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SHARC™ International Reports on Q1 2020

Vancouver – (June 12, 2020) – SHARC™ International Systems Inc. (CSE: SHRC) (FSE: IWIA) (OTCQB: INTWF) ("SHARC Energy" or the "Company") has filed its financial results for the three months ended March 31, 2020 ("Q1 2020") and 2019 ("Q1 2019"). All figures are in CDN unless otherwise noted.

Q1 2020 Financial Highlights:

- Quarter over quarter revenue growth of 182% or an increase of \$0.04M and comparative quarter over quarter revenue growth of 93% or an increase of \$0.03M.
- Adjusted EBITDA¹ Loss of \$0.47M compared to \$0.58M in Q1 2019.
- The Company has reduced its working capital deficit by approximately \$2.0M, from \$3.5M at December 31, 2019 to \$1.5M at March 31, 2020. Furthermore, this represents a total \$3.6M reduction in working capital deficit from \$5.1M at September 30, 2019.
- Gross margin of \$0.05M at 86% margin in Q1 2020 compared to \$0.02M at 76% margin in Q1 2019.
- On February 11, 2020, the Company issued 10,000,000 units at a price of \$0.065 for cash proceeds of \$156,000 and the settlement of debt of \$494,000 owed to officers, directors and consultants. Debt settlement of officers and directors of the Company account for \$326,794 of the total settlements.
- On February 13 and February 24, 2020, the Company issued unsecured convertible debenture units with total principal amounts of \$1,764,000 and \$276,000 respectively. The debentures mature on February 13 and February 24, 2023, respectively, and bear interest at an annual rate of 2% due semi-annually
- Secured a Key Account in Washington state and received deposits of \$0.2M and purchase orders for the future order of 4 PIRANHA™ units and a SHARC system with revenue potential of approximately \$1.0M anticipated to be fulfilled by summer 2021.

Q1 2020 Accomplishments

- Hired Director of Marketing and IT to oversee the overhaul and build out of sales and marketing content and materials and build out IT infrastructure required to scale.
- The Company issued notice for all previous sales representation ("**Representatives**") under Manufacturer Representative Agreements ("**MRA**") and issued new MRA's that clearly establish terms and conditions that create a clear and transparent relationship between SHARC Energy and its Representatives.
- Successfully reallocated internal resources from research and development and technical positions to sales and sales support positions

¹ Adjusted EBITDA is a Non-IFRS measure. Please see discussion and reconciliation of Non-IFRS measures in the Q1 2020 Management Discussion and Analysis ("MD&A").

- Appointed 3 Board Members who have collectively invested \$0.9M into SHARC Energy over the past year
- Pivoted during COVID-19 to begin remote training and sales presentations. On March 27, 2020, the Company held its inaugural Sales and Technical training seminar to approximately 200 sales representatives from across North America and United Kingdom. The Company has been putting on multiple sessions each week with audiences ranging from architects, engineers, Representatives, potential customers and government officials.

Subsequent events

- In May 2020, SHARC Energy won the opportunity to collaborate on a pilot project funded by the [Electric Power Research Institute](#) (“EPRI”) after presenting at the [Incubatenergy© Labs Challenge](#). After being selected as 1 of 17 finalists from a pool of over 130 applicants, SHARC Energy made a virtual pitch on April 7th, 2020. The Company has now been selected as 1 of 10 companies to demonstrate innovative power delivery and use technologies under the leadership of EPRI, Ameren Corporation, Tennessee Valley Authority and Southern California Edison.
- On May 29, 2020, the Company issued unsecured convertible debenture units with a principal amount of \$2,000,000. The debenture matures on May 29, 2023 and bears interest at an annual rate of 2% due semi-annually.
- On May 29, 2020, the Company settled with all holders (“**Debentureholders**”) of the Company’s \$1,320,000 and \$1,023,000 12% unsecured, convertible debentures which were set to mature on May 30, 2020 and June 29, 2020 (the “**Maturing Debentures**”). The Debentureholders have entered into settlement agreements with the Company (the “**Settlement Agreements**”) pursuant to which the Debentureholders accepted 75% cash payout of the outstanding principal amount of the Maturing Debentures, the payout of any accrued and unpaid interest up to the date of maturity and the amendment of 1,673,571 common share purchase warrants (the “**Warrants**”) in consideration for the cancellation of the Maturing Debentures and a release of the Company’s obligations under the Maturing Debentures.
- On June 12, 2020, the Company issued unsecured convertible debenture units with a principal amount of \$700,000. The debenture matures on June 12, 2023 and bears interest at an annual rate of 2% due semi-annually

“Q1 2020 has been challenging globally due to the COVID-19 pandemic.” says Lynn Mueller, Chief Executive Officer of SHARC Energy, “However, SHARC Energy was able to adapt its strategy, continuing to generate awareness and sales lead opportunities through remote sales and training presentations. I am proud of what our team has accomplished. Despite the challenges, we are ready for the opportunities COVID-19 has presented.”

About SHARC International Systems Inc.

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 Energy 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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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 Energy'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 Energy 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.