



## News Release

For Immediate Release

September 1, 2020

### **HTC Pureenergy Inc. (dba “HTC Extraction Systems”) announces unaudited condensed consolidated interim financial results for the second quarter period ending June 30, 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 second quarter period ending June 30, 2020 (the “Quarter” or the “Period”).

HTC Extraction Systems has two business units. *Energy Clean Tech* and *Hemp-CBD/Biofibre/Protein* that benefit from the pedigree, management, experience, proprietary intellectual property and historic brand HTC has developed.

HTC’s – *Energy Clean Tech* – Business Unit:

#### ***CO<sub>2</sub> Capture***

The advanced adoption and success of electric vehicle transportation calls for carbon reduced electricity, which can only be achieved through CO<sub>2</sub> capture/utilization, while renewable energy such as wind and solar become a larger part of the energy mix in the next 25 years. Hydrocarbon combustion for electricity production will dominate the electric grid and CO<sub>2</sub> capture/utilization is required.

#### ***Solvent, Glycol & Ethanol Reclamation***

HTC has completed the WTO patenting, commercialization and the construction and commissioning of Delta Purification® Systems. A Delta Purification® System reclaimer unit is like a kidney in the human body, in that it removes the impurities that build up in solvents, ethanol, glycols and liquids used as solvents in commercial clean energy and biomass extraction systems. This system allows these liquids to be reclaimed, recycled and reused: reducing overall costs while reducing the environmental footprint.

#### ***Hydrogen Fuel Production***

The efficiency and acceptance of electric drive vehicles, and the improvements in cost and efficiency of Hydrogen Fuel Cell technology, has created the opportunity for rapid growth in the Fuel Cell Electric Vehicles (“FCEV”). Hydrogen fueling stations are required for the production of hydrogen through methane (natural gas) reforming; the most cost effective and practical approach utilizing the natural gas (methane) pipeline network already serving gas stations.

#### ***Carbon Management and Trading***

Carbon Rx Inc. (“Carbon Rx”), a wholly owned subsidiary of HTC, is a 13-year old company engaged in the development, verification and marketing of certified CO<sub>2</sub> offset credits. Carbon Rx has led the way in development, aggregation and sale of carbon credits generated from municipal landfills, CO<sub>2</sub> capture projects and agricultural tillage practices, having historically traded over \$30,000,000 of carbon credit units.

## **HTC's Hemp - CBD/Biofibre/Protein - Business Unit**

HTC's business strategy includes the production contracting of broad acre industrial hemp for: cannabinoid extraction; biofibre for bioplastics/biochar/cellulose and hemp seeds, protein and hemp seed oil. HTC intends to become one of Canada's largest hemp biofibre suppliers, hemp seed sellers and oil processors and cannabinoid extractors and refiners.

### ***KF Hemp Corp.***

Effective June 30, 2020, HTC acquired KF Hemp Corp. ("**HempCo**"), a company that is qualified to cultivate, process, dry, store and sell hemp. HempCo owns hemp shredding, handling, drying, sizing and sorting equipment, which have been installed in its hemp processing facility, located in Lajord, Saskatchewan, and is engaged in an agreement with a highly respected, intergenerational farm in Saskatchewan which will allocate up to 25,000 acres in future years, for the production of IPGrow™ (identity preserved) industrial hemp.

### ***Hemp Biofibre***

HTC has completed the construction of its approximately 27,000 square foot hemp biofibre processing and storage facility, which will be utilized for the processing of biofibre into bioplastic pellets and biochar/hemp soil fertility pellets, as well as the storing and packaging of extraction-ready biomass.

### ***Hemp Biomass Tolling Agreements***

On June 10, 2019, HTC announced that it had 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.

HTC is currently engaged in tolling contracts with US-based hemp biomass producers and providers beginning in Q2 and Q3, 2020. Extraction, at the Kase Farma Inc. ("**Kase Farma**") location in Ceres, California, a wholly owned subsidiary of HTC, has moved into commercial production

### ***Sales and Offtake***

HTC intends to leverage its relationship with its related entity, Purely Canada Foods™, to provide sales and distribution for the ingredient cannabinoid, biofibre and hemp seed market under the brands of Purely Canada Biofibre™, Purely Canada Hemp™, Purely Canada CBD™, Purely Canada CBG™, and Purely Canada Cannabinoids™. Purely Canada Foods™ intends to establish multi-year ingredient supply contracts with its existing and new North American biofibre purchasers and global food, beverage and animal food industry customers.

### ***California based, Kase Farma – <http://KaseFarma.com>***

Kase Farma has received and commissioned equipment that is capable of processing and distilling 10,000 lbs. per day of dried biomass at its "IPElite™ Extraction" operation in California. Kase Farma's operations are part of the Starling Brands Inc. ("Starling")-owned 22,000-square-foot overall facility. Kase Farma has launched its first IPGrow™ product, for the wholesale and retail markets, under the brand of "**Kase One - One Life; One Plant**". In addition, Kase Farma has aligned itself with highly regarded hemp growers in California's Central Valley who will provide high performance, IPGrow™, superior, genetic specific production for its custom designed cannabinoid formulations.

Starling owned Kase Manufacturing, is one of the first volatile and non-volatile cannabinoid extraction manufacturing labs approved in the State of California. Kase Farma has entered into an intellectual property licensing agreement with Starling that allows for a technology transfer whereby Starling's intellectual property and technology licensed under this agreement can be utilized and deployed at the HTC facilities in Saskatchewan.

### ***TruExtracts (Regina) Inc.***

HTC has entered into a strategic business partnership and letter of intent with TruExtracts (Canada) Inc. (“**TruE**”), whereby HTC will own 49% of a subsidiary of TruE named TruExtracts (Regina) Inc. This new company will operate out of a 7,000 square foot, leased and previous Health Canada Licenced facility in Regina. The extraction, refining and formulation equipment will be provided by HTC, under a shareholder loan repayment arrangement. The agreement in place allows HTC to utilize 50% of the extraction, refining, formulating and packaging capacity of the facility to toll process its own viable biomass.

### ***Looking to the Future***

HTC has received preliminary approval from its board of directors to determine and present a viable strategy that would involve the spinout of HTC’s Energy Clean Tech business unit into a standalone entity, to be owned by the shareholders of HTC and strategic industry and financial partners. Management expects this strategy to be presented and adopted by HTC’s board of directors in September and implemented, subject to regulatory approval, by the year end, December 31, 2020.

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

Comparative figures have been restated to consider the impact of the sales of Maxx Group of Companies Corp. and its subsidiaries (“**Maxx Group**”) and discontinuation of the Maxx Group’s operations.

	<b><u>6 Month Period</u></b> <b><u>Ending June 30, 2020</u></b>	<b><u>Year Ending</u></b> <b><u>December 31, 2019</u></b>
Total Assets	\$48,982,191	\$46,739,123
Current Liabilities	\$1,549,677	\$5,042,569
Long Term Debt (excluded deferred tax liability)	\$4,620,772	\$12,312,926
	<b><u>6 Month Period</u></b> <b><u>Ending June, 2020</u></b>	<b><u>6 Month Period</u></b> <b><u>Ending June 30, 2019</u></b>
Revenue	\$155,112	\$301,784
Expenses (before amortization)	\$1,546,647	\$852,243
Operational loss (profit) before amortization	\$(1,391,535)	\$(550,459)
Amortization	\$229,383	\$76,365
Loss from operations	\$(1,620,918)	\$(626,824)
Net Income (Loss) from continuing operations	\$2,355,995	\$(2,453,806)
Net Income (Loss)	\$2,075,166	\$(3,037,877)
Common Shares outstanding	111,983,741	76,363,741
Weighted Average Shares Outstanding - Basic	112,320,829	43,077,829
Weighted Average Shares Outstanding - Diluted	115,804,016	55,456,838
Income (Loss) per Common Share (basic and fully diluted)	0.02	(0.07)
Income (Loss) per Common Share from continuing operations (basic and diluted)	0.02	(0.06)
Dilutive earnings per share	0.02	-

Total assets for the Period were \$48,982,191 compared to \$46,739,123 as at December 31, 2019. The increase is primarily attributable to increases from the acquisitions of HempCo and Kase Farma, net of the divestment of Maxx Group., offset by reductions to cash, receivables and grain assets.

Current liabilities are \$1,549,677 for the Period as compared to \$5,042,569 as at December 31, 2019. The decrease is a result of the disposition of Maxx Group's related liabilities, net of the assumption of HempCo's liabilities.

The Corporation reported long term liabilities for the Period of \$12,399,849 (December 31, 2019 – 12,312,926). \$7,779,077 of the 2020 long term liabilities is a direct result of the assumption of deferred tax liability from the acquisition of HempCo. When the deferred tax liability is removed, long term debt is \$4,620,772. HTC eliminated \$10,733,737 in debt through the disposition of Maxx Group. These transactions combined have put HTC in an improved overall debt position.

Revenue for the Period was \$155,112 compared to \$301,784 for the period ending June 30, 2019. The decrease in revenue for the Period is primarily due to decrease in 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 \$1,538,906 (June 30, 2019 - \$851,409), which reflects expenses incurred from the development of Kase Farma; *Amortization* of \$229,383 (June 30, 2019 – \$76,365); and *Finance expenses* realized of \$7,741 (June 30, 2019 - \$834).

Net income for the Period is \$2,075,166 compared to a loss at June 30, 2019 of \$(3,037,877). The 2020 income includes amortization of \$229,383 (2019 - \$76,365), 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 \$483,704 (2019- \$226,142). 2020 income includes amounts in connection with the disposition of the Maxx Group.

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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.*

*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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