



News Release

For Immediate Release

August 28, 2019

HTC Pureenergy Inc. (dba “HTC Extraction Systems”) announces unaudited condensed consolidated interim financial results for the second quarter period ending June 30, 2019

Regina, Saskatchewan - *HTC Extraction Systems* (also the “**Corporation**” and/or “**HTC**”) (**HTC: TSX-V**) today announced its unaudited interim condensed consolidated financial results for the six-month period ending June 30, 2019 (the “**Quarter**” or the “**Period**”).

HTC Extraction Systems and its subsidiaries have developed proprietary extraction and purification systems that have been designed to extract from biomass, liquids and gas and for the distillation and purification of ethanol, ethanol and hydrocarbon-based solvents used for this extraction. The **HTC Extraction System™** has been engineered to reduce capital and operating costs, while at the same time delivering superior performance by optimizing energy usage, lowering emissions, and improving the quality of the extracted product.

Delta Purification® System:

HTC Extraction Systems has completed the WTO patenting, commercialization and the construction and commissioning of the **Delta Purification® System**. A **Delta Purification® System** purifies and reclaims ethanol, solvents and glycols and offers the best available environmental reclaiming technology for the clean energy and biomass extraction industries. **Delta Purification®** offers the following commercial products: (1) Reclaiming ethanol used in biomass CBD and other cannabinoid extraction; (2) Reclaiming hydrocarbon based and other solvents, such as single, mixed, and formulated amines, for use in hemp biomass cannabinoid extraction, natural gas processing, ethanol-based solvents and post-combustion CO₂ capturing processes; and (3) Reclaiming glycols, such as mono-ethylene glycol and tri-ethylene glycol, used for natural gas dehydration processes. A modular design approach was developed for all **Delta Purification®** products in order to reduce the CAPEX and OPEX of the equipment.

Tolling Agreements:

HTC Extraction Systems recently announced that it has entered into a hemp biomass tolling agreement involving the supply of hemp biomass for the 2019 crop year, from a minimum of 4,200 to a maximum of 5,000 acres of hemp grown in Saskatchewan, utilizing five varieties of Health Canada approved cultivars as the genetic foundation. Upon the completion of the new extraction, purification, distillation and refining system and related regulatory licensing, **HTC** will be processing a projected 5,000,000 kg of hemp biomass and extracting CBD FSO distillate from the hemp biomass. **HTC** will be receiving, as the tolling fee payment, a percentage of the extracted CBD FSO distillate for these processing, extraction, purification, distillation and refining services.

In Canada, outdoor, agricultural farming of broad acre production of hemp (versus nursery cultivation) will redefine the global price of CBD and all of the related cannabinoids. Existing genetics for high CBD hemp are available today and new strains are being developed for “Co Genetics Optimization”. Removal of CBD in isolate form will leave the remaining by-products and other cannabinoids rich and available for singulation/sale to the cannabinoid pharma market.

HTC Extraction Systems is in negotiations with a 60,000-acre recognized Canadian farm leader, who is a significant hemp biomass producer, and **HTC** intends to enter into a tolling contract with this producer for the 2019, 2020, 2021 and beyond, production crop years. This new tolling contract being negotiated, is anticipated to represent production from a single producer/biomass processor of approximately 4,800 acres from the 2019 crop, up to 30,000 acres for the 2020 and 2021 and beyond, production crops years.

HTC Extraction Systems is currently engaged in preliminary due diligence and other initial investigations for Hemp biomass tolling contracts with producers and hemp biomass providers in the United States for the 2020 hemp crop growing year, whereby, subject to obtaining the required regulatory approvals, **HTC** will provide “local to grower” drying-to-biomass storage capability, and transportation of dried biomass to a yet to be selected **HTC** extraction, purification, distillation and refining location.

HTC Extraction Systems wishes to replicate its historical skillsets, process design and SOPs as one of Canada’s largest future hemp CBD extractors and refiners in the United States utilizing its experience gained and its intellectual property as a recognized industry leader in ethanol-based extraction and purification. Leveraging management’s relationships with successful farming leaders, and one of Canada’s most successful and recognized farms, management will draw on standard operating procedures (SOPs), best practices in genetics, fertility, crop protection and experience in ingredient sales with multi-year contracts.

The Corporation will further ensure tolling and processing volumes, by the selection of qualified harvest contractors, utilization of diversified growing locations, high performance regulated genetics and through irrigation that can provide growing locations with an opportunity for 2 to 3 annual crop rotations, utilizing new CBD and other cannabinoids genetic varieties.

Project construction:

HTC Extraction Systems has focused the Canadian implementation of its BOOM (Build, Own, Operate and Maintain) extraction tolling strategy on a location at Port Lajord, some 17 miles southeast of Regina, Saskatchewan. **HTC** has under construction a 19,000 sq. ft GMP Euro specifications extraction tolling facility, on 6 acres of land, which will include biomass processing, extraction, implementation of **DeltaSolv™** technologies and **Delta Purification®** systems, distillation and refining equipment, laboratory quality control and testing operations, and on-site office and administration. These equipment systems will be installed and commissioned inside this new facility. **HTC**’s objectives in developing this GMP Euro compliant processing, extraction and refining tolling facility, are to be the highest throughput and highest product quality extraction and refining facility in Canada.

Sales and offtake agreements:

HTC Extraction Systems also intends to leverage its relationship with its related entity, Purely Canada Foods™, to provide sales and distribution for its Ingredient CBD market under the brands of Purely Canada Hemp™, Purely Canada CBD™ and Purely Canada Cannabinoids™. Purely Canada Hemp™ will develop multi-year ingredient supply contracts with its existing and new Global Food, Beverage and Animal Food Industry Customers.

Financial Results

Selected financial information of **HTC** is summarized below. Financial results for **HTC** have been prepared in accordance with International Financial Reporting Standards.

	<u>6 Month Period</u> <u>Ending June 30, 2019</u>	<u>6 Month Period</u> <u>Ending June 30, 2018</u>
Revenue	\$1,848,830	\$560,260
Expenses	\$2,331,750	\$1,679,085
Operations Loss before Amortization	(482,920)	(1,118,825)
Amortization	1,152,455	237,650
Net Loss	\$(3,037,877)	\$(1,134,319)
Comprehensive Loss	\$(2,816,486)	\$(1,024,657)
Common Shares outstanding	76,363,741	32,413,741
Weighted Average Shares Outstanding - Basic	43,077,829	32,076,549
Weighted Average Shares Outstanding - Diluted	55,456,838	32,662,225
Loss per Common Share (weighted average) * see commentary below	\$(0.07)	\$(0.03)
Fully Diluted Profit per Common Share (weighted average)* see commentary below	-	-
Loss per share on continuing operations	\$(0.05)	\$(0.03)

**Diluted net loss per common share is not presented, when the effect would be anti-dilutive.*

	<u>6 Month Period</u> <u>Ending June 30, 2019</u>	<u>Year</u> <u>Ending Dec 31, 2018</u>
Total Assets	\$35,285,390	\$34,070,462
Current Liabilities	\$3,186,058	\$4,602,068
Long Term Liabilities	\$8,692,965	\$7,665,319

Revenue for the Period was \$1,848,830 compared to \$560,260 for the period ending June 30, 2018. Revenue for the Period increased due to operations in Port LaJord Terminal Corp. (“PLT”). Revenue for the period increased due to CO2 extraction business and fertilizer and grain handling operations. The hemp biomass division is still pre revenue effective June 30, 2019.

Expenses are comprised of the following:

Operating expenses excluding amortization for the Period were \$2,331,750 compared to \$1,679,085 for the corresponding period in 2018. The 2019 increase reflects expenses incurred from PLT operations.

The Corporation had a loss from operations before amortization of \$482,920 compared to \$1,118,825 for the period ending June 30, 2018. Amortization for the Period was \$1,152,455 (June 30, 2018 – \$237,650). The increase in amortization is relating to completion of capital projects at PLT during the 2018 year. Amortization is a non-cash flow item.

The Corporation had a net loss at June 30, 2019 of \$(3,037,877) compared to \$(1,134,319) for the period ending June 30, 2018. The increase in loss of \$1,903,558 includes a one-time severance payment of \$2,116,846. This severance resulted from compensation agreements that were terminated effective January 1, 2019 for 3 senior executives of the Company. Severance related amounts were paid out in order to eliminate all of the Corporation’s severance related liabilities for operations prior to December 31, 2018. Had the one-time severance not been incurred there would have been a loss of \$921,031 suggesting an improvement of operations of \$213,288 over the prior year.

Also included in the current year is an increase in amortization of \$914,805 over the previous year arising from the completion of building projects in 2018. Amortization is part of the net loss calculation but is a non-cash flow item.

Total assets for the Period were \$35,285,390 compared to \$34,070,462 as at December 31, 2018. The increase is attributable to increase in cash, change in accounts receivables, and increase in property, plant and equipment.

Current liabilities are \$3,186,058 for the Period as compared to \$4,602,068 as at December 31, 2018. Of the total decrease of \$1,416,010, \$1,031,513 was due to a reclassification to a long-term loan.

Changes reported on long term liabilities during the Period is \$8,692,965 (December 31, 2018 – 7,665,319). Long term liabilities increased is primarily due to reclassification of current liabilities.

The information and opinions expressed herein involve known and unknown risks and uncertainties that may cause the Corporation's actual results or outcomes to be materially different from those anticipated and discussed herein. In assessing forward-looking statements contained herein, readers are urged to read carefully all cautionary statements contained in this news release, and in those other filings with the Corporations' Canadian regulatory authorities as found in 'www.sedar.com'. Although we believe that the expectations reflected in our forward-looking statement are reasonable, we cannot guarantee future results, levels of activity, performance or achievements or other future events. We are under no duty to update any of our forward-looking statements after the date of this news release, other than as required and governed by law.

***NEITHER THE TSX VENTURE EXCHANGE NOR ITS REGULATION SERVICES PROVIDER
(AS THAT TERM IS DEFINED IN THE POLICIES OF THE TSX VENTURE EXCHANGE
ACCEPTS RESPONSIBILITY FOR THE ADEQUACY OR ACCURACY OF THE RELEASE.***

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*HTC corporate developments can be followed on www.htcextraction.com and is traded under the symbol
HTC*