

XFUELS INC SUBISUARY SIGNS LOI TO MERGE HYDRATION COMPANY OF PA, LLC

Merger will leave Xfuels with control block and access to the technology

Didsbury, Alberta, September 12th, 2016—**Xfuels Inc. (OTC: XFSL)** is pleased to report it has signed an LOI (Letter of Intent) to merge Hydration Company of PA into its subsidiary Converde Energy USA Inc. (OTC: XFUL).

Mr. Michael McLaren states “The addition of a water treatment technology is something that Xfuels has been exploring for some time to improve our bottom line.” He further stated “We are excited to integrate this low cost technology into our Coal Water Slurry (CWS) systems and into the Natural Gas production and maintenance programs.”

Mr. Brad Domitrovitsch Chairman & CEO of HCPA states “This combination is the next logical step in the evolution of Hydration,” Mr. Domitrovitsch further stated “Not only does it provide Hydration with entrance into the Oil & Gas Industry but even more importantly it gives HCPA access to the capital markets.”

Post-Merger Xfuels will retain a control block of preferred shares as well as access to the company’s patent pending water treatment technologies. Xfuels will not retain any common shares of the company. The merger is expected to be complete within the next 60 days.

About Hydration Company of PA, LLC

HCPA is engaged in the businesses of water exploration, water augmentation, and the treatment of impacted waters. Through its subsidiaries and partners, we design, build, and operate regional water treatment facilities. HCPA is a leader in water-neutral energy solutions, as well as providing waste water technologies specifically designed to improve the impaired water disposal process.

The Company's IP delivers one of the highest energy yields from a broad range of water-bearing assets, with one of the lowest capital expenditures of any other known water processes.

HCPA offers a range of low cost attractive modular systems or fixed facilities via

its water conveyance methodologies, which produce low cost water solutions in partnership with select small to large-size industrial energy users, government agencies, and non-profit watershed groups in target markets.

HCPA has pending contracts with government agencies and multiple industrials across a broad range of markets.

About Xfuels, Inc.

XFuels The Clean Petroleum & Power Company is a publicly held energy company based in Portland, Oregon USA, established to design, build, and operate regionally-integrated, small-to-midcap electricity and petroleum production facilities. XFuels is a leader in carbon-neutral energy solutions, as well as providing water and food technologies specifically designed to improve the quality of life on our planet.

The company's (patented and patent-pending) IP delivers one of the highest energy yields (electricity at sub-5 cents per kWh, and diesel fuel profitable at \$25 a barrel oil without government subsidies), from a broad range of carbon-bearing inputs (Gas, Coal, forestry, agricultural, and urban waste including municipal solid waste and plastics), with one of the lowest capital expenditures of any known energy production method. One of XFuels technologies literally converts garbage to gas.

XFuels offers a range of low cost attractive modular systems via its hydrocarbon bio refinery platform (the XRefinery), which produce low cost electricity and advanced petroleum-equivalent fuels and chemicals in partnership with select small to mid-size industrial energy users (info@xfuels.com) in target markets.

XFuels Clean Petroleum chemicals and fuels have the same molecular composition as traditional petroleum, offer premium performance with NEAR-ZERO environmental footprint, and with easy integration to full market penetration in today's existing petroleum vehicle fleet and distribution infrastructure.

For more information on Xfuels Inc. please see www.xfuels.com

Also you can visit us at Investors Hangout: <http://investorshangout.com/Xfuels-Inc-XFLS-88175/>

Safe Harbor:

This release contains statements that constitute forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended and Section 21E of the Securities Exchange Act of 1934, as amended. These statements appear in a number of places in this release and include all statements that are not statements of historical fact regarding the intent, belief or current expectations of Xfuels Inc., its directors or its officers with respect to, among other things: (i) financing plans; (ii) trends affecting its financial condition or results of operations; (iii) growth strategy and operating strategy. The words "may," "would," "will," "expect," "estimate," "can," "believe," "potential" and similar expressions and variations thereof are intended to identify forward-looking statements. Investors are cautioned that any such forward-looking statements are not guarantees of future performance and involve risks and uncertainties, many of which are beyond Xfuels Inc.'s ability to control, and that actual results may differ materially from those projected in the forward-looking statements as a result of various factors. More information about the potential factors that could affect the business and financial results is and will be included in Xfuels Inc.'s filings with the Securities and Exchange Commission.

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