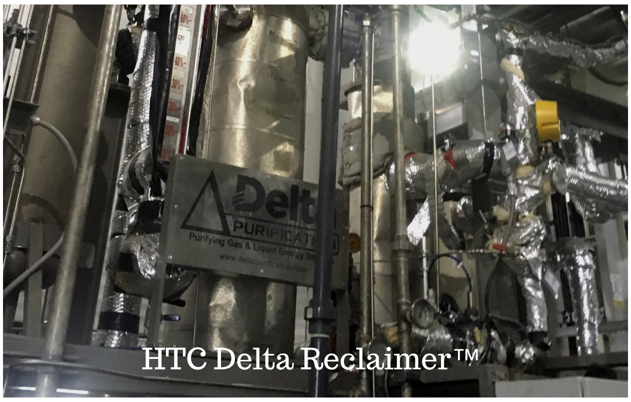
2017 YEAR-END FINANCIAL

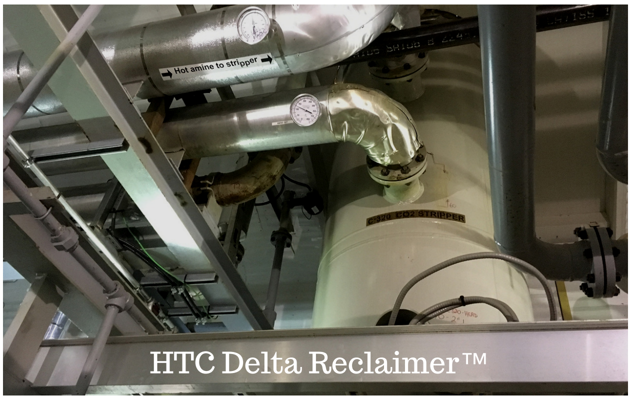
ANNUAL FINANCIAL STATEMENTS

HTC LCDesign™ CO2 Capture System

HTC LCDesign™ CO2 Capture System



HTC Delta Reclaimer™



HTC Delta Reclaimer™

HTC purenergy
CARBON CLEAR SOLUTIONS

reclaim recycle reuse

Corporate Overview

In 2017 HTC has refocused its efforts into the Environmental Technologies Sector and has recently divested its Industrial & Agricultural Divisions

Energizing CO_2

To the Shareholders of HTC Purenergy Inc.

Management's Accountability for Management's Discussion and Analysis and Financial Statements

The audited annual consolidated financial statements for the year ending December 31, 2017 ("**Consolidated Financial Statements**") have been prepared by management in accordance with International Financial Reporting Standards in Canada. Management is responsible for ensuring that these statements, which include amounts based upon estimates and judgment, are consistent with other information and operating data contained in management's discussion and analysis for the year ending December 31, 2017 ("**MD&A**") and reflect **HTC** Purenergy Inc. ("**HTC**" or the "**Corporation**") business transactions and financial position.

Management is also responsible for the information disclosed in the MD&A, including responsibility for the existence of appropriate information systems, procedures and controls, to ensure that the information used internally by management and disclosed externally is complete and reliable in all material respects.

In addition, management is responsible for establishing and maintaining an adequate system of internal control over financial reporting. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and that the Corporation's assets are appropriately accounted for and adequately safeguarded. Management has concluded that the Corporation's system of internal control over financial reporting was effective as at December 31, 2017.

The board of directors ("**Board**") annually appoints an audit committee which includes directors who are not employees of the Corporation. This committee meets regularly with management and the shareholders' auditors to review significant accounting, reporting and internal control matters. The shareholders' auditors have unrestricted access to the audit committee. The audit committee reviews the interim and annual financial statements, the report of the shareholders' auditors, and the interim and annual management's discussion and analysis and has delegated authority to approve the interim filings, and makes recommendations to the Board regarding annual filings.

Management has reviewed the filings of the Corporation's MD&A, Consolidated Financial Statements and attachments thereto. Based on our knowledge, having exercised reasonable diligence, these annual filings do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, with respect to the period covered by the annual filings. Based on our knowledge, having exercised reasonable diligence, the Consolidated Financial Statements together with the other financial information included in the annual filings fairly present in all material respects the financial condition, the financial performance, and cash flows of the Corporation, as of the date of and for the periods presented in the annual filings.

Signed "Lionel Kambeitz"	*Signed "Jeffrey Allison"*
LIONEL KAMBEITZ	**JEFFREY ALLISON**
CHAIRMAN & CEO	**SR. VICE-PRESIDENT & CFO**

CALVISTA LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of HTC Purenergy Inc.:

We have audited the accompanying consolidated financial statements of HTC Purenergy Inc., which comprise the consolidated statements of financial position as at December 31, 2017 and 2016, and the consolidated statements of income, comprehensive income, changes in shareholders' equity, and cash flows, for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of HTC Purenergy Inc. as at December 31, 2017 and 2016 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Calvista LLP

Calgary, Alberta
April 30, 2018

Chartered Professional Accountants

Consolidated Statement of Financial Position (Audited)

(In Canadian dollars)	Note	Dec. 31, 2017	Dec. 31, 2016
ASSETS			
Current Assets:			
Cash		$ 1,159,457	$ 2,749,347
Accounts receivable	21	24,616	2,057,360
Other receivables	5	1,601,017	2,460,563
Government remittances receivable		389,769	71,804
Held for trading investments	6	2,683,731	2,560,184
Inventory	7	-	2,757,793
Current portion of contingent consideration	8(b)	-	2,028,836
Prepaid expenses and other assets		-	29,547
Current portion of lease receivable	10	106,667	106,667
		5,965,257	14,822,101
Property, plant and equipment	9	12,837,875	2,374,524
Inventory	7	1,092,413	-
Contingent consideration receivable	8(b)	-	3,248,992
Loan Receivable	28	2,651,045	-
Notes receivable	8(a)	896,153	5,691,490
Lease receivable	10	53,333	160,000
Product development	11	450,036	531,053
Investment in associates	12	1,128,118	-
Available for sale investments	13	219,537	753,945
Patents	14	103,461	91,301
Goodwill and intangible assets	15	1,824,833	2,165,897
		$27,222,061	$29,839,303
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current Liabilities:			
Accounts payable and accrued liabilities	25	$ 1,300,170	$ 2,117,586
Corporate tax payable	20	175,136	42,420
Operating line of credit	17	-	340,000
Current portion of financing lease	16	108,930	409,578
Current portion of long term debt	17	-	183,521
Current portion of deferred income		-	49,087
		1,584,236	3,142,192
Deferred tax liability	20	120,981	1,480,858
Financing lease	16	56,672	910,860
Long term debt	17	-	763,188
Deferred income		-	104,692
		1,761,889	6,401,790
Shareholders' Equity:			
Share capital	18	39,008,214	39,008,214
Contributed surplus	19	766,556	910,556
Accumulated deficit		(18,533,466)	(20,115,020)
Accumulated other comprehensive gain (loss)		(93,992)	156,416
Total equity attributable to shareholders of the Corporation		21,147,312	19,960,166
Total equity attributable to non-controlling interest		4,312,860	3,477,347
Total equity		25,460,172	23,437,513
Total liabilities and equity		$27,222,061	$29,839,303

See accompanying notes to the Consolidated Financial Statements

Consolidated Statement of Income (Loss) (Audited)

(In Canadian dollars except per share amounts)
For the year ended December 31

	Note	2017	2016
Revenue:			
Sales	27	$169,493	$30,859
Engineering, process design & consulting	27	$100,000	31,446
		269,493	62,305
Expenses:			
Cost of sales		102,837	3,165
Engineering and process design services		100,000	26,618
Commercialization, product development and administration		3,589,145	3,520,769
Research and Development		21,000	21,000
Amortization		370,793	368,124
Finance costs		425,610	14,735
		4,609,385	3,954,411
Loss from commercial operations		(4,339,892)	(3,892,106)
Other income:			
Interest and other income		190,893	532,285
Loss from operations		(4,148,999)	(3,359,821)
Gain (Loss) on disposal of subsidiaries	28	5,512,245	8,766,979
Loss from equity Investment in Assist	12	(41,839)	-
Income from equity Investment in ClearGSI	12	13,604	-
Impairment of investment	13	(524,000)	-
Income for the period before tax		811,011	5,407,158
Corporate Tax Expense	20	175,146	-
Tax (recovery) provision	20	(1,359,877)	1,480,858
Income from continuing operations		1,995,742	3,926,300
Income (Loss) from discontinued operations (net of tax provision)	28	377,223	(152,638)
Net income (loss) for the period		$2,372,965	$3,773,662
Income (Loss) for the period attributable to:			
Shareholders of the Corporation		$1,881,603	$2,489,341
Non-controlling interest		491,362	1,284,321
Net income (loss) for the period		$2,372,965	$3,773,662
Income per share – basic		0.07	0.12
Income per share – fully diluted		0.07	0.11
Income per share from continuing operations – basic		0.06	0.13
Income per share from continuing operations – diluted		0.06	0.12

See accompanying notes to the Consolidated Financial Statements

Consolidated Statement of Other Comprehensive Income (Loss) (Audited)

(In Canadian dollars)

For the year ended December 31	Note	2017	2016
Net income for the period		**$2,372,965**	**$3,773,662**
Other comprehensive gain (loss) for the period	13	(250,408)	227,745
Total comprehensive income		**2,122,557**	**4,001,407**
Total comprehensive income (loss) for the period attributable to:			
Shareholders of the Corporation		1,631,195	2,717,086
Non-controlling interest		491,362	1,284,321
Net comprehensive income (loss) for the year		$2,122,557	$4,001,407

See accompanying notes to the Consolidated Financial Statements

Consolidated Statement of Changes in Equity (Audited)

(In Canadian dollars, except number of shares)

	Number of Shares	Share Capital	Contributed Surplus	Deficit	Equity attributable to the shareholders Other Comprehensive income	Non Controlling Interests	Total Equity
Balance at Dec. 31, 2017	**30,309,195**	**$39,008,214**	**$910,556**	**$(20,115,020)**	**$156,416**	**$3,477,347**	**$23,437,513**
Total Income (Loss)	-	-	-	1,881,603	-	491,362	2,372,965
Disposition of ClearGSI	-	-	-	-	-	344,151	344,151
Pinnacle Adjustment	-	-	-	(444,049)	-	-	(444,049)
Warrants Expired (Note 19)	-	-	(108,000)	108,000	-	-	-
Options Expired (Note 19)	-	-	(36,000)	36,000	-	-	-
Other comprehensive gain/(loss)	-	-	-	-	(250,408)	-	(250,408)
Balance Dec. 31, 2017	**30,309,195**	**$39,008,214**	**$766,556**	**$(18,533,466)**	**($93,992)**	**$4,312,860**	**$25,460,172**

	Number of Shares	Share Capital	Contributed Surplus	Deficit	Equity attributable to the shareholders Other Comprehensive income	Non Controlling Interests	Total Equity
Balance at Dec. 31, 2016	**30,309,195**	**$38,978,214**	**$940,556**	**$(22,785,885)**	**$(71,329)**	**$2,374,458**	**$19,436,014**
Net income (Loss)	-	-	-	2,489,341	-	1,284,321	3,773,662
Warrants expired	-	30,000	(30,000)	-	-	-	-
ClearGSI share issue	-	-	-	181,524	-	(181,524)	-
Other comprehensive income/(loss)	-	-	-	-	227,745	-	227,745
NCI Share issuance	-	-	-	-	-	92	92
Balance Dec. 31, 2016	**30,309,195**	**$39,008,214**	**$910,556**	**$(20,115,020)**	**$156,416**	**$3,477,347**	**$23,437,513**

See accompanying notes to Consolidated Financial Statements

Consolidated Statement of Cash Flows (Audited)

(In Canadian dollars)

For the year ended December 31	Note	2017	2016
Cash flows from operating activities:			
Net income (loss)		$2,372,965	$3,773,662
Items not affecting cash:			
Amortization		370,793	902,938
Non-cash income from ClearGSI		(337,223)	-
(Gain) loss on sale of subsidiaries		(5,512,245)	(9,183,826)
(Gain) loss on sale of assets		-	30,519
Impairment of Goodwill		-	419,509
Impairment of available for sale investments		524,000	280,000
Unrealized gain on held-for-trading investments		(106,564)	(77,747)
Loss from Equity investment in Assist Energy		41,839	-
Gain from Equity Investment in ClearGSI		(13,604)	-
Deferred tax expense		(1,359,877)	1,297,431
Interest on contingent consideration receivable		-	(368,221)
Change in working capital and other	22	1,587,168	(4,594,338)
		(2,432,748)	(7,520,073)
Cash flows from investing activities:			
Cash change in investments and loans receivable		1,074,180	-
Purchase of assets (net)		(343,451)	(539,220)
Net change in held-for-trading investments		107,417	(2,482,437)
Increase in patents		(23,845)	(17,704)
Finance leases received during the period		106,667	143,333
Proceeds from sale of **NuVision**		1,158,631	6,000,000
		2,079,599	3,103,972
Cash flows from financing activities:			
Loans repaid during the period		(100,000)	(730,151)
Net increase (decrease) in capital leases		(104,272)	(353,010)
Proceeds from sale-leaseback transactions		-	1,012,161
Net increase in bank line of credit		-	340,000
		(204,272)	269,000
Increase (decrease) in cash during the period		(557,421)	(4,147,101)
Cash – beginning of period		2,749,347	6,953,041
Cash acquired (disposed) on acquisition (sale)	4, 28	(799,780)	(56,593)
Cash acquired (disposed) on Clear ownership change		(232,689)	-
Cash – end of period		$1,159,457	$2,749,347
Included in operating activities			
Cash interest received		77,984	81,005
Cash interest paid		7,737	105,688
Corporate tax paid		175,146	33,595

See accompanying notes to the Consolidated Financial Statements

Notes to the Consolidated Financial Statements
for the years ended December 31, 2017 and 2016

1. Operations:

HTC Purenergy Inc. ("**HTC**" or "**Corporation**") is incorporated under the *Business Corporations Act* (Alberta) and is located at #002-2305 Victoria Avenue, Regina, Saskatchewan, Canada. The audited annual consolidated financial statements for the year ending December 31, 2017 ("**Consolidated Financial Statements**") include the accounts of the Corporation and its wholly owned subsidiary companies. All intercompany balances, transactions and unrealized profits and losses are eliminated on consolidation.

With the exception of **HTC's** subsidiary Maxx Group of Companies Corp. ("**Maxx**"), **HTC** and its subsidiaries are development stage companies whose commercial business is the development, aggregation and commercialization of proprietary technologies relating to CO_2 capture and CO_2 solvent recovery.

Maxx and its subsidiaries (together the "**Maxx Group**") provide consulting and logistical support for its subsidiary operations and others, should the opportunity arise. Maxx is also in the process of developing grain and fertilizer handling facilities at Western Canadian rail locations.

2. Basis of Presentation:

a) Statement of Compliance with International Financial Reporting Standards ("IFRS"):

These Consolidated Financial Statements have been prepared in accordance with IFRS, as issued by the International Accounting Standards Board ("**IASB**") and Interpretations of the International Financial Reporting Interpretations Committee ("**IFRIC**").

These Consolidated Financial Statements include the accounts of **HTC** and its subsidiaries. In management's opinion, the Consolidated Financial Statements include all adjustments necessary to fairly present such information.

These Consolidated Financial Statements were authorized by the audit committee of the board of directors ("**Board**") for issue and approved by the Board on April 30, 2018.

b) Comparative Amounts

Comparative amounts have been restated to conform to the present basis of presentation.

c) Functional Currency

The Consolidated Financial Statements are presented in Canadian dollars, which is the Corporation's functional currency.

d) Use of Estimates and Judgment

The preparation of the Consolidated Financial Statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future years affected.

Judgment is used mainly in determining whether a balance or transaction should be recognized in the Consolidated Financial Statements. Estimates and assumptions are used mainly in determining the measurement of recognized transactions and balances. However, judgment and estimates are often interrelated.

Judgments, estimates and assumptions are continually evaluated and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in future periods affected.

These Consolidated Financial Statements are based on management's best estimates using information available. Uncertainty regarding the timing of anticipated large-scale market demand for carbon capture technology, related legislative incentives, and uncertainty in financial markets has complicated the estimation process. Accordingly, the inherent uncertainty involved in making estimates and assumptions may impact the actual results reported in future periods by a material amount.

Use of estimates and judgment – Information about judgment, assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment are as follows:

Investments classification:
As part of the evaluation and identification of significant influence investments, management must exercise judgment based on current information and in the evaluation and applications of the accounting pronouncements. Determination of

whether or not an investment should be classified and accordingly accounted for as a subsidiary, significant influence or available for sale has a material impact on the financial statements. Management takes into account all facts and circumstances in concluding the classification of an investment.

Business Combinations:
Business combinations are accounted for using the acquisition method of accounting. The determination of fair value often requires management to make assumptions and estimates about future events. The assumptions and estimates with respect to determining the fair value of acquired assets, liabilities, goodwill and intangibles changes in any of these assumptions or estimates used in determining the fair value of acquired assets and liabilities, could impact the amounts assigned to assets, liabilities and goodwill in the purchase price allocation. Future net income can be affected as a result of changes in asset impairment.

Asset Impairment:
The carrying amounts of the Corporation's non-financial assets, other than inventories, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The Corporation's most significant estimates and assumptions involve values associated with product development costs, patents, goodwill and intangible assets. These estimates and assumptions include those with respect to future cash inflows and outflows, discount rates, asset lives, and the determination of cash generating units. At least annually, the carrying value of goodwill is reviewed for potential impairment. Among other things, this review considers the fair value of the cash-generating units based on discounted estimated future cash flows or other information about the fair values. This review involves significant estimation uncertainty, which could affect the Corporation's future results if the current estimates of future performance and fair values change.

Classification of Financial Instruments:
The Corporation classifies its financial instruments into one of the following categories: held for-trading; held-to-maturity; loans and receivables; available-for-sale; and other financial liabilities. Classification requires management to exercise judgment based on available information and in the context of the prescribed accounting policies.

Provisions:
Provisions are recognized when the Corporation has a present legal or constructive obligation as a result of a past obligating event and it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Identification and evaluation of provisions is subject to judgment and estimates.

Inventory Provision:
In determining the lower of cost and net realizable value of inventory and in establishing the appropriate impairment amount for inventory obsolescence, management estimates the likelihood that inventory carrying values will be affected by changes in market pricing or demand for the products and by changes in technology or design which could make inventory on hand obsolete or recoverable at less than the recorded value. Management performs regular reviews to assess the impact of changes in technology and design, sales trends and other changes on the carrying value of inventory. Where it is determined that such changes have occurred and will have an impact on the value of inventory on hand, appropriate adjustments are made. If there is a subsequent increase in the value of inventory on hand, reversals of previous write-downs to net realizable value are made. Unforeseen changes in these factors could result in additional inventory provisions, or reversals of previous provisions, being required.

Revenue Recognition:
Revenues from contracts for product and engineering development services are recognized on achieving defined milestones agreed with the customer under the contract. Management monitors the progress achieved against these milestones and considers that milestones represent actual proportionate work performed on the contracts. Accordingly, the revenues and costs for these contracts are recognized at the time milestone bills are sent to the customers. Changes in management's estimated costs to complete a contract may result in an adjustment to previously recognized revenues.

Utilization of Tax Losses:
Due to current circumstances, there is no immediate expectation for utilization of losses based on prior year's results.

Contingencies:
By their nature, contingencies will only be resolved when one of more future events occur or fail to occur. The assessment of contingencies inherently involves the exercise of significant judgment and estimates of the outcome of future events.

Additional insight to the use of judgment estimates and assumptions are provided in the notes below.

Disposal of subsidiary:
During 2016, the Corporation disposed of a subsidiary, **NuVision Industries Inc**. ("**NuVision**") (see Note 28). The following judgments and estimations were made in the computation of the gain on disposal of this subsidiary:

- Date of loss of control;
- Present value of contingent consideration receivable;
- Value of working capital adjustment related to the determination of the final

purchase consideration; and
- Allocation of goodwill to the major subsidiaries of **Maxx**.

Additional insight to the use of judgment estimates and assumptions are provided in the notes below.

On January 1, 2017, the Corporation sold its interest in 101059035 Saskatchewan Ltd. dba Pinnacle Industrial Services ("**Pinnacle**") for consideration of $501,893 and the repayment of loans due to **Maxx** of $3,068,916.

On December 27, 2017 HTC reduced its ownership position in **ClearGSI** to 25%.

e) Basis of Measurement

The Consolidated Financial Statements have been prepared on the historical cost basis, except for held-for-trading investments which are measured at fair value through profit and loss, as described in Note 3 and Note 6, and available for sale investments, which are measured at fair value through other comprehensive income, as described in Note 13. The methods used to measure fair values are discussed in Note 21.

3. Significant Accounting Policies:

There were no new or amended accounting standards adopted by the Corporation for the period ended December 31, 2017 (the "**Period**").

Cash Equivalents
Cash includes balances in banks and cash on hand. Cash equivalents are comprised of cash and highly liquid investments with a maturity of three months or less from the date of purchase. The Corporation does not presently have any highly liquid investments that would qualify as cash equivalents in the current or previous year.

Basis of Consolidation

a) Subsidiaries

Subsidiaries are entities controlled by the Corporation. The financial statements of the subsidiaries are included in the Consolidated Financial Statements from the date that control commences until the date that control ceases.

b) Transactions Eliminated on Consolidation

Intercompany balances and transactions, and any unrealized income and expenses arising from intercompany transactions are eliminated in preparing the Consolidated

Financial Statements. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

The Consolidated Financial Statements include the accounts of the Corporation and its subsidiaries. As at December 31, 2017, subsidiaries include **HTC CO_2 Systems Corp.** ("**HTC CO2 Systems**"), **101079353 Saskatchewan Ltd.**, **Carbon Rx Inc.** and **CO_2 Technologies Pty. Ltd.** The Corporation owns 78% of **Maxx. Maxx** owns the following subsidiaries: Port LaJord Terminal Corp. ("**PLT**"), and Steelblast Coating and Paintings Inc. (in 2016 Maxx owned **Pinnacle** (sold January 1, 2017) and **NuVision** (sold April 1, 2016) (collectively referred to as the "**Maxx Group**"). **Maxx** operations are based in Saskatchewan. The Corporation has accounted for the business combinations using the acquisition method of accounting.

The Corporation has a 45% interest in Assist Energy Solutions Corp. ("**Assist**") and accounts for this using the equity method.

On December 27, 2017 **HTC** reduced its ownership of **ClearGSI** from 52% to 25%. Beginning December 28, 2017. HTC accounts for **ClearGSI** using the equity method.

Foreign Currency Translation

The Corporation translates monetary assets and liabilities using the rate of exchange at the Consolidated Financial Statement date and non-monetary assets liabilities using the historical exchange rate at the transaction date. Revenues and expenses are translated using the average exchange rate in effect for the period.

Inventory

Inventory is comprised of completed product as well as work in progress including materials, services, labour and related overhead associated with projects in progress. Inventory is valued at the lower of cost and net realizable value using the specific identification method.

Property, Plant and Equipment

Property, plant and equipment is recorded at cost and depreciated over its useful life at a rate of 30% on a declining balance basis except for leasehold improvements (3 years straight line). Manufacturing property and equipment are amortized on a straight-line basis as follows: Vehicles - 3 to 5 years; leaseholds, office equipment and buildings - 5 years; and shop equipment - 10 years. The amortization period requires estimation of the useful life of the asset. Long-lived assets are tested for recoverability if events or changes in circumstances indicate that the carrying amount may not be recoverable.

Impairment of Assets

a) Financial Assets

The Corporation assesses at each statement of financial position date whether there is any objective evidence that a financial asset is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults. Impairment losses on financial assets carried at amortized cost are reversed in subsequent periods, if the amount of the loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized.

b) Non-Financial and Intangible Assets

The carrying amounts of the Corporation's property and equipment and intangible assets having a finite useful life are assessed for impairment indicators on an annual basis to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any.

An impairment loss is recognized for the amount by which the assets carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an assets or group of assets estimated fair value less costs to sell and its value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable independent cash inflows (CGU).

Where an impairment loss is subsequently reversed, the carrying amount of the asset or CGU is increased to the revised estimate of its recoverable amount, but limited to the carrying amount that would have been determined had no impairment loss been recognized for the asset or CGU in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Assets that have an indefinite useful life and goodwill are not subject to depreciation and are tested for impairment at least on an annual basis or earlier when there is an indication of potential impairment.

Provisions

Provisions are recognized when the Corporation has a present legal or constructive obligation as a result of a past obligating event and it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated.

These provisions are measured at the present value of management's best estimate of the expenditure required to settle the obligation as at December 31, 2017. The discount rate used to determine the present value reflects current market assessments of the time value of money. HTC performs evaluations to identify onerous contracts and where applicable, records provisions for such contracts.

Financial Instruments

The Corporation classifies its financial instruments into one of the following categories: held-for-trading; held-to-maturity; loans and receivables; available-for-sale; and other financial liabilities. All financial instruments are measured at fair value on initial recognition. Transaction costs are included in the initial carrying amount of financial instruments, except for held-for-trading instruments, in which case the transaction costs are expensed as incurred. Measurement in subsequent periods is based on the classification of the financial instrument.

Financial assets and liabilities classified as held-for-trading are measured at fair value with gains and losses recognized in the Consolidated Statement of Income (Loss). Financial assets held-to-maturity, loans and receivables and financial liabilities, other than those held-for-trading, are measured at amortized cost using the effective interest rate method. Available-for-sale instruments are measured at fair value with unrealized gains and losses recognized in other comprehensive income. Where the fair value of financial assets that are equity instruments is not determinable because there is no active market for the instrument, the asset is carried at cost and tested annually for impairment.

Financial instruments	Classification	Measurement
Cash	Loans and receivables	Amortized cost
Accounts receivable	Loans and receivables	Amortized cost
Other receivables	Loans and receivables	Amortized cost
Loan receivable	Loans and receivables	Amortized cost
Available for sale investments	Available for sale	Fair value
Held-for-trading investments	Held-for-trading	Fair value
Contingent consideration receivable	Loans and receivables	Amortized cost
Accounts payable and accrued liabilities	Other financial liabilities	Amortized cost
Operating line of credit	Other financial liabilities	Amortized cost
Long term debt	Other financial liabilities	Amortized cost

Patents

Costs associated with registration of patents are accumulated at cost and when registration is complete, amortized on a straight-line basis over 15 years.

Intangible Assets

Identifiable intangible assets, acquired through acquisitions that are subject to amortization, are amortized using the straight-line method over their estimated useful lives of 3 to 20 years.

Intangible assets, not subject to amortization, are tested annually for impairment, and any impairment identified is charged to earnings as identified. The Corporation does not have any such intangible assets.

Research and Development

Research costs are expensed as they are incurred in accordance with specific criteria set out under IFRS. Product development costs are expensed as incurred except if the costs are related to the development and setup of new products, processes and systems, and satisfy certain conditions for capitalization, including reasonable assurance that they will be recovered. All capitalized development costs are amortized when commercial production begins, based on the expected useful life of the completed product. The carrying value of capitalized development costs are examined for recoverability annually.

Costs associated with the development of the LCDesign®, Delta Reclaimer™ System, and PDOengine have been capitalized in accordance with the specific criteria under IFRS.

Goodwill

The excess of the purchase price over the fair market value of identifiable assets acquired and liabilities assumed is recognized as goodwill. Goodwill is assessed for impairment at least annually or more frequently if events or changes in circumstances indicate that the goodwill might be impaired. The assessment of impairment is based on estimated fair market values derived from certain valuation models, which may consider various factors such as estimated future earnings, terminal values and discount rates.

An impairment loss is recognized to the extent that the carrying amount of goodwill relating to certain acquired assets exceeds its estimated market value. As at December 31, 2016, there was an impairment of goodwill associated with **Maxx** in the amount of $419,509. The impairment test of goodwill involves significant estimates and judgement based on the information available to management at the date of the impairment test. Should these assumptions and estimates change, the carrying value of goodwill may differ from the amount presented in the Consolidated Financial Statements. There was no goodwill recorded at December 31, 2017.

Stock-Based Compensation
The Corporation used the fair-value based method of accounting for share-based compensation for all awards of share options granted. The fair value at the grant date of share options is calculated using the Black-Scholes valuation method. Compensation expense is charged to net income over the vesting period with a corresponding increase to contributed surplus.

The Corporation issues shares and share options under its share-based compensation plans as described in Note 19. Any consideration paid by directors, consultants and employees on exercise of share options or purchase of shares, together with the amount initially recorded in contributed surplus, is credited to share capital.

Revenue Recognition
Revenues from contracts for product and engineering development services is recognized on achieving defined milestones agreed with the customer under the contract. Management monitors the progress achieved against these milestones and considers that milestones represent actual proportionate work performed on the contracts. Accordingly, the revenues and costs for these contracts are recognized at the time milestone bills are sent to the customers.

Revenue from product sales are recognized when risks and rewards of ownership are transferred to the customer and the amount of revenue can be measured reliably.

Interest revenue is recorded when earned.

Government Grants and Bursaries
Government assistance and investment tax credits are recorded as either a reduction of the cost of the applicable assets, or credited against the related expense incurred in the statement of operations, as determined by the terms and conditions of the agreements under which the assistance is provided to the Corporation or the nature of the expenditures which gave rise to the credits unless repayable conditions or terms are attached, in which case they are recorded separately. Government assistance and investment tax credit receivables are recorded when their receipt is reasonably assured.

Income Taxes
Income tax expense comprises the sum of deferred tax and current tax not recognized in other comprehensive income or directly in equity.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting periods, that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred income taxes are calculated using the liability method of accounting. Under this method, future income tax assets and liabilities are recognized for the future income tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective income tax basis (temporary differences).

The resulting changes in the net future tax asset or liability are included in income. Future tax assets and liabilities are measured using enacted or substantively enacted tax rates, expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on future income tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the date of enactment or substantive enactment. Future income tax assets are recognized to the extent it is probable that these will be realized in the future.

Changes to Accounting Policies and Future Changes to Accounting Standards

Future Changes to accounting policies not yet adopted

The standards and interpretations that are issued, but not yet effective up to the date of issuance of the Corporation's Consolidated Financial Statements, and that may have an impact on the disclosures and financial position of the Corporation, are disclosed below. The Corporation intends to adopt these standards and interpretations, if applicable, when they become effective.

Financial Instruments: Recognition and Measurement:
In July 2014, IFRS 9, *Financial Instruments* was issued as a complete standard, including the requirements previously issued related to classification and measurement of financial assets and liabilities, and additional amendments to introduce a new expected loss impairment model for financial assets, including credit losses. Retrospective application of this standard with certain exemptions is effective for fiscal years beginning on or after January 1, 2018, with earlier application permitted. The Corporation has determined that this change in the accounting standard will not have a significant impact on the statement of financial position or consolidated statement of income (loss).

Leases:
In January 2016, the IASB issued IFRS 16, *Leases,* which replaces IAS 17, *Leases*. For lessees applying IFRS 16, a single recognition and measurement model for leases would apply, with required recognition of assets and liabilities for most leases. The standard will come into effect for annual periods beginning on or after January 1, 2019, with earlier adoption permitted if the entity is also applying IFRS 15 *Revenue from Contracts with Customers*. The Corporation plans to adopt IFRS 16 on January 1, 2019 and is currently assessing the potential impact of this adoption on the Corporation's financial statements.

Revenue recognition:
In May 2014, the IASB issued IFRS 15 – *Revenue from Contracts with Customers*, which establishes a single revenue recognition framework that applies to contracts with customers. The standard requires an entity to recognize revenue to reflect the transfer of goods and services for the amount it expects to receive when control is transferred to the purchaser. IFRS 15 is effective for years beginning on or after January 1, 2018. The Corporation has determined that this change in the accounting standard will not have a significant impact on the statement of financial position or consolidated statement of income (loss).

4. Business acquisition

On June 1, 2016, **ClearGSI** issued 92 Class A common voting shares for consideration of $92, diluting **HTC's** interest to 52% of the outstanding stock. The transaction has been treated as a transaction between shareholders, with the resulting impact on the non-controlling interest of $181,524 adjusted through **ClearGSI** deficit.

On December 27, 2017, **ClearGSI's** $500,000 in promissory notes was settled through the transfer of 50 shares owned by HTC and hypothecated as security for the repayment of the notes. Proceeds for HTC are recorded as $500,000 increase to accounts receivable and $499,950 gain on fair market value of the shares. Effectively, the transfer of the shares diluted HTC's interest to 25% of the outstanding stock. The transaction has been treated as a loss of control transaction and a gain of $523,117 has been recognized in the Statement of Consolidated Income (Loss) (see Note 28).

5. Other receivables

	Dec. 31, 2017	Dec. 31, 2016
Loan to related party	$146,475	$255,693
Other receivables	1,454,542	2,204,870
	$1,601,017	$2,460,563

Loan to related party represents short-term loan to Kingsland Energy Corp. ("**KLE**") bearing interest at 6%. The loan is secured with a first charge on property of the third party. The loan amount has been adjusted to give consideration to the KLE creditor proposal which required a portion of the loan to be settled for shares. See Subsequent Events Note 31 below.

Also, included in other receivables is a $324,536 receivable from the sale of Pinnacle and $850,005 from **Clear GSI** (See Note 28).

6. Held for trading investments

The Corporation has invested funds in an investment portfolio with RBC Dominion Securities Inc. The Corporation has classified these shares as held-for-trading. The securities have been recorded at their trading prices based on December 31, 2017, quoted prices obtained from over the counter exchanges, and changes in fair value have been accounted for in the Consolidated Statement of Income (Loss).

7. Inventory

	Dec. 31, 2017	Dec. 31, 2016
Work in progress	$ -	$1,084,567
Materials and supplies	-	1,364,716
Finished goods	1,092,413	308,510
	$1,092,413	$2,757,793

In 2017, changes to work in progress, materials, supplies and finished goods recognized as cost of sales amounted to $102,837 (December 31, 2016 - $551,821). There were no adjustments for net realizable value or obsolescence during the Period or for the year ending December 31, 2017. Finished goods are restricted by agreement with respect to whom sales can be made to, for a period of 2 years, upon receipt of goods. Due to the restriction, these goods have been classified as long term.

8. Notes receivable and contingent consideration receivable

a) Notes receivable:

On April 1, 2016, **Maxx** sold a subsidiary **NuVision** to Ag Growth International Inc. ("**AGI**") under the terms and conditions of a sales agreement ("**Sales Agreement**"). Of the base initial payment of $12,000,000, $6,000,000 was settled by way of cash, with the remaining $6,000,000 of the proceeds on the sale to be paid by way of a credit note for products and services provided by AGI. The credit note may be redeemable by means of any and all products, materials produced by, and services provided by AGI and its subsidiaries. On September 26, 2017 the Corporation renegotiated the purchase price (see Note 28). The remaining balance of the note, as at December 31, 2017, is $896,153.

b) Contingent consideration receivable:

The 2016 contingent consideration was calculated based on estimated payments receivable from AGI on **NuVision**'s adjusted Earnings Before Interest Tax Depreciation and Amortization ("**EBITDA**") results over the years ended 2015, 2016, 2017, and 2018. The total contingent consideration will not exceed $14,000,000 and will be paid annually with the last payment to be made after calculation of the 2018 EBITDA, subject to final adjustments. This would result in total sale proceeds not to exceed $26,000,000. Half of the contingent consideration is to be settled by AGI through delivery of steel, other products and services to the **Maxx Group**.

At December 31, 2016, the estimated probability weighted present value of the contingent consideration receivable from AGI based on current information on the date of the sale was $4,909,607. This present value was included in the sale proceeds on the disposition of **NuVision** (see Note 28).

The present value was computed using a discount rate of 10%. Accretion in contingent consideration receivable balance of $530,670 at December 31, 2017 ($368,220 at Dec. 31, 2016) from the date of disposal to the year end, have been recognized in the statement of income as interest income.

A decrease in the probability weighting of 10% would have resulted in a decrease in the present value of contingent consideration receivable by $537,080.

An increase in the discount factor from 10% to 20% would have resulted in a decrease in the present value of contingent consideration receivable by $903,773.

On September 26, 2017 the Corporation renegotiated the Sales Agreement. Accordingly, there are no contingent receivables remaining at December 31, 2017.

9. Property, plant and equipment:

	Equipment	**Leaseholds**	**Vehicles**	**Buildings**	**Total**
Carrying amount Dec 31, 2016	**$1,751,929**	**$61,065**	**$528,753**	**$32,777**	**$2,374,524**
Additions	2,335	-	52,800	12,668,122	12,723,257
Disposals	-	-	-	-	-
Disposal of subsidiary assets (PIN)	(757,300)	(59,914)	(50,078)	-	(867,292)
Ownership change (CLEAR)	(945,924)	-	(369,128)	(32,777)	(1,347,829)
Amortization	(12,960)	(1,151)	(30,674)	-	(44,785)
Carrying amount Dec. 31, 2017	**$38,080**	**$-**	**$131,673**	**$12,668,122**	**$12,837,875**
Balance Dec. 31, 2017 is comprised of:					
Cost	$294,421	$151,113	$199,199	$12,668,122	$13,312,855
Accumulated Amortization	(256,341)	(151,113)	(67,526)	-	(474,980)
Carrying Amount	**$38,080**	**$-**	**$131,673**	**$12,668,122**	**$12,837,875**

	Equipment	Leaseholds	Vehicles	Buildings	Total
Carrying amount Dec 31, 2015	**$1,812,734**	**$157,886**	**$696,442**	**$41,226**	**$2,708,288**
Additions	622,140	-	550,105	-	1,172,245
Disposals	(318,560)	(1,163)	(190,042)-	-	(509,795)
Disposal of subsidiary assets	(134,638)	(78,611)	(278,300)	-	(491,549)
Amortization	(303,365)	(16,912)	(175,969)	(8,449)	(504,695)
Reclassification adjustment	73,618	(135)	(73,483)	-	-
Carrying amount Dec. 31, 2016	**$1,751,929**	**$61,065**	**$528,753**	**$32,777**	**$2,374,524**
Balance Dec. 31, 2016 is comprised of:					
Cost	$3,210,178	$299,677	$913,817	$88,885	$4,512,557
Accumulated Amortization	(1,458,250)	(238,613)	(385,063)	(56,106)	(2,138,033)
Carrying Amount	**$1,751,928**	**$61,064**	**$528,754**	**$32,778**	**$2,374,524**

Building additions relate to construction of grain and fertilizer handling facilities which are in progress as of December 31, 2017. Accordingly, no amortization has commenced. These facilities are being constructed on a property owned by one of the related parties Kambetiz Agri Inc. HTC intends to acquire these properties, and on October 1, 2017 a letter of intent in this regard was signed between the parties.

10. Lease receivables:

	Dec. 31, 2017	Dec. 31, 2016
Delta Reclaimer lease bearing no interest, receivable in monthly payments of $15,000 for the first 12 months and $8,889 thereafter. The lease matures July 6, 2019 and is secured by specific equipment.	$160,000	$266,667
Current portion	(106,667)	(106,667)
	$53,333	$160,000

Future minimum financing lease payments receivable are approximately:

2018	$ 106,667
2019	$ 53,333
Total	**$ 160,000**

11. Product development:

Product development costs represent costs incurred to date in connection with the design and construction of the CCS Purenergy® 1000, the Delta Reclaimer™ System ("**Delta Reclaimer**"), and the CCS FEEDengine®. Amortization of these costs commence once the development is substantially complete.

	Dec. 31, 2017	Dec. 31, 2016
Delta Reclaimer™ System	$ 278,792	$ 278,792
Amortization	(47,774)	(28,006)
	231,018	250,786
LCDesign® CCS	430,979	430,272
Amortization	(281,745)	(238,399)
	149,234	191,873
PDOengine	186,092	186,092
Amortization	(116,308)	(97,698)
	69,784	88,394
Total product development costs	$ 450,036	$ 531,053

12. Investment in Associates

Investment in Associates as of December 31, 2017 comprise of:

	December 31, 2017	December 31, 2016
Investment in Assist	$ 614,514	-
Investment in ClearGSI	513,604	-
Balance	$ **1,128,118**	-

On January 19, 2017, The Corporation acquired a 45% interest in Assist. The Corporation accounts for this investment using equity accounting. At December 31, 2017, the investment is as follows:

	December 31, 2017
Original Investment	$ 45
Loan to Assist	656,308
Proportional loss for the year	(41,839)
Balance	$ **614,514**

On December 27, 2017 there was a change in control reported regarding **ClearGSI**. Effectively on that date, the Corporation has a 25% interest in **ClearGSI**. The Corporation accounts for this investment using equity accounting. At December 31, 2017, the investment is as follows:

	December 31, 2017
Investment	$ 500,000
Proportional gain for the year	13,604
Balance	**$ 513,604**

13. Available for Sale Investments:

	Dec. 31, 2017	Dec. 31, 2016
Share Investments (a)	-	284,000
Share Investments (b)	219,537	469,945
	$219,537	$753,945

a) On December 31, 2016, the Corporation held 7,100,000 million common shares in KLE. Pursuant to the KLE proposal 4,678,367 common shares were issued for consideration of debt for $240,000, effective March 14, 2108. The transaction has been reflected in these Consolidated Financial Statements. The investment value has been fully written down to reflect the volume of shares as well as the limited trading volume and financial condition of KLE. (see Note 24).

b) On December 4, 2008 **HTC** acquired 2,500,000 shares in EESTech Inc. The Corporation has classified these shares as available-for-sale at fair value through other comprehensive income. The shares have been recorded at their trading price at December 31, 2017 (December 31, 2016) based on December 31, 2017, (December 31, 2016) quoted prices obtained from over the counter exchanges. The decrease in value of $250,408 has been considered as change in fair value and therefore, has been reported in other comprehensive income.

14. Patents:

	Cost	Accumulated amortization	Net book value
Carrying Value Dec. 31, 2016	$168,313	$(77,012)	$91,301
Additions	23,844	-	23,844
Amortization	-	(11,684)	(11,684)
Carrying Value Dec. 31, 2017	$192,157	$(88,696)	$103,461

	Cost	Accumulated amortization	Net book value
Carrying Value Dec. 31, 2015	$150,610	$(66,972)	$83,638
Additions	17,703	-	17,703
Amortization	-	(10,040)	(10,040)
Carrying Value Dec. 31, 2016	$168,313	$(77,012)	$91,301

15. Goodwill and intangible assets:

Goodwill impairment is tested at the operating segment level and is determined based on the carrying value of goodwill exceeding the operating segment's recoverable amount. The recoverable amount is the higher of fair value less cost to sell ("**FVLCS**") and value in use ("**VIU**"). If the impairment loss exceeds the carrying amount of goodwill, the goodwill is written off completely. Any impairment loss left over is allocated to the remaining assets of the operating segment.

In 2016, given the disposition of a major subsidiary of the **Maxx** operating segment, goodwill attributable to the **Maxx** operating segment was allocated on the closing date of the sale to the major subsidiaries of **Maxx** on a pro-rata basis using their relative fair values at the date of disposal. Goodwill attributed to **NuVision** has been included in the carrying value of assets and liabilities disposed and included as part of the calculation of the gain on disposal (see Note 28).

	Goodwill	Intangible assets subject to amortization	Total
Cost			
Balance at Dec. 31, 2015	$8,664,201	$3,019,236	$11,683,437
Disposal of **NuVision** (see Note 28)	(8,244,692)	-	(8,244,692)
Impairment	(419,509)	-	(419,509)
Balance at Dec. 31, 2016	$ -	3,019,236	3,019,236
Clear Change in Control	-	(161,636)	(161,636)
Balance at Dec. 31, 2017	$ -	**$2,857,600**	**$2,857,600**
Accumulated amortization			
Amortization for 2015	$ -	$94,707	$94,707
Balance at Dec. 31, 2015	-	546,154	546,154
Amortization for 2016	$ -	307,185	307,185
Balance at Dec. 31, 2016	-	$853,339	$853,339
Amortization for the period	$ -	179,428	179,428
Balance at Dec. 31, 2017		**$ 1,032,767**	**$ 1,032,767**

Carrying amounts (by operating segment)	$	-		
HTC CO_2 Systems		-	2,165,897	2,165,897
At Dec. 31, 2016	$	-	**$2,165,897**	**$2,165,897**
HTC CO_2 Systems		-	341,064	341,064
At Dec. 31, 2017	$	-	**$1,824,833**	**$1,824,833**

Management performed an analysis of the existence of indicators of impairment for intangible assets as at December 31, 2017. No indicators of impairment were noted that would necessitate an evaluation for an impairment write-down of intangible assets during the 2017 year (the "**Year**").

Amortization in the amount of $287,185 in December 31, 2017 (December 31, 2016 - $307,185) has been included in the Consolidated Statement of Income (Loss) under the caption "Amortization".

16. Financing Lease:

	Dec. 31, 2017	Dec. 31, 2016
Royal Bank of Canada sale leaseback bearing interest at 4.34% per annum, repayable in monthly blended payments of $16,500 to July 2016 at which time payments terms were amended and reduced to $9,501 per month for the remainder of the lease. The lease matures July 6, 2019 and is secured by the Delta Reclaimer (see Note 10).	$165,602	$269,871
Royal Bank of Canada sale leaseback bearing interest at 4.53% per annum, repayable in monthly blended payments of $5,818. The lease matures December 20, 2019 and is secured by equipment and vehicles with carrying values of $47,502 and $161,776, respectively, at December 31, 2016. A loss on the transaction has been recognized in the Consolidated Statement of Income (Loss) in the amount of $82,396.	-	190,428
Royal Bank of Canada sale leaseback bearing interest at 4.44% per annum, repayable in monthly blended payments of $19,066. The lease matures April 11, 2020 and is secured by equipment and vehicles with carrying values of $574,256 and $142,341, respectively, at Dec. 31, 2016. Deferred income of $153,779 on the sale leaseback transaction is being amortized into income on a straight-line basis over the remaining lease term.	-	691,855

Royal Bank of Canada sale leaseback bearing interest at 4.38% per annum, repayable in monthly blended payments of $3,981. The lease matures October 31, 2020 and is secured by equipment and vehicles with carrying values of $142,097 and $29,460, respectively, at December 31, 2016. There was no gain or loss on this transaction.	-	168,284
Principal balance	165,602	1,320,438
Current portion	(108,930)	(409,578)
	$56,672	$910,860

RBC Sales leaseback transactions relating to **ClearGSI** ($1,050,567) have been eliminated as a result of change in control.

Future minimum financing lease payments are approximately:

2018	114,013
2019	57,404
Total future minimum lease payments	171,417
Less: Future financing charges	(5,815)
Principal balance	165,602
Current portion	(108,930)
	$56,672

17. Long Term Debt:

All amounts in Canadian Dollars	Dec. 31, 2017	Dec. 31, 2016
Business Development Bank: $2,811 per month plus interest at a variable rate of approximately 6% with interest only payments for the months of August 2016 to July 2017, maturing February 15, 2022. Secured by a general assignment of a subsidiary's equipment.	-	171,471
Business Development Bank: $1,207 per month plus interest at a variable rate of approximately 6% with interest only payment for the months of August 2016 to July 2017, maturing February 15, 2022. Secured by a general assignment of a subsidiary's equipment.	-	73,627
Business Development Bank: $2,990 per month plus interest at variable rate of approximately 6% with interest only payment for the months of August 2016 to July 2017, maturing February 15, 2024. Secured by a general assignment of a subsidiary's equipment.	-	230,796

Business Development Bank: $7,450 per month plus interest at variable rate of approximately 6% with interest only payment for the months of August 2016 to July 2017, maturing April 15, 2020. Secured by a general assignment of a subsidiary's equipment.	-	335,250
Loan payable over three years with no fixed monthly payment and expected minimum annual payment of $100,000, bearing interest at 4%.	-	100,000
Vehicle loan payable with principle payments of $936 per month with 0% interest rate maturing February 1, 2020	-	35,565
Principle balance	-	946,709
Current portion	-	(183,521)
	$-	$763,188

Long term debt relating to **ClearGSI** ($35,565) has been eliminated as a result of conversion to Equity accounting. **Pinnacle** ($911,144) has been eliminated as a result of the sale.

The Corporation has a bank line of credit available through its subsidiaries in the amount of $300,000. As of December 31, 2017, the line of credit has not been drawn (December 31, 2016 - $340,000).

18. Share capital:

At December 31, 2017 and December 31, 2016, the Corporation had authorized an unlimited number of common shares and an unlimited number of preferred shares without par value. Common shares are voting, participating and are not subject to restrictions.

	As at Dec. 31, 2017		**As at Dec. 31, 2016**	
Common Shares	**Number**	**Amount**	**Number**	**Amount**
Balance, beginning of period	30,309,195	$39,008,214	30,309,195	$38,978,214
Expired Warrants see Note 19				30,000
Balance, end of period	30,309,195	$39,008,214	30,309,195	$39,008,214

19. Stock options and warrants:

The Corporation has a stock option plan for directors, officers, employees and consultants providing for the issuance of options to acquire up to ten percent of the issued and outstanding common shares of the Corporation. The following table reflects the stock option activity from January 1, 2014 through December 31, 2017 and the weighted average exercise price:

	As at Dec. 31, 2017		As at Dec. 31, 2016	
	Options	**Avg. Price**	**Options**	**Avg. Price**
Outstanding, and exercisable, beginning of year	2,250,000	$0.13	2,250,000	$0.13
Expired options	(1,400,000)	(0.13)		
Outstanding and exercisable, end of period	850,000	$0.14	2,250,000	$0.13

Options issued on October 26, 2012 and November 26, 2012, expired on October 25, 2017 and November 25, 2017 respectively. The original valuation of the options of $36,000 (residual value of the consideration received and share trading value at the issuance date) originally recorded to contributed surplus has been reclassified to deficit.

Options issued in 2013 expire over the coming months. See subsequent events Note 31.

Option pricing models require the input of highly subjective assumptions including the expected price volatility. Expected volatility considers the historical volatility of the Corporation's shares and any other features of the option grant that may impact the measurement of fair value such as market conditions. Change in the subjective input assumptions can materially affect the fair value estimate, and therefore the existing models do not necessarily provide a reliable single measure of the fair value of the Corporation's stock options.

Share purchase warrants	**As at December 31, 2017**		**As at Dec. 31, 2016**	
	Warrants	**Avg. Price**	**Warrants**	**Avg. Price**
Outstanding and exercisable, beginning of year	5,600,000	$0.16	6,600,000	$0.20
Expired	(1,350,000)	(0.13)	(1,000,000)	(0.40)
Outstanding and exercisable, end of year	4,250,000	$0.16	5,600,000	$0.16

Warrants issued on October 25, 2012, expired on October 24, 2017. The original valuation of the warrants of $108,000 (residual value of the consideration received and share trading value at the issuance date) originally recorded to contributed surplus has been reclassified to share capital. The total fair value of stock-based compensation expense on outstanding stock options and fair value of warrants granted to directors, employees and consultants of the Corporation and through private placement as at December 31, 2017 was $766,556 (December 31, 2016 $910,556).

Warrants issued in 2013 expire over the coming months. See subsequent events Note 31.

20. Provision for income taxes:

Tax positions showing on the Consolidated Financial Statement are a result of tax provision made for **Maxx Group** operations and are estimates based on income to December 31, 2017 using a rate of 27% (2016 - 27%).

Income tax provision (recovery) differs from the amount that would be computed by applying the Federal and Provincial statutory income tax rate of 27% (2016 – 27%) for the following reasons:

As at December 31	**2017**		**2016**
Computed income tax expense (recovery)	218,973	$	1,146,892
Increase (reduction) attributable to:			
Difference in accounting versus taxable gain on disposition of subsidiary	(1,488,306)		(299,539)
Extinguishment of deferred tax liabilities on property and equipment	-		(183,427)
Deferred tax liability on future consideration receivable	-		1,480,858
Goodwill and other non-deductible expenses including unutilized tax pools	48,962		55,006
Adjustment of net future tax assets for enacted changes in tax laws and rates and other differences:	(1,220,371)		2,199,790
Change in unrecognized deferred tax asset	35,640		(859,939)
	(1,184,731)	$	1,339,851

As at December 31, 2017, the Corporation had an anticipated balance of approximately $163,074 (2016: $163,074) of tax credits available to reduce future year taxes (expiring December 31, 2017 to 2031). The amounts of tax credits ultimately received by the Corporation are subject to review by the Canada Revenue Agency and the Saskatchewan Minister of Finance for technical and financial aspects of the tax credit claims.

As at December 31, 2017, the Corporation had accumulated non-capital losses for income tax purposes of approximately $8,537,864 (2016: $7,983,531) available for carry-forward as a deduction from future income. The losses expire between the years of 2029 to 2037.

Deferred income taxes reflect temporary differences between the carrying amount of the assets and liabilities for financial reporting purposes and the amounts for income tax purposes. The components of the Corporation's non-recognized deferred income tax asset are as follows:

	2017	2016
Property, plant and equipment	$268,973	$ (200,552)
Investments	1,196,660	1,551,656
Intangible assets	(39,101)	(94,123)
Finance leases	(44,713)	310,147
Non-capital losses	2,305,223	2,155,555
Valuation allowance	(3,687,042)	(3,722,683)
	$ -	$ -

Deferred taxes liabilities recognized at December 31, 2017 represent temporary differences arising from future consideration receivable from AGI on the sale of **NuVision**.

21. Financial instruments:

Fair Value

The Corporation's financial instruments consist of cash, held for trading investments, accounts receivable, other receivables, loan receivable, certain portion of contingent consideration receivable, bank line of credit, accounts payable and accrued liabilities, long term debt and available-for-sale investments. The fair values of cash, accounts receivable, bank line of credit, and accounts payable and accrued liabilities approximate their carrying value because of the short-term nature of these instruments. The fair value of other receivables and contingent consideration receivable approximate their carrying value as the terms and conditions of these receivables (interest and collaterals) approximate the market conditions.

The fair values of long-term debt also approximate their carrying values as the Corporation pays market interest rates and there are no other arrangement fees or commissions related to these loans.

Fair value measurements recognized in the Consolidated Statement of Financial Position must be categorized in accordance with the following levels:

(i) Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

(ii) Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e., derived from prices); and

(iii) Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Corporation categorized the fair value measurement of its held-for-trading investments, available-for-sale investments recorded at fair value and cash in Level 1 as they are primarily derived directly from reference to quoted (unadjusted) prices in over the counter markets.

The Corporation's financial instrument classification is summarized as follows:

	December 31, 2017			
	Level 1	Level 2	Level 3	Total
Cash	$1,159,457	$ -	$ -	$1,159,457
Accounts receivable and other receivables	-	1,625,633	-	1,625,633
Available for sale and held for trading investments	2,903,267	-	-	2,903,267
Loan receivable	-	3,068,916		3,068,916
Notes receivable		896,153		896,153
Accounts payable and accrued liabilities	-	(1,300,170)	-	(1,300,170)
	$4,062,724	$4,290,532	$ -	$8,353,256

	December 31, 2016			
	Level 1	Level 2	Level 3	Total
Cash	$2,749,347	$ -	$ -	$2,749,347
Accounts receivable and other receivables	-	4,517,923	-	4,517,923
Contingent consideration receivable		2,638,914		2,638,914
Available for sale and held for trading investments	3,314,129	-	-	3,314,129
Accounts payable and accrued liabilities	-	(2,117,587)	-	(2,117,587)
Operating line of credit	-	(340,000)		(340,000)
Long term debt including current portion	-	(946,709)	-	(946,709)
	$6,063,476	$3,752,541	$ -	$9,816,017

22. Supplemental Cash Flow Information:

Information below is based on the consolidated operations.

Change in working capital is comprised of	Dec. 31, 2017	Dec. 31 2016
Accounts and other receivables	$1,224,149	$(2,145,567)
Inventory	-	457,413
Prepaid expense	21,000	22,053
Accounts payable and accrued liabilities	458,887	(3,244,403)
Government remittances	(292,004)	(13,471)
Corporate tax payable	175,136	329,637
	$1,587,168	$(4,594,338)

23. Per share amounts:

Basic net earnings (loss) per common share have been calculated using the weighted average number of common shares outstanding during the Year. Diluted net earnings (loss) contemplate the potential effect of holders of stock options and share purchase warrants exercising their right to acquire shares.

Weighted average shares outstanding:	Dec. 31, 2017	Dec. 31, 2016
Basic	30,309,195	30,309,195
Diluted	32,149,361	33,367,959

24. Related party transactions:

Related party transactions include transactions with corporate investors who have representation on the Corporation's Board. The revenue and costs recognized with such parties reflect the prices and terms of sales and purchase of transactions with related parties in accordance with normal trade practices.

During the Period, the Corporation paid $30,097 (December 31, 2016 - $7,326) for legal services from a law firm that a director is a partner of. As of December 31, 2017, there are no outstanding amount owing to the law firm (December 31, 2016 - $Nil).

HTC currently rents facilities on a month to month basis from KF Group of Companies ("**KFG**"). KFG is considered a related party through one of **HTC**'s directors. Total rent paid to KFG for the Period is $129,269 (December 31, 2016 - $118,976). As of December 31, 2017, there are no outstanding amount owing to KFG (December 31, 2016 - $17,370).

KLE is considered a related party due to common directors and common management. **HTC** has a secured short-term loan to KLE (see Note 5). **HTC** has consultancy expenses of $Nil (December 31, 2016 - $Nil) to KLE and administrative revenues of

$Nil (December 31, 2016 - $9,600) from KLE. As of December 31, 2017, there is no amounts payable owing from KLE (December 31, 2016 - $Nil), with the exception of, the loan described in Note 5.

The Corporation had an outstanding loan of $386,475 from KLE. KLE, due to financial difficulties, made proposal to its creditors. On October 24, 2017 the proposal was accepted by the Corporation whereby $240,000 of loans receivable was converted to 4,678,367 common shares and the remaining balance of $146,475 was payable by KLE. On March 12, 2018, KLE obtained NEX approval of the shares for debt transaction pursuant to the terms of the proposal. On March 14, 2018, all required legal and regulatory approvals were obtained and common shares were issued.

The transactions were conducted in the normal course of business, except the above transaction with KLE.

Compensation

The key management personnel of the Corporation consist of the executive officers, vice-presidents, other senior managers and members of the Board. Key management personnel also include those persons that have the authority and responsibility for planning, directing and controlling the activities of the Corporation, directly or indirectly. Compensation for the Period was $394,000 (2016 - $394,000). During the Period, the Corporation paid director compensation in the amount of $3,500 (2016 - $4,000). In addition to their salaries, senior management and directors also participate in the Corporation's share-based compensation plans.

The Corporation has employment agreements with its Chairman and CEO, and with its Sr. Vice-President and CFO. Compensation is paid in accordance with the remuneration package agreed upon by the Corporation's Compensation Committee and the individuals respectively. This remuneration package is subject to periodic review and adjustment by the Compensation Committee, based on performance.

The terms of the agreement for the Chairman and CEO state that he shall receive upon termination of employment or in the event of a change of control, the equivalent of thirty-six months, plus one month for every year of service to a maximum of forty-eight months, in total compensation. The terms of the agreement for the Sr. Vice-President and CFO state that he shall receive upon termination of employment or in the event of a change of control, the equivalent of twenty-four, plus one month for every year of service to a maximum of thirty-six months, in total compensation. The total compensation is calculated using the average for the twelve months prior to termination or change of control, alternatively the average since January 1, 2008, whichever amount is greater. This total compensation includes all benefits.

25. Financial risk management:

Management's risk management policies are typically performed as a part of the overall management of the Corporation's operations. Management is aware of risks related to these objectives through direct personal involvement with employees and outside parties. In the normal course of its business, the Corporation is exposed to a number of risks that can affect its operating performance. Management's close involvement in operations helps identify risks and variations from expectations. The Corporation has not designated transactions as hedging transactions to manage risk. As a part of the overall operation of the Corporation, management considers the avoidance of undue concentrations of risk. These risks and the actions taken to manage them include the following:

Liquidity risk is the risk that the Corporation cannot meet its financial obligations associated with financial liabilities in full. The Corporation's main sources of liquidity are its operations and equity financing. The funds are primarily used to finance working capital and capital expenditure requirements and are adequate to meet the Corporation's financial obligations associated with financial liabilities. Risk associated with debt financing is mitigated by having negotiating terms over several years and renegotiating terms before they are due.

The timing of cash outflows relating to the financial liabilities are outlined in the table below:

Dec. 31, 2017	**< 1 year**	**1-2 years**	**3-5 years**	**Thereafter**	**Total**
Accounts payable and accrued liabilities	$1,300,170	$ -	$ -	$ -	$1,300,170
Balance	**$1,300,170**	**$ -**	**$ -**	**$ -**	**$1,300,170**

Dec. 31, 2016	**< 1 year**	**1-2 years**	**3-5 years**	**Thereafter**	**Total**
Accounts payable and accrued liabilities	$2,117,586	$ -	$ -	$ -	$2,117,586
Operating Line of credit	340,000	-	-	-	340,000
Long term debt	183,521	369,454	393,734	-	946,709
Balance	**$2,641,107**	**$369,454**	**$393,734**	**$ -**	**$3,404,295**

Currency risk is the risk that changes in foreign exchange rates may have an effect on future cash flows associated with financial instruments. The Corporation has no significant transactions denominated in foreign currency and is not exposed to any material foreign currency risk, aside from broad unquantifiable macro-economic factors arising from fluctuations in foreign exchange, which could result in Canadian products becoming more expensive to international purchasers.

Foreign exchange risk is primarily associated with contracts for services and contracts of supplies and services. Substantially all of the Corporation's revenues and expenses are denominated in Canadian dollars, and therefore isolated from foreign exchange risk.

Interest rate risk primarily is associated with interest fluctuations earned on the Corporation's cash and term deposits and long-term debt. The Corporation mitigates exposure by attempting to match rates and terms to expected cash requirements, and through having the majority of its revenues and expenses denominated in Canadian dollars. Interest risk associated with long term loans is mitigated by arranging terms that extend for multiple years (see Note 17). A 1% change in the prime interest rate would have a negligible impact on the Corporation's income.

Credit risk is the risk of financial loss if counterparty to a financial transaction fails to meet its obligations. The Corporation attempts to reduce such exposure to its cash and short-term deposits by only investing in low risk investments with Canadian Chartered Banks and taking advantage of government guarantees. The Corporation attempts to reduce its loss on amounts receivable by assessing the ability of the counterparties to fulfill their obligation under contract prior to entering into the contracts and by the nature of customers the Corporation deals with. At December 31, 2017, the Corporation had an allowance for doubtful accounts of $128,600 (December 31, 2016 - $155,244).

Due to project-based nature of the Corporation's operations, management considers accounts receivable outstanding less than 90 days to be current amounts. Over 90 days are also considered current, if extended terms exist and security is provided, or amounts are subject to contract restrictions and performance markers. The aging of the Corporation's accounts receivable at December 31, 2017 and December 31, 2016 is as follows:

	Current	**Over 90 Days**	**Total**
Aging of accounts receivable at Dec. 31, 2017	$11,001	$13,615	$24,616
Aging of accounts receivable at Dec. 31, 2016	$1,839,715	$217,645	$2,057,360

26. Capital Disclosures:

There are no restrictions on the Corporation's capital. The Corporation's capital is summarized as follows:

	Dec. 31, 2017	Dec. 31, 2016
Shareholders' equity	$25,460,172	$23,437,513
Current portion of financing lease	108,930	409,578
Current portion of long term debt	-	183,521
Financing leases	56,672	910,860
Long term debt	-	763,188
Balance	**$25,625,774**	**$25,704,660**

The Corporation's objectives when managing capital are to:

- maintain financial flexibility in order to preserve its ability to meet financial obligations;
- deploy capital to provide an appropriate investment return to its shareholders in the future; and
- maintain a capital structure that allows multiple financing options to the Corporation, should a financing need arise.

The Corporation's financial strategy is designed and formulated to maintain a flexible capital structure consistent with the objectives stated above and to respond to changes in economic conditions and the risk characteristics of underlying assets. In order to maintain or adjust its capital structure, the Corporation may issue new shares, raise debt (secured, unsecured, convertible and/or other types of available debt instruments) or refinance existing debt with different characteristics.

27. Operating Segments:

The Corporation has two reportable operating segments: **HTC CO_2 Systems** and **Maxx**, of which there is a material non-controlling interest as described in Note 29. These operating segments are differentiated by the products and services that each produces. **HTC CO_2 Systems** provides products and services related to energy technologies and CO_2 Systems**.** **Maxx** provides consulting and logistical support for its subsidiary operations and others, should the opportunity arise. **Maxx** is also in the process of developing grain and fertilizer handling facilities at Western Canadian rail locations**.** Both segments utilize various brands and trading names in their operations.

December 31, 2017	HTC CO_2 Systems	Maxx	Combined
Sales	$66,923	$102,570	$169,493
Engineering, process design and services	$100,000	-	$100,000
Cost of sales	-	102,837	102,837
Engineering, process design and consulting	$100,000	-	$100,000

Commercialization, product development and administration	916,883	2,672,262	3,589,145
Research and Development	21,000	-	21,000
Amortization	370,793	-	370,793
Finance costs	7,737	417,873	425,610
Loss from commercial operations	$(1,249,490)	$(3,090,402)	$(4,339,892)

December 31, 2016	HTC CO_2 Systems	Maxx	Combined
Sales	$30,859	$ -	$30,859
Engineering, process design and consulting	31,446	-	31,446
Cost of sales	3,165	-	3,165
Engineering and process design services	26,618	-	26,618
Commercialization, product development and administration	2,176,560	1,344,210	3,520,770
Research and Development	21,000		21,000
Amortization	368,124	-	368,124
Finance cost	14,734	-	14,734
Loss from commercial operations	$(2,547,896)	$(1,344,210)	$(3,892,106)

December 31, 2017	HTC CO_2 Systems	Maxx	Combined
Cash	$173,781	$985,676	$1,159,457
Property and equipment	130,952	12,706,923	12,837,875
Goodwill and intangibles	1,824,833	-	1,824,833
Total assets	$2,129,566	$13,692,599	$15,822,165

December 31, 2016	HTC CO_2 Systems	Maxx	Combined
Cash	$1,140,998	$1,608,349	$2,749,347
Property and equipment	1,507,232	867,292	2,374,524
Goodwill and intangibles	2,165,897	-	2,165,897
Total assets	$4,814,127	$2,475,641	$7,289,768

28. Discontinued Operations:

The following operations of the Corporation have been assessed and accordingly disclosed as discontinued operations:

- Operations related to NuVision
- Operations related to Pinnacle
- Operations related to ClearGSI

On April 1, 2016, **Maxx** sold its wholly owned subsidiary **NuVision** to AGI.

On December 27, 2017 the Corporation lost its control on ClearGSI group. Accordingly, the Corporation prospectively recognized the retained share in ClearGSI at fair value at the date of loss of controls and any earnings arising from ClearGSI subsequent to December 27, 2017 using equity accounting.

On January 1, 2017 **Maxx** sold its wholly owned interest in **Pinnacle** for consideration of $501,894 and the repayment of loans due to **Maxx** of $3,068,916.

The net income from these operations has been reported as income from discontinued operations in the consolidated statement of income (loss). A breakdown of the net income from discontinued operations earned by the Corporation is provided below:

Net income (loss) from discontinued operations:	**December 31, 2017**	**December 31, 2016**
NuVision operations (Note a)	$-	$865,765
Pinnacle operations (Note b)	-	(753,716)
Clear GSI operations (Note c)	377,223	(264,687)
Net income from discontinued operations	**$377,223**	**$152,638**

In addition to the net income above, the Corporation earned gain of disposal of these subsidiaries. A breakdown of gain on disposal is provided below:

Gain on disposal of assets:	**December 31, 2017**	**December 31, 2016**
NuVision operations (Note a)	4,211,445	9,183,826
Pinnacle operations (Note b)	777,683	(419,509)
Clear GSI operations (Note c)	523,117	2,663
Gain on disposal of assets	**5,512,245**	**8,766,979**

a) On April 1, 2016, **Maxx** sold its wholly owned subsidiary **NuVision** to AGI. The purchase price was based on 5 times the average EBITDA of **NuVision** for the financial years 2015, 2016, 2017, and 2018. At closing, the initial payment of the purchase price was settled with a consideration equal to $12,000,000. The balance of the purchase price will be partially paid annually and will not exceed $14,000,000, with the last payment to be made after calculation of the 2018 EBITDA, subject to final adjustments. Total potential purchase price was not expected to exceed $26,000,000.

Income from discontinued operations:

The following is an analysis of the income from discontinued operations.

Net profit from discontinued operations:	**March 31, 2017**	**March 31, 2016**
Sales	-	$6,723,658
Cost of sales	-	(5,133,713)
Commercialization, product development and administration	-	(371,628)
Amortization	-	(27,367)
Operating profit	**-**	**1,190,950**
Tax on the result for the period	-	(325,185)
Net profit from discontinued operations	**-**	**$865,765**
Earnings per share from discontinued operations attributable to shareholders of the Corporation – basic	-	**$0.02**
Earnings per share from discontinued operations attributable to shareholders of the Corporation – diluted	-	**$0.02**

Cash flows of discontinued operations	March 31, 2017	March 31, 2016
Cash flows from (used by) operations	-	$(3,044,680)
Cash flows from (used by) investing	-	(56,003)
Cash flows from (used by) financing	-	-

Gain on disposal of subsidiary:

In 2016 for the determination of gain on disposal of NuVision, the accounted for base consideration of $12,000,000, the final working capital purchase adjustment of $2,158,783, and the present value of contingent consideration receivable from AGI of

$4,909,607 (see Note 8). The gain on disposal for the year ended December 31, 2016 was calculated as follows:

Gain from divestment of business:	**March 31, 2016**
Cash	$56,593
Accounts receivable	4,438,419
Employee advances	5,514
Inventory	1,158,006
Prepaid	22,057
Property and equipment	491,549
Goodwill	8,244,692
Accounts payable and accrued liabilities	(3,940,206)
Government remittances	(264,948)
Corporate tax payable	(327,112)
Net assets	**9,884,564**
Sale price	12,000,000
Working capital adjustment	2,158,783
Contingent consideration	4,909,607
Gain from divestment of business	**$9,183,826**

On September 26, 2017, Maxx renegotiated the purchase price under the Sale Agreement resulting in total proceeds on the sale being adjusted to $24,000,000, the overall gain being increased to $14,115,436, an additional cash consideration of $3,350,000 payable and an additional credit note of $8,650,000. The incremental gain of $4,211,445 has been recognized in the consolidated statement of income (loss).

b) On January 1, 2017 **Maxx** sold its wholly owned interest in **Pinnacle** for share consideration of $501,894 and the repayment of loans due to **Maxx** of $3,068,916 resulting in a gain of $810,818.

Income from discontinued operations:

The following is an analysis of the income from discontinued operations:

Net profit from discontinued operations:	December 31, 2017	December 31, 2016
Sales	-	$7,083,155
Cost of Sales	-	5,540,373
Commercialization, product development and administration	-	1,726,923
Amortization	-	243,052
Finance cost	-	46,523
Operating loss	**-**	**(473,716)**
Other Income	-	-
Loss on disposal of assets	-	(280,000)
Net profit from discontinued operations	**-**	**$(753,716)**
Earnings per share from discontinued operations attributable to shareholders of the Corporation – basic	-	(0.03)
Earnings per share from discontinued operations attributable to shareholders of the Corporation – diluted	-	(0.02)
Cash flows of discontinued operations	December 31, 2017	December 31, 2016
Cash flows from (used by) operations	-	$145,080
Cash flows from (used by) investing	-	(11,244)
Cash flows from (used by) financing	-	(101,206)

Gain on disposal of subsidiary:

In determining the sale price of **Pinnacle**, the Corporation has included in its determination the base consideration of $501,894. Pinnacle is also required to pay a loan from **Maxx** in the amount of $3,068,196. Given the fact that the loan is repayable in future, the balance has been discounted using a discount rate of 5%. As of December 31, 2017, the amortized cost of the loan is $2,655,045.

Gain from divestment of business:	**December 31, 2016**
Cash	$799,780
Accounts receivable	1,557,118
Employee advances	13,488
Inventory	2,082,680
Prepaid	3,621
Property and equipment	867,292
Accounts payable and accrued liabilities	(764,913)

Current portion long term debt		(72,290)
Government remittances		(38,645)
Customer Deposits		(138,469)
Loans Payable		(738,854)
Other adjustments		(810,818)
Loan from **Maxx**		(3,068,916)
Net assets (Liability)		**(308,924)**
Sale price		501,984
		810,818
Financing adjustment		33,135
Gain from divestment of business	**$**	**777,683**

c) On December 27, 2017 **HTC** ownership position in **ClearGSI** was reduced from 52% to 25%. This event resulted in loss of control at **ClearGSI** and therefore, the Company has disclosed the net income from operations as income from discontinued operations.

Income from discontinued operations:

The following is an analysis of the income from discontinued operations during 2017.

Net profit from discontinued operations:	December 27, 2017	December 31, 2016
Sales	$3,266,278	$1,993,013
Cost of Sales	1,135,107	548,656
Commercialization, product development and administration	1,465,237	1,487,706
Amortization	291,992	291,763
Finance cost	41,082	37,637
Operating loss	**(332,860)**	**(372,749)**
Other Income (loss)	(3,150)	237
Loss on disposal of assets	(41,213)	(33,182)
Deferred income tax recovery	-	183,427
Current tax provision	-	(42,420)
Net profit from discontinued operations	**$(377,223)**	**$(264,687)**

Earnings per share from discontinued operations attributable to shareholders of the Corporation – basic	**(.01)**	(.01)
Earnings per share from discontinued operations attributable to shareholders of the Corporation – diluted	(.01)	(.01)

Cash flows of discontinued operations	December 31, 2017	December 31, 2016
Cash flows from (used by) operations	253,988	$(171,834)
Cash flows from (used by) investing	75,420	(332,719)
Cash flows from (used by) financing	(316,528)	361,653

Beginning December 28, 2017 HTC accounts for any income considerations using the Equity Method of accounting.

Gain on disposal of subsidiary:

The gain on loss of control in ClearGSI is computed as follows:

Gain from divestment of business:	**December 27, 2017**
Cash	$74,794
Accounts receivable	1,076,194
Goodwill and intangibles	53,878
Inventory	266,221
Prepaid	21,922
Property and equipment	1,177,035
Accounts payable and accrued liabilities	470,359
Current portion long term debt	11,231
Current portion lease payable	319,355
Government remittances payable	6,297
Current portion deferred income	49,087
Line of credit	420,000
Loans payable	13,103
Lease payable	425,913
Shareholder Loans	850,005
Long term deferred income	55,605
Accumulated non-controlling interest	422,794
Net assets	**$476,883**
Sale price:	1,000,000

Receivable	500,000
Fair value of retained investment	500,000
Gain from divestment of business	**$523,117**

29. Details of non-wholly owned subsidiaries with material non-controlling interest:

The portion of net assets and net loss attributable to **Maxx** third party shareholders is reported as non-controlling interests and net loss attributable to non-controlling interests on the Consolidated Statements of Financial Position and Loss respectively. Non-consolidated details of the revenue and expenses associated with **Maxx** are summarized in Note 27. Additional information is as follows.

	December 31, 2017	
	Maxx	**HTC**
Total Assets	$20,540,444	$27,222,061
Total Liabilities	$ 1,523,295	$ 1,761,889

	December 31, 2016		
	Maxx	**ClearGSI**	**HTC**
Total Assets	$23,501,297	$2,508,009	$30,326,116
Total Liabilities	2,557,762	$2,007,937	$10,557,290

30. Commitments and Contingencies:

The Corporation rents office facilities on a month to month basis under a lease agreement with a related party of the Corporation (see Note 24), with minimum monthly rental payments of $9,475.

HTC is engaged in a license dispute with one of its CO_2 capture technology providers. The commercial effect and outcome of this license technology dispute can't be determined at this time. On September 14, 2017 the Court of Queen's Bench of Saskatchewan, in a summary judgement, awarded preliminary cost recoveries to HTC.

HTC subsidiary **PLT** intends to buy property, on which its facility is located on approval of subdivision, for an estimated value of $950,000. In the event subdivision is not allowed, the property will be leased at commercial rates.

31. Subsequent Events

On January 10, 2013 the Corporation issued 1,500,000 warrants with a value of $210,000. These warrants expired January 9, 2018.

On May 1, 2013 the Corporation issued 750,000 warrants with a value of $123,750. These warrants expire on April 30, 2018.

On May 22, 2013 the Corporation issued 2,000,000 warrants with a value of $348,000. These Warrants expire on May 21, 2018.

On January 30, 2018, the Corporation issued 2,104,546 units at a price of $0.11 per unit, for the gross proceeds of $231,500. These units were issued to two directors of the Corporation. Each unit consists of one common share and one common share purchase warrant ("**Warrant**"). Each Warrant entitles the holder to purchase one common share of HTC at $0.15 per common share until January 29, 2023. The common shares issued are subject to a hold period under applicable securities law until May 31, 2018. The purchase of 454,546 of these warrants were financed by a loan receivable to an officer and director, Jeffrey Allison, and secured against future severance due. Under the terms of the agreement, if the director's employment be terminated and it is determined by HTC, in its sole discretion, that he is not entitled to a severance payment, then the loan amount will immediately become due and payable and the outstanding amount shall bear interest from the due date, as a rate of 5% per annum.

On March 27, 2013 the Corporation issued 250,000 stock options with a value of $33,750. These options expired March 26, 2018.

On April 4, 2013 the Corporation issued 350,000 stock options with a value of $47,250 The options expired April 3, 2018.

On May 3, 2013 the Corporation issued 250,000 stock options with a value of $33,750. The options expired May 2, 2018.