

Form 7

MONTHLY PROGRESS REPORT

May 2019

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: **June 7, 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.

The Company strengthened its board with the addition of Eleanor Chiu and and Olga Ilich. Mrs. Chiu and Ms. Ilich provide a wealth of experience, credentials and knowledge to round out the skills and abilities of the current board.

On March 26, 2019, the Company announced a non-brokered private placement for sale of up to 5,000 convertible debenture units (the "Units") at a price of \$1,000 per Unit for aggregate gross proceeds of \$5,000,000 (the "Offering"). Please refer to the press release for further details. On May 4, 2019, the Company closed the first tranche for 1,330 units for gross proceeds of \$1.33M. Finders fees of \$79,800 and 80 Compensation warrants. Lynn Mueller, CEO, continues to present the opportunity of Sharc to investors, brokers, funds, etc. to capitalize Sharc for current and future growth.

During May 2019, the Company has continued to work towards completion of the Clyde Gateway and Aqualibrium projects in the UK. These are scheduled to be complete in Q3 2019. Completion of these projects will be a significant milestone for the Company as this will signify a new stage of our heat supply business model. This business model consists of building heating and cooling energy centers and entering into 20 year Heat Supply Agreements which provides monthly cash flow off Company owned infrastructure.

The Company continues to educate, train and set the standards for the industry by:

- **Stacey Bernier & Associates Consulting ("SBA") is developing an education and sales training protocol by supporting the mentoring of the SHARC team.**

- Trevor Funk has developed an education and training support protocol to support the sales team and distributors on SHARC technology and its suite of products. The Company has had 21 session in Canada in Q1 2019 alone.
- Sharc UK has conducted lunch and learn sessions in Scotland conducted by Joe Short and representatives from Scottish Water.
- Sharc UK's Stewart McDonald has forged a relationship with Glasgow University's Engineering Department which is undertaking research which aims to collate data on heat exchange opportunities.
- Sharc UK Stewart McDonald sits on the Clyde Low Carbon Heat working group and is a member of the Scottish Environmental Protection Agency's Low Carbon Roundtables, working with local and national government to shape policy to promote the adoption of low-carbon energy.

The Company is poised to position itself within this program as a key driver in the fight against reducing greenhouse gas emissions. Mining the energy that flows just beneath our feet is a major step forward in green building technology and could make significant improvements in the environment.

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

Management continues to pursue its strategic plan to improve all facets of the business. Included in this strategic plan is working towards a capital raise to support the current and future infrastructure.

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.

None

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.

The Company repaid a \$150,000 loan take out on November 9, 2018 at an annual interest rate of 12%. This loan was repaid in full plus interest charge on May 9, 2019 for \$158,926.

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

The Company issued a total of 800,000 stock options to Directors and Officers. 700,000 stock options will be exercisable to December 18, 2019 at an exercise price of \$0.26 per stock option. A total of 100,000 will be exercisable for a period of twenty-four months at an exercise price of \$0.26.

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

None

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

The Board of Directors added two more members, Olga Ilich and Eleanor Chiu. This brings the total board size to seven members.

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

The Government of BC has implemented a program called EfficiencyBC. The program is setup to promote the access to information, incentives and support for homeowners and businesses in reducing energy use and greenhouse gas emissions in new and existing homes and buildings.

The Company is poised to position itself within this program as a key driver in the fight against reducing greenhouse gas emissions

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: **June 7, 2019**

Hanspaul Pannu

Name of Director or Senior Officer

"Hanspaul Pannu"

Signature

Chief Financial Officer

Official Capacity

Issuer Details		
Name of Issuer: Sharc International Systems Inc.	For Month End May 2019	Date of Report: YYYYMMDD 2019/06/07
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	