

ASSET SALE AGREEMENT

THIS AGREEMENT MADE as of January 27, 2021 ("**Effective Date**")

BETWEEN:

HTC PUREENERGY INC. (O/A HTC EXTRACTION SYSTEMS)
(the "**Vendor**")

– and –

DELTA CLEANTECH INC.
(the "**Purchaser**")

WHEREAS:

- A. The Vendor wishes to sell, and the Purchaser wishes to purchase (the "**Purchase and Sale**"), the assets used in its existing energy clean tech business segment ("**Clean Energy Assets**").
- B. The Purchaser is a wholly-owned subsidiary of the Vendor.
- C. The Clean Energy Assets consist of the Vendor's proprietary process design intellectual property, as well as the Vendor's CO₂ capture and related solvent intellectual property.
- D. The Purchaser expects to close a private placement of its units concurrently with the Purchase and Sale (the "**Financing**").

NOW THEREFORE in consideration of the mutual covenants and agreements contained herein, the parties hereto covenant and agree with each other as follows:

Article I. PURCHASE OF ASSET

Section 1.01 Agreement to Purchase. Subject to the terms and conditions hereof, the Vendor agrees to sell, and the Purchaser agrees to purchase, as of the Effective Date, the Clean Energy Assets.

Article II. PURCHASE PRICE

Section 2.01 Amount of Purchase Price. The purchase price payable by the Purchaser to the Vendor for the Clean Energy Assets shall be \$4,000,000 (the "**Purchase Price**").

Section 2.02 Payment of Purchase Price. The Purchase Price shall be paid by the Purchaser on the date (the "**Closing Date**") of closing of the Purchase and Sale (the "**Closing**") by the issuance to the Vendor of 20,000,000 common shares ("**Common Shares**") in the capital of the Purchaser at a price of \$0.20 per Common Share (the "**Consideration Shares**").

Section 2.03 Purchase Price Allocation. The Vendor and the Purchaser agree that the Purchase Price shall be allocated among the Clean Energy Assets in accordance with the allocation agreed to by the Vendor and the Purchaser in writing. The Vendor and the Purchaser will cooperate in the filing of any elections under the *Income Tax Act* (Canada) and any other applicable tax law as may be necessary or desirable to give effect to that allocation for Tax purposes. The Vendor and the Purchaser will prepare and file their respective tax returns in a manner consistent with that allocation and those elections.

Section 2.04 The Purchaser will be liable for and will pay all taxes properly payable by the Purchaser in connection with the sale and transfer of the Clean Energy Assets, other than income taxes payable by the Vendor. Notwithstanding the foregoing, the Vendor and the Purchaser will, on or before the Closing, jointly execute an election, in the prescribed form and containing the prescribed information, to have Subsection 167(1.1) of the *Excise Tax Act* (Canada) (the “**ETA Act**”) apply to the sale and purchase of the Clean Energy Assets hereunder so that no tax is payable in respect of such sale and purchase under Part IX of the ETA Act. The Purchaser will file such election with the Minister of National Revenue in Canada within the time prescribed by the ETA Act.

Article III. REPRESENTATIONS, WARRANTIES AND COVENANTS

Section 3.01 Representations, Warranties and Covenants of the Vendor. The Vendor represents and warrants to, and covenants to and agrees with, the Purchaser as follows:

- (a) Status. As of the Closing Date the Vendor is a corporation (i) duly incorporated and organized and validly subsisting under the laws of the province of Saskatchewan; (ii) duly authorized and licensed to own its properties, and to carry on its businesses, as presently owned and carried on by it; and (iii) having the power and authority and right to sell the Clean Energy Assets in accordance with the terms of this Agreement.
- (b) Title to Asset. At the Closing, the Vendor shall convey the Clean Energy Assets to the Purchaser, free and clear of any and all claims, liens, encumbrances, mortgages, pledges, equities, charges, conditional sale and other title retention agreements, assessments, covenants, restrictions, reservations, commitments, obligations, liabilities and other burdens of every nature, including any claim, lien or other burden of whatsoever nature arising as a result of the Purchase and Sale.
- (c) Intellectual Property. All necessary legal steps have been taken by the Vendor to preserve its rights to its intellectual property; the intellectual property that is owned by the Vendor is owned free and clear of any encumbrances, and no person other than the Vendor has any right to use that intellectual property; the use by the Vendor of any intellectual property owned by third parties is valid; the conduct by the Vendor of the Business does not infringe the intellectual property of any person.
- (d) Agreement Binding. This Agreement is, and each document presented by the Vendor in connection with the Closing will be, a valid and legally binding obligation of the Vendor enforceable in accordance with its terms. Neither the execution of this Agreement or such other documents and instruments by the Vendor, nor the performance by the Vendor of the various terms and provisions hereof and thereof will violate the charter documents of the Vendor or result in a breach or violation of any term or permit, an acceleration of, any indenture, mortgage,

lease or any other agreement or instrument to which the Vendor is a party or by which the property of the Vendor is bound.

- (e) Authorization. All required authorizations, consents and approvals of public bodies and authorities to the sale and transfer of the Clean Energy Assets on the terms and conditions set forth in this Agreement have been or will have been obtained prior to the Closing.
- (f) No Breach Caused by this Agreement. Neither the execution nor delivery of this Agreement nor the fulfillment or compliance with any of the terms hereof will conflict with, or result in a breach of the terms, conditions or provisions of, or constitute a default under, the articles and by-laws, as amended, of the Vendor or any material agreement or instrument to which the Vendor or the business of the Vendor is subject, or will require any consent or other action by any administrative or governmental body.
- (g) Tax Matters:
 - i. For purposes of this Agreement, the term "Governmental Charges" means and includes all taxes, customs duties, rates, levies, assessments, reassessments and other charges, together with all penalties, interest and fines with respect thereto, payable by the Vendor or otherwise in respect of the Business, to any federal, provincial, municipal, local or other government or governmental agency, authority, board, bureau or commission, domestic or foreign.
 - ii. The Vendor has paid all Governmental Charges which are due and payable by them on or before the date hereof. There are no actions, suits, proceedings, investigations, enquiries or claims now pending or made or, to the best of the knowledge of the Vendor, threatened against the Vendor in respect of Governmental Charges.
 - iii. The Vendor has withheld from each amount paid or credited to any person the amount of Governmental Charges required to be withheld therefrom and has remitted such Governmental Charges to the proper tax or other receiving authorities within the time required under applicable legislation.
- (h) Residence and GST/HST Registration. The Vendor is not a non-resident of Canada for the purposes of Section 116 of the ITA and is duly registered for purposes of the ETA Act.
- (i) Litigation. There is no action, claim, demand or other proceeding pending or threatened before any court or administrative agency which could adversely affect the Vendor's title to the Clean Energy Assets and the Vendor's ability to convey same free and clear of all encumbrances.

Section 3.02 Representations, Warranties and Covenants of the Purchaser. The Purchaser represents and warrants to, and covenants to and agrees with, the Vendor as follows:

- (a) Status. As of the Closing Date the Purchaser is a corporation (i) duly incorporated and organized and validly subsisting under the laws of the province of Saskatchewan; (ii) duly authorized and licensed to own its properties, and to carry on its businesses, as presently owned and carried on by it; and (iii) having the power and authority and right to sell the Clean Energy Assets in accordance with the terms of this Agreement; and

- (b) Agreement Binding. This Agreement is, and all documents presented by the Purchaser in connection with the Closing will be, valid and legally binding obligations of the Purchaser enforceable in accordance with their respective terms.

Section 3.03 Survival. The representations, warranties and covenants of the Purchaser contained in this Article 3 shall survive the Closing and, notwithstanding the Closing, shall continue in full force and effect for the benefit of the parties for a period of one year following the Closing Date, unless otherwise provided, after which time the parties shall be released from all obligations and liabilities hereunder except with respect to any claims made by the other in writing prior to the expiration of such period.

Section 3.04 GST/HST Registration. The Purchaser is duly registered for purposes of the ETA Act.

Article IV. CLOSING ARRANGEMENTS

Section 4.01 Closing. The Closing Date shall be January 27, 2021 or such other date as the parties may agree.

Section 4.02 Pre-Closing Procedures. The parties shall take or cause to be taken all actions, steps and corporate proceedings necessary or desirable to validly and effectively approve or authorize the completion of the transactions herein provided for and such transactions shall be completed by the Closing Date. Upon the Closing of the transactions contemplated herein, title in and to the Clean Energy Assets shall be deemed to have transferred to the Purchaser on the Effective Date.

Section 4.03 Closing Procedures. At Closing, upon fulfillment of all the conditions set out herein which have not been waived in writing as provided for herein, the Vendor shall deliver to the Purchaser:

- (a) any documents, if any, representing title of the Clean Energy Assets;
- (b) all necessary deeds, conveyances, bills of sale, assurances, transfers, assignments and consents and any other documents necessary or reasonably required to effectively transfer of the Clean Energy Assets to the Purchaser, including a fully executed copy of a general conveyance and bill of sale for the Clean Energy Assets; and
- (c) such other documentation as the Purchaser may reasonably request in order to complete the Purchase and Sale and transactions associated therewith, and the taking of all corporate proceedings in connection with such transactions (as to certification and otherwise), in each case in form and substance satisfactory to the Purchaser, acting reasonably.

Section 4.04 At Closing, upon fulfillment of all the conditions set out herein which have not been waived in writing as provided for herein, the Purchaser shall deliver to the Vendor:

- (a) the Consideration Shares; and
- (b) such other documentation as the Vendor may reasonably request in order to complete the Purchase and Sale and transactions associated therewith, and the taking of all corporate proceedings in connection with such transactions (as to certification and otherwise), in each case in form and substance satisfactory to the Purchaser, acting reasonably.

Section 4.05 Post-Closing Procedures. After Closing, the parties shall attend to the following matters:

- (a) the Purchaser shall be responsible to self-assess for taxes on the Clean Energy Assets, if applicable; and
- (b) the Vendor shall review its tax filings with the Purchaser to confirm they reasonably prevent negative tax consequences for the Purchaser.

Article V. CONDITIONS

Section 5.01 Conditions for Purchaser's Benefit. The Purchaser shall not be obliged to complete the purchase herein provided for unless the following conditions have been satisfied on the Closing Date, it being understood that such conditions are included for the exclusive benefit of the Purchaser and may be waived in writing in whole or in part by the Purchaser at any time; and the Vendor shall use its best efforts to ensure that such conditions are fulfilled on the above dates:

- (a) Approvals. The sale and purchase herein provided for shall have been duly authorized and approved by the board of directors resolution of the Vendor; and a copy of the requisite corporate proceedings shall have been delivered to the Purchaser. All other corporate and legal proceedings and approvals as are considered reasonably necessary by the Purchaser's solicitors shall have been taken or obtained to permit the Vendor to complete the transactions provided for herein;
- (b) Representations, Warranties and Covenants. The representations, warranties and covenants set forth in section 3.1 shall be true and correct in all material respects;
- (c) Compliance. All of the terms, covenants and agreements set forth in this Agreement to be complied with or performed by the Vendor at or before the Closing Date shall have been complied with or performed by the Vendor on or before the Closing Date; and
- (d) Good Title. The Vendor shall have and shall deliver to the Purchaser good and marketable title to all of the Clean Energy Assets, free and clear of all liens, encumbrances and security interests save and except for what is assumed by the Purchaser. For greater certainty, the Clean Energy Assets shall consist of those assets of the Vendor as set out in the general conveyance delivered concurrently with the execution of this Agreement at Closing.

Section 5.02 Conditions for the Vendor's Benefit. The Vendor shall not be obliged to consummate the transactions herein provided for unless, on the Closing Date each of the following conditions shall have been satisfied, it being understood that the said conditions are included for the exclusive benefit of the Vendor and may be waived at any time; and the Purchaser shall use its best efforts to ensure that such conditions are fulfilled on or before the Closing Date:

- (a) Representations, Warranties and Covenants. The representations, warranties and covenants set forth in section 3.2 hereof shall be true and correct in all material respects;
- (b) Financing. All steps respecting the Financing have been completed, except for the closing of the Financing, the Financing will result in the Purchaser receiving gross proceeds of at least \$6,000,000, and an officer of the Purchaser shall have provided a certificate in respect of the foregoing; and

- (c) Compliance with Agreement. All of the terms, covenants and agreements set forth in this Agreement to be complied with or performed by the Purchaser at or before the Closing Date shall have been complied with or performed by the Purchaser on or before the Closing Date.

Article VI. INDEMNIFICATION

Section 6.01 Indemnification by the Vendor

- (a) The Vendor agrees to indemnify and save harmless the Purchaser from all losses suffered or incurred by the Purchaser as a result of or arising directly or indirectly out of or in connection with:
- i. any breach by the Vendor of or any inaccuracy of any representation or warranty by the Vendor contained in this Agreement or in any agreement, certificate or other document delivered pursuant hereto;
 - ii. any breach or non-performance by the Vendor of any covenant to be performed by it that is contained in this Agreement or in any agreement, certificate or other document delivered pursuant hereto;
 - iii. all losses suffered or incurred by the Purchaser in connection with this Agreement as a result of or arising directly or indirectly out of or in connection with any claim, demand, suit, action, cause of action, dispute, proceeding, litigation, investigation, grievance, arbitration or other proceeding relating to any matter originating prior to the Closing Date and relating to the status or operations of the Vendor; and
 - iv. any assessment or reassessment of the Vendor or the Purchaser under the provisions of applicable tax legislation which relate to actions and/or transactions of the Vendor and/prior to the Closing Date.

v.

Section 6.02 Indemnification by the Purchaser

- (a) The Purchaser agrees to indemnify and save harmless the Vendor from all losses suffered or incurred by the Vendor as a result of or arising directly or indirectly out of or in connection with:
- i. any breach by the Purchaser of or any inaccuracy of any representation or warranty contained in this Agreement or in any agreement, instrument, certificate or other document delivered pursuant hereto;
 - ii. any breach or non-performance by the Purchaser of any covenant to be performed by it that is contained in this Agreement or in any agreement, certificate or other document delivered pursuant hereto;
 - iii. all Losses suffered or incurred by the Vendor in connection with this Agreement as a result of or arising directly or indirectly out of or in connection with any claim, demand, suit, action, cause of action, dispute, proceeding, litigation, investigation, grievance, arbitration or other proceeding relating to any matter originating on or after the Closing Date, and that is not caused or originated by an act or omission of the Vendor prior to the Closing Date and relating to the status or operation of the Vendor; and

- iv. any assessment or reassessment of the Vendor under the provisions of applicable tax legislation which relate to actions and/or transactions of the Purchaser and/or any time period subsequent to the Closing Date.

Section 6.03 Cumulative Rights

- (a) The rights, recourses and remedies provided to the indemnified party under this Article VI are in addition to any other right an indemnified party may have or may hereafter acquire under any applicable law or any other provision of this Agreement or otherwise, and any right, recourse or remedy of the indemnified party may be asserted completely against the indemnifying party, without regard to the rights, recourses or remedies the indemnified party may have against any third party.
- (b) Where any party makes a claim or claims hereunder, the right to indemnification in respect of such claim shall continue in full force and effect until the claim is finally settled or adjudicated and all payments to be made in respect of any settlement or adjudication have been made.
- (c) For all purposes hereof, any loss, damage or deficiency against which a party is to be indemnified under this Agreement shall be calculated on a pre-tax basis but paid by the indemnifying party on an after-tax basis.
- (d) If any legal proceedings shall be instituted or any claim is asserted by any third party in respect of which any party hereunder may be entitled to indemnity hereunder, the party asserting such right to indemnity shall give promptly the party or parties from whom indemnity is sought written notice thereof. The party from whom indemnity is sought shall have the right at his or its option and expense, to participate in the defence of such a proceeding or claim, but not to control the defence, negotiation or settlement thereof, which control shall at all times rest with the party asserting such right to indemnity unless the parties agree otherwise.

Article VII. GENERAL

Section 7.01 Funds. All dollar amounts referred to in this Agreement are in lawful money of Canada.

Section 7.02 Expenses. Each Party shall be responsible for its own accounting and legal fees and other charges incurred in connection with the authorization, negotiation, preparation, execution and performance of this Agreement and all other documentation required pursuant to this Agreement.

Section 7.03 Further Assurances. Each of the parties hereto will from time to time at the other's request and expense and without further consideration, execute and deliver such other instruments of transfer, conveyance and assignment and take such further action as the other may require to more effectively complete any matter provided for herein.

Section 7.04 Entire Agreement. This Agreement constitute the entire agreement between the parties pertaining to the subject matter of this Agreement and supersedes all prior correspondence, agreements, negotiations, discussions and understandings, written or oral. Except as specifically set out in this Agreement, there are no representations, warranties, conditions or other agreements or acknowledgements, whether direct or collateral, express or implied, written or oral, statutory or otherwise, that form part of or affect this Agreement or which induced any party to enter into this

Agreement. No reliance is placed on any representation, warranty, opinion, advice or assertion of fact made either prior to, concurrently with, or after entering into, this Agreement, by any party to this Agreement or its representatives, to any other party or its representatives, except to the extent the representation, warranty, opinion, advice or assertion of fact has been reduced to writing and included as a term in this Agreement, and none of the parties to this Agreement has been induced to enter into this Agreement or any other agreement or any amendment or supplement by reason of any such representation, warranty, opinion, advice or assertion of fact. There shall be no liability, either in tort or in contract, assessed in relation to the representation, warranty, opinion, advice or assertion of fact, except as contemplated in this Section.

Section 7.05 Non-Merger. Each party hereby agrees that, except as otherwise expressly provided herein, all provisions of this Agreement, shall forever survive the execution and delivery of this Agreement and any and all documents delivered in connection herewith except as otherwise herein provided.

Section 7.06 Applicable Law. This Agreement shall be interpreted in accordance with the laws of the Province of Saskatchewan and shall be treated in all respects as a Saskatchewan contract and the proper jurisdiction shall be Saskatchewan. The parties hereby irrevocably submit and attorn to the courts of the Province of Saskatchewan.

Section 7.07 Enurement. This Agreement shall enure to the benefit of and be binding upon the parties hereto and their successors and permitted assigns. The Purchaser may not assign this Agreement without the written consent of the Vendor.

Section 7.08 Notices. Any notice required or permitted to be given hereunder shall be in writing and shall be effectively given if (i) delivered personally, (ii) sent by prepaid courier service or mail, or (iii) sent by facsimile, email or other similar means of electronic communication addressed to such most recent address set out under the corporate registry or as confirmed by the parties, and in all cases so delivered personally or by courier or so sent by means of electronic communication (so confirmed).

[THIS PART INTENTIONALLY LEFT BLANK, SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF this Agreement has been executed by the parties hereto effective as of the Effective Date.

HTC PUREENERGY INC. O/A HTC EXTRACTION SYSTEMS

Per: /s/ Lionel Kambeitz
LIONEL KAMBEITZ

DELTA CLEANTECH INC.

Per: /s/ Jeff Allison
JEFF ALLISON