

Form 7

MONTHLY PROGRESS REPORT

December 2018

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

Trading Symbol: **SHRC**

Number of Outstanding Listed Securities: **38,720,176 common shares**

Date: **January 8, 2019**

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 December 10, 2018, the Company announced the addition of Jas Sahota as Senior Vice President of Finance. Mr. Sahota is a CPA and CGA and has over 25 years of Operational and Management experience, which have included financial planning & analysis, internal controls, information technologies and human resources. He is the current CFO of WA-2!

On December 19, 2018, the Company announced it repaid the Loan Agreements, previously announced on November 27, 2018, totaling \$1.3M CDN. The loan was set to mature on December 23, 2018. The loan was used to pay eligible construction costs ahead of recovering grant support for the heat incentive scheme for Clyde Gateway. The Company is eligible and received £1.684M (\$2.86M CDN) in grant funding.

Furthermore, the Company issued 800,000 stock options with an exercise price of \$0.28 expiring December 18, 2019 to Directors of the Company and 23,173 common shares pursuant to a debt settlement agreement for services rendered.

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

See Item 1 above.

3. 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.

None.

4. 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.

5. 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.

None

6. 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

7. 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

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

None.

9. 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.

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

On December 10, 2018, the Company announced the addition of Jas Sahota as Senior Vice President of Finance. Mr. Sahota is a CPA and CGA and has over 25 years of Operational and Management experience, which have included financial planning & analysis, internal controls, information technologies and human resources. He is the current CFO of WA-2!.

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

None.

12. 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.

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

On December 19, 2018, the Company announced it repaid the Loan Agreements, previously announced on November 27, 2018, totaling \$1.3M CDN. The loan was set to mature on December 23, 2018. The loan was used to pay eligible construction costs ahead of recovering grant support for the heat incentive scheme for Clyde Gateway. The Company is eligible and received £1.684M (\$2.86M CDN) in grant funding.

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

Please see Question 1. On December 19, 2018, the Company issued 800,000 stock options with an exercise price of \$0.28 expiring December 18, 2019 to Directors of the Company and 23,173 common shares pursuant to a debt settlement agreement for services rendered.

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

None

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

None

17. 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: **January 8, 2019**

Hanspaul Pannu

Name of Director or Senior Officer

"Hanspaul Pannu"

Signature

Chief Financial Officer

Official Capacity

<i>Issuer Details</i>		
Name of Issuer: Sharc International Systems Inc.	For Month End December 2018	Date of Report: YYYYMMDD 2019/01/08
Issuer Address: 1443 Spitfire Place		
City/Province/Postal Code: Port Coquitlam BC V3C 6L4	Issuer Fax No.: 778.262.0120	Issuer Telephone No. 604.475.7710
Contact Name: Hanspaul Pannu	Contact Position: CFO	Contact Telephone No. 604.475.7710
Contact Email Address: Hanspaul.pannu@sharcenergy.com	Web Site Address www.sharcenergy.com	