the SOHIO "D" tract and the Indago leases. The overburden gradually increases due to the formation dip in the southwest direction, but then dramatically increases due to the surface terrain at the hogback.

There is a north south running fault on the eastern edge of the lands, upthrown on the east side, but the amount of displacement is unknown. The Mesa Verde is not present on the east side of the fault with the exception that there appears to be an outcrop on the northern portion of the lands.

Contingent Resources

Contingent Resources have been assigned to the lands with a Project Maturity Sub-class of "Development Pending" due to the transaction having been completed.

The presence of bitumen on the lands has been established by greater than twenty core holes, most drilled on the SOHIO "D" tract but also up to 10 wells drilled to the west of the SOHIO "D" tract on the Indago lease. Reservoir thickness has been derived from other reports based on these cores.

Contingent Resources have been established based on the reservoir thickness data applied to the area on the leases which overlie the accumulation having overburden thickness justifying minable resources. SOHIO have stated that an overburden thickness to reservoir thickness ratio of 5:1 would justify mineable resources. We have chosen an overburden thickness cutoff of 500 feet, which is much less than the suggested SOHIO ratio. Finally, the resource volume has been established based on actual yields from similar ore processed at the company's pilot plant over the past while applied to the reservoir volume determined as noted.

Due to the variation in thickness and yield data and different interpretations of the effective mineable area, a Monte Carlo simulation has been used to statistically determine the Contingent Resources, based on all the available data. Within the model the mineable bitumen was subjected to a combine mining, transportation and processing loss of 10%.

Best estimate, 2C, Contingent Resources volumes of 83,777 MSTB of mineable bitumen were determined for the Indago lease, based on the P50 value from the Monte Carlo simulation.

Low estimate,1C, Contingent Resources of 61,488 MSTB of mineable bitumen were determined for the Indago lease, based on the P10 value from the Monte Carlo simulation.

High estimate, 3C, Contingent Resources of 109,820 MSTB of mineable bitumen were determined for the Indago lease, based on the P10 value from the Monte Carlo simulation.

The Contingent Resources are summarized for each case in Table 2 and the derivation of the Monte Carlo parameters is presented in Table 2a. Figure 2b shows the areas selected as the key parameters for the Monte Carlo and Figures 2c and 2d are supporting documents providing reference for the overburden cutoff and surface topography up to the hogback.

Summary of Contingencies and Project Risk

The following are the main contingencies associated with this project, listed in order of importance:

1. The full-scale processing plant needs to be constructed and put into operation. Chapman has judged this contingency to have a 95% probability of happening within a reasonable time frame, as predicted in this report.

2. Verification of actual full-scale processing and operating costs. Although the Company has developed detailed estimates of these costs by operating the pilot plant, they will need to gather additional operations and accounting information in order to know these costs with certainty. Chapman has estimated a 90% probability that operating costs will be in the range sufficient to provide an economically viable operation

3. Regulatory permission will be granted for all future stages. This is seen as very likely, and there are no major regulatory hurdles remaining to overcome. However, there is potential for public opposition to a project of this nature. The probability of this contingency being overcome (i.e. all future regulatory approvals being granted) is estimated at 98%.

Chapman has estimated that it is 81.3% likely that all of the above contingencies will be overcome, including other minor contingencies as shown on Figure 3.

Positive and Negative Factors of the Project

Positive Factors

1. A pilot project has been operating for several years, confirming the technology works efficiently.
3. Similar oil sands from a nearby deposit are currently being processed at the Company's plant.

Negative Factors

1. Uncertainty of future oil prices is always a concern.
2. The effective area of the deposit is not completely defined.

Economic Analysis

An economic analysis (before tax) of the Contingent Resources was conducted for the 1C (low estimate), 2C (best estimate) and 3C (high estimate) cases. The development scenarios evaluated consider the total production rates (blended with diluent) of 2,500, 5,000 and 10,000 STB/d for the 1C, 2C and 3C cases, respectively. A bitumen/total production ratio of 95% was considered, resulting in bitumen production rates ranging from 2,375 to 9,500 STB/d.

Chapman's November 1, 2021 price forecast for WTI crude was used in the analysis with a $5.00/STB differential off the WTI price, to account for transportation and quality adjustment. The cases were run for a maximum 70-year period, which is allowable for Contingent Resources. In the

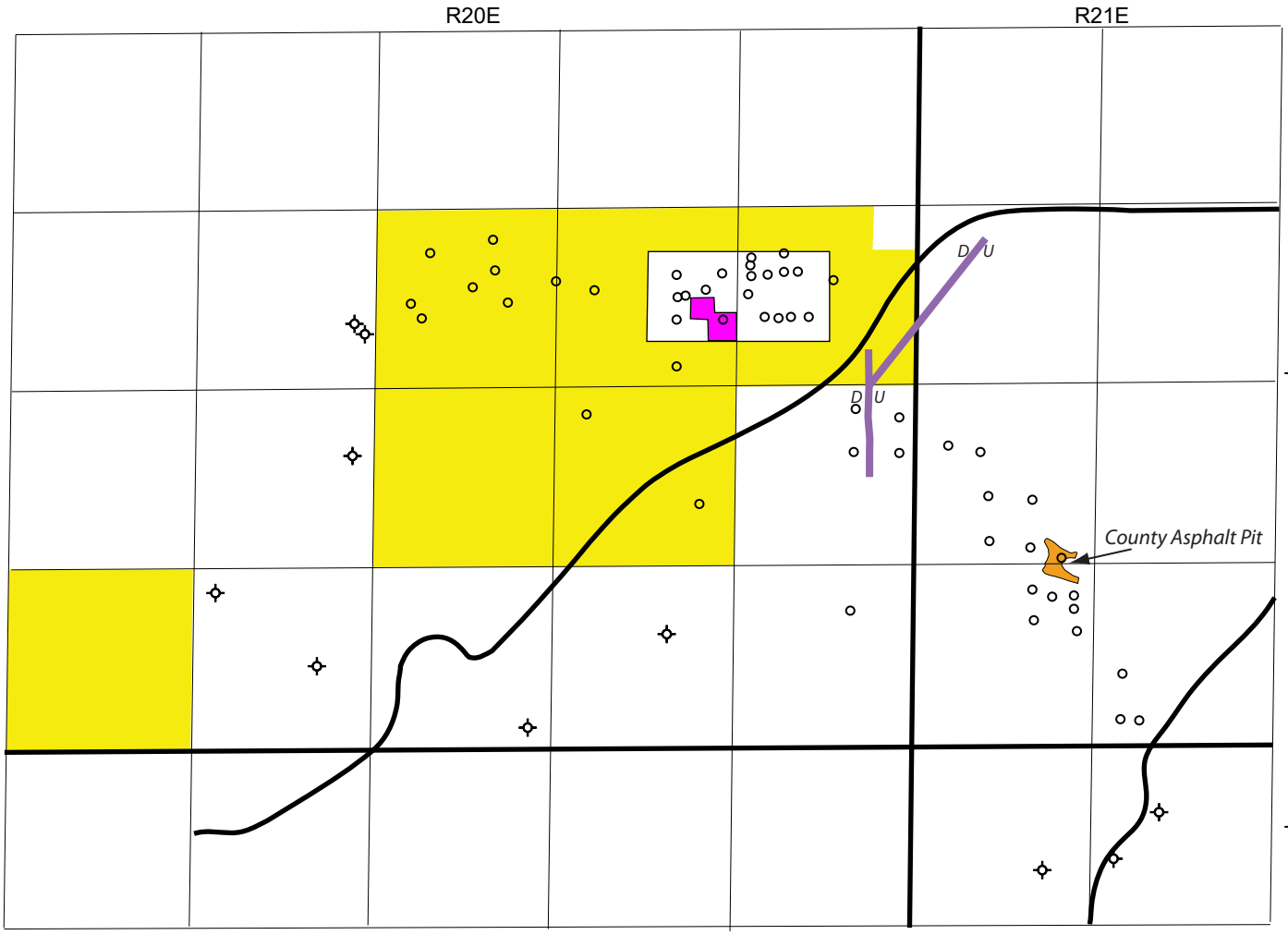
event of future reserves assignments those will be based on a maximum 50-year life, with the balance assigned as Contingent Resources.

Operating costs, royalties and price differential estimates were provided by the Company based on their ongoing mining operations and compared to a new Pre-Feed report recently prepared by an independent firm. The cost of the condensate and revenues from that portion of the sales volume are considered to offset each other, for simplicity in this evaluation. The sand byproduct of the process can be sold at a price equivalent to $8.00 per barrel of crude product, which has been included to partially offset the operating costs.

Capital costs have been determined from studies the Company has made available as presented on Table 3.

Mine-site reclamation costs, decommissioning of the Plant and reclamation of the plant site has been estimated to cost $5,000,000.

The results of the analysis are presented on Table 4, before and after risk and the annualized cash flows are presented in Tables 4a through 4c. The risk analysis results are presented in Figure 3.



LAND OF INTEREST (INDAGO LEASE)

HIGHWAYS

FAULTS

EXPLORATORY WELLS

CORE HOLES

DOE PILOT PROJECT

PETROTEQ ENERGY INC.

INDAGO LEASE

UINTAH COUNTY, UTAH

LAND AND WELL MAP

NOV. 2021 **JOB No. 6794** **FIGURE No. 1**

Table 1

Schedule of Lands, Interests and Royalty Burdens

October 31, 2021

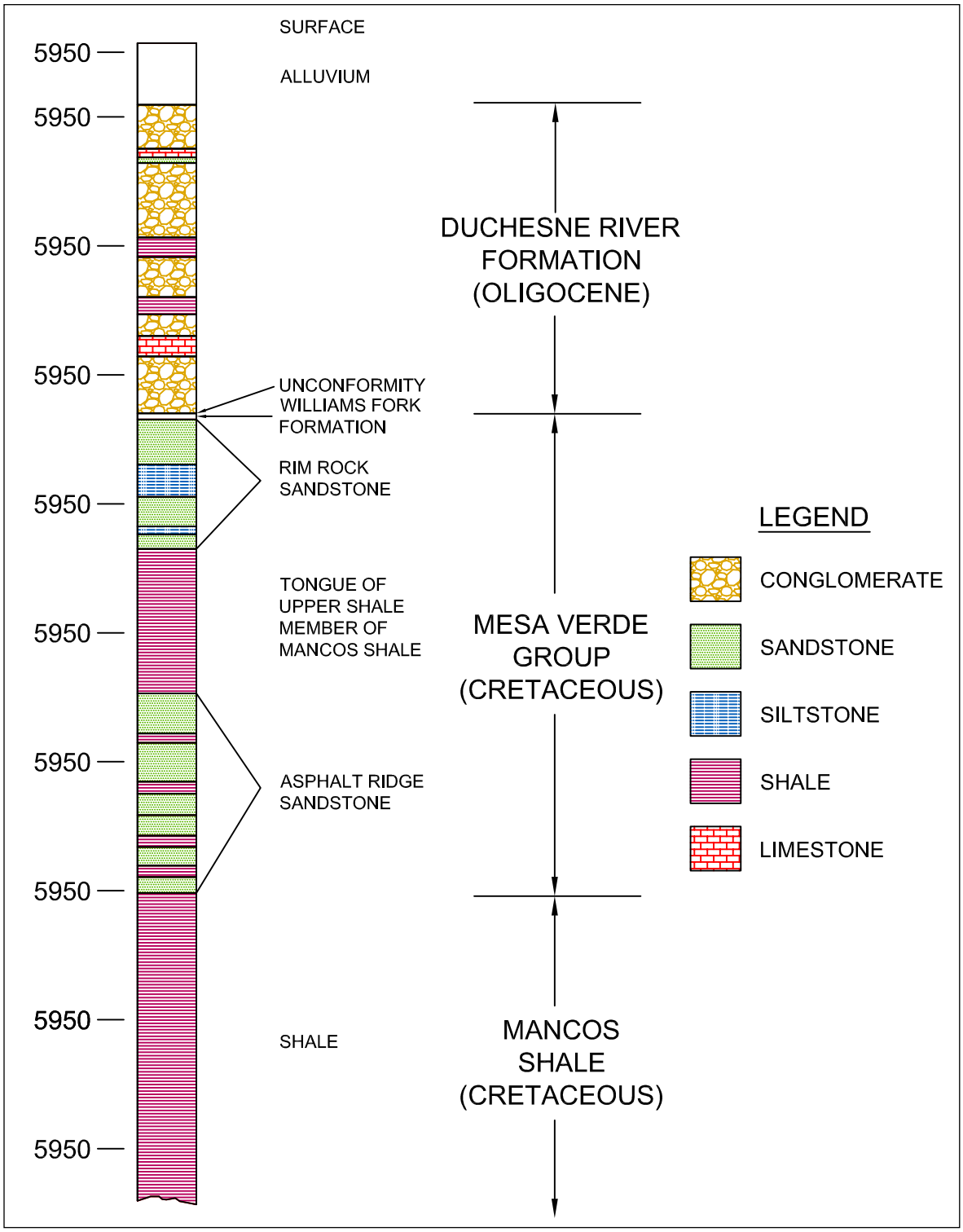
Petroteq Energy Ltd.

Indago Leases, Asphalt Ridge, Utah

Description		Rights Owned	Gross Acres	Appraised Interest Working %	Appraised Interest Royalty %	Royalty Burdens Basic %	Royalty Burdens Overriding %
Twp 4S Rge 20E							
Lease No: 53831							
Sec 22		[A]	640	100.0000		[1]	-
Sec 23: N/2 NE/4; W/2; S/2 SE/4	[2]	[A]	898.22	100.0000		[1]	
Sec 24: SE/4 NE/4; E/2 SE/4; W/2 E/2;							
N/2 NW/4; S/2 SW/4							-
Lease No: 53805							
Secs 26, 27, 32		[A]	1,920	100.0000		[1]	-
		Total	**3,458.22**				

General Notes : [1] It is anticipated the Company will pay royalties averaging 8% of production
[2] Acreage volumes may not add up exactly due to an variation in Lot sizes

Rights Owned : [A] All related Bitumen



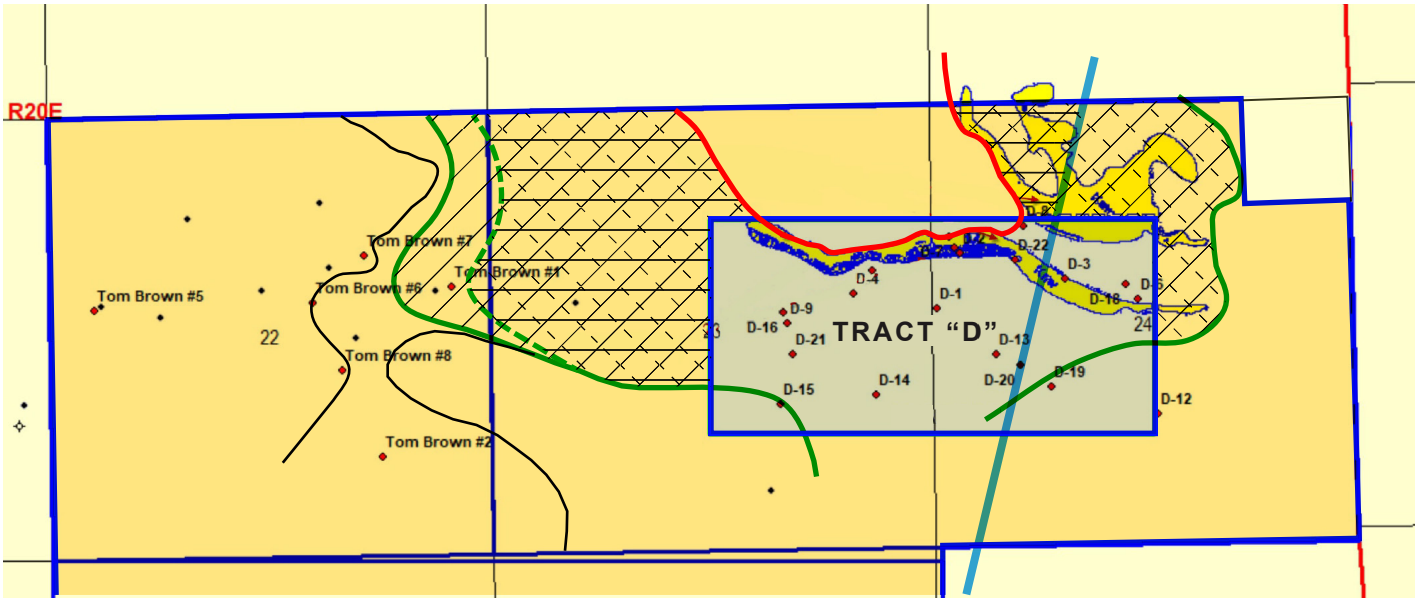
PETROTEQ ENERGY INC.

INDAGO LEASE

ASPHALT RIDGE AREA, UINTAH COUNTY, UTAH

STRATIGRAPHIC SECTION

NOV. 2021 **JOB No. 6794** **FIGURE No. 2a**



LAND OF INTEREST (INDAGO LEASE)

TRACT "D"

FAULT

OUTCROP

OVERBURDEN CUTOFF

EDGE OF HOGBACK FROM TOPO

BEST ESTIMATE AREA

LOW ESTIMATE AREA

HIGH ESTIMATE AREA

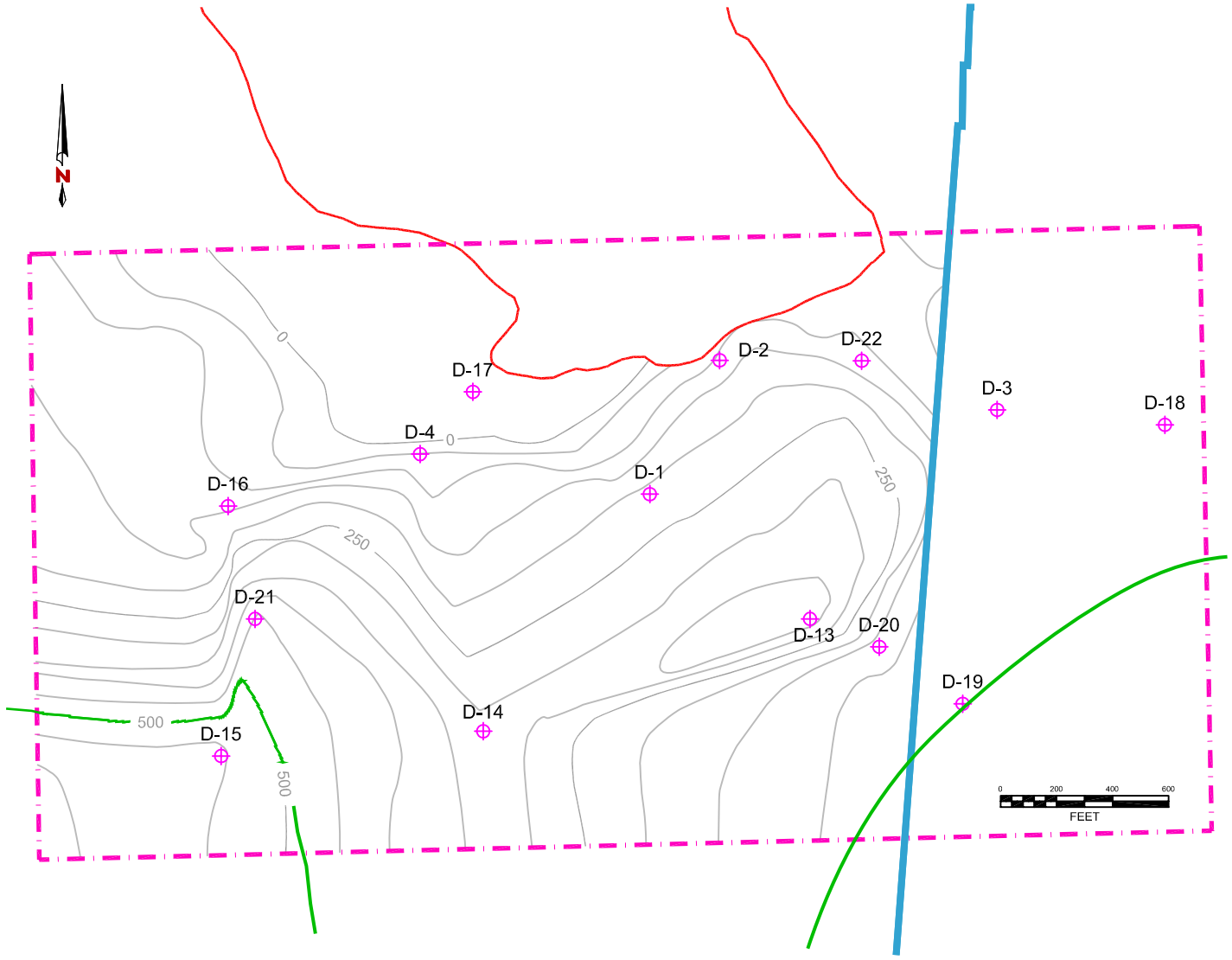
PETROTEQ ENERGY INC.

INDAGO LEASE

ASPHALT RIDGE AREA, UINTAH COUNTY, UTAH

BITUMEN MINEABLE AREA

NOV. 2021 JOB No. 6794 FIGURE No. 2b



D Tract Boundary

FAULT

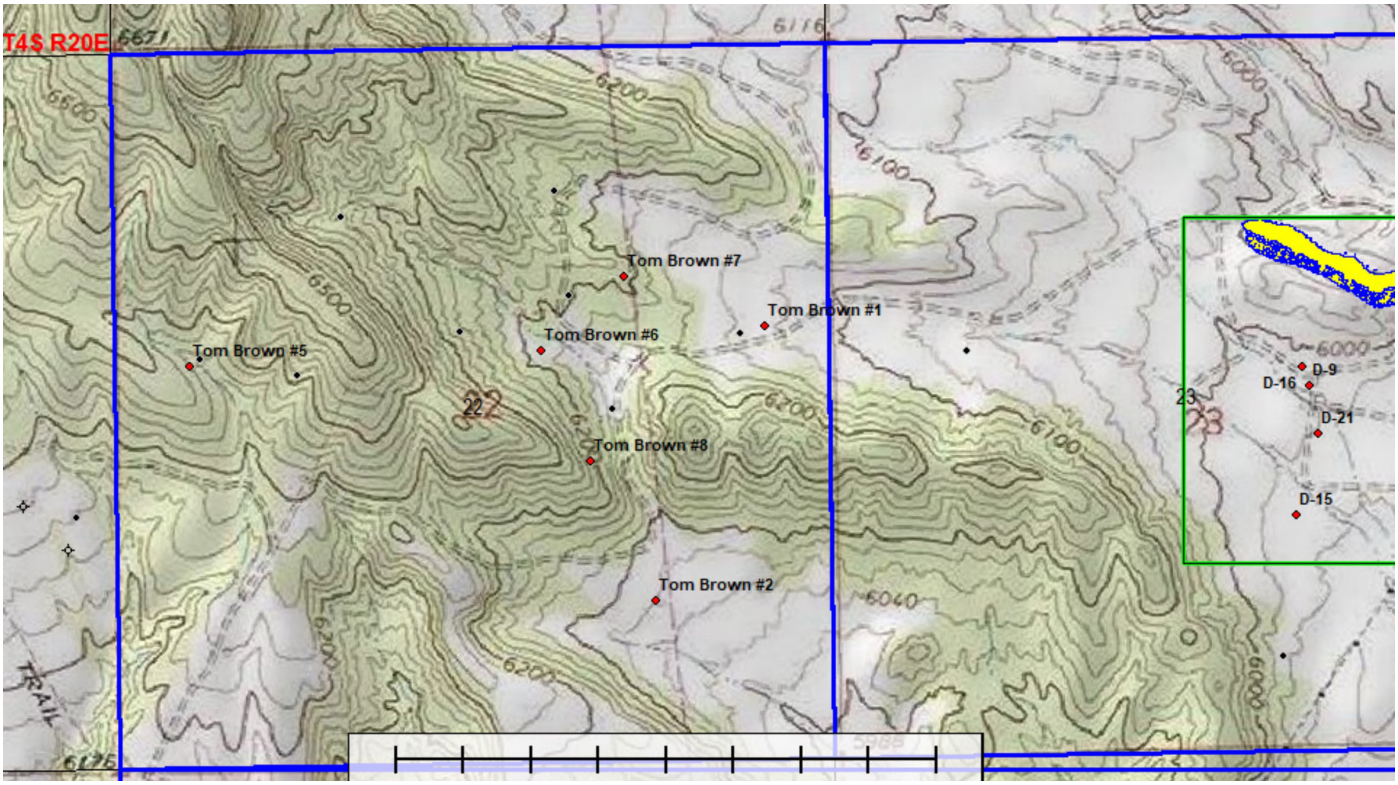
OUTCROP

OVERBURDEN CUTOFF

PETROTEQ ENERGY INC.

INDAGO LEASE
SOHIO Block
ASPHALT RIDGE AREA, UINTAH COUNTY, UTAH
OVERBURDEN MAP
Reference for Overburden Cutoff

NOV. 2021 **JOB No. 6794** **FIGURE No. 2c**



PETROTEQ ENERGY INC.
INDAGO LEASE
ASPHALT RIDGE AREA, UINTAH COUNTY, UTAH
TOPOGRAPHICAL MAP
NOV. 2021 JOB No. 6794 FIGURE No. 2d

Table 2

Summary of Gross Contingent Resources

October 31, 2021

Indago Leases, Asphalt Ridge, Utah, USA

Description		API Gravity (Deg)	Mineable Bitumen Initially-In-Place (MSTB)	Contingent Resources (MSTB)	Reference
Crude Bitumen - Before Risk					
Best Estimate (2C Contingent Resources)					
Bituminous - Asphaltic sands	[1]	10-15	93,086	83,777	Monte Carlo - P50
Low Estimate (1C Contingent Resources)					
Bituminous - Asphaltic sands	[1]	10-15	58,781	52,903	Monte Carlo - P10 [2]
High Estimate (3C Contingent Resources)					
Bituminous - Asphaltic sands	[1]	10-15	122,022	109,820	Monte Carlo - P90

Note: [1] - A combined mining, transportation and processing loss of 10% has been anticipated

Table 2a

Monte Carlo Input Derivation

Indago Leases

October 2021

Oil Content and Yield Values

Actual Recoveries [1]	gal/cyd	gal/STB	STB/cyd	cyd/m3	STB/m3	Tons/cyd	Tons/m3	STB/Ton
Best	51.62	42	1.229	1.307	1.606	1.769	2.312	0.695
Low	30.11	42	0.717	1.307	0.937	1.769	2.312	0.405
High	68.82	42	1.639	1.307	2.142	1.769	2.312	0.926

Reservoir Thickness

Well Name	Thickness	Best Estimate	Low Estimate	High Estimate
D-2	226			
D-14	208	208		208
D-22	190	190		190
D-3	177	177		
D-1	173	173		
D-4	147	147		
D-21	143	143	143	
D-13	132	132	132	
D-16	102			
Input		167	137	200

Resource Volumes Input

Bitumen In Place	STB/cyd	Area - Acres	Area - square yards	Gross Thickness - Feet	Estimated net recovery after Combined loss	Net thickness - yds
Best	1.229	300	1,452,000	167	0.9	50.10
Low	0.717	200	968,000	137	0.9	41.10
High	1.639	381	1,844,040	200	0.9	60.00

Table 3

Summary of Anticipated Capital Expenditures

Development

October 31, 2021

Petroteq Energy Inc.

Indago Lease, Utah

Description	Date	Operation	Capital Interest %	Gross Capital M$	Net Capital M$
Contingent Resources, Best Estimate					
Indago Lease, Utah	2023	Bitumen extraction facility - 5000 Bbl/d	100.0000	110,000	110,000
		Total Best Estimate		**110,000**	**110,000**
Contingent Resources, Low Estimate					
Indago Lease, Utah	2023	Bitumen extraction facility - 2500 Bbl/d	100.0000	72,600	72,600
		Total Low Estimate		**72,600**	**72,600**
Contingent Resources, High Estimate					
Indago Lease, Utah	2023	Bitumen extraction facility - 5,000 Bbl/d	100.0000	110,000	110,000
	2025	Plant Expansion to - 10,000 Bbl/d	100.0000	90,000	90,000
		Total High Estimate		**200,000**	**200,000**

Note: **M$ means thousands of dollars.**
The above capital values are expressed in terms of current dollar values without escalation.

Table 4

Summary of Company Contingent Resources and Economics
Before Income Tax
October 31, 2021

Petroteq Energy Inc.

Indago Lease, Mineable Bitumen Resource

	Resources		Cumulative Cash Flow (BIT) - M$				
	Bitumen MSTB			Discounted at:			
Description	Gross	Net	Undisc.	5%/year	10%/year	15%/year	20%/year
BEFORE RISK							
Best Estimate (2C) - 5000 Bbl/d plant							
Indago Lease Bitumen Extraction Project	83,777	77,075	6,586,764	1,857,912	810,087	453,095	289,821
Low Estimate (1C) - 2500 Bbl/d Plant							
Indago Lease Bitumen Extraction Project	52,903	48,671	4,248,722	960,711	392,840	212,785	131,922
High Estimate (3C) - 10,000 Bbl/d Plant							
Indago Lease Bitumen Extraction Project	109,820	101,034	8,198,820	3,081,031	1,459,433	817,846	512,676
Arithmetic Average	**82,167**	**75,593**	**6,344,769**	**1,966,551**	**887,453**	**494,575**	**311,473**
Indago Lease Bitumen Extraction Project							
AFTER RISK							
Chance of Commerciality - 81.3%							
Arithmetic Average After Risk	**66,803**	**61,458**	**5,158,383**	**1,598,833**	**721,512**	**402,096**	**253,232**
Indago Lease Bitumen Extraction Project							

M$ means thousands of dollars

Gross resources are the total of the Company's working interest share before deduction of royalties owned by others.

Net resources are the total of the Company's working and/or royalty interest share after deducting the amounts attributable to royalties owned by other

Columns may not add precisely due to accumulative rounding of values throughout the report.

Table 4a

Petroteq Energy Inc.

Economic Analysis: Mineable Bitumen Resources - Indago Lease

October 31, 2021

2C (Best Estimate)

	Total Gross Blend Production			Total Gross Bitumen Production		WTI Oil Price	Product Price	Gross Revenue From Bitumen Sales	Royalty's Paid	Total Operating Costs	Net Operating Income	Capital Costs		Undiscounted Net Cash Flow (Profit)	Discounted @ 5%	Discounted @ 10%	Discounted @ 15%	Discounted @ 20%
Year	BBL/d	Producing Days	BBL/yr.	BBL/d	BBL/yr.	$US/STB	$US/STB	$US/yr.	$US/yr.	$US/yr.	$US/yr.	$US/yr.	t	M$	M$	M$	M$	M$
2021		0	0	0	0	82.00	$77.00	0	0	0	0		0.08	0	0	0	0	0
2022		0	0	0	0	82.00	$77.00	0	0	0	0		0.66	0	0	0	0	0
2023	5,000	165	825,000	4,750	783,750	80.00	$75.00	58,781,250	4,702,500	13,323,750	40,755,000	110,000,000	1.66	-69,245	-63,858	-59,112	-54,907	-51,162
2024	5,000	330	1,650,000	4,750	1,567,500	79.00	$74.00	115,995,000	9,279,600	26,647,500	80,067,900		2.66	80,068	70,323	62,138	55,208	49,299
2025	5,000	330	1,650,000	4,750	1,567,500	80.58	$75.58	118,471,650	9,477,732	26,647,500	82,346,418		3.66	82,346	68,880	58,096	49,373	42,251
2026	5,000	330	1,650,000	4,750	1,567,500	82.19	$77.19	120,997,833	9,679,827	26,647,500	84,670,506		4.66	84,671	67,451	54,305	44,145	36,203
2027	5,000	330	1,650,000	4,750	1,567,500	83.84	$78.84	123,574,540	9,885,963	26,647,500	87,041,076		5.66	87,041	66,038	50,751	39,462	31,014
2028	5,000	330	1,650,000	4,750	1,567,500	85.51	$80.51	126,202,780	10,096,222	26,647,500	89,459,058		6.66	89,459	64,640	47,419	35,268	26,563
2029	5,000	330	1,650,000	4,750	1,567,500	87.22	$82.22	128,883,586	10,310,687	26,647,500	91,925,399		7.66	91,925	63,259	44,296	31,513	22,746
2030	5,000	330	1,650,000	4,750	1,567,500	88.97	$83.97	131,618,008	10,529,441	26,647,500	94,441,067		8.66	94,441	61,896	41,371	28,153	19,474
2031	5,000	330	1,650,000	4,750	1,567,500	90.75	$85.75	134,407,118	10,752,569	26,647,500	97,007,049		9.66	97,007	60,550	38,632	25,146	16,669
2032	5,000	330	1,650,000	4,750	1,567,500	92.56	$87.56	137,252,010	10,980,161	26,647,500	99,624,349		10.66	99,624	59,223	36,068	22,456	14,266
2033	5,000	330	1,650,000	4,750	1,567,500	94.41	$89.41	140,153,801	11,212,304	26,647,500	102,293,996		11.66	102,294	57,914	33,668	20,050	12,207
2034	5,000	330	1,650,000	4,750	1,567,500	96.30	$91.30	143,113,627	11,449,090	26,647,500	105,017,036		12.66	105,017	56,624	31,422	17,899	10,443
2035	5,000	330	1,650,000	4,750	1,567,500	98.23	$93.23	146,132,649	11,690,612	26,647,500	107,794,537		13.66	107,795	55,354	29,321	15,976	8,933
2036	5,000	330	1,650,000	4,750	1,567,500	100.19	$95.19	149,212,052	11,936,964	26,647,500	110,627,588		14.66	110,628	54,104	27,356	14,257	7,640
2037	5,000	330	1,650,000	4,750	1,567,500	102.19	$97.19	152,353,043	12,188,243	26,647,500	113,517,300		15.66	113,517	52,873	25,518	12,721	6,533
2038	5,000	330	1,650,000	4,750	1,567,500	104.24	$99.24	155,556,854	12,444,548	26,647,500	116,464,806		16.66	116,465	51,663	23,801	11,349	5,585
2039	5,000	330	1,650,000	4,750	1,567,500	106.32	$101.32	158,824,741	12,705,979	26,647,500	119,471,262		17.66	119,471	50,473	22,196	10,124	4,774
2040	5,000	330	1,650,000	4,750	1,567,500	108.45	$103.45	162,157,986	12,972,639	26,647,500	122,537,847		18.66	122,538	49,304	20,696	9,029	4,081
2041	5,000	330	1,650,000	4,750	1,567,500	110.62	$105.62	165,557,896	13,244,632	26,647,500	125,665,764		19.66	125,666	48,154	19,295	8,052	3,487
2042	5,000	330	1,650,000	4,750	1,567,500	112.83	$107.83	169,025,803	13,522,064	26,647,500	128,856,239		20.66	128,856	47,026	17,986	7,179	2,980
2043	5,000	330	1,650,000	4,750	1,567,500	115.09	$110.09	172,563,070	13,805,046	26,647,500	132,110,524		21.66	132,111	45,917	16,764	6,401	2,546
2044	5,000	330	1,650,000	4,750	1,567,500	117.39	$112.39	176,171,081	14,093,686	26,647,500	135,429,894		22.66	135,430	44,830	15,623	5,706	2,175
2045	5,000	330	1,650,000	4,750	1,567,500	119.74	$114.74	179,851,253	14,388,100	26,647,500	138,815,652		23.66	138,816	43,762	14,558	5,085	1,858
Rem			51,061,316		48,508,250			5,565,722,182	445,257,775	824,640,250	4,164,469,570	0		4,290,824	681,511	137,923	33,452	9,256
Totals			**88,186,316**		**83,777,000**			**8,832,579,811**	**706,606,385**	**1,424,209,000**	**6,570,409,839**	**0**		**6,586,764**	**1,857,912**	**810,087**	**453,095**	**289,821**

Plant Capacity	days/yr	Max Years
5,000	330	70

Bitumen/Total Prod
0.95

FC- WTI	Differential
$1.02	$5.00

Royalty	Opex - $/STB
8%	$17.00

Capital Cost
$110,000,000

Table 4b

Petroteq Energy Inc.

Economic Analysis: Mineable Bitumen Resources - Indago Lease

October 31, 2021

1C (Low Estimate)

	Total Gross Blend Production			Total Gross Bitumen Production		WTI Oil Price	Product Price	Gross Revenue From Bitumen Sales	Royalty's Paid	Total Operating Costs	Net Operating Income	Capital Costs	0%	Undiscounted Net Cash Flow (Profit)	Discounted @			
Year	BBL/d	Producing Days	BBL/yr.	BBL/d	BBL/yr.	$US/STB	$US/STB	$US/yr.	$US/yr.	$US/yr.	$US/yr.	$US/yr.	t	M$	5% M$	10% M$	15% M$	20% M$
2021		0	0	0	0	82.00	$77.00	0	0	0	0		0.08	0	0	0	0	0
2022		0	0	0	0	82.00	$77.00	0	0	0	0		0.66	0	0	0	0	0
2023	2,500	165	412,500	2,375	391,875	80.00	$75.00	29,390,625	2,351,250	6,661,875	20,377,500	72,600,000	1.66	-52,223	-48,160	-44,581	-41,409	-38,585
2024	2,500	330	825,000	2,375	783,750	79.00	$74.00	57,997,500	4,639,800	13,323,750	40,033,950		2.66	40,034	35,161	31,069	27,604	24,649
2025	2,500	330	825,000	2,375	783,750	80.58	$75.58	59,235,825	4,738,866	13,323,750	41,173,209		3.66	41,173	34,440	29,048	24,687	21,126
2026	2,500	330	825,000	2,375	783,750	82.19	$77.19	60,498,917	4,839,913	13,323,750	42,335,253		4.66	42,335	33,726	27,153	22,072	18,102
2027	2,500	330	825,000	2,375	783,750	83.84	$78.84	61,787,270	4,942,982	13,323,750	43,520,538		5.66	43,521	33,019	25,375	19,731	15,507
2028	2,500	330	825,000	2,375	783,750	85.51	$80.51	63,101,390	5,048,111	13,323,750	44,729,529		6.66	44,730	32,320	23,709	17,634	13,282
2029	2,500	330	825,000	2,375	783,750	87.22	$82.22	64,441,793	5,155,343	13,323,750	45,962,700		7.66	45,963	31,630	22,148	15,757	11,373
2030	2,500	330	825,000	2,375	783,750	88.97	$83.97	65,809,004	5,264,720	13,323,750	47,220,534		8.66	47,221	30,948	20,686	14,076	9,737
2031	2,500	330	825,000	2,375	783,750	90.75	$85.75	67,203,559	5,376,285	13,323,750	48,503,524		9.66	48,504	30,275	19,316	12,573	8,335
2032	2,500	330	825,000	2,375	783,750	92.56	$87.56	68,626,005	5,490,080	13,323,750	49,812,175		10.66	49,812	29,611	18,034	11,228	7,133
2033	2,500	330	825,000	2,375	783,750	94.41	$89.41	70,076,900	5,606,152	13,323,750	51,146,998		11.66	51,147	28,957	16,834	10,025	6,103
2034	2,500	330	825,000	2,375	783,750	96.30	$91.30	71,556,813	5,724,545	13,323,750	52,508,518		12.66	52,509	28,312	15,711	8,949	5,221
2035	2,500	330	825,000	2,375	783,750	98.23	$93.23	73,066,325	5,845,306	13,323,750	53,897,269		13.66	53,897	27,677	14,660	7,988	4,466
2036	2,500	330	825,000	2,375	783,750	100.19	$95.19	74,606,026	5,968,482	13,323,750	55,313,794		14.66	55,314	27,052	13,678	7,129	3,820
2037	2,500	330	825,000	2,375	783,750	102.19	$97.19	76,176,522	6,094,122	13,323,750	56,758,650		15.66	56,759	26,437	12,759	6,361	3,266
2038	2,500	330	825,000	2,375	783,750	104.24	$99.24	77,778,427	6,222,274	13,323,750	58,232,403		16.66	58,232	25,832	11,900	5,675	2,793
2039	2,500	330	825,000	2,375	783,750	106.32	$101.32	79,412,371	6,352,990	13,323,750	59,735,631		17.66	59,736	25,237	11,098	5,062	2,387
2040	2,500	330	825,000	2,375	783,750	108.45	$103.45	81,078,993	6,486,319	13,323,750	61,268,923		18.66	61,269	24,652	10,348	4,515	2,040
2041	2,500	330	825,000	2,375	783,750	110.62	$105.62	82,778,948	6,622,316	13,323,750	62,832,882		19.66	62,833	24,077	9,647	4,026	1,744
2042	2,500	330	825,000	2,375	783,750	112.83	$107.83	84,512,902	6,761,032	13,323,750	64,428,120		20.66	64,428	23,513	8,993	3,590	1,490
2043	2,500	330	825,000	2,375	783,750	115.09	$110.09	86,281,535	6,902,523	13,323,750	66,055,262		21.66	66,055	22,959	8,382	3,200	1,273
2044	2,500	330	825,000	2,375	783,750	117.39	$112.39	88,085,540	7,046,843	13,323,750	67,714,947		22.66	67,715	22,415	7,811	2,853	1,088
2045	2,500	330	825,000	2,375	783,750	119.74	$114.74	89,925,626	7,194,050	13,323,750	69,407,826		23.66	69,408	21,881	7,279	2,543	929
Rem			37,125,000		35,268,750			4,046,653,182	323,732,255	599,568,750	3,123,352,177	5,000,000		3,118,352	388,741	71,782	16,920	4,643
Totals			**55,687,500**		**52,903,125**			**5,680,081,996**	**454,406,560**	**899,353,125**	**4,326,322,312**	**5,000,000**		**4,248,722**	**960,711**	**392,840**	**212,785**	**131,922**

Plant Capacity	days/yr	Max Years
2,500	330	70

Bitumen/Total Prod
0.95

FC- WTI	Differential
$1.02	$5.00

Royalty	Opex - $/STB
8%	$17.00

Capital Cost
$72,600,000

Table 4c

Petroteq Energy Inc.

Economic Analysis: Mineable Bitumen Resources - Indago Lease

October 31, 2021

3C (High Estimate)

	Total Gross Blend Production			Total Gross Bitumen Production		WTI Oil Price	Product Price	Gross Revenue From Bitumen Sales	Royalty's Paid	Total Operating Costs	Net Operating Income	Capital Costs	0%	Undiscounted Net Cash Flow (Profit)	Discounted @ 5%	Discounted @ 10%	Discounted @ 15%	Discounted @ 20%
Year	BBL/d	Producing Days	BBL/yr.	BBL/d	BBL/yr.	$US/STB	$US/STB	$US/yr.	$US/yr.	$US/yr.	$US/yr.	$US/yr.	t	M$	M$	M$	M$	M$
2021			0	0	0	82.00	$77.00	0	0	0	0		0.08	0	0	0	0	0
2022			0	0	0	82.00	$77.00	0	0	0	0		0.66	0	0	0	0	0
2023	5,000	165	825,000	4,750	783,750	80.00	$75.00	58,781,250	4,702,500	13,323,750	40,755,000	110,000,000	1.66	-69,245	-63,858	-59,112	-54,907	-51,162
2024	5,000	330	1,650,000	4,750	1,567,500	79.00	$74.00	115,995,000	9,279,600	26,647,500	80,067,900		2.66	80,068	70,323	62,138	55,208	49,299
2025	7,500	330	2,475,000	7,125	2,351,250	80.58	$75.58	177,707,475	14,216,598	39,971,250	123,519,627	90,000,000	3.66	33,520	28,038	23,648	20,098	17,199
2026	10,000	330	3,300,000	9,500	3,135,000	82.19	$77.19	241,995,666	19,359,653	53,295,000	169,341,013		4.66	169,341	134,903	108,611	88,290	72,406
2027	10,000	330	3,300,000	9,500	3,135,000	83.84	$78.84	247,149,079	19,771,926	53,295,000	174,082,153		5.66	174,082	132,076	101,501	78,923	62,028
2028	10,000	330	3,300,000	9,500	3,135,000	85.51	$80.51	252,405,561	20,192,445	53,295,000	178,918,116		6.66	178,918	129,281	94,837	70,535	53,126
2029	10,000	330	3,300,000	9,500	3,135,000	87.22	$82.22	257,767,172	20,621,374	53,295,000	183,850,798		7.66	183,851	126,519	88,593	63,026	45,492
2030	10,000	330	3,300,000	9,500	3,135,000	88.97	$83.97	263,236,016	21,058,881	53,295,000	188,882,134		8.66	188,882	123,792	82,743	56,305	38,948
2031	10,000	330	3,300,000	9,500	3,135,000	90.75	$85.75	268,814,236	21,505,139	53,295,000	194,014,097		9.66	194,014	121,100	77,264	50,291	33,338
2032	10,000	330	3,300,000	9,500	3,135,000	92.56	$87.56	274,504,021	21,960,322	53,295,000	199,248,699		10.66	199,249	118,445	72,136	44,911	28,531
2033	10,000	330	3,300,000	9,500	3,135,000	94.41	$89.41	280,307,601	22,424,608	53,295,000	204,587,993		11.66	204,588	115,828	67,335	40,100	24,413
2034	10,000	330	3,300,000	9,500	3,135,000	96.30	$91.30	286,227,253	22,898,180	53,295,000	210,034,073		12.66	210,034	113,249	62,843	35,798	20,886
2035	10,000	330	3,300,000	9,500	3,135,000	98.23	$93.23	292,265,298	23,381,224	53,295,000	215,589,074		13.66	215,589	110,708	58,641	31,952	17,865
2036	10,000	330	3,300,000	9,500	3,135,000	100.19	$95.19	298,424,104	23,873,928	53,295,000	221,255,176		14.66	221,255	108,208	54,711	28,514	15,279
2037	10,000	330	3,300,000	9,500	3,135,000	102.19	$97.19	304,706,086	24,376,487	53,295,000	227,034,599		15.66	227,035	105,747	51,037	25,443	13,065
2038	10,000	330	3,300,000	9,500	3,135,000	104.24	$99.24	311,113,708	24,889,097	53,295,000	232,929,611		16.66	232,930	103,326	47,602	22,699	11,170
2039	10,000	330	3,300,000	9,500	3,135,000	106.32	$101.32	317,649,482	25,411,959	53,295,000	238,942,523		17.66	238,943	100,946	44,391	20,247	9,549
2040	10,000	330	3,300,000	9,500	3,135,000	108.45	$103.45	324,315,972	25,945,278	53,295,000	245,075,694		18.66	245,076	98,607	41,392	18,058	8,162
2041	10,000	330	3,300,000	9,500	3,135,000	110.62	$105.62	331,115,791	26,489,263	53,295,000	251,331,528		19.66	251,332	96,309	38,589	16,104	6,975
2042	10,000	330	3,300,000	9,500	3,135,000	112.83	$107.83	338,051,607	27,044,129	53,295,000	257,712,478		20.66	257,712	94,051	35,972	14,359	5,960
2043	10,000	330	3,300,000	9,500	3,135,000	115.09	$110.09	345,126,139	27,610,091	53,295,000	264,221,048		21.66	264,221	91,835	33,528	12,801	5,092
2044	10,000	330	3,300,000	9,500	3,135,000	117.39	$112.39	352,342,162	28,187,373	53,295,000	270,859,789		22.66	270,860	89,659	31,245	11,411	4,350
2045	10,000	330	3,300,000	9,500	3,135,000	119.74	$114.74	359,702,505	28,776,200	53,295,000	277,631,305		23.66	277,631	87,524	29,115	10,171	3,716
Rem			44,650,000		42,417,500			4,866,883,894	201,433,403	373,065,000	3,756,435,683	7,500,000		3,748,936	844,416	210,673	57,509	16,988
Totals			**115,600,000**		**109,820,000**			**11,166,587,077**	**705,409,657**	**1,518,907,500**	**8,406,320,111**	**7,500,000**		**8,198,820**	**3,081,031**	**1,459,433**	**817,846**	**512,676**

Plant Capacity	days/yr	Max Years
10,000	330	70

Bitumen/Total Prod
0.95

FC- WTI	Differential
$1.02	$5.00

Royalty	Opex - $/STB
8%	$17.00

Capital Cost
$110,000,000
$90,000,000

Figure 3

RISK ANALYSIS (ARITHMETIC AVERAGE)

Petroteq Energy Inc.
Indago Lease, Mineable Bitumen Resource
Utah, USA

ECONOMIC PARAMETERS

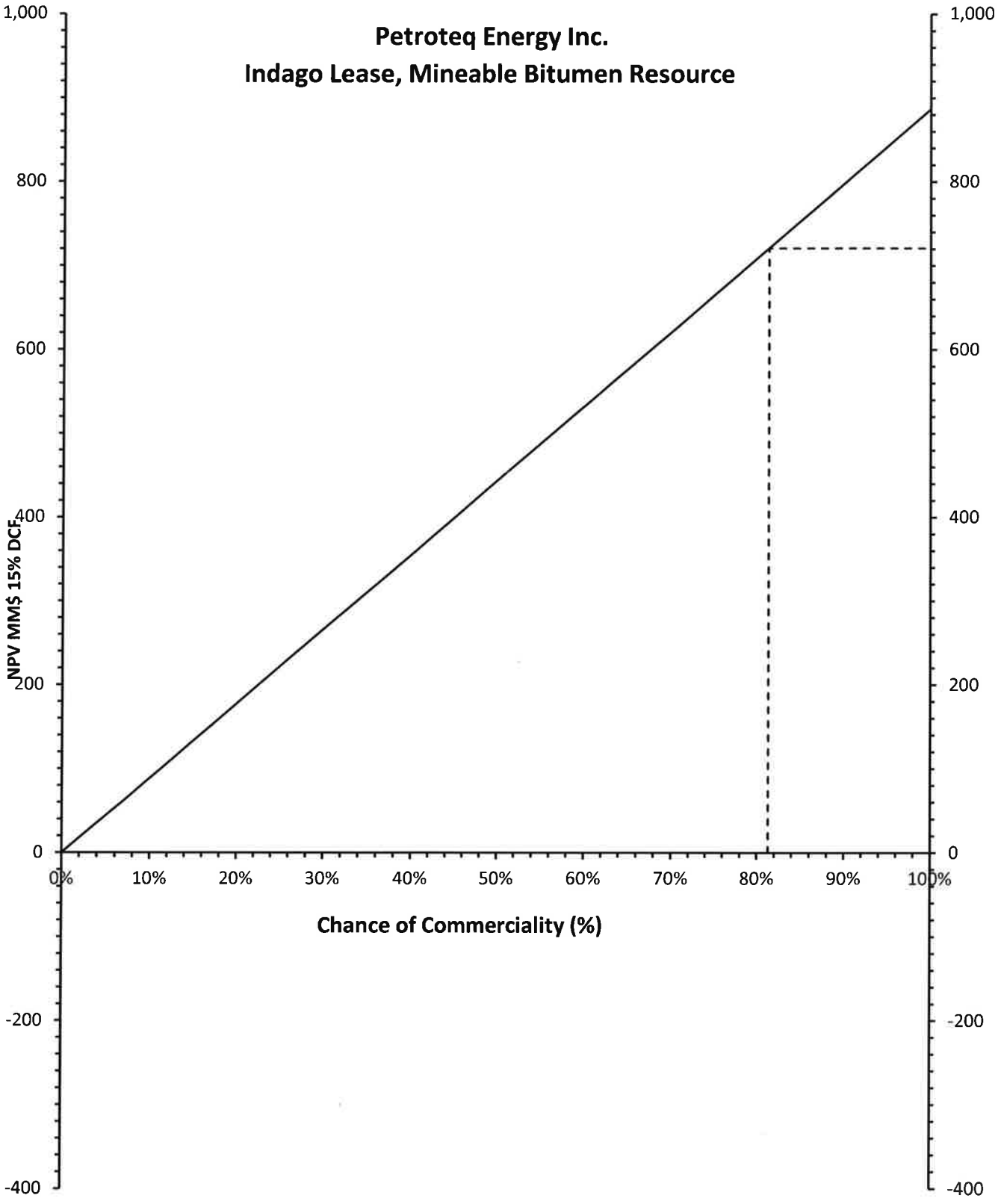
Net Capital Exposure (Failure Case), M$	0
Geological Risk Factors	
Source Rock	100%
Reservoir Rock	100%
Trap/Seal	100%
Timing/Migration	100%
Chance of Discovery	100%
Development Risk Factors	
Economic Viability	90%
Market Access	99%
Production & Transportation Infrastructure	99%
Regulatory & Social Licence	98%
Corporate & External Approvals	99%
Reasonable Timetable for Development	95%
Chance of Development	81.3%
Chance of Commerciality (Chance of Discovery * Chance of Development)	81.3%

TOTAL VALUES

Discount Rate	undisc.	5%	10%	15%	20%
*Unrisked Value, M$	6,344,769	1,966,551	887,453	494,575	311,473
Risked Value, M$	5,158,383	1,598,833	721,512	402,096	253,232
Minimum Chance of Commerciality Req'd	0%	0%	0%	0%	0%

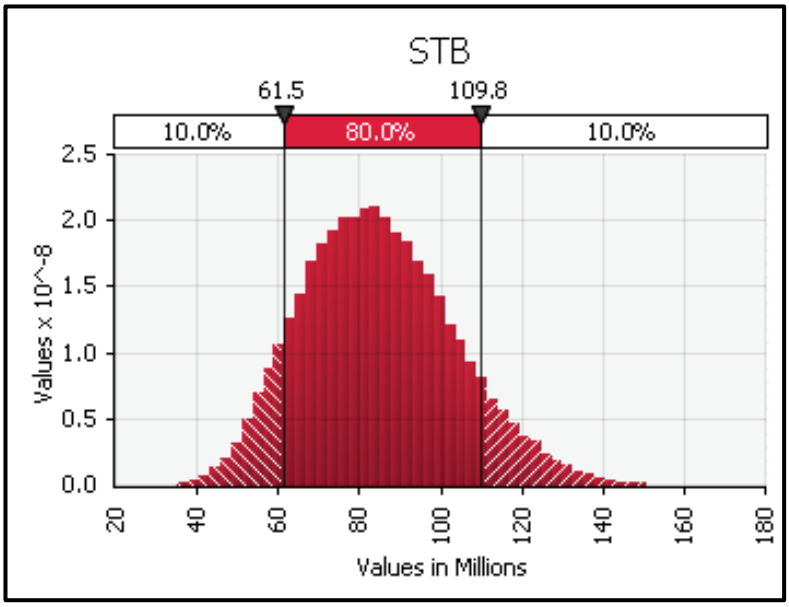
* Unrisked values are the arithmetic average of 1C, 2C and 3C economic cases

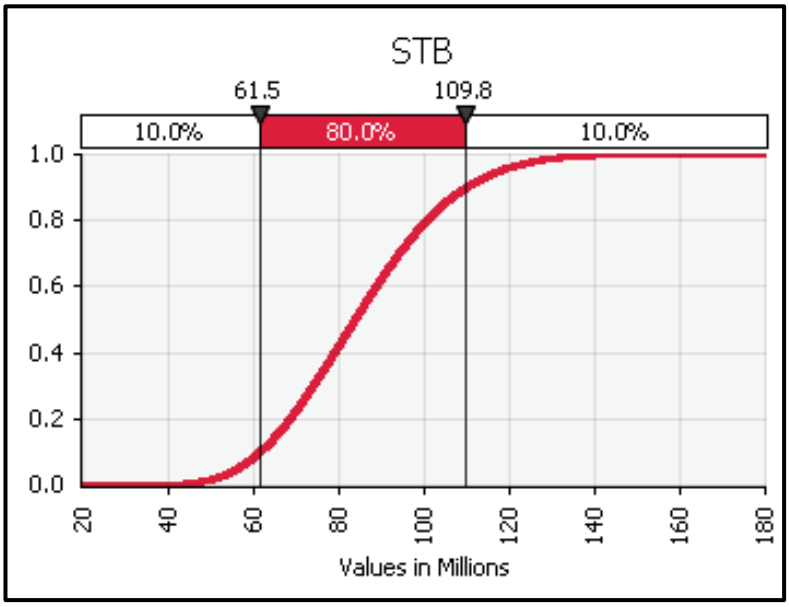
Figure 3

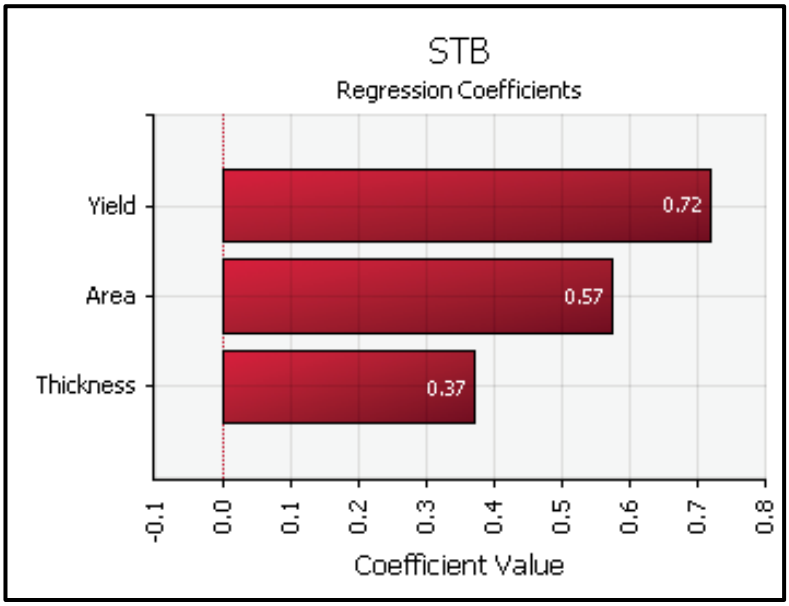

Petroteq Energy Inc.
Indago Lease, Mineable Bitumen Resource
NPV MM$ 15% DCF
1,000
800
600
400
200
0
-200
-400
0%
10%
20%
30%
40%
50%
60%
70%
80%
90%
100%
Chance of Commerciality (%)

APPENDIX A

MONTE CARLO SIMULATION – CONTINGENT RESOURCES







Simulation Summary Information	
Workbook Name	Indago Monte Carlo.xlsx
Number of Simulations	1
Number of Iterations	1E+05
Number of Inputs	3
Number of Outputs	1
Sampling Type	Latin Hypercube
Simulation Start Time	8/5/21 12:39:53
Simulation Duration	00:01:24
Random # Generator	Mersenne Twister
Random Seed	562060578

Summary Statistics for STB			
Statistics		**Percentile**	
Minimum	32,694,462	**5%**	56,280,236
Maximum	164,341,995	**10%**	61,487,644
Mean	84,924,929	**15%**	65,351,621
Std Dev	18,642,388	**20%**	68,538,481
Variance	3.47539E+14	**25%**	71,354,498
Skewness	0.330513254	**30%**	73,997,350
Kurtosis	2.875966624	**35%**	76,542,587
Median	83,776,883	**40%**	78,992,740
Mode	83,548,674	**45%**	81,409,480
Left X	61,487,644	**50%**	83,776,883
Left P	10%	**55%**	86,207,510
Right X	109,819,716	**60%**	88,749,080
Right P	90%	**65%**	91,386,144
Diff X	48,332,072	**70%**	94,174,049
Diff P	80%	**75%**	97,237,541
#Errors	0	**80%**	100,562,999
Filter Min	Off	**85%**	104,674,833
Filter Max	Off	**90%**	109,819,716
#Filtered	0	**95%**	117,700,868

Regression and Rank Information for STB			
Rank	**Name**	**Regr**	**Corr**
1	Yield	0.719	0.713
2	Area	0.575	0.561
3	Thickness	0.372	0.356

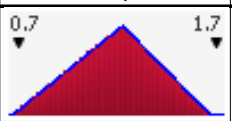
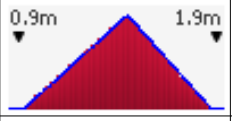
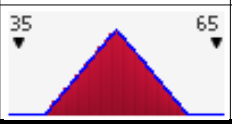
PETROTEQ ENERGY INC.

INDAGO LEASE

ASPHALT RIDGE AREA, UINTAH COUNTY, UTAH

MONTE CARLO RESULTS

NOV. 2021 **JOB No. 6794** **FIGURE No. A1**

Name	Cell	Graph	Min	Mean	Max	5%	95%	Errors
Yield	F8		0.7172945	1.195	1.637404	0.8706287	1.501506	0
Area	F9		969840.6	1421347	1842776	1113600	1712988	0
Thickness	F10		40.02038	50	59.97407	43.16214	56.83752	0

PETROTEQ ENERGY INC.

INDAGO LEASE

ASPHALT RIDGE AREA, UINTAH COUNTY, UTAH

MONTE CARLO INPUTS

NOV. 2021 **JOB No. 6794** **FIGURE No. A2**

Appendix A
Photographs from September 10, 2015 Chapman Site Visit

Pilot Bitumen Extraction Plant - Overview

Pilot Bitumen Extraction Plant – Product Storage Tanks

Pilot Bitumen Extraction Plant – Processed Ore

Pilot Bitumen Extraction Plant – Plant in Operation

Pilot Bitumen Extraction Plant – Small Scale Mine

Pilot Bitumen Extraction Plant – Small Scale Mine

Appendix B
Photographs from October 2019 Chapman Site Visit
Bitumen Extraction Plant - Overview

Crusher

Electricity generator for Crusher

Crushed ore

Feed hopper

Top hopper with solvent/ore mixing tanks below

Mixing tanks

Shaker and heated auger downstream of mixing tanks

Clean sand deposit

Tank farm. Sales oil on left, pre-oil in middle, slop tanks in right

Vapour recovery system with shell and tube exchanger to heat pre-oil and flash light ends

Coolers for recovery of light ends including solvent

Sales point

GLOSSARY OF TERMS
(Abbreviations & Definitions)

General

BIT	-	Before Income Tax
AIT	-	After Income Tax
M$	-	Thousands of Dollars
Effective Date	-	The date for which the Present Value of the future cash flows and reserve categories are established
$US	-	United States Dollars
WTI	-	West Texas Intermediate – the common reference for crude oil used for oil price comparisons
ARTC	-	Alberta Royalty Tax Credit
GRP	-	Gas Reference Price

Interests and Royalties

BPO	-	Before Payout
APO	-	After Payout
APPO	-	After Project Payout
Payout	-	The point at which a participant's original capital investment is recovered from its net revenue
GORR	-	Gross Overriding Royalty – percentage of revenue on gross revenue earned (can be an interest or a burden)
NC	-	New Crown – crown royalty on petroleum and natural gas discovered after April 30, 1974
SS 1/150 (5%-15%) Oil	-	Sliding Scale Royalty – a varying gross overriding royalty based on monthly production. Percentage is calculated as 1-150th of monthly production with a minimum percentage of 5% and a maximum of 15%
FH	-	Freehold Royalty
P&NG	-	Petroleum and Natural Gas
Twp	-	Township
Rge	-	Range
Sec	-	Section

Technical Data

psia	-	Pounds per square inch absolute
MSTB	-	Thousands of Stock Tank Barrels of oil (oil volume at 60 F and 14.65 psia)
MMscf	-	Millions of standard cubic feet of gas (gas volume at 60 F and 14.65 psia)
Bbls	-	Barrels
Mbbls	-	Thousands of barrels
MMBTU	-	Millions of British Thermal Units – heating value of natural gas
STB/d	-	Stock Tank Barrels of oil per day – oil production rate
Mscf/d	-	Thousands of standard cubic feet of gas per day – gas production rate
GOR (scf/STB)	-	Gas-Oil Ratio (standard cubic feet of solution gas per stock tank barrel of oil)
mKB	-	Metres Kelly Bushing – depth of well in relation to the Kelly Bushing which is located on the floor of the drilling rig. The Kelly Bushing is the usual reference for all depth measurements during drilling operations.
EOR	-	Enhanced Oil Recovery
GJ	-	Gigajoules
Marketable or Sales Natural Gas	-	Natural gas that meets specifications for its sale, whether it occurs naturally or results from the processing of raw natural gas. Field and plant fuel and losses to the point of the sale must be excluded from the marketable quantity. The heating value of marketable natural gas may vary considerably, depending on its composition; therefore, quantities are usually expressed not only in volumes but also in terms of energy content. Reserves are always reported as marketable quantities.
NGLs	-	Natural Gas Liquids – Those hydrocarbon components that can be recovered from natural gas as liquids, including but not limited to ethane, propane, butanes, pentanes plus, condensate, and small quantities of non-hydrocarbons.
Raw Gas	-	Natural gas as it is produced from the reservoir prior to processing. It is gaseous at the conditions under which its Volume is measured or estimated and may include varying amounts of heavier hydrocarbons (that may liquefy at atmospheric conditions) and water vapour; may also contain sulphur and other non-hydrocarbon compounds. Raw natural gas is generally not suitable for end use.
EUR	-	Estimated Ultimate Recovery

November 2, 2021

Chapman Petroleum Engineering Ltd.
700, 1122 – 4th Street SW
Calgary, AB
T2R 1M1

Dear Sir:

Re: Company Representation Letter

Regarding the evaluation of our Company's Contingent Resources and independent appraisal of the economic value of these Contingent Resources for the period ended October 31, 2021, (the effective date), we herein confirm to the best of our knowledge and belief as of the effective date of the resources evaluation, and as applicable, as of today, the following representations and information made available to you during the conduct of the evaluation:

1. We, Petroteq Energy Inc., (the Client) have made available to you, Chapman Petroleum Engineering Ltd. (the Evaluator) certain records, information, and data relating to the evaluated properties that we confirm is, with the exception of immaterial items, complete and accurate as of the effective date of the resources evaluation, including the following:
   - Accounting, financial, tax and contractual data
   - Asset ownership and related encumbrance information;
   - Details concerning product marketing, transportation and processing arrangements;
   - All technical information including geological, engineering and production and test data;
   - Estimates of future abandonment and reclamation costs.

2. We confirm that all financial and accounting information provided to you is, to the best of our knowledge, both on an individual entity basis and in total, entirely consistent with that reported by our Company for public disclosure and audit purposes.

3. We confirm that our Company has satisfactory title to all of the assets, whether tangible, intangible, or otherwise, for which accurate and current ownership information has been provided.

4. With respect to all information provided to you regarding product marketing, transportation, and processing arrangements, we confirm that we have disclosed to you all anticipated changes,

terminations, and additions to these arrangements that could reasonably be expected to have a material effect on the evaluation of our Company's resources and future net revenues.

5. With the possible exception of items of an immaterial nature, we confirm the following as of the effective date of the evaluation:
   - For all operated properties that you have evaluated, no changes have occurred or are reasonably expected to occur to the operating conditions or methods that have been used by our Company over the past twelve (12) months, except as disclosed to you. In the case of non-operated properties, we have advised you of any such changes of which we have been made aware.
   - All regulatory, permits, and licenses required to allow continuity of future operations and production from the evaluated properties are in place and, except as disclosed to you, there are no directives, orders, penalties, or regulatory rulings in effect or expected to come into effect relating to the evaluated properties.
   - Except as disclosed to you, the producing trend and status of each evaluated well or entity in effect throughout the three-month period preceding the effective date of the evaluation are consistent with those that existed for the same well or entity immediately prior to this three-month period.
   - Except as disclosed to you, we have no plans or intentions related to the ownership, development or operation of the evaluated properties that could reasonably be expected to materially affect the production levels or recovery of resources from the evaluated properties.
   - If material changes of an adverse nature occur in the Company's operating performance subsequent to the effective date and prior to the report date, we will inform you of such material changes prior to requesting your approval for any public disclosure of resources information.

6. We hereby confirm that our Company is in material compliance with all Environmental Laws and does not have any Environmental Claims pending.

Between the effective date of the report and the date of this letter, nothing has come to our attention that has materially affected or could affect our resources and economic value of these resources that has not been disclosed to you.

Yours very truly,

R G Bailey

President and Chief Executive Officer

Vice-President & Chief Financial Officer