

FORM 7

MONTHLY PROGRESS REPORT

Name of Listed Issuer: **SHARC International Systems Inc.** (the "Issuer").

Trading Symbol: **SHRC**

Number of Outstanding Listed Securities: **65,320,348**

Date: **October 7, 2020**

This Monthly Progress Report must be posted before the opening of trading on the fifth trading day of each month. This report is not intended to replace the Issuer's obligation to separately report material information forthwith upon the information becoming known to management or to post the forms required by Exchange Policies. If material information became known and was reported during the preceding month to which this report relates, this report should refer to the material information, the news release date and the posting date on the Exchange website.

This report is intended to keep investors and the market informed of the Issuer's ongoing business and management activities that occurred during the preceding month. Do not discuss goals or future plans unless they have crystallized to the point that they are "material information" as defined in the Policies. The discussion in this report must be factual, balanced and non-promotional.

General Instructions

- (a) Prepare this Monthly Progress Report using the format set out below. The sequence of questions must not be altered nor should questions be omitted or left unanswered. The answers to the items must be in narrative form. State when the answer to any item is negative or not applicable to the Issuer. The title to each item must precede the answer.
- (b) The term "Issuer" includes the Issuer and any of its subsidiaries.
- (c) Terms used and not defined in this form are defined or interpreted in Policy 1 – Interpretation and General Provisions.

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 September 1, 2020 the Issuer announced that an award-winning Australian not-for-profit is taking delivery of a SHARC™ International Systems Inc. ("SHARC Energy") wastewater heat recovery system for its development of a seniors' independent living village in Canberra, Australia's capital.

The PIRANHA™ system, which recovers the valuable energy from water that goes down the drain in buildings every day, is part of SHARC Energy’s global commercialization initiative. The PIRANHA will recover energy for Farrer Village by Goodwin, a 169-unit independent living apartment facility that has decided to lower its carbon footprint and save money on heating by recovering energy normally lost in forgotten wastewater.

On September 18, 2020 SHARC Energy announced that the Issuer has completed the three-month demonstration project of the Incubatenergy© Labs 2020 Startup Services Agreement (“SSA”), demonstrating the PIRANHA™ HC’s ability to improve the sustainable energy profile of buildings while providing hot water and air conditioning from the thermal energy recycled from wastewater that would normally be lost down the drain.

SHARC Energy and its demonstration partners – Ameren Corporation, Con-Edison, Southern California Edison, Tennessee Valley Authority – have presented the findings of the demonstration conducted with the Electric Power Research Institute (“EPRI”) to EPRI members and the participating utilities in preparation for the free and open to the public Incubatenergy Labs and Ameren Accelerator Demo Day, scheduled for October 14, 2020, where SHARC Energy will be presenting to utilities, investors and other key stakeholders.

The registration for Demo Day is open now and shareholders and other stakeholders are encouraged to join. Feedback from participating and partner utilities has been overwhelmingly positive.

The goal of the project was to demonstrate the performance of the PIRANHA HC – a self-contained central heat pump that uses a specifically designed direct expansion heat exchanger to extract thermal energy from a building’s wastewater for domestic hot water production and beneficial air conditioning – and quantify the overall energy savings and the associated greenhouse gas (“GHG”) reduction.

To date, the PIRANHA HC has been successfully running for the three months and demonstrated the capacity to completely offset the natural gas boilers at the site of the project in North Vancouver, British Columbia, at a 60-unit apartment complex.

During the demonstration, the PIRANHA HC confirmed its ability to produce 100% of the hot water at 140°F completely offsetting the use of gas boilers, an average Co-efficiency of Performance (“COP”) for hot water production of over 3.5 over the project term and peak COP of over 5, 60% saving in energy cost compared to the gas boilers and discovered a key benefit for cities globally – the reduction of Thermal water pollution.

Thermal water pollution is the degradation of water quality by any process that changes ambient water temperature in rivers, lakes and oceans, harming the natural eco-system and potentially leading to melting sea ice.

The next steps to further validate SHARC Energy’s technology are demonstrations with an independent evaluation to quantify the performance

over a longer period of time. Additionally, different types of sites such as larger apartment buildings, laundromats and commercial kitchens will be explored. The Issuer is in discussions with partner utilities to establish additional sites for implementation and it is anticipated that additional utilities will look to partner on additional projects within their regions/jurisdictions.

On September 30, 2020, the Issuer announce that it has been asked by the Tennessee Valley Authority (“TVA”) to present the success of its wastewater energy recovery demonstration project to US municipal and utility decision makers at a virtual event to be held on October 1, 2020 from Knoxville, Tennessee.

SHARC Energy is one of only three companies selected by the TVA, one of the United States’ largest utilities serving 153 local power companies across the Southeast, and the Electric Power Research Institute (“EPRI”), an industry thought leader in promoting electrical power innovations that can impact the U.S. power industry.

The event is run by TVA and EPRI and highlights companies they believe are poised to deliver energy innovation, cost savings and carbon footprint reductions to utilities and power companies. The goal is to have U.S. utilities, municipalities and power companies fully fund demonstration projects that can accelerate these technologies to market.

The aforementioned news release can be viewed under the Issuer’s profile on SEDAR (www.sedar.com) and on the Issuer’s Disclosure Page on the Canadian Securities Exchange’s website (www.thecse.ca).

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

During the month of September 2020, the management of the Issuer continues to pursue its strategic plan to improve all facets of the business.

The Issuer continues to focus on the North American operations, which entails the manufacturing and sale of its wastewater heat recovery products, focusing investment in sales and marketing activities for the SHARC wastewater filtration unit, PIRANHA and PIRANHA HC units.

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 to report during the month of September 2020.

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 to report during the month of September 2020.

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 to report during the month of September 2020.

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 to report during the month of September 2020.

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 to report during the month of September 2020.

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

None to report during the month of September 2020.

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 to report during the month of September 2020.

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

None to report during the month of September 2020.

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

None to report during the month of September 2020.

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 to report during the month of September 2020.

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

None to report during the month of September 2020.

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

Security	Number Issued	Details of Issuance	Use of Proceeds ⁽¹⁾
Common Shares	500,000	Common Shares were issued on September 8, 2020 in connection with conversion of debt	\$50,000 of convertible debt is extinguished

(1) State aggregate proceeds and intended allocation of proceeds.

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

None to report during the month of September 2020.

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

None to report during the month of September 2020.

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

The trend impacting all facets of business globally is the COVID-19 pandemic. The Issuer is reviewing its options but business is continuing as usual outside of restrictions imposed by the pandemic. Through technology, the Issuer is actively engaging with sales leads and customers.

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.

Governments around the world are implementing aggressive incentive programs to drive policy towards switching from carbon emitting technologies to clean energy alternatives.

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

Trends and risks which are likely to impact the Issuer are described in the Issuer’s Management Discussion and Analysis for the six months ended June 30, 2020, dated August 28, 2020 and on pages 23 to 28 in section “Risk Factors” of the Issuer’s Form 2A Listing Statement dated October 14, 2015, available under the Issuer’s profile on SEDAR (www.sedar.com) and on the Issuer’s Disclosure Page on the Canadian Securities Exchange’s website (www.thecse.ca).

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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 were is no material information concerning the Issuer which has not been publicly disclosed.
3. The undersigned hereby certifies to the Exchange 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 Exchange Requirements (as defined in CNSX Policy 1).
4. All of the information in this Form 7 Monthly Progress Report is true.

Dated October 7, 2020.

Hanspaul Pannu
Name of Director or Senior
Officer

"Hanspaul Pannu"
Signature
Chief Financial Officer and
Corporate Secretary
Official Capacity

<i>Issuer Details</i> Name of Issuer SHARC International Systems Inc.	For Month End September 2020	Date of Report YY/MM/D 20/10/7
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 info@sharcenergy.com	Web Site Address http://www.sharcenergy.com	