



## News Release

For Immediate Release

October 30, 2019

### **HTC Extraction Systems Announces Strategic Initiatives, Including Tolling Contracts, Potential US Operation, Marketing & Distribution Agreement, Project Construction Update, and Extraction Equipment Purchasing.**

**Regina, Saskatchewan – HTC Extraction Systems** (also the "**Company**" and/or "**HTC**") (**HTC: TSX-V**) announced on October 23, 2019, the Company closed its bought deal private placement, with gross proceeds of \$10 million.

HTC has completed its 19,000 square foot facility, that will house quality assurance testing and product development laboratories; and extraction and formulation processing, located 17 miles southeast of Regina, Saskatchewan at the HTC, Port Lajord ("**Facility**") location. The Facility is currently undergoing the interior completion s in order to qualify the Facility as GMP Euro compliant and will be designed to be one of the highest performance and highest product quality extraction and refining facilities in Canada. In addition, HTC has completed the construction of its 27,000 square foot hemp biomass processing and storage facility, to be utilized for the storing of extraction-ready biomass.

HTC has purchased extraction and formulation equipment to be utilized for hemp biomass processing, extraction, formulation and refining, at its Facility located at Port Lajord. The extraction equipment is scheduled to begin arriving in December 2019, with installation to follow.

In addition, HTC is in late stage negotiations for the acquisition of a United States based, fully licensed, hemp processing, extraction, formulation and distribution operation, and for Identity Preserved Grown ("**IPGrow™**") hemp biomass tolling contracts with producers and IPGrow™ hemp biomass providers in the United States for the 2020 hemp production growing year. HTC will facilitate "local to grower" biomass drying, processing and storage, and will perform extraction, purification, distillation and distribution of CBD FSO distillate and other hemp related by-products.

Earlier this year, HTC announced it 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 receipt of all required licensing and approvals, HTC will have the capability to process a projected 5,000,000 kg of hemp biomass and extracting CBD Full-Spectrum Oil (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 and distillation services.

HTC is currently in discussions with required regulatory bodies in order to comply with and to further its strategic objectives. It is in late-stage negotiations with a 60,000-acre recognized Canadian farm leader who is a significant IPGrow™ hemp biomass producer. HTC intends to enter into a tolling contract with this producer for the 2019, 2020, 2021 and beyond production crop years. The contract is anticipated to represent production from a single producer/biomass processor of approximately 4,300 acres from the 2019 crop, up to 25,000 acres for the 2020 and 2021 and beyond production crops years.

HTC intends to leverage its relationship with its related entity, Purely Canada Foods™, to provide sales and distribution for its Ingredient CBD and cannabinoid market under the brand of Purely Canada Hemp™, Purely Canada CBD™, Purely Canada CBG™, and Purely Canada Cannabinoids™. Purely Canada Foods™ will develop multi-year ingredient supply contracts with its existing and new global food, beverage and animal food industry customers. The parties intend, for the multi-year supply side to be risk managed with an expanded, dedicated acreage; direct crop insurance; proxy crop insurance; act of God clauses and customer/supplier balance risk formulas.

### **About Purely Canada Foods**

Purely Canada Foods, a related party to HTC due to mutual directors, is a privately-owned ingredient, sales and distribution company specializing in the “ingredient supply chain” and headquartered near Regina, Saskatchewan. It is an approved delivery point for the Chicago Board of Trade with its focus centered on the processing, handling and distribution of bulk conventional and organic ingredients and grains, in addition to HTC hemp and CBD related products and processed food products to the global ingredients market, under the Purely Canada™ brand.

The Purely Canada™ brand has become recognized by its strategic customers across 25 countries as a global leader in best practices of food ingredient security, chain of custody and transparent supply chain traceability. Purely Canada Foods™ will direct and execute all branding, futures contract management, supply side risk, sales and distribution for the largest emerging primary production hemp agribusiness in Canada.

### **About HTC**

HTC's Extraction Systems group has, over the span of 14 years, developed and optimized proprietary extraction and purification systems designed for the extraction, distillation and purification of ethanol and ethanol-based solvents from biomass, liquids and gas.

HTC's Delta Purification™ technology will purify, recycle and reuse the extraction ethanol used in the CBD extraction process, while managing and reducing any CBD waste losses through the re-extraction of all wastes collected from the purified ethanol.

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HTC Pureenergy corporate developments can be followed on [www.htcextraction.com](http://www.htcextraction.com) and is traded under the symbol **HTC**.

*This press release contains "forward-looking statements" or "forward-looking information" (collectively referred to herein as "forward-looking statements") within the meaning of applicable securities legislation. Such forward-looking statements include, without limitation, forecasts, estimates, expectations and objectives for future operations that are subject to a number of assumptions, risks and uncertainties, many of which are beyond the control of HTC. Forward-looking statements are statements that are not historical facts and are generally, but not always, identified by the words "expects", "plans", "anticipates", "believes", "intends", "estimates", "projects", "potential" and similar expressions, or that events or conditions "will", "would", "may", "could" or "should" occur or be achieved.*

*Forward-looking information is based on current expectations, estimates and projections that involve a number of risks, which could cause actual results to vary and, in some instances, to differ materially from those anticipated by HTC and described in the forward-looking information contained in this press release.*

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