BIOMASS

CO_2

RECLAIM
RECYCLE
REUSE

HTC PURENERGY INC.
2018 ANNUAL REPORT

CLEAN ENERGY

CBD

delta purification

reclaim
recycle
reuse

"purification for the energy and biomass industries"

Corporate Overview

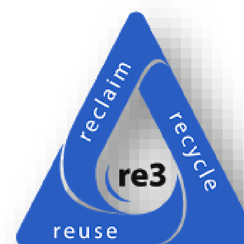
The **HTC** Group of **Advanced Extraction Technology** Companies is involved in the following market sectors:

Clean Energy and Biomass

HTC's Extraction Systems™ Group has developed proprietary gas, liquid and biomass extraction systems that have been designed to extract from gas, liquids and biomass and for the distillation and purification of ethanol and ethanol-based solvents used for this extraction. The **HTC Extraction System™** has been engineered to reduce capital and operating costs, while at the same time delivering superior performance by reducing energy usage, lowering emissions, and improving the quality of the product being produced.

delta
purification

reclaim
recycle
reuse



"purification for the energy and biomass industries"

Purification Systems

HTC has completed the WTO patenting, commercialization and the construction and commissioning of the **Delta Purification™** System. A **Delta Purification™** System reclaimer unit is like a kidney in the human body, in that it removes the impurities that build up in ethanol, glycols and liquids used as solvents in commercial clean energy and biomass extraction systems. This system allows these liquids to be reclaimed, recycled and reused; reducing overall costs and while reducing the environmental footprint.

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, 2018 ("**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, 2018 ("**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, 2018.

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"
LIONEL KAMBEITZ
CHAIRMAN & CEO

Signed "Jeffrey Allison"
JEFFREY ALLISON
SR. VICE-PRESIDENT & CFO

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Calgary AB T2P 0P7
Canada

Independent Auditor's Report

To the Shareholders of HTC Purenergy Inc.

Opinion

We have audited the consolidated financial statements of HTC Purenergy Inc. and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at December 31, 2018, and the consolidated statements of income (loss), other comprehensive income (loss), changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2018, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

The consolidated financial statements for the year ended December 31, 2017 were audited by the firm of Calvista LLP, whose practice now operates under BDO Canada LLP, who expressed an unmodified opinion on the those consolidated financial statements on April 30, 2018.

Other Information

Management is responsible for the other information. The other information comprises the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained the Management's Discussion & Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with IFRSs, 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.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

BDO Canada LLP, a Canadian limited liability partnership, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the International BDO network of independent member firms.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities of the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Abdur Sharjeel.

BDO Canada LLP

Chartered Professional Accountants

620, 903 – 8th Avenue SW
Calgary, Alberta
T2P 0P7
May 3, 2019

Consolidated Statement of Financial Position

(In Canadian dollars) For the year ended December 31	Note	Dec. 31, 2018	Dec. 31, 2017
ASSETS			
Current Assets:			
Cash		$ 1,584,658	$ 1,159,457
Accounts receivable	23	692,509	24,616
Other receivables	4	107,437	1,601,017
Government remittances receivable		381,194	389,769
Inventory	7	373,865	-
Grain Contract Assets	5	1,069,677	-
Investments at fair value through P&L	6	1,182,122	2,683,731
Current portion of lease receivable	11	-	106,667
Assets held for sale	15	1,763,884	-
		7,155,346	5,965,257
Property, plant and equipment	10	22,907,625	12,837,875
Inventory – long term	7	-	1,092,413
Other receivables – long term	4	226,948	-
Loan receivable	9	2,483,942	2,651,045
Notes receivable	8	-	896,153
Lease receivable	11	-	53,333
Product development	12	370,786	450,036
Investment in associate and joint venture	13	437,964	1,128,118
Investments at fair value through OCI	14	187,577	219,537
Patents	16	108,748	103,461
Intangible assets	17	191,526	1,824,833
Total Assets		$34,070,462	$27,222,061
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current Liabilities:			
Accounts payable and accrued liabilities	27	$ 4,059,980	$ 1,300,170
Corporate tax payable	22	-	175,136
Current portion of financing lease	18	142,092	108,930
Current portion of long-term debt	19	399,996	-
		4,602,068	1,584,236
Deferred tax liability	22	-	120,981
Financing lease	18	231,980	56,672
Long term debt	19	7,433,339	-
		12,267,387	1,761,889
Shareholders' equity:			
Share capital	20	39,159,320	39,008,214
Contributed surplus	21	80,394	766,556
Accumulated deficit		(21,381,708)	(18,533,466)
Accumulated other comprehensive gain (loss)		(125,953)	(93,992)
Total equity attributable to shareholders of the Corporation		17,732,053	21,147,312
Total equity attributable to non-controlling interest		4,071,022	4,312,860
Total equity		21,803,075	25,460,172
Total liabilities and equity		$34,070,462	$27,222,061

See accompanying notes to the Consolidated Financial Statements

See notes 32 Commitments and Contingencies and 33 Subsequent Events

Consolidated Statement of Income (Loss)
(In Canadian dollars)

For the year ended December 31	Note	2018	2017
Revenue:			
Product sales		247,000	169,493
Engineering, process design & consulting		-	100,000
Fertilizer handling services		474,655	-
Fertilizer facility rent		57,655	-
Grain handling services		35,613	-
Others		209,498	-
		1,024,421	269,493
Expenses:			
Cost of sales		340,605	102,837
Engineering and process design services		-	100,000
Commercialization, product development and administration		2,970,261	3,589,145
Research and development		-	21,000
Amortization		1,056,999	370,793
Finance costs		5,084	425,610
		4,372,949	4,609,385
Loss from Operations		(3,348,528)	(4,339,892)
Interest and other income		780,762	190,893
Income from disposal of Assets		22,839	5,512,245
Loss from equity investment in **Assist** (net of tax)	13	(100,455)	(41,839)
Income from equity investment in **ClearGSI** (net of tax)	13	140,053	13,604
Impairment of intangible	17	(1,400,000)	-
Impairment of investment	13	(72,288)	(524,000)
Income (loss) for the period before tax		(3,977,617)	811,011
Income tax recovery	22	120,981	(1,184,731)
Income (loss) from continuing operations		(3,856,636)	1,995,742
Income (loss) from discontinued operations (net of tax provision)	30	-	377,223
Net income (loss) for the year		$(3,856,636)	$2,372,965
Income (loss) for the period attributable to:			
Shareholders of the Corporation		$(3,614,798)	$1,881,603
Non-controlling interest		(241,838)	491,362
Net income (loss) for the year		$(3,856,636)	$2,372,965
Income per share – basic		(0.09)	0.07
Income per share – fully diluted		-	0.07
Income per share from continuing operations – basic		(0.08)	0.06
Income per share from continuing operations – diluted		-	0.06

See accompanying notes to the Consolidated Financial Statements

Consolidated Statement of Other Comprehensive Income (Loss)

(In Canadian dollars)

For the year ended December 31	Note	2018	2017
Net income for the period		**$(3,856,636)**	**$2,372,965**
Other comprehensive loss for the period	14	(31,961)	(250,408)
Total comprehensive income (loss)		**(3,888,597)**	**2,122,557**
Total comprehensive income (loss) for the period attributable to:			
Shareholders of the Corporation		(3,646,759)	1,631,195
Non-controlling interest		(241,838)	491,362
Net comprehensive income (loss) for the period		$(3,888,597)	$2,122,557

See accompanying notes to the Consolidated Financial Statements

Consolidated Statement of Changes in Equity

(In Canadian dollars, except number of shares)

					Equity attributable to the shareholders		
	Number of Shares	**Share Capital**	**Contributed Surplus**	**Deficit**	**Other Comprehensive income**	**Non Controlling Interests**	**Total Equity**
Balance at Dec. 31, 2017	**30,309,195**	**$39,008,214**	**$766,556**	**$(18,533,466)**	**($93,992)**	**$4,312,860**	**$25,460,172**
Loss for the year	-	-	-	(3,614,798)	-	(241,838)	(3,856,636)
Shares and warrants issued	2,104,546	151,106	80,394	-	-	-	231,500
Options and warrants expired (Note 21)	-	-	(766,556)	766,556	-	-	-
Other comprehensive income (loss)	-	-	-	-	(31,961)	-	(31,961)
Balance at Dec. 31, 2018	**32,413,741**	**$39,159,320**	**$ 80,394**	**$(21,381,708)**	**$(125,953)**	**$4,071,022**	**$21,803,075**

					Equity attributable to the shareholders		
	Number of Shares	**Share Capital**	**Contributed Surplus**	**Deficit**	**Other Comprehensive income**	**Non Controlling Interests**	**Total Equity**
Balance at Dec. 31, 2016	**30,309,195**	**$39,008,214**	**$910,556**	**$(20,115,020)**	**$156,416**	**$3,477,347**	**$23,437,513**
Income for the year	-	-	-	1,881,603	-	491,362	2,372,965
Disposition of **ClearGSI**	-	-	-	-	-	344,151	344,151
Pinnacle adjustment	-	-	-	(444,049)	-	-	(444,049)
Warrants expired (Note 21)	-	-	(108,000)	108,000	-	-	-
Options expired (Note 21)	-	-	(36,000)	36,000	-	-	-
Other comprehensive income (loss)	-	-	-	-	(250,408)	-	(250,408)
Balance at Dec. 31, 2017	**30,309,195**	**$39,008,214**	**$766,556**	**$(18,533,466)**	**$(93,992)**	**$4,312,860**	**$25,460,172**

See accompanying notes to Consolidated Financial Statements

Consolidated Statement of Cash Flows

(In Canadian dollars)

For the year ended December 31	Note	2018	2017
Cash flows from operating activities:			
Net income (loss)		$(3,856,636)	$2,372,965
Items not affecting cash:			
Amortization		1,056,999	370,793
Impairment of intangible		1,400,000	-
Impairment on investment		72,288	524,000
Non-cash income from **ClearGSI**		-	(337,223)
Fair value adjustment on loan receivable		(153,859)	-
Other non-cash adjustments to loan receivable		(179,038)	-
Gain (loss) on sale of subsidiaries		-	(5,512,245)
Gain (loss) on disposal of assets		(22,839)	-
Unrealized (loss) gain on held-for-trading investments		220,254	(106,564)
Loss from equity investment in **Assist**		100,455	41,839
Income from equity Investment in **ClearGSI**		(140,053)	(13,604)
Deferred tax expense		(120,981)	(1,359,877)
Change in working capital and other	24	(1,390,985)	1,587,168
		(3,014,395)	(2,432,748)
Cash flows from investing activities:			
Cash change in investments and loans receivable		-	1,074,180
Purchase of assets (net)		(9,134,977)	(343,451)
Changes in non-cash working capital	24	2,713,754	-
Proceeds from disposal of assets		130,841	-
Loan receivable – long term		500,000	-
Net change in held-for-trading investments		1,281,355	107,417
Increase in patents		(18,704)	(23,845)
Finance leases received during the period		97,778	106,667
Amount received from Assist		3,806	-
Proceeds from sale of **NuVision**		-	1,158,631
		(4,426,147)	2,079,599
Cash flows from financing activities:			
Loan proceeds		7,833,335	(100,000)
Capital lease repayment		(148,629)	(104,272)
Cash received from issuance of shares		181,037	-
		7,865,743	(204,272)
Increase (decrease) in cash during the period		425,201	(557,421)
Cash – beginning of period		1,159,457	2,749,347
Cash acquired (disposed) on acquisition (sale)	4, 29	-	(799,780)
Cash (disposed) on **ClearGSI** ownership change		-	(232,689)
Cash – end of period		$1,584,658	$1,159,457
Included in operating activities			
Cash interest received		$ 19,917	$ 77,984
Cash interest paid		7,865	7,737
Corporate tax paid		175,136	175,146

See accompanying notes to the Consolidated Financial Statements

Non-cash items:

During the Year, the Corporation undertook following transactions, which does not impact the cash flow statement for the Year:

(In Canadian dollars) For the year ended December 31	Dec. 31, 2018
Non-cash items:	
Addition to property, plant and equipment from capital leases	$ 357,099
Additions to property and equipment from steel credits	896,153
Additions to property and equipment from inventory	718,548
Loan for shares purchases subscription outstanding as of year end	50,463
Re-possession of leased equipment	62,222

Notes to the Consolidated Financial Statements

For the periods ended December 31, 2018 and 2017

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, 2018 ("**Financial Statements**") include the accounts of the Corporation and its 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**") (78% owned by **HTC**), **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, CO_2 solvent reclamation and glycol reclamation.

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

These Financial Statements were authorized for issuance by the board of directors ("**Board**") on April 25, 2019.

b) Adoption of New Accounting Standard

The adoption of the following new standards, interpretations and amendments were included in the Financial Statements for the year beginning January 1, 2018.

IFRS 9:

Effective January 1, 2018, the Corporation adopted IFRS 9, which introduces new requirements for:

- the classification and measurement of financial assets and liabilities;
- the recognition and measurement of impairment of financial assets; and
- general hedge accounting.

In accordance with the transition provisions of the standard, the Corporation has elected to not restate prior periods. The impact of adopting IFRS 9 was recognized in the deficit at January 1, 2018. The Corporation had no material impact of adopting IFRS 9 on the opening retained earnings.

The key impacts are outlined below:

i) Classification and Measurement: IFRS 9 introduces the requirement to classify and measure financial assets based on their contractual cash flow characteristics and the Corporation's business model for the financial asset. All financial assets and financial liabilities, including derivatives, are recognized at fair value on the Consolidated Statements of Financial Position when the Corporation becomes party to the contractual provisions of a financial instrument or non-financial derivative contract. Subsequent to initial recognition, financial assets must be classified and measured at either amortized cost, at FVTPL, or at FVTOCI.

The Corporation's management reviewed and assessed the classifications of its existing financial instruments as at January 1, 2018, based on the facts and circumstances that existed at that date, as shown below.

The updated financial instruments classification compared with the previous classification are provided below:

	IAS 39	IFRS 9
Loans and receivables	Loans and Receivable measured at amortized costs	Amortized cost
Investments at fair value through profit and loss	Fair value through profit or loss	Fair Value through profit or loss

Accounts receivable and other receivables	Loans and Receivables, measured at amortized cost	Amortized cost
Other loans receivable, notes receivable	Loans and Receivables, measured at amortized cost	Amortized cost
Accounts payable and accrued liabilities	Financial liabilities at amortized cost	Financial liabilities at amortized cost
Loan receivable- long term	Loans and Receivables, measured at amortized cost	Fair Value through profit or loss
Investment at fair value through Other Comprehensive Income	Available for sale	Fair value through OCI

The change in classification for loan receivable is due to the fact that this loan does not pass the "Solely for Payment of Principal and Interest (SPPI)" test under IFRS 9. This change resulted in recognition of fair value gain of $153,859 in the Consolidated Statement of Income for the Year, the impact on the date of transition has been determined as immaterial by management.

ii) Impairment of Financial Assets IFRS 9 introduces a new impairment model for financial assets measured at amortized cost as well as certain other instruments. The expected credit loss model requires entities to account for expected credit losses on financial assets at the date of initial recognition, and to account for changes in expected credit losses at each reporting date to reflect changes in credit risk.

The Corporation's management reviewed and assessed its existing financial assets for impairment using reasonable and supportable information in accordance with the requirements of IFRS 9 to determine the credit risk of the respective items at the date they were initially recognized, and compared that to the credit risk as at January 1, 2018. The assessment of changes in credit risk resulted in an immaterial impact on the Statements of Financial Position at the date of transition.

IFRS 15:

The adoption of IFRS 15 does not have an impact on the Consolidated Statements of Income or Retained Earnings as of January 1, 2018. The details of changes to the accounting policy of the Corporation related to revenue recognition are explained in accounting policies below.

c) Comparative Amounts

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

d) Functional Currency

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

e) Use of Estimates and Judgment

The preparation of the 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 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 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:

Revenue recognition:
The following judgments and estimates are made by management in relation to revenue recognition:

- Judgment on principal vs agent relationship;
- Judgments in relation to the performance obligations within the contracts with the customers;
- Estimation of the allocation of transaction price to different performance obligations.

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 equity investment has a material impact on the financial statements. Management takes into account all facts and circumstances in concluding the classification of an investment.

Fair value measurement of financial instruments:
When the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the discounted cash flow method (DCF) model. The inputs to these models are taken from observable markets where possible.

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:

- Financial liabilities at amortized cost
- Financial assets at:
    - fair value through profit or loss,
    - fair value through other comprehensive income,
    - amortized cost.

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.

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.

f) Basis of Measurement

The Financial Statements have been prepared on historical cost basis, except for investments which are measured at fair value through profit and loss (as described in Note 6), investments measured at fair value through other comprehensive income (as described in Note 14) and loan receivable- long term which is measured at fair value through profit and loss. The methods used to measure fair values are discussed in Note 23.

3. Significant Accounting Policies:

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 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 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 Financial Statements include the accounts of the Corporation and its subsidiaries. As at December 31, 2018, wholly owned subsidiaries include **HTC CO_2 Systems Corp.** (“**HTC CO_2 Systems**”), **Carbon Rx Inc.** and **CO_2 Technologies Pty. Ltd.** The Corporation owns 78% of **Maxx. Maxx** wholly owns **Port LaJord Terminal Corp.** (“**PLT**”) (collectively referred to as the “**Maxx Group**”). **Maxx** operations are based in Saskatchewan.

The Corporation has a 45% interest in **Assist Energy Solutions Corp.** (“**Assist**”) and accounts for this using the equity method (see Subsequent Events Note 33).

On December 27, 2017 **HTC**’s ownership of **ClearGSI** was reduced from 52% to 26%. Beginning December 28, 2017, **HTC** accounts for **ClearGSI** using the equity method.

In the later part of quarter 3 and quarter 4, discussions were held regarding the sale of these remaining shares. The fully enforceable agreement, for the sale of these shares, was entered into on November 23, 2018. The transaction was completed on January 22, 2019 (see Subsequent Events Note 33).

Foreign Currency Translation
The Corporation translates monetary assets and liabilities using the rate of exchange at the 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 and is valued at the lower of cost and net realizable value using the specific identification method.

Property, Plant and Equipment
The initial cost of an asset is comprised of its purchase price or construction cost, and any costs directly attributable to bringing the asset into operation. The purchase price or construction cost is the amount paid and the fair value of any other consideration given to acquire the asset. Long-lived assets are tested for recoverability if events or changes in circumstances indicate that the carrying amount may not be recoverable. Assets values comprise of cost less accumulated depreciation and impairment if required.

Assets are depreciated over its estimated useful life as follows:

Equipment	15% declining balance
Leasehold improvements	3 years straight-line
Buildings	4% declining balance
Rail	4% declining balance
Roads	8% declining balance

Impairment of Assets

a) Financial Assets

Please see 2(b) above.

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, 2018. 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.

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.

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 21. 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
The Corporation has adopted IFRS 15 *Revenue from Contracts with Customers* with an initial adoption date of Jan. 1, 2018. As a result, the Corporation has changed its accounting policy for revenue recognition, which is outlined below.

The Corporation has elected to adopt IFRS 15 retrospectively with the modified retrospective method of transition practical expedient. Comparative information has not been restated and is reported under IAS 18 Revenue (IAS 18).

The Corporation's revenues from contracts with customers are derived from the following sources:

- Rent revenues;
- Handling services revenues;
- Other revenues

The Corporation evaluates whether the contracts it enters into meet the definition of a contract with a customer at the inception of the contract and on an ongoing basis if there is an indication of significant changes in facts and circumstances. Revenue is measured based on the transaction price specified in a contract with a customer. Revenue is recognized when control of the good or services is transferred to the customer. For certain contracts, revenue may be recognized at the invoiced amount, as permitted using the invoice practical expedient, if such amount corresponds directly

with the Corporation's performance to date. The Corporation excludes amounts collected on behalf of third parties from revenue.

Performance Obligations:
Each promised good or service is accounted for separately as a performance obligation if it is distinct. The Corporation's contracts contain more than one performance obligation.

Transaction Price:
The Corporation allocates the transaction price in the contract to each performance obligation. Transaction price allocated to performance obligations may include variable consideration. Variable consideration is included in the transaction price for each performance obligation when it is highly probable that a significant reversal of the cumulative variable revenue will not occur. Variable consideration is assessed at each reporting period to determine whether the constraint is lifted. The consideration contained in some of the Corporation's contracts with customers has variable component, and may include both variability in quantity and pricing, such as: revenues can be dependent upon the quantity handled or the number of days any product is stored.

When multiple performance obligations are present in a contract, transaction price is allocated to each performance obligation in an amount that depicts the consideration the Corporation expects to be entitled to in exchange for transferring the good or service. The Corporation estimates the amount of the transaction price to allocate to individual performance obligations based on their relative standalone selling prices.

Recognition:
The nature, timing of recognition of satisfied performance obligations, and payment terms for the Corporation's goods and services are described below:

Rent revenue relates to renting the fertilizer handling facility to one of its customers. The Corporation has a contract with the customer and have identified a lease embedded within this contract. The Corporation has therefore, determined the value of lease component and these revenues are recognized in accordance with International Accounting Standard 17 *Leases*.

The residual price is allocated to the handling services, revenue which are recognized over time using a quantity-based output measure i.e. metric tonnes handled. This contract with the customer is long term in nature. Payments are typically received from customers on a monthly basis.

Revenues from engineering development services is recognized over time using a milestone- based output method i.e. 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 and accepted by them.

Revenues from contracts for sale of product are recognized at point in time when the control on those is transferred to the customer, which is normally when the product is accepted by the customers.

The Corporation recognizes a contract asset or contract liability for contracts where either party has performed. A contract liability is recorded when the Corporation receives consideration before the performance obligations have been satisfied. A contract asset is recorded when the Corporation has rights to consideration for the completion of a performance obligation before it has invoiced the customer. The Corporation recognizes unconditional rights to consideration separately as a receivable. Contract assets and receivables are evaluated at each reporting period to determine whether there is any objective evidence that they are impaired.

The Corporation recognizes a significant financing component where the timing of payment from the customer differs from the Corporation's performance under the contract and where that difference is the result of the Corporation financing the transfer of goods and services.

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.

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 Financial Statements, and that may have an impact on the disclosures and financial position of the Corporation, are disclosed below. The Corporation is still evaluating the impact of adoption to this standard.

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. The Corporation is currently evaluating the potential impact.

4. Other receivables

a.) Other receivables - Current

	Dec. 31, 2018	Dec. 31, 2017
Loan to related party	$ -	$ 146,475
Other receivables- short term	107,437	1,454,542
	$107,437	$1,601,017

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. The balance has been transferred to long term.

At December 31, 2017, Other receivables includes $324,536 from the sale of Pinnacle and $850,005 from Clear GSI. The balance due from Clear GSI has been reclassified to Assets held for sale (note 15).

Other receivable – long term

	Dec. 31, 2018	Dec. 31, 2017
Loan to related party	$ 154,475	$ -
Other receivables- long term	72,473	-
	$226,948	$ -

Loan to related party represents long-term loan to Kingsland Energy Corp. ("**KLE**"), bearing interest at 6%. The loan is secured with a first charge on property of KLE. **HTC** has agreed not to collect on this amount until March 12, 2020.

Included in other long-term receivables is a $22,009 receivable from the sale of 101059035 Saskatchewan Ltd. doing business as Pinnacle Industrial Services ("**Pinnacle**") and $50,463 receivable from Mr. Allison (see Note 20).

5. Grain contract assets

Grain contract assets relate to consideration paid in advance by the Corporation in relation to its grain handling agreements. Under these agreements the Corporation:

- commits to act as storer for the products of the producer ("**Commodity**") and facilitate sales to grain purchasers ("**Customers**") (i.e. arrange and facilitate transportation, sale, invoicing to the third-party purchasers and collection etc.);
- undertakes to purchase the Commodity from the farmer ("**Producer**") and upon the receipt of the Commodity the market price of that Commodity is determined and the Corporation pays 70% of that market price immediately to the Producer and ownership title of the Commodity is transferred to the Corporation;
- with ownership title in the Commodity, takes responsibility to insure the Commodity, maintain the Commodity grade and quality, and determines if Commodity requires chemical treatment, at its own expense;
- stores the Commodity in pooled storage facilities and is free to use this general pooled grain inventory, of which the Commodity forms a part, to fulfill contracts and improved grain mixes for third-party sales.
- is responsible to pay to the Producer, once the Producer chooses to sell its Commodity, stored in pooled inventory with similar characteristics, the remaining balance of 30%, less various costs owing to the Corporation.
- bills the Producer for services provided on a monthly basis or on such other basis as the Corporation determines at its sole discretion, contra charged against the 30% balance.

- stores the Commodity in its storage location, and only sells the Commodity on the instruction of the Producer, to a willing Customer, the Corporation selects.
- may sell the Commodity in whole or in part, without the Producer's approval, if certain agreed upon conditions occur and are not corrected.
- is responsible to:
  - invoice the Commodity to the Customer, once the Corporation has sold the Commodity to the Customer;
  - collect from the Customer the purchase price for the sale;
- once the Commodity is sold and the purchase price collected from the Customer, retains the 70% amount paid upfront to the Producer, as well as the amount owed by the Producer on account of services provided by the Corporation, and remits the balance to the Producer.

Based on the above, the Corporation acts as an agent on behalf of the Producer, and hence, the amount paid to the Customers has been recognized as contract asset and there is no liability recorded in respect to the 30% liability that results from the grains being delivered. As at December 31, 2018 these balances are collectible, and no impairment has been recognized.

6. Investments at fair value through profit and loss

The Corporation has invested funds in an investment portfolio with RBC Dominion Securities Inc. The Corporation has classified investments as fair value through profit and loss. The securities have been recorded at their trading prices based on December 31, 2018 and 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, 2018	Dec. 31, 2017
Finished goods	$ 373,865	$1,092,413

During the Year, changes to work in progress, materials, supplies and finished goods recognized as cost of sales amounted to $340,605 (December 31, 2017 - $102,837). There were no adjustments for net realizable value or obsolescence during the Year or for the year ending December 31, 2017. Finished goods were restricted by agreement with respect to whom sales can be made to, for a period of 2 years, upon receipt of goods. Therefore, the inventory was classified as long-term inventory as of December 31, 2017. The restriction ends throughout the 2019 year, and these goods are now considered current.

8. Notes receivable

At December 31, 2018, a credit note for products and services resulting from the sale of NuVision Industries Inc. ("**NuVision**") to Ag Growth International Inc.("**AGI**") has been paid in full. The note was redeemable by means of any, and all products, materials produced by, and services provided by AGI and its subsidiaries.

9. Loan receivable

Loan receivable amounts related to the sale of **Pinnacle** (January 1, 2017). Amounts are non-interest bearing until March 24, 2020 at which time interest at prime plus 0.5% will commence until paid in full. Payment may be made at any time without penalty. The due date for the loan is March 20, 2020. Accordingly, the amounts are classified as long term. As per agreement, if the loan balance is not settled by March 20, 2020 the Corporation has an option to settle in certain number of shares in Pinnacle. Due to this feature embedded within the loan agreement, this loan has been classified as financial asset at fair value through profit and loss. Fair value has been determined using an interest rate of 4.5% per annum. A fair value gain of $153,859 has been recognized in the consolidated statement of income (loss).

10. Property, plant and equipment:

	Equipment	Leasehold	Vehicles	Buildings	Rail	Roads	Total
Carrying amount Dec. 31, 2017	**$ 38,080**	**$ -**	**$ 131,673**	**$12,668,122**	**$ -**	**$ -**	**$12,837,875**
Additions	6,187,893	-	441,694	-	1,507,869	2,667,533	10,804,989
Reallocations	4,167,890	-	-	(4,167,890)	-	-	-
Disposals	(108,002)	-	-	-	-	-	(108,002)
Amortization	(362,681)	-	(89,314)	(135,350)	(7,214)	(32,678)	(627,237)
Carrying amount Dec. 31, 2018	**$ 9,923,180**	**$ -**	**$ 484,053**	**$8,364,882**	**$1,500,655**	**$2,634,855**	**$22,907,625**
Balance Dec. 31, 2018 is comprised of:							
Cost	$10,542,201	$151,113	$640,893	$8,500,232	$1,507,869	$2,667,533	$24,009,841
Accumulated Amortization	(619,021)	(151,113)	(156,840)	(135,350)	(7,214)	(32,678)	(1,102,216)
Carrying Amount	**$ 9,923,180**	**$ -**	**$484,053**	**$8,364,882**	**$1,500,655**	**$2,634,855**	**$22,907,625**

	Equipment	Leasehold	Vehicles	Buildings	Total
Carrying amount Dec 31, 2016	**$1,751,929**	**$61,065**	**$528,753**	**$ 32,777**	**$2,374,524**
Additions	2,335	-	52,800	12,668,122	12,723,257
Disposals	-	-	-	-	-
Disposal of subsidiary assets (PIN)	(757,300)	(59,914)	(50,078)	-	(867,292)
Ownership change (**ClearGSI**)	(945,924)	-	(369,128)	(32,777)	(1,347,829)
Amortization	(12,960)	(1,151)	(30,674)	-	(44,785)
Carrying amount Dec. 31, 2017	**$ 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**

Building additions relate to construction of grain and fertilizer handling facilities. **PLT** Fertilizer Plant was fully commissioned on April 30, 2018, amortization commenced May 1, 2018. **PLT** Grain Terminal was fully commissioned on November 7, 2018, amortization commenced at that time. These facilities have been constructed on a property owned by Kambeitz Agri Inc., which is considered a related party due to common directors. **PLT** currently leases the property and has been granted an option to purchase the land.

Re-allocation of assets occurring in the 2018 year is due to reclassification of building to equipment.

11. Lease receivables:

	Dec. 31, 2018	Dec. 31, 2017
Delta Reclaimer™ System 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
Current portion	-	(106,667)
	$ -	$ 53,333

The lease receivable has been settled, as the Delta Reclaimer was returned during 2018.

12. 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, 2018	Dec. 31, 2017
Delta Reclaimer® System	$ 278,792	$ 278,792
Amortization	(67,545)	(47,774)
	211,247	231,018
LCDesign® CCS	433,453	430,979
Amortization	(325,090)	(281,745)
	108,363	149,234
PDOengine™	186,093	186,092
Amortization	(134,917)	(116,308)
	51,176	69,784
Total product development costs	$ 370,786	$ 450,036

13. Investment in associate and joint venture

Investment in associate and joint venture as of December 31, 2018 and 2017 comprise of:

	Dec. 31, 2018	Dec. 31, 2017
Investment in **Assist**	$ 437,964	$ 614,514
Investment in **ClearGSI**	-	513,604
Total	**$ 437,964**	**$ 1,128,118**

The Corporation holds a 45% interest in **Assist**. The Corporation has joint control over Assist and accounts for this investment using equity accounting.

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

During the year ended December 31, 2018 and 2017, the movement in the investments are as follows:

Description	**Assist**	**ClearGSI**	**Total**
Investment as at Dec. 31, 2017	614,514	513,604	1,128,118
Amounts recovered	(3,807)	-	(3,807)
Income (loss) for the year	(100,455)	140,053	39,598
Impairment on investment	(72,288)	-	(72,288)
Transferred to asset held for sale (Note 15)	-	(653,657)	(653,657)
Investment as at Dec. 31, 2018	**$ 437,964**	**$ -**	**$ 437,964**

Investment as at Dec. 31, 2016	$ -	$ -	-
Investment during the year	656,352	500,000	1,156,352
Income (loss) for the year	(41,839)	13,604	(28,235)
Investment as at Dec. 31, 2017	614,513	513,604	1,128,117

Interest in **ClearGSI** was transferred to assets held-for-sale based on an agreement between **HTC** and **ClearGSI**, whereby **ClearGSI** would pay the loans receivable, purchase assets and acquire **ClearGSI** shares held by **HTC**. The agreement was enforceable as at December 31, 2018. The amounts were settled on January 22, 2019 for a consideration of $2,050,000.

14. Investment at fair value through OCI

	Dec. 31, 2018	Dec. 31, 2017
Share Investments	$ 187,577	$ 219,537

On December 4, 2008 **HTC** acquired 2,500,000 shares in EESTech Inc. The Corporation has classified these shares at fair value through other comprehensive income. The shares have been recorded at their trading price at December 31, 2018 (December 31, 2017) obtained from over the counter exchanges.

15. Assets held for sale

On December 31, 2018 **HTC** announced that a sale purchase agreement (“**Clear Agreement**”) between **HTC** and **ClearGSI** and its wholly owned subsidiaries, Clear Glycol Inc. and 1235014 Alberta Ltd., (collectively referred to as “**Clear Group**”) was signed. The Clear Agreement was enforceable as at December 31, 2018 and the consideration was paid on January 22, 2019.

As a result of the transaction, **HTC** returned its shares in Clear Group and Clear Group agreed to settle its loan and promissory note payable to **HTC**. Also, Clear Group purchased certain assets from **HTC** as part of the transaction. A consideration of $2,050,000 was agreed under the agreement.

Since the Clear Agreement was executed before December 31, 2018 and was settled in January 2019, the balance of investment in Clear GSI, the loan and promissory note receivable and carrying value of assets sold have been disclosed as “Assets held for sale”. Reclassified amounts are recorded at the lower of cost and fair value less cost to sell. See Subsequent Events Note 33 for further details.

16. Patents:

	Cost	Accumulated amortization	Net book value
Carrying Value Dec. 31, 2017	$192,157	$(88,696)	$103,461
Additions	18,704	-	18,704
Amortization	-	(13,417)	(13,417)
Carrying Value Dec. 31, 2018	$210,861	$(102,113)	$108,748

	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

17. Intangible assets:

	Intangible assets subject to amortization
Cost	
Balance at Dec. 31, 2016	$3,019,236
ClearGSI change in control	(161,636)
Adjustment for **Pinnacle** disposition	(358,000)
Balance at Dec. 31, 2017	2,499,600
Adjustment for impairment	(1,400,000)
Balance at Dec. 31, 2018	**$1,099,600**
Accumulated amortization	
Amortization for 2016	$ 307,185
Balance at Dec. 31, 2016	853,339
Amortization for the Year	179,428
Adjustment for **Pinnacle** disposition	(358,000)
Balance at Dec. 31, 2017	674,767
Amortization for the Year	233,307
Balance at Dec. 31, 2018	**$ 908,074**
Carrying amounts (by operating segment)	
At Dec. 31, 2016	$2,165,897
HTC CO_2 Systems	$ 341,064
At Dec. 31, 2017	1,824,833
HTC CO_2 Systems	233,307
Adjustment for impairment	(1,400,000)
Balance at Dec. 31, 2018	**$ 191,526**

Management performed an analysis of the existence of indicators of impairment for intangible assets as at December 31, 2018, and December 31, 2017. Management has determined that there was impairment associated with one of the intangibles and has wrote off $1,400,000 bringing the value of this intangible to $Nil.

18. Financing Lease:

	Dec. 31, 2018	Dec. 31, 2017
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® System (see Note 10).	$56,245	$165,602
CNH Capital Financing: $14,871 payable in seven equal payments over three years bearing fixed interest at 2.90%. Secured by assignment of subsidiary's equipment.	89,230	-
Komatsu Financing: $3,726 payable over four years bearing 0% interest. Secured by assignment of subsidiary's equipment.	156,502	-
Ford Credit Financing: $1,236 payable over 5 years bearing 3.49% annual interest. Secured by assignment of subsidiary's equipment.	72,095	-
Principal balance	374,072	165,602
Current portion	(142,092)	(108,930)
	$ 231,980	$ 56,672

Future minimum financing lease payments are approximately:

2019	142,092
2020	84,165
2021	81,716
2022	32,868
2023	10,409
Total future minimum lease payments	351,250
Less: future financing charges	22,822
Principal balance	374,072
Current Portion	(142,092)
	$231,980

Subsequent Events Note 33 for more detail.

19. Long Term Debt:

All amounts in Canadian Dollars	Dec. 31, 2018	Dec. 31, 2017
Scotiabank loan: $33,333 per month plus interest and Bankers' acceptance at a variable rate of approximately 3.92% maturing August 2038. Secured by general assignment of subsidiary's present and future personal property.	$7,833,335	-
Principal balance	$7,833,335	-
Current portion	$(399,996)	-
	$7,433,339	$ -

Principal payments over the next five years (based on a 12-month cycle ending December 31) are approximately as follows:

2019	399,996
2020	399,996
2021	399,996
2022	399,996
2023	399,996
Thereafter	5,833,355
	$7,833,335

Corporation has a bank line of credit available through its subsidiaries in the amount of $5,300,000. As of December 31, 2018, the line of credit has been drawn by $Nil (December 31, 2017 - $Nil).

20. Share capital:

At December 31, 2018 and December 31, 2017, 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, 2018		As at Dec. 31, 2017	
Common Shares	**Number**	**Amount**	**Number**	**Amount**
Balance, beginning of period	30,309,195	$39,008,214	30,309,195	$39,008,214
Issued stock	2,104,546	151,106	-	-
Balance, end of period	32,413,741	$39,159,321	30,309,195	$39,008,214

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. Each warrant entitles the holder to purchase one common share of **HTC** at $0.15 per common share until January 29, 2023. The purchase of 454,546 of these shares were financed by a loan receivable to an officer and director, Mr. Allison, and secured against future severance due. Under the terms of the agreement, the loan bears interest at 1% per annum. Should the director's employment be terminated and 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. The warrants value has been determined and recognized in contributed surplus. See note 21.

See Subsequent Events Note 33 for more details.

21. 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, 2018 and the weighted average exercise price:

	As at Dec. 31, 2018		As at Dec. 31, 2017	
	Options	**Avg. Price**	**Options**	**Avg. Price**
Outstanding, and exercisable, beginning of year	850,000	$0.14	2,250,000	$0.13
Expired options	(850,000)	$0.14	(1,400,000)	(0.13)
Outstanding and exercisable, end of period	-	$Nil	850,000	$0.14

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.

On March 27, 2013 the Corporation issued 250,000 stock options with a fair market value of $97,724. These options expired March 26, 2018.

On April 4, 2013 the Corporation issued 350,000 stock options with a value of $47,250 These options expired April 3, 2018.
On May 3, 2013 the Corporation issued 250,000 stock options with a value of $33,750. These options expired May 2, 2018.

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.

Share purchase warrants	**As at Dec. 31, 2018**		**As at Dec. 31, 2017**	
	Warrants	**Avg. Price**	**Warrants**	**Avg. Price**
Outstanding and exercisable, beginning of year	4,250,000	$0.16	5,600,000	$0.16
Expired	(4,250,000)	(0.16)	(1,350,000)	(0.13)
Issued	2,104,546	0.11	-	-
Outstanding and exercisable, end of Period	2,104,546	$0.11	4,250,000	$0.16

On January 30, 2018, the Corporation issued 2,104,546 units. Each unit consists of one common share and warrant. Each warrant entitles the holder to purchase one common share of **HTC** at $0.15 per common share until January 29, 2023. Warrants are valued at $80,394.

The Black Scholes Option Pricing Model is used to estimate the fair value of warrants. The Corporation recognizes warrants as an increase to contributed surplus based on the following assumptions:

Date Granted	January 30,2018
Number of options granted	2,104,546
Weighted average share price	$0.17
Risk free interest rate	1%
Expected dividend yield	NIL
Expected stock price volatility	7.18%
Expected option life in years	5
Estimated forfeiture before exercise	Unknown

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, 2018 was $80,394 (December 31, 2017 - $766,556).

On January 10, 2013 the Corporation issued 1,500,000 warrants with a fair market value of $165,000. These warrants expired January 9, 2018.

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

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

See Subsequent Events Note 33 for more detail.

22. Provision for income taxes:

Income tax recovery comprises of:

	2018	2017
Current tax expense	-	175,146
Deferred tax (recovery) provision	120,981	(1,359,877)
	$ 120,981	$(1,184,731)

Tax positions shown 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, 2018 using a rate of 27% (2017 - 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% (2017 – 27%) for the following reasons:

As at December 31	2018	2017
Computed income tax expense (recovery)	$(695,956)	$ 218,973
Increase (reduction) attributable to:		
Difference in accounting versus taxable capital gains	81,327	(1,488,306)
Other non-deductible expenses including unutilized tax pools	2,546	48,962
Adjustment of net future tax assets for enacted changes in tax laws and rates and other differences	-	(1,220,371)
Change in unrecognized deferred tax asset	491,103	35,640
	$ (120,981)	$(1,184,731)

As at December 31, 2018, the Corporation had an anticipated balance of approximately $163,074 (2017: $163,074) of tax credits available to reduce future year taxes (expiring December 31, 2017 to 2031). The Corporation also has $205,356 (207: $205,356 in Provincial input credits. 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, 2018, the Corporation had accumulated non-capital losses for income tax purposes of approximately $7,627,131 (2017: $8,537,864) and $2,120,060 (2017: 2,120,060 in scientific and experimental expenditures available for carry-

forward as a deduction from future income. The losses expire between the years of 2029 to 2038. The Corporation has capital losses of $63,242 (2017 - $63,242)

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:

	2018	**2017**
Property, plant and equipment	$ 270,380	$ 268,973
Investments	639,435	1,196,660
Intangible assets	186,734	(39,101)
Finance leases	(116)	(44,713)
Non-capital losses	2,076,563	2,305,223
Loan recoverable	22,943	-
Valuation allowance	(3,195,939)	(3,687,042)
	$ -	$ -

Deferred taxes liabilities recognized at December 31, 2017 represent temporary differences arising from future consideration receivable from AGI on the sale of **NuVision**. The provision for December 31, 2018 represents the reversal of the prior years deferred tax liability arising from realization in the current year.

23. Financial instruments:

Fair Value

The Corporation's financial instruments consist of cash, investments at fair value through profit and loss, accounts receivable, other receivables, loan receivable, bank line of credit, accounts payable and accrued liabilities, long term debt and fair value through OCI 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 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 significant 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 fair value through profit & loss and other comprehensive income investments as Level 1 as they are primarily derived directly from reference to quoted (unadjusted) prices in over the counter markets. Fair value of loan receivable is determined as level 3 as it is determined using market interest rates.

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

	December 31, 2018			
	Level 1	Level 2	Level 3	Total
Cash	$ 1,584,658	$ -	$ -	$ 1,584,658
Accounts receivable and other receivables	-	-	799,946	799,946
Other receivables – long term	-	-	226,948	226,948
Fair value investments	1,369,699	-	-	1,369,699
Loan receivable	-	-	2,483,942	2,483,942
Accounts payable and accrued liabilities	-	-	(4,059,980)	(4,059,980)
Long term debt including current portion	-	-	(8,207,407)	(8,207,407)
	$2,954,357	-	$(8,756,551)	$(5,802,194)

	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
Fair value 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	$(404,017)	$4,694,549	$8,353,256

24. Changes in working capital and other:

Information below is based on the consolidated operations.

Change in working capital is comprised of	Dec. 31, 2018	Dec. 31 2017
Accounts receivables	$ (667,893)	$1,224,149
Other Receivables – short-term	489,100	-
Loan receivable – short term	(22,010)	-
Grain Contract Assets	(1,069,677)	-
Prepaid expense	-	21,000
Accounts payable and accrued liabilities	2,759,809	458,887
Government remittances	8,576	(292,004)
Corporate tax payable	(175,136)	175,136
	$ 1,322,769	$1,587,168

Changes in working capital relates to:	
Operating activities	$ (1,390,985)
Investing activities	2,713,754
	$ 1,322,769

25. 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, 2018	Dec. 31, 2017
Basic	32,246,531	30,309,195
Diluted	34,351,077	32,149,361

26. Related party transactions:

Related party transactions include transactions with corporate investors who have representation on the Corporation's Board.

During the Year, the Corporation paid $50,203 (December 31, 2017 - $30,097) for legal services from a law firm that a director is a partner of. As of December 31, 2018, there is an amount owing of $1,554 to the law firm (December 31, 2017 - $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 Year is $127,595 (December 31, 2017 - $129,269). As of

December 31, 2018, there are no outstanding amounts owing to KFG (December 31, 2017 - $Nil).

KLE is considered a related party due to common directors and common management. The Corporation had an outstanding loan of $386,475 from KLE. KLE, due to financial difficulties, made a proposal to its creditors. Pursuant to the proposal $240,000 of **HTC**'s loans receivable was converted to 4,678,367 common shares and the remaining balance of $154,475 is payable by KLE, subject to the terms of a forbearance agreement (see below). On March 14, 2018, all required legal and regulatory approvals were obtained, the proposal closed, and common shares were issued.

The remaining loan balance from KLE in the amount of $154,475 is secured by a first charge on property of a third party (see Note 4).

EHR Enhanced Hydrocarbon Recovery Inc. ("**EHR**") is a subsidiary of KLE and is therefore considered a related party. **HTC CO_2 Systems** has subcontract expenses for the Year of $49,960 (December 31, 2017 - $Nil) owing to EHR. As of December 31, 2018, there is amounts owing of $3,150 (December 31, 2017- $Nil).

KF Kambeitz Land Corp. ("**Land Corp**") is considered a related party due to one common director. Land Corp has subcontracted support services from **HTC** during the Year of $3,000 (December 31, 2017 - $3,000). As of December 31, 2018, there are amounts owing to **Land Corp** of $833 (December 31, 2017 – $1,341). On October 1, 2018 **PLT** sold all its shares in KF Plant Elements Inc. to **Land Corp** at fair market value, for the total consideration of $4,460.

KF Group of Companies ("**KF Group**") is considered a related party due to one common director. KF Group has subcontracted support services from **HTC** during the Year for $4,750 (December 31, 2017 - $3,000). At December 31, 2018 there are amounts owing of $1,183 (December 31, 2017 - $833).

KF Kambeitz Farms Inc. ("**KF Farms**") is considered a related party due to one common director. KF Farms rents facilities on a month to month basis from **HTC. HTC** has rental income during the Year for $26,160. At December 31, 2018 there are amounts receivable of $2,321 (December 31, 2017 - $221). Monthly rent ceased in February 2019. KF Farms also purchased goods and services from **PLT** during the Year for $87,221. As of December 31, 2018, there are amounts receivable of $24,221 (December 31, 2017 – $Nil). **KF Farms** provided general contractor services in connection with the construction of **PLT** facilities of $1,158,363. At December 31, 2018, there are amounts payable of $1,101,529 (December 31, 2017 - $34,190).

PureWest Commodities Inc. ("**PW**") is considered a related party due to one common director. PW rents facilities from **HTC** on a month to month basis. **HTC** has rental

income during the Year of $20,930 (December 31, 2017 - $15,230). At December 31, 2018 there are amounts receivable of $437 (December 31, 2017 – $1,809).

KF Aggregates Inc. is considered a related party due to one common director. During the Year KF Aggregates Inc. provided aggregate material and service for construction of facilities and roads at **PLT** in the amount of $916,465. At December 31, 2018 there are amounts payable to KF Aggregates Inc. of $222,539 (December 31, 2017 - $Nil).

Kambeitz Agri Inc. ("**KF Agri**") is considered a related party due to one common director. **PLT** incurred rental expenses from **KF Agri** during the Year of $38,250 and management services of $90,000 (December 31, 2017 - $Nil). At December 31, 2018, there are $Nil amounts payable to **KF Agri** (December 31, 2017 - $134,663).

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

Also, see Related Party Transaction detail regarding share issuance to two directors of the Corporation, under the caption "Share Capital" above (Note 20).

Compensation
The key management personnel of the Corporation consist of the executive officers, vice-president, 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 Year was $400,000 (2017 - $394,000). During the Year, the Corporation paid director compensation in the amount of $3,000 (2017 - $3,500). 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.
See Subsequent Events Note 33.

27. 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, 2018	< 1 year	1-2 years	3-5 years	Thereafter	Total
Accounts payable and accrued liabilities	$4,059,980	$ -	$ -	$ -	$ 4,059,980
Finance lease	141,664	85,863	146,548		374,075
Long term debt	399,996	399,996	1,199,988	5,833,355	7,833,335
Balance	**$4,601,640**	**$ 485,859**	**$1,346,536**	**$5,833,355**	**$12,267,390**

Dec. 31, 2017	< 1 year	1-2 years	3-5 years	Thereafter	Total
Accounts payable and accrued liabilities	$1,300,170	$ -	$ -	$ -	$1,300,170
Finance lease	108,930	56,672	-		165,602
Balance	**$1,409,100**	**$56,672**	**$ -**	**$ -**	**$1,465,772**

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 19). A 1% change in the prime interest rate would have an impact of $78,333 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, 2018, the Corporation had an allowance for doubtful accounts of $128,600 (December 31, 2017 - $128,600).

Due to the nature of the Corporation's operations, management considers accounts receivable outstanding for 90 days or less, 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, 2018 and December 31, 2017 is as follows:

	Current	Over 90 Days	Total
Aging of accounts receivable at Dec. 31, 2018	$632,304	$60,205	$692,509
Aging of accounts receivable at Dec. 31, 2017	$11,001	$13,615	$24,616

28. Capital Disclosures:

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

	Dec. 31, 2018	Dec. 31, 2017
Shareholders' equity	$21,803,075	$25,460,172
Current portion of financing lease	142,092	108,930
Current portion of long-term debt	399,996	-

Financing leases	231,980	56,672
Long term debt	7,433,339	-
Balance	**$30,010,482**	**$25,625,774**

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.

29. 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 30.

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, 2018	**HTC CO_2 Systems**	**Maxx**	**Combined**
Sales	$ 84,500	$ 939,921	$ 1,024,421
Cost of sales	-	340,605	340,605
Commercialization, product development and administration	1,870,555	1,099,706	2,970,261
Amortization	360,183	696,816	1,056,999
Finance costs	5,084	-	5,084
Loss from operations	$(2,151,322)	$ (1,197,206)	$(3,348,528)

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 costs	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 cost	7,737	417,873	425,610
Loss from commercial operations	$(1,249,490)	$(3,090,402)	$(4,339,892)

December 31, 2018	HTC CO_2 Systems	Maxx	Combined
Cash	$ 511,854	$ 1,072,804	$ 1,584,658
Property and equipment	97,735	22,809,890	22,907,625
Intangibles	191,526	-	191,526
Total	$801,115	23,882,694	$24,683,809

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
Intangibles	1,824,833	-	1,824,833
Total	$2,129,566	$13,692,599	$15,822,165

30. Discontinued Operations:

On December 27, 2017 **HTC** ownership position in **ClearGSI** was reduced from 52% to 26%. This event resulted in loss of control at **ClearGSI** and therefore, the Corporation has disclosed the net income from operations as income from

discontinued operations. As of December 27, 2017, **HTC** reports any earnings arising from **ClearGSI** using equity accounting.

Net income of $377,223 from **ClearGSI** operations has been reported as income from discontinued operations in the Consolidated Statement of Income (Loss) for December 31, 2017.

There are no discontinued operations for the Year to report. The following is an analysis of the income from discontinued operations at December 31, 2017.

Net profit from discontinued operations:	December 31, 2017
Sales	$3,266,278
Cost of sales	1,135,107
Commercialization, product development and administration	1,465,237
Amortization	291,992
Finance cost	41,082
Operating profit (loss)	**$332,860**
Other income (loss)	3,150
Gain on disposal of assets	41,213
Net profit from discontinued operations	**$377,223**
Earnings per share from discontinued operations attributable to shareholders of the Corporation – basic	(0.01)
Earnings per share from discontinued operations attributable to shareholders of the Corporation – diluted	(0.01)
Cash flows of discontinued operations	December 31, 2017
Cash flows from (used by) operations	253,988
Cash flows from (used by) investing	75,420
Cash flows from (used by) financing	(316,528)

In addition to the net income above, the Corporation earned gain of disposal at December 31, 2017 of $523,117.

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**

31. 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 29. Additional information is as follows.

	December 31, 2018		**December 31, 2017**	
	Maxx	**HTC**	**Maxx**	**HTC**
Total assets	$28,978,843	$34,070,462	$20,540,444	$27,222,061
Total liabilities	$12,048,396	$12,267,387	$ 1,523,295	$ 1,761,889

32. 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 26), 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's subsidiary **PLT** currently leases land for its facilities for $1,913 per month, per acre. **PLT** has been granted the exclusive option to purchase the land.

HTC's subsidiary **PLT** enters into Grain purchase contracts when product is delivered to the terminal. At the time of delivery, a price is set and 70 is paid to the producer. The remaining 30% is a commitment to pay the producer when the grain is sold. As at December 31, 2018 there was $458,433 potentially owing.

33. Subsequent Events:

a) HTC CO_2 Systems

HTC's subsidiary **HTC CO_2 Systems** lease payable was settled on January 17, 2019 for a total sum of $60,381.87. The Delta Reclaimer® System is a part of the **ClearGSI** transaction and as such, at December 31, 2018 the lease payable was classified as an available-for-sale liability.

b) ClearGSI

On January 22, 2019 **HTC** finalized the Clear Agreement between **HTC** and the **Clear Group**, in terms whereof: **ClearGSI** will pay all outstanding loans; purchase a reclaimer, centrifuge, control panel and all the issued and outstanding shares held by **HTC**; and the parties will mutually release each other from all claims arising out of or in relation to the control, operations or other matters respective to **ClearGSI**.

The total consideration for the Clear Agreement will be $2,050,000 payable in full at closing. The carrying costs for the transactions are reflected in the available-for-sale assets and liabilities.

c) Share Issuance

On January 22, 2019, the Corporation issued 6,250,000 units for $0.08. Each unit consists of one common share and one common share purchase warrant. These common shares were restricted from trading until May 23, 2019. Each warrant entitles the holder to purchase one common share of **HTC** at $0.11 per common share until January 21, 2024.

d) Assist Shareholdings

On January 8, 2019, **HTC** recovered a shareholder's loan from **Assist** in the amount of $437,964. As a result of the transaction **HTC**'s shareholding has been reduced from 45% to 12%.

e) Severance Agreements

On January 1, 2019, key management resigned activating their severance provisions under their employment agreements (also see Related Party Note 26). Severance in the amount of $2,116,846 (including payout of unpaid vacation pay) will be payable over the 2019 and 2020 years. **HTC** has entered into 3 to 4 Year Corporate management consulting agreements with the respective parties. Under the terms, **HTC** can terminate the agreement at any time.