



SHARC International Completes Balance Sheet Restructuring

Vancouver – (June 1, 2020) – SHARC International Systems Inc. (CSE: SHRC) (FSE: IWIA) (OTCQB: INTWF) ("SHARC" or the "Company") announces that on May 29th, 2020, further to its news release dated May 27, 2020, it has closed a non-brokered private placement of convertible debenture units ("**Debenture Units**") for gross proceeds of \$2,000,000 (the "**Offering**") and completed the settlement agreements (the "**Settlement Agreements**") as agreed to with all holders ("**Debentureholders**") of the Company's \$1.32M and \$1.023M 12% unsecured, convertible debentures due May 30, 2020 and June 29, 2020 (the "**Maturing Debentures**").

Each Debenture Unit consists of: (i) \$1,000 principal amount of 2.0% unsecured convertible debentures (the "**Debentures**"); and (ii) 3,333 warrants (the "**Warrants**"). The Debentures will bear interest from their issue date at 2.0% per annum calculated and payable semi-annually in arrears on June 30 and December 31 of each year commencing on June 30, 2020 and will mature three years following the closing of the Offering (the "**Maturity Date**"). The Debentures are unsecured and will rank pari passu in right of payment of principal and interest with all the existing and future unsecured indebtedness of the Company.

The Debentures, (including any accrued and unpaid interest) will be convertible at the option of the holder into common shares of the Company (the "**Common Shares**") at any time after May 29, 2021 and prior to the close of business on the last business day prior to the Maturity Date at a conversion price of \$0.15 per Common Share.

Each Warrant will be exercisable to acquire one Common Share (a "**Warrant Share**") at an exercise price of \$0.25 per Warrant Share for a period of three years following the Closing Date.

The Debenture Units will be eligible for RRSP, RESP, RRIF, TFSA and DPSP accounts. The Debentures and the Warrants comprising each Debenture Unit, and any Common Shares issuable upon conversion or exercise thereof, are subject to a statutory four month and one day hold period until September 30, 2020.

In connection with the Offering, the Company paid eligible finders an aggregate cash fee of \$100,000 and issued 200 compensation warrants to eligible finders (the "**Compensation Warrants**"). Each Compensation Warrant entitles the holder thereof to purchase one Unit of the Company at an exercise price of \$1,000 for a period of three years following the date of issuance. The Debenture Units issuable upon exercise of the Compensation Warrants are on the same terms as the Debenture Units sold under the Offering.

The securities being offered have not been, nor will they be, registered under the United States Securities Act of 1933, as amended, and may not be offered or sold in the United States or to, or for the account or benefit of, U.S. persons absent registration or an applicable exemption from the registration requirements. This press release shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the securities in any jurisdiction in which such offer, solicitation or sale would be unlawful.

In connection with the Settlement Agreements, the Company paid 75% of the outstanding principal amount of the Maturing Debentures, any and all accrued and unpaid interest up to the date of maturity and amended 1,673,571 common share purchase warrants (the "**Amended Warrants**") in consideration for the cancellation of the Maturing Debentures and a release of the Company's obligations under the Maturing Debentures. The expiry date of the Warrants will be extended by two years from May 30, 2020 and June 29, 2020 to May 30, 2022 and June 29, 2022, respectively, and the exercise price of the Warrants will be repriced to \$0.25 from \$1.05 (collectively, the "**Warrant Amendments**"). The Warrant Amendments were approved by the Canadian Securities Exchange (the "**CSE**") on May 27, 2020.

"The completion of the Offering and Settlement Agreements marks the completion of the restructuring of our balance sheet as it is the first time since September 30, 2018 that the Company is working capital positive," says Hanspaul Pannu, Chief Financial Officer of Sharc International Systems Inc. "It was roughly 9 months ago when the Company started the work of restructuring and beginning the climb from a working capital deficit of \$5.12M as reported on our September 30, 2019 interim financial statements."



"We have reduced our overall convertible debt balance by \$993K through the Offering, Settlement Agreements and convertible debt conversions, replaced 12% debt with 2% debt reducing annual interest payment commitments by \$240K and provided the Company approximately two years until its next maturing debenture event. The groundwork has been laid for SHARC to build significant shareholder value and begin to capitalize on the sales and marketing infrastructure that has been developed in 2020."

About SHARC International Systems

SHARC International Systems Inc. is a world leader in thermal heat recovery. SHARC systems recycle thermal energy from wastewater, generating one of the most energy efficient and economical systems for heating, cooling & hot water preheating for commercial, residential and industrial buildings. SHARC is publicly traded in Canada (CSE: SHRC), the United States (OTCQB: INTWF) and Germany (Frankfurt: IWIA).

Further information about the Company is available on our website at www.sharcenergy.com or under our profile on SEDAR at www.sedar.com.

ON BEHALF OF THE BOARD

"Lynn Mueller"

Chairman and Chief Executive Officer

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The Canadian Securities Exchange does not accept responsibility for the adequacy or accuracy of this release.

Forward-Looking Statements

Certain statements contained in this news release may constitute forward-looking information. Forward-looking information is often, but not always, identified by the use of words such as "anticipate", "plan", "estimate", "expect", "may", "will", "intend", "should", and similar expressions. Forward-looking information involves known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking information. SHARC's actual results could differ materially from those anticipated in this forward-looking information as a result of regulatory decisions, competitive factors in the industries in which the Company operates, prevailing economic conditions, and other factors, many of which are beyond the control of the Company. SHARC believes that the expectations reflected in the forward-looking information are reasonable, but no assurance can be given that these expectations will prove to be correct and such forward-looking information should not be unduly relied upon. Any forward-looking information contained in this news release represents the Company's expectations as of the date hereof, and is subject to change after such date. The Company disclaims any intention or obligation to update or revise any forward-looking information whether as a result of new information, future events or otherwise, except as required by applicable securities legislation.