



## News Release

For Immediate Release

June 30, 2020

### **HTC Pureenergy Inc. (dba "HTC Extraction Systems") announces unaudited condensed consolidated interim financial results for the first quarter period ending March 31, 2020.**

**Regina, Saskatchewan - *HTC Extraction Systems*** (the "Corporation" and/or "HTC") (HTC: TSX-V) (OTCQB:HTPRF) today announced its unaudited interim condensed consolidated financial results for the first quarter period ending March 31, 2020 (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 in the Hemp/CBD biomass and clean energy industries.

**HTC's** Hemp/CBD biomass business strategy includes sourcing industrial hemp cultivated in compliance with applicable laws for the extraction and purification of hemp biomass. This business strategy is based on, in addition to other things, establishing infrastructure, acquiring equipment for extraction of CBD and other phytocannabinoids from industrial hemp and obtaining all necessary regulatory approvals and licensing related to the extraction and processing of CBD, CBG, and CBN.

By implementing its historical skillsets, process design and standard operating procedures ("SOPs"), and upon receipt of required licensing, **HTC** aims to become a North American leader in hemp cannabinoid extracting and refining for the emerging ingredient and wellness market, **HTC** will utilize its intellectual property and experience gained as a recognized industry leader in ethanol-based extraction and purification. In order to accomplish its objectives, the Corporation intends to leverage its relationships with successful farming leaders and draw on SOPs, best practices in genetics, fertility and crop protection and experience in ingredient sales with multi-year contracts.

**HTC** has purchased extraction and formulation equipment for hemp biomass processing, extraction, formulation and refining, for utilization in Regina.

**HTC** has completed its Phase 1 construction of its 27,000 square foot hemp biomass processing and storage facility adjacent to the 19,000 square foot laboratory and extraction facility, to be utilized for the storing, processing and preparation of extraction-ready biomass and the processing of hemp fibre and hurd, as an ingredient for the materials construction industry, and as a substrate for the plant nutrition industry.

**Kase Farma Inc.** ("Kase Farma"), **HTC's** wholly owned subsidiary, located in Ceres, California, has received and commissioned, in part, equipment that in totality, is capable of processing and distilling 12,000 lbs. per day of dried biomass at its "IPElite Extraction" operation in California. **Kase Farma's** "IPElite Extraction" operations are part of the Starling Brands Inc. - owned 22,000-square-foot overall facility.

**Kase Farma** has launched *Kase One* for the wholesale and retail markets under the theme of "*One Life; One Plant*" 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.

HTC's clean energy business strategy is centred on advanced Extraction and Purification Technologies with a focus on environmental sustainability. The acceptance of climate change and the social license that corporations are moving towards, are upon us in force. A reduced environmental footprint, through the use of Reclaim, Recycle and Reuse extraction and purification systems, has become effectively a currency of business, a vehicle for penalty and taxation, and a statement to shareholders who expect environmental responsibility from the companies they invest in. The natural gas industry has taken on a new challenge of gas cleanup of CO<sub>2</sub>, SO<sub>2</sub> and other contaminants, while ensuring that the ethanol-based solvents and the glycols that are used in the clean-up process are purified, reclaimed, recycled and reused, while at the same time providing a significant cost reduction to the customer.

HTC's **Delta Purification**<sup>®</sup> technology allows the customer to recycle and reuse the existing ethanol used in the CBD extraction process and ethanol, glycol and other solvents used for clean energy processing, while managing and reducing waste losses, reducing costs and shrinking the environmental footprint.

HTC's **Delta Purification**<sup>®</sup> division is delivering results, as the energy industry, the biomass Hemp/CBD extraction industry, and other specialty industries have joined the *re3* revolution: **Reclaim, Recycle, Reuse**.

**"Reclaim, Recycle, Reuse"** is more than a tag line for our company, *WE ARE RECOGNIZED LEADERS* in delivering **Advanced Extraction and Purification Technologies**.

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

	<b><u>3 Month Period</u></b> <b><u>Ending March 31, 2020</u></b>	<b><u>Year Ending</u></b> <b><u>December 31, 2019</u></b>
Total Assets	\$50,059,030	\$46,739,123
Current Liabilities	\$6,203,530	\$5,042,569
Long Term Debt	\$13,153,023	\$12,312,926
	<b><u>3 Month Period</u></b> <b><u>Ending March 31, 2020</u></b>	<b><u>3 Month Period</u></b> <b><u>Ending March 31, 2019</u></b>
Revenue	\$707,615	\$768,880
Expenses (before amortization)	\$1,219,779	\$741,031
Operational loss (profit) before amortization	\$(512,164)	\$27,849
Amortization	\$600,884	\$586,123
Loss from operations	\$(1,113,048)	\$(558,274)
Net Loss	\$(1,265,498)	\$(2,002,254)
Common Shares outstanding	111,983,741	38,663,741
Weighted Average Shares Outstanding - Basic	104,664,630	34,889,929
Loss per Common Share (weighted average) *	\$(0.01)	\$(0.05)

\* Net Income (Loss) per common share for the periods has been calculated using the weighted average number of common shares outstanding during the respective periods.

Total assets for the Period were \$50,059,030 compared to \$46,739,123 as at December 31, 2019. The increase is primarily attributable to increases in cash, prepaids expenses, accounts receivables and other receivables, deposits and an increase in property, plant and equipment.

Current liabilities are \$6,203,530 for the Period as compared to \$5,042,569 as at December 31, 2019. The increase is due to draws on the operating line of credit in order to support capital expenditures net of settlement of other current obligations.

The Corporation reported long term liabilities for the Period of \$13,153,023 (December 31, 2019 – 12,312,926). Long term liabilities increased due to increases in long term debt in connection with capital expenditures.

Revenue for the Period was \$707,615 compared to \$768,880 for the period ending March 31, 2019. The decrease in revenue for the Period is primarily due to reduces sales in the CO2 extraction clean energy division.

The majority of the expenses during the Period are comprised of the following: *Commercialization, product development and administration expenses* of \$1,096,409 (March 31, 2019 - \$659,152), which reflects expenses incurred from **Port LaJord Terminal Corp.** expanded operations and the acquisition and development of **Kase Farma**; *Amortization* of \$600,884 (March 31, 2019 – 586,123); and *Finance expenses* realized of \$69,846 (March 31, 2019 - \$80,426).

The net loss for the Period is \$(1,265,498) compared to \$(2,002,254) as at March 31, 2019. The loss includes amortization of \$600,884 (2019 - \$586,123), non-cash stock compensation to an arms length party of \$105,521 (2019 – \$149,777) and non-cash share issuance costs of \$148,800 (2019 - Nil) in connection with the issuance of shares relating to the **Kase Farma** acquisition. These three non-cash expenses total \$855,205 (2019- \$735,900).

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

*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.*

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