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News Release
For Immediate Release

January 28, 2021

HTC EXTRACTION SYSTEMS ANNOUNCES CLOSING OF THE DISPOSITION OF ITS CO₂ CLEAN ENERGY BUSINESS AND COMPLETION OF FINANCING OF DELTA CLEANTECH INC.

Regina, Saskatchewan — **HTC Extraction Systems** (“**HTC**”) (TSXV: HTC) (OTCQB: HTPRF) is pleased to announce that, further to its news release dated January 4, 2021, HTC has completed the sale of HTC’s assets (the “**Asset Sale**”) comprising HTC’s existing clean energy business (the “**Clean Energy Assets**”) to its newly incorporated subsidiary, Delta CleanTech Inc. (“**Delta**”) for an aggregate purchase price of \$4,000,000 (the “**Purchase Price**”) pursuant to an asset purchase agreement dated January 27, 2021 between HTC and Delta.

The 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. HTC will continue to hold assets, and will continue to operate the business, associated with its hemp segment.

The Purchase Price was paid by the issuance of 20,000,000 common shares (the “**Consideration Shares**”) of the Delta (“**Delta Shares**”) at a price of \$0.20 per Delta Share. The Consideration Shares are subject to a pooling arrangement with a release schedule over a period of 24 months whereby 10% of the Consideration Shares will be released upon the listing of the Delta Shares on a recognized stock exchange in Canada (the “**Liquidity Event**”), 10% of the Consideration Shares are released every three months following the date of the Liquidity Event, and the final 20% of the Consideration Shares are released 24 months following the date of the Liquidity Event. The Asset Sale was conditional upon, among other things, the closing of the Financing (as described below). No finder’s fees were payable in connection with the Asset Sale.

On January 27, 2021, immediately following the closing of the Asset Sale, Delta completed the first tranche of a non-brokered private placement (the “**Financing**” and together with the Asset Sale, the “**Transactions**”) of 36,200,000 units of Delta (“**Units**”) at a price of \$0.20 per Unit to purchasers in British Columbia, Alberta, Ontario and Cayman Islands for gross proceeds of \$7,240,000. Delta expects to close on January 29, 2021 a second tranche (the “**Second Tranche**”) of the Financing consisting of 2,150,000 Units for gross proceeds of \$430,000. Each Unit is comprised of one Delta Share and one-half of a common share purchase warrant whereby each whole warrant will be exercisable to purchase one additional Delta Share at an exercise price of \$0.50 for a period of 48 months. The Delta Shares issued under the Financing are subject to a pooling arrangement with a release schedule over a period of 12 months whereby 20% of the Delta Shares will be released upon the Liquidity Event and 20% of the Delta Shares are released every three months following the date of the Liquidity Event. As a condition to

the Financing, Delta agreed to make commercially reasonable efforts to complete the Liquidity Event within six months of the closing of the Financing. Mr. Lionel Kambeitz, Chief Executive Officer and Chairman of HTC, participated in the Financing by purchasing 1,500,000 Units for gross proceeds of \$300,000. Following the closing of the Financing in full (including the Second Tranche), Mr. Kambeitz will hold 2.6% of the Delta Shares on an undiluted basis (2.9% of the Delta Shares on a fully diluted basis).

Following the closing of the Transactions in full (including the Second Tranche), HTC will hold 34.3% of the Delta Shares on an undiluted basis (25.8% of the Delta Shares on a fully diluted basis).

In consideration of their assistance with the Financing (including the Second Tranche), Delta has agreed to pay to certain finders cash fees totaling \$279,750 and warrants entitling finders to 1,398,750 Delta Shares at an exercise price of \$0.20 per Delta Share for a period of 48 months.

The Transactions constitute a “reviewable transaction” pursuant to Policy 5.3 of the TSX Venture Exchange (the “**TSXV**”), and HTC has made an application for the approval of the Transactions to the TSXV.

This news release does not constitute an offer to sell or a solicitation of an offer to buy any of the securities in the United States. The securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the “**U.S. Securities Act**”) or any state securities laws and may not be offered or sold within the United States unless registered under the U.S. Securities Act and applicable state securities laws or an exemption from such registration is available.

NEITHER THE TSX VENTURE EXCHANGE NOR ITS REGULATION SERVICES PROVIDER (AS THAT TERM IS DEFINED IN THE POLICIES OF THE TSX VENTURE EXCHANGE) ACCEPTS RESPONSIBILITY FOR THE ADEQUACY OR ACCURACY OF THE RELEASE.

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This press release contains “forward-looking statements” or “forward-looking information” (collectively referred to herein as “forward-looking statements”) within the meaning of applicable securities legislation. Such forward-looking statements include, without limitation, forecasts, estimates, expectations, and objectives for future operations that are subject to several assumptions, risks, and uncertainties, many of which are beyond the control of HTC. Forward-looking statements are statements that are not historical facts and are generally, but not always, identified by the words “expects”, “plans”, “anticipates”, “believes”, “intends”, “estimates”, “projects”, “potential” and similar expressions, or that events or conditions “will”, “would”, “may”, “could” or “should” occur or be achieved. This press release contains forward-looking statements pertaining to, among other things, the timing and ability of HTC to obtain approval of the TSXV in respect of the Transactions, the ability of Delta to successfully complete a Liquidity Event, the timing and ability of Delta to complete the Second Tranche and the completion of any ancillary steps to the Transactions on the expected terms.

Forward-looking information is based on current expectations, estimates and projections that involve a number of risks, which could cause actual results to vary and, in some instances, to differ materially from those anticipated by HTC and described in the forward-looking information contained in this press release.

Although HTC believes that the material factors, expectations and assumptions expressed in such forward- looking statements are reasonable based on information available to it on the date such statements were made, no assurances can be given as to future results, levels of activity and achievements and such statements are not guarantees of future performance.

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