



News Release

For Immediate Release

July 30, 2021

HTC Pureenergy Inc. (dba “HTC Extraction Systems”) announces unaudited condensed consolidated interim financial results for the first quarter period ending March 31, 2021.

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, 2021 (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 and ethanol solvents, used for this extraction in the Hemp-CBD/Biofibre/Protein business sector.

HTC's Hemp – Cannabinoid/Biofibre/Protein business unit 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 **HTC's** 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.

	<u>3 Month Period</u> <u>Ending March 31, 2021</u>	<u>Year Ending</u> <u>December 31, 2020</u>
Total Assets	\$13,903,092	\$11,135,149
Current Liabilities	\$1,526,642	\$1,251,897
Long Term Debt	\$5,737,180	\$5,594,108
	<u>3 Month Period</u> <u>Ending March 31, 2021</u>	<u>3 Month Period</u> <u>Ending March 31, 2020</u>
Revenue	\$324,136	\$ -
Expenses (before amortization)	\$580,416	\$528,350
Operational loss before amortization	\$(256,280)	\$(528,350)
Amortization	\$481,338	\$104,424
Loss from continued operations	\$(1,189,925)	\$(827,949)
Net income (loss)	\$2,026,294	\$(1,265,498)
Common Shares outstanding	206,983,741	206,983,741
Weighted Average Shares Outstanding - Basic	206,983,741	104,664,630
Income (Loss per) Common Share (weighted average) *	\$0.01	\$(0.01)

* 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.

*2020 comparative amounts reflect reclassifications for discontinued operations to consider the impact of the same of Maxx Group and Delta.

Total assets for the Period were \$13,903,092 compared to \$11,135,149 as at December 31, 2020. The increase is primarily attributable to the investment in Delta as a result of the clean energy assets spinout transaction.

Current liabilities are \$1,526,642 for the Period as compared to \$1,028,005 as at December 31, 2020. The increase is due to timing of payables and accrued liabilities and in line with increased expenditures during the Period.

The Corporation reported long term liabilities for the Period of \$5,778,052 (December 31, 2020 – 5,594,108). The increase is related to additional leased liabilities and increased debts during the Period.

Revenue reported in the Period is reflective of \$319,490 consulting revenue and \$4,646 sales generated from CBD product sales, compared to \$Nil revenue in the corresponding period in the previous year.

The majority of the expenses during the Period are comprised of the following: *Commercialization, product development and administration expenses* of \$542,327 (March 31, 2020 - \$528,350), which reflects expenses incurred due to the acquisition and development of **Kase Farma** and **HempCo.**; *Cost of sales* of \$13,149 (March 31, 2020 – \$Nil); *Amortization* of \$481,338 (March 31, 2020 – 104,424); and *Finance expenses* realized of \$69,644 (March 31, 2020 - \$20,903).

The net income for the Period is \$2,055,971 compared to a loss at March 31, 2020 of \$(1,265,498). 2021 income includes a gain on sale of the clean energy assets to Delta of \$3,216,218, and HTC's proportionate loss on the Delta CleanTech business unit's first quarter results of \$(405,555).

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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.

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