



News Release

For Immediate Release

July 30, 2021

HTC Pureenergy Inc. (“HTC Extraction Systems”) announces financial results for fiscal year ending December 31, 2020

Regina, Saskatchewan - *HTC Extraction Systems* (the “Corporation” and/or “HTC”) (HTC: TSX-V) (OTCQB:HTPRF) today announced its audited financial results for the fiscal year ending December 31, 2020 (“Year”).

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 Hemp-CBD/Biofibre/Protein business sector and also used for CO₂ extraction and solvent and glycol purification in the Delta CleanTech energy business sector.

HTC's Hemp - Cannabinoid/Biofibre/Protein 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, 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.

Effective June 30, 2020, HTC acquired KF Hemp Corp. (“**HempCo**”), a company that is qualified to cultivate, process, dry, store and sell hemp under the Industrial Hemp Regulations of the *Cannabis Act (Canada)*.

HempCo owns hemp shredding, handling, drying, sizing and sorting equipment, which have been installed in its hemp processing facility, located in Lajord, Saskatchewan, and boasts agreements with local growers pursuant to which these growers will produce IPGrow™ (identity preserved) Industrial Hemp. The 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.

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.

HTC is currently engaged in tolling contracts with US-based hemp biomass producers and providers. Extraction, at its wholly owned subsidiary Kase Farma Inc. (“**Kase Farma**”) location in Ceres, California has moved into commercial production. HTC will look to ensure tolling and processing volumes by selecting qualified harvest contractors, utilizing diversified growing locations and high-performance regulated

genetics, and through irrigation that can provide growing locations with an opportunity for 2 to 3 annual crop rotations with new CBD, CBG, CBN and other cannabinoid genetic varieties.

Kase Farma has received and commissioned equipment that is capable of processing and distilling 10,000 lbs. per day of dried biomass at its extraction operation in California. Kase Farma's extraction operations are part of the Starling-owned 22,000-square-foot overall facility. 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.

Starling-owned Kase Manufacturing Inc. is one of the first volatile and non-volatile cannabinoid extraction manufacturing labs approved in the State of California. As part of the acquisition, 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.

On January 27, 2021 HTC sold its Delta CleanTech Division, comprising its Delta Clean Energy Assets to Delta CleanTech Inc. ("**Delta**") for the purchase price of \$4,000,000. The Delta Clean Energy Assets consist of all of the intellectual property and certain contractual agreements for the operation of HTC's CO₂ capture systems and reclaimer systems. The purchase price was paid by Delta by the issuance of 20,000,000 common shares to HTC at a stated price of \$0.20 per common share. These shares are subject to a pooling arrangement with a release schedule over a period of 24 months whereby 10% of the shares will be released upon the listing of the common shares of Delta on a recognized stock exchange in Canada ("**Liquidity Event**"), 10% of the shares are released every three months following the date of the Liquidity Event and the final 20% of the shares are released 24 months following the date of the Liquidity Event.

Financial Results

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

	Fiscal Year Ending December 31, 2020	Fiscal Year Ending December 31, 2019
Total Assets	\$11,135,149	\$46,739,123
Current Liabilities	\$1,251,897	\$5,042,569
Long Term Debt	\$5,594,108	\$12,312,926
Revenue	\$24,983	\$Nil
General & Administrative Expenses	\$1,240,376	\$1,860,491
Amortization	\$1,035,359	\$42,959
Operational loss, before Amortization, Finance & Impairment	\$(1,256,388)	\$(1,887,565)
Loss from continuing operations	\$(31,013,982)	\$ (3,741,126)
Loss from discontinued operations net of tax	\$(3,391,474)	\$1,776,912)
Gain (Loss) from asset disposition, valuation and impairment adjustments	\$(31,119,951)	\$372,878
Net Loss	\$(34,405,456)	\$(5,518,038)
Common Shares outstanding as of year end	206,983,741	101,363,741
Weighted Avg Shares Outstanding - Basic	159,088,563	65,542,508
Profit (Loss) per Common Share (weighted average)	\$(0.22)	\$(0.08)

**(Loss) per common share is not presented, on a fully diluted basis as the effect of common share options would be anti-dilutive.*

**2019 comparative amounts reflect reclassifications for discontinued operations to consider the impact of the same of Maxx Group and Delta.*

Total assets for the Year were \$11,135,149 compared to \$46,739,123 as at December 31, 2019. The decrease is primarily attributable to funds utilized in the Year, decreases in accounts receivables and other receivables, and the acquisitions of HempCo and Kase Farma.

Current liabilities are \$1,251,897 for the Year as compared to \$5,042,569 as at December 31, 2019. The decrease is a result of the disposition of Maxx Group of Companies Corp.'s ("**Maxx Group**") related liabilities, net of the assumption of HempCo's liabilities.

HTC reported long term liabilities for the Year of \$5,594,108 (December 31, 2019 – 12,312,926). The Corporation eliminated \$11,893,486 in debt through the disposition of the Maxx Group. These transactions combined have put HTC in an improved overall debt position.

Revenue for the Year was \$24,983 (December 31, 2019 – \$Nil), and is a reflection of CBD product sales which was not active in 2019.

The Corporation had net loss at December 31, 2020 of \$(34,405,456) as compared to \$(5,518,038) for the year ending December 31, 2019. The overall loss is attributable to the loss recorded on inventory impairment of \$15,553,795, and the resulting loss on fair value impairment of intangibles of \$2,514,485, loss on fair value impairment of goodwill of \$13,040,221 caused by the impairment on inventory, and increased depreciation expense of \$1,035,359. Early in 2020, the Canadian hemp market lacked data and transparency as the market in Canada is in its infancy. As time passed the market evolved and large price adjustments were made once supply data become known. The oversupplied market only started to become apparent as data was released on how many acres were planted and harvested. The price compression has been exacerbated by the collapse of prices for CBD Isolate and CBD Distillate which has led buyers to push down on the cost of the input biomass.

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