



News Release

For Immediate Release

January 29, 2020

HTC CLOSING DEAL AND NOW OWNS CALIFORNIA-BASED, HEMP EXTRACTION COMPANY, KASE FARMA INC.

Transaction includes licensing of intellectual property and the leadership of Starling's renowned extraction and formulation team to drive the advancement of HTC's U.S. hemp extraction and formulation business.

Regina, Saskatchewan - HTC Extraction Systems (also the "**Company**" and/or "**HTC**") (**HTC: TSX-V**) (**OTCQB:HTPRF**) is pleased to announce that it has closed the previously announced share and purchase agreement dated November 20, 2019 ("**SPA**") with Starling Brands, Inc. ("**Starling**"), a party at arm's length to HTC ("**Transaction**"), pursuant to which HTC purchased all the issued and outstanding shares of Kase Farma Inc. ("**Kase Farma**"). Kase Farma is now a wholly owned subsidiary of HTC.

Kase Farma is authorized to operate in the areas of hemp cultivation, extraction, refining and formulation in the State of California. Kase Farma continually strives to deliver health and wellness benefits of CBD, CBG, CBN and other cannabinoids, via the production of high-quality, premium hemp products through best of class methods, while sustaining an unrelenting commitment to people, community and the environment.

HTC boasts the management services of Starling, led by Mike Reynolds, Chief Executive Officer and Drew Ford, Chief Science Officer, both of whom are highly regarded experts in the cannabinoid extraction, formulation and refining world. The combination of their expertise and leadership is integral to driving the success of this Transaction. Mike Reynolds, CEO states, "On behalf of Starling, we are extremely excited to integrate our experience, know-how and pedigree with HTC's technologies and pedigree, to further the vision and execution as global leaders in the science and production of the highest quality cannabinoid extractions and formulations. The benefits of our products will be provided to the global community consistent with the irreversible momentum of changing perceptions and acceptance of the planet's most useful and beneficial plant."

As part of the Transaction, Kase Farma has entered into an intellectual property licensing agreement with Starling that allows for a technology transfer whereby, intellectual property and technology licensed under this agreement will be utilized and deployed in HTC's Canadian facility.

Kase Farma came to fruition when Mike Reynold's son, Kase, was born and shortly thereafter, Kase was diagnosed with a very rare medical condition which brought on over 1,500 myoclonic seizures daily to his son. After trials with various medications, Mike knew he had to find something that would be able to provide some relief, stability and a higher quality of life for Kase. He took the leap into the cannabinoid world, where he met Jason David who also had a son, Jayden, who endured seizures. Life has changed in such a positive way, since introducing CBD-rich cannabinoids to Jayden and Kase; driving and motivating Mike to ensure everyone has access to cannabinoids, bringing hope to other families alike.

Daily, Kase Farma is receiving and commissioning equipment that will enable Kase Farma to process and distill dried biomass at its “IPElite Extraction” operation in California. Kase Farma’s “IPElite Extraction” operations are part of the vendor-owned, 22,000 square foot overall facility, and can process up to 12,000 lbs per day of dried biomass; which at an 8% CBD yield will have the capability of producing over 435,000 grams daily of CBD, delivering highest quality, saleable CBD to the wholesale market, with a gross revenue potential exceeding \$1.4 million USD per day.

Kase Farma has launched its Identity Preserved, or IPGrow™, initiative, with the intention of providing the consumer with full transparency as to where their products have come from, and how they were produced, bringing accountability and verified quality to the cannabinoid industry. Kase Farma has aligned itself with highly regarded IPGrowers in California’s Central Valley, that will provide high performance for Kase’s custom designed whole plant cannabinoid formulations.

Kase Farma will continue to build on its pedigree, quality and industry recognized expertise, through a partnership with Kase Manufacturing Inc., a Ceres, California-based wholly owned subsidiary of Starling (“**Kase Manufacturing**”). Kase Manufacturing is driven by quality, integrity and innovation, managed by a world-class team of experts with over 50 years of combined experience, and will integrate this experience to help accelerate the growth and success of Kase Farma and HTC. Kase Manufacturing is one of the first volatile and non-volatile cannabinoid extraction manufacturing laboratories approved in the State of California. Kase Manufacturing utilizes the highest-quality extraction and refining equipment and laboratory tools available today and is operated by an award-winning team of extractors and formulators, who consistently produce industry best cannabinoid oils and distillate. Kase Manufacturing, under Starling, is licensed to operate in the areas of cannabis extraction, refining, formulation and distribution in the State of California.

Mike Reynolds has spent the last 10 years building political, business and community alliances in the cities of Ceres and Modesto, California. Mike Reynolds and Jason David’s personal experience gave new impetus to the development and success of the Jayden’s Juice product offer, a cannabinoid-rich tincture, manufactured by Kase Manufacturing. Mike directed the planning, design, construction, licensing, and staffing of Kase Manufacturing, one of the first cannabinoid manufacturing labs approved for operations in the State of California. His hands-on experience as a pioneering developer of medicinal cannabinoid products gives him the foresight that will allow Kase Farma to adapt quickly to changes in the hemp CBD, CBG and CBN marketplace. His relationship with the City of Ceres, and experience as a parent of a child whose life was transformed by medicinal cannabinoids, are invaluable to Kase Farma’s success.

Drew Ford has previously worked as a chemical engineer in the reverse osmosis desalination industry, working in research and development and chemical purification before making the switch to the cannabinoid space. Drew’s experience and passion for chemical purification and refinement brought him to the cannabinoid market. He was a key member of the team that developed the first vacuum distillation process equipment for cannabinoid oil and has optimized and redefined the standard of “potency” and “efficacy”. Many of the wiped film refining systems today being offered by equipment OEMs enshrined Drew’s significant experience in vacuum distillation product enhancement.

Kase Farma strives to provide a premium health and wellness product to assist in maintaining an overall health and balance in the body, guiding to achieving the best self, and reconnection with well being and happiness through a natural, plant-based product. Kase is here to help on everyone’s journey to living life to the fullest.

Total consideration payable to Starling pursuant to the Transaction is US\$900,000 in cash and the issuance of 8,000,000 units of HTC (“**Units**”) and 2,000,000 bonus units of HTC (“**Bonus Units**”). Each Unit will consist of one common share (“**Common Share**”) and one half of one common share purchase warrant of HTC (each whole warrant, a “**Warrant**”). Each Warrant shall be exercisable to acquire one Common Share at a price of C\$0.70 for a period of 36 months from the completion of the Transaction. Each Bonus Unit will consist of one Common Share and one half of one common share bonus purchase warrant of HTC (each whole warrant, a “**Bonus Warrant**”). Each Bonus Warrant shall be exercisable to acquire one

Common Share at a price of C\$1.00 for a period of 36 months from the completion of the Transaction. In addition, the Units and Bonus Units (collectively, the "**Compensation Units**") shall be subject to legends restricting their transfer and which will provide that: (i) one-third of the Compensation Units shall become freely tradeable on the date that is 12 months following the completion of the Transaction; (ii) one-third of the Compensation Units shall become freely tradeable on the date that is 18 months following the completion of the Transaction; and (iii) one-third of the Compensation Units shall become freely tradeable on the date that is 24 months following the completion of the Transaction.

HTC will be paying compensation to Hillcrest Merchant Partners Inc., an arm's length party, in the form of units, for the development, negotiation and finalization of the ancillary agreements to the SPA. All common shares issued pursuant to the Transaction and as compensation, are subject to a hold period under applicable securities law until May 29, 2020.

The Transaction has been approved by the board of directors and the TSX Venture Exchange.

For more information on Kase Farma visit: www.kasefarma.com.

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HTC corporate developments can be followed on 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. This press release contains forward-looking statements pertaining to, among other things, the timing and ability of the Corporation to close the Offering, if at all and the timing and ability of the Corporation to satisfy the listing conditions of the TSX Venture Exchange.

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.

Although HTC believes that the material factors, expectations and assumptions expressed in such forward-looking statements are reasonable based on information available to it on the date such statements were made, no assurances can be given as to future results, levels of activity and achievements and such statements are not guarantees of future performance.

HTC Pureenergy Inc. (OTCQB:HTPRF) trades on the OTCQB Venture Market for early stage and developing U.S. and international companies. Companies are current in their reporting and undergo an annual verification and management certification process. Investors can find Real-Time quotes and market

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