

## Form 7

### MONTHLY PROGRESS REPORT

March 2018

Name of CSE Issuer: **Sharc International Systems Inc.** (the "Issuer")

Trading Symbol: **SHRC**

Number of Outstanding Listed Securities: **28,690,258 common shares**

Date: **April 1, 2018**

#### Report on Business

1. Provide a general overview and discussion of the development of the Issuer's business and operations over the previous month. Where the Issuer was inactive disclose this fact.

On March 9, 2018, the Company announced that Environmental Technology Solutions Pty Ltd. ("ETS") has received its first purchase order for one PIRANHA™ wastewater heat recovery system. On October 26, 2017, the Company announced a strategic Licensing Agreement ("Agreement") with ETS of Australia, for the commercialization of its PIRANHA™ and SHARC™ wastewater heat recovery systems in Australia and New Zealand. The Licensing Agreement gives SHARC a platform to launch its products throughout Australasia and to strengthen its first mover advantage in all parts of the world. Pursuant to the Agreement, SHARC received this initial purchase order from ETS. The order is intended to supply one of Australia's largest hotel operators, Meriton Property Services Pty Ltd ("Meriton Suites"), with one PIRANHA wastewater heat recovery system that will provide immediate and long-term economic and environmental savings.

Meriton Suites is owned & operated by Meriton Property Services Pty Ltd and has 17 establishments and a total of 4,469 suites, making it Australia's largest owner of hotel rooms. Known for their exceptional living spaces and amenities, Meriton Suites delivers a world-class experience to their guests. Hotel staff and guests demand a significant amount of hot water and most of that energy is lost down the drain. With the installation of their first PIRANHA™ wastewater heat exchange system, Meriton Suites is recognizing guest preferences for eco-friendliness, while substantially decreasing energy costs within their hotel's daily operations. Further information about Meriton Suites is available on their website at [www.meritonsuites.com.au](http://www.meritonsuites.com.au)

On, March 13, 2018 the Company announced it has completed the design and fabrication of the MAKO™ waste water heat exchange system. The system is currently undergoing testing at a single detached home in Vancouver, British Columbia. The MAKO is the residential version of the award-winning SHARC energy system that until now has only been available to provide heating,

cooling, and hot water for large-scale projects such as college campuses and high-rise apartment buildings.

The MAKO meets LEED® Canada for Homes criteria, is easily installed in new and retrofit projects. The MAKO will provide families with immediate and long-term energy savings and carbon reduction, and is expected to qualify for the Government of Canada's clean technology investment program. The average Vancouver household spends approximately \$1,550.00 per year on thermal energy that can be recovered by the MAKO. The estimated operating cost for the MAKO is \$350.00 per year, while it delivers annual savings of approximately \$1,200.00, paying for itself in less than four years.

As more people around the world install the MAKO, it will cut GHG emissions significantly, offsetting an estimated three to four tonnes of CO2 emissions per year for each household. The MAKO can also be tied to a home's solar electric system allowing families to gain energy independence with an off-grid system.

The Company also announces the issuance of 300,000 stock options at \$0.36 to directors, management, and consultants of the Company for a term of twelve (12) months.

On March 20, 2018 the Company announced that its SHARC subsidiary, IWWS (UK) LTD. ("SHARC UK") has joined forces with Scottish Water Horizons ("SWH"), an executive non-departmental statutory corporation of the Scottish Government under the Water Industry Commission for Scotland ("WICS"), to establish a joint venture ("JV") which will enable them to expand and accelerate the deployment of wastewater heat recovery systems across Scotland.

The joint venture, to be called Bandwidth Energy Ltd. ("Bandwidth") has been set up to manage the installation and maintenance of a number of key green energy projects which are currently in the advanced stages of planning. Scottish Water Horizons will provide commercial funding for the projects, with SHARC providing the design, build and operational expertise for the green energy installations. The Scottish Government is supporting the projects by providing 50 per cent grant capital support through its Low Carbon Infrastructure Transition Programme ("LCITP"). The new alliance will support the Scottish Government's ambitious renewable heat and carbon reduction targets for 2020.

It is the result of three years of collaboration between SHARC and Scottish Water Horizons, which has created a £20 million (\$36.8 million CAD) pipeline of potential installations across Scotland that, when deployed, will generate 170 GWhs per year of heating and cooling to displace the fossil fuel currently used. This joint venture follows the launch of the UK's first Sewage Heat Recovery system, developed and installed by SHARC and facilitated by Scottish Water Horizons, at Borders College in Galashiels, which aims to displace 1.8 GWhs (Giga Watt hours) of natural gas and save over 150 tonnes of carbon emissions per year. The system provides heating and cooling to customers through a heat supply agreement. This works much like that of any energy supplier, but the main difference is that customers have no up-front costs. Included in the heat supply agreement are the costs of design, installation, servicing and maintenance and the supply of equipment.

The innovative SHARC™ wastewater heat exchange system, which has been deployed in numerous international locations, intercepts wastewater from sewers and uses heat pump technology to amplify the natural warmth of wastewater. This generates an energy-saving, cost-

effective and environmentally-friendly system for heating, cooling and hot water production in commercial and residential buildings.

The system generates energy-saving, cost-effective and environmentally-friendly solutions for heating, cooling and hot water for commercial and residential buildings. SHARC brought the technology to the UK for the first time and provides a full design, manufacture and installation service. The SHARC™ system is suitable for both new build and retrofit projects on residential and commercial developments.

SHARC, in partnership with Scottish Water Horizons, recently won two prestigious industry awards. SHARC Energy Systems and Scottish Water Horizons were nominated in the innovation category for their ground-breaking project at Borders College, in Galashiels, which was launched in 2015, and in November, the project was recognised for its positive impact on sustainability when Borders College won the Best Newcomer Award at the Green Gown Awards. These awards celebrate sustainability initiatives being undertaken in the university and college sector. In December, they won the innovation award at the Scottish Green Energy Awards 2017. The awards, hosted by Scottish Renewables, honour the determination and creative thinking which defines new approaches to sustainable energy.

On March 23, 2018 the Company announced that it has entered Sales Representative Agreements (“Sales Agreement”) with HIGHMARK NY, LLC (“HIGHMARK”). Under the terms of the Sales Agreement, HIGHMARK has been authorized to sell Vancouver-based SHARC products throughout the New York City metro area, effective immediately. The partnership combines SHARC’s unique and innovative waste water energy recycling technology, which provides efficient and economical space heating and cooling for commercial, residential and industrial buildings, with HIGHMARK’s commitment to reducing energy consumed and carbon emissions produced by New York City’s buildings. New York City-based HIGHMARK is a pioneer in building efficiency as it searches the world for the most innovative products and technologies on the market. The team consists of a global network of HVAC professionals committed to ensuring buildings operate as efficiently as possible. Since its founding in 2013, the company has experienced double-digit annual growth, and continues to expand its extensive client base.

**Provide a general overview and discussion of the activities of management.**

**See Item 1 above.**

2. Describe and provide details of any new products or services developed or offered. For resource companies, provide details of new drilling, exploration or production programs and acquisitions of any new properties and attach any mineral or oil and gas or other reports required under Ontario securities law.

**See Item 1 above.**

3. Describe and provide details of any products or services that were discontinued. For resource companies, provide details of any drilling, exploration or production programs that have been amended or abandoned.

**None.**

4. Describe any new business relationships entered into between the Issuer, the Issuer's affiliates or third parties including contracts to supply products or services, joint venture agreements and licensing agreements etc. State whether the relationship is with a Related Person of the Issuer and provide details of the relationship.

**See 1 above.**

5. Describe the expiry or termination of any contracts or agreements between the Issuer, the Issuer's affiliates or third parties or cancellation of any financing arrangements that have been previously announced.

**None**

6. Describe any acquisitions by the Issuer or dispositions of the Issuer's assets that occurred during the preceding month. Provide details of the nature of the assets acquired or disposed of and provide details of the consideration paid or payable together with a schedule of payments if applicable, and of any valuation. State how the consideration was determined and whether the acquisition was from or the disposition was to a Related Person of the Issuer and provide details of the relationship.

**None**

7. Describe the acquisition of new customers or loss of customers.

**None.**

8. Describe any new developments or effects on intangible products such as brand names, circulation lists, copyrights, franchises, licenses, patents, software, subscription lists and trade-marks.

**None.**

9. Report on any employee hiring, terminations or lay-offs with details of anticipated length of lay-offs.

**None**

10. Report on any labour disputes and resolutions of those disputes if applicable.

**None.**

11. Describe and provide details of legal proceedings to which the Issuer became a party, including the name of the court or agency, the date instituted, the principal parties to the proceedings, the nature of the claim, the amount claimed, if any, if the proceedings are being contested, and the present status of the proceedings.

**None.**

12. Provide details of any indebtedness incurred or repaid by the Issuer together with the terms of such indebtedness.

**None**

13. Provide details of any securities issued and options or warrants granted.

The Company also announces the issuance of 300,000 stock options at \$0.36 to directors, management, and consultants of the Company for a term of twelve (12) months.

14. Provide details of any loans to or by Related Persons.

**None**

15. Provide details of any changes in directors, officers or committee members.

**None**

16. Discuss any trends which are likely to impact the Issuer including trends in the Issuer's market(s) or political/regulatory trends.

**None.**

### **Certificate Of Compliance**

The undersigned hereby certifies that:

1. The undersigned is a director and/or senior officer of the Issuer and has been duly authorized by a resolution of the board of directors of the Issuer to sign this Certificate of Compliance.
2. As of the date hereof there is no material information concerning the Issuer which has not been publicly disclosed.
3. The undersigned hereby certifies to CSE that the Issuer is in compliance with the requirements of applicable securities legislation (as such term is defined in National Instrument 14-101) and all CSE Requirements (as defined in CSE Policy 1).
4. All of the information in this Form 7 Monthly Progress Report is true.

Dated: **April 10, 2018**

David Alexander \_\_\_\_\_  
Name of Director or Senior Officer

\_\_\_\_\_  
Signature

Chief Financial Officer \_\_\_\_\_  
Official Capacity

<b>Issuer Details</b>		
Name of Issuer: <b>Sharc International Systems Inc.</b>	For Month End <b>April 2018</b>	Date of Report: <b>YYYYMMDD 2018/104/10</b>
Issuer Address: <b>1443 Spitfire Place</b>		
City/Province/Postal Code: <b>Port Coquitlam BC V3C 6L4</b>	Issuer Fax No.: <b>778.262.0120</b>	Issuer Telephone No. <b>604.475.7710</b>
Contact Name: <b>David Alexander</b>	Contact Position: <b>CFO</b>	Contact Telephone No. <b>778-772-8184</b>
Contact Email Address: <b>David.alexander@sharcenergy.com</b>	Web Site Address <a href="http://www.sharcenergy.com">www.sharcenergy.com</a>	