



News Release

For Immediate Release

December 1, 2020

HTC Extraction Systems announces unaudited condensed consolidated interim financial results for the third quarter period ending September 30, 2020

Regina, Saskatchewan – HTC Pureenergy Inc. dba *HTC Extraction Systems* (also the “Corporation” and/or “HTC”) (HTC: TSX-V) (OTCQB:HTPRF) today announced its unaudited interim condensed consolidated financial results for the nine-month period ending September 30, 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, as well as for the distillation and purification of ethanol, ethanol and hydrocarbon-based solvents, used for this extraction in the *Delta CleanTech* energy business sector and the *Industrial Hemp-Cannabinoid/Biofibre/Protein* business sector.

HTC’S – DELTA CLEANTECH DIVISION

CO₂ Capture: Environmental Social Governance (“ESG”) is driving Identity Preserved Waste (“IPWTM”) Solutions. The advanced adoption and success of electric vehicle transportation refocuses the call for decarbonized electricity, which will be achieved through CO₂ capture/utilization, while renewable energy such as wind and solar becomes a growing and larger part of the energy mix in the next 25 years. Hydrocarbon combustion for electricity production will dominate the electric grid and CO₂ capture/utilization is required.

HTC’s Delta CleanTech Division has developed an improved proprietary CO₂ capture system that has been designed to significantly reduce the cost of CO₂ capture. Brand named the *Delta LCDesign®*, this proprietary system has been engineered to deliver superior performance while reducing energy usage, lowering emissions, and improving the quality and purity of CO₂ product captured.

Delta Purification® is a solvent, glycol and ethanol purification sub-division, focused on the field of purifying and reclaiming, recycling and reusing ethanol, solvents and glycols providing energy processors and heavy industry the option of not disposing of these waste materials in underground disposal wells.

Hydrogen Fuel Production and Related CO₂ Capture: 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”). Heavy trucks and passenger busses will lead the way with commercial vehicle sales expected to grow to \$7 billion annually in 8 years. Fuel stations are required for the production of hydrogen through methane (natural gas) reforming, which is the most cost effective and practical approach utilizing the natural gas (methane) pipeline network already serving gas stations. CO₂ capture is required at these hydrogen reforming fuel stations to ensure the hydrogen is produced without a CO₂ footprint.

Carbon Rx Inc. (“**Carbon Rx**”), a wholly owned subsidiary of **HTC**, is a 15-year old company engaged in the development, verification, and marketing of certified CO₂ offset credits. The regulatory framework is multi-jurisdictional and has evolved over the past 10 years; and of relevance is the knowledge of how the credits are established and how they are utilized or traded. Carbon Rx owns two business units leading the way in the development of aggregation and sale of carbon credits from; municipal landfills and from regenerative agricultural no tillage farming practices having historically traded over \$30,000,000 of Carbon Credit units.

HTC’S HEMP – CANNABINOID/BIOFIBRE/PROTEIN DIVISION

HTC's business strategy includes the production contracting of broad acre industrial hemp for: Cannabinoid Extraction; Biofibre for Bioplastics, Biochar and Cellulose, as well as Hemp Seeds for Protein and Hemp Seed Oil. By implementing its historical skillsets, process design and standard operating procedures (“**SOPs**”), **HTC** will aim to become one of Canada’s largest hemp biofibre suppliers, hemp seed sellers and oil processors and cannabinoid extractors and refiners. 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, fibre processing, seed cleaning and processing including experience required in ingredient sales with multi-year contracts.

KF Hemp Corp. (“**HempCo**”), a wholly owned subsidiary of **HTC**, owns hemp shredding, handling, drying, sizing and sorting equipment, which have been installed in its hemp processing facility, located in Lajord, Saskatchewan, and boasts a agreements with local IPElite™ growers, pursuant to which these growers will allocate up to 25,000 acres in future years, for the production of IPGrow™ (identity preserved) Industrial Hemp. The IPElite™ growers will select ideal ground for hemp production and implement the optimal fertility package and crop protection program for high yielding biofibre, hemp seeds and high cannabinoid hemp flower biomass.

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 Processing (Canada) - 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** (“**TrueRegina**”). **TrueRegina** will operate out of a 7,000 square foot, leased and previous Health Canada Licensed 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** the option to utilize 50% of the extraction, refining, formulating, and packaging capacity of the facility to toll process its own viable biomass.

Hemp Processing (California) - California based, Kase Farma Inc. (“**Kase Farma**”), a wholly owned subsidiary of **HTC**, 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 Ceres, California. **Kase Farma** has launched its Identity Preserved, or IPGrow™, initiative, 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.

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 Delta CleanTech Division** into a stand-alone entity, to be owned by the shareholders of **HTC** and strategic industry and financial partners. Management expects

this strategy to be presented, approved, and adopted by **HTC**'s board of directors and implemented, subject to regulatory approval, by December 31, 2020.

Financial Results

Selected financial information of **HTC** is summarized below. Financial results for **HTC** have been prepared in accordance with International Financial Reporting Standards. 2019 comparatives have been restated, reflecting the disposition of discontinued operations.

	<u>9 Month Period Ending Sept. 30, 2020</u>	<u>Year Ending December 31, 2019</u>
Total Assets	\$49,030,386	\$46,739,123
Current Liabilities	\$1,667,812	\$5,042,569
Long Term Debt	\$4,131,452	\$10,733,737

	<u>9 Month Period Ending Sept. 30, 2020</u>	<u>9 Month Period Ending Sept. 30, 2019</u>
Revenue	\$161,671	\$343,638
Expenses (before amortization)	\$2,374,682	\$1,864,837
Operational loss before amortization	\$(2,213,011)	\$(1,521,199)
Amortization	\$725,427	\$115,396
Operational loss including amortization	\$(2,938,438)	\$(1,636,595)
Net income (loss) from continuing operations	\$1,278,228	\$(3,430,760)
Net income (loss)	\$ 997,399	\$(4,362,375)
Total comprehensive income (loss)	\$1,016,003	\$(4,384,415)
Common Shares outstanding	206,983,741	76,363,741
Weighted Average Shares Outstanding - Basic	164,248,686	54,295,060
Weighted Average Shares Outstanding - Diluted	167,731,873	83,448,395
Profit (Loss) per Common Share (weighted average) * see commentary below	\$0.006	\$(0.08)
Profit (Loss) per share on continuing operations	\$0.006	\$(0.05)

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

Total assets for the Period were \$49,030,386 compared to \$46,739,123 as at December 31, 2019. The increase is primarily attributable to increases in cash, prepaid expenses, inventory, accounts receivables and other receivables, deposits and an increase in intangible assets, as well as the acquisitions of **HempCo** and **Kase Farma**.

The Corporation reported current liabilities of \$1,667,812 for the Period as compared to \$5,042,569 as at December 31, 2019, and reported long term liabilities for the Period of \$5,583,820 (December 31, 2019 – 12,312,926). **HTC** eliminated \$10,733,737 in debt through the disposition of the Maxx Group. These transactions combined have put **HTC** in an improved overall debt position. \$7,779,077 is deferred tax liability considered long term. It is a direct result of the assumption of deferred tax liability from the acquisition of **HempCo**.

Revenue for the Period was \$161,671 compared to \$343,638 for the period ending September 30, 2019. Reduced revenue is reflective of a decrease in **Delta CleanTech Division**.

Operating expenses excluding amortization for the Period were \$2,316,060 compared to \$1,864,003 for the corresponding period in 2019. The 2020 YTD increase reflects expenses incurred due to the acquisition and development of **Kase Farma** and **HempCo**.

The Corporation had an Operational Loss before amortization for the Period of \$(2,938,438) compared to net loss of \$(1,636,595) as at September 30, 2019. Sales were reduced in 2020 compared to the same period in 2019, contributing to the loss. Commercialization, product development and administration costs increased as **HTC** has expanded its initiatives involving **Kase Farma**, **HempCo**, and the **Delta CleanTech Division**.

The net income for the Period is \$977,399 compared to a loss at September 30, 2019 of \$(4,362,375). The 2020 income includes amortization of \$725,427 (2019 - \$115,396), non-cash stock compensation to an arms-length party of \$105,521 (2019 – \$149,777) and non-cash share issuance costs of \$178,800 (2019 - \$Nil) in connection with the issuance of shares relating to the **Kase Farma** acquisition. These three non-cash expenses total \$1,009,748 (2019- \$265,173).

Additional information related to the Corporation is available for view on SEDAR at www.sedar.com.

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

The information and opinions expressed herein that are not historical facts are forward-looking statements involving 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 herein and accompanying MD&A and Financial Statements, and in those other filings with the Corporation's Canadian regulatory authorities as found at 'www.SEDAR.com' and to not put undue reliance on such forward-looking statements. Forward-looking statements in this news release include statements with respect to: the expected performance of the Corporation's business and operations and the Corporation's intentions to expand its business and operations; the Corporation's expectations regarding revenue, expenses and anticipated cash needs; the Corporation's plans to expand its extraction capabilities; the ability of the Corporation to meet consumer demand; the ability of the Corporation to execute on its strategic priorities and objectives; the size of the market that the Corporation operates in; the Corporation's business strategy for the extraction and purification of hemp biomass; the receipt of all necessary regulatory and other third-party approvals to conduct its CBD extraction operations; future processing expectations; the Corporation's ability to enter into new hemp biomass tolling agreements; the Corporation's ability to create sales and distribution channels; expectations regarding the future operations and objectives of Kase Farma, Inc. Although HTC's management ("Management") believes that the expectations reflected in the forward-looking statements are reasonable, Management cannot guarantee future results, levels of activity, performance or achievements, or

other future events. Forward-looking statements in this news release speak only as of the date on which they are made and Management is under no duty to update any of its forward-looking statements after the date of this news release, other than as required and governed by applicable securities laws.

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 information for the company on www.otcmarkets.com. (links to: <http://www.otcmarkets.com/stock/hmprf/quote>).