

**FORM 51-102F3
MATERIAL CHANGE REPORT**

Item 1 Name and Address of Company

Sharc International Systems Inc. (the “Company” or “SHARC Energy”)
1443 Spitfire Place
Port Coquitlam, BC
V3C 6L4

Item 2 Date of Material Change

December 18, 2020

Item 3 News Release

The news release announcing the material change described herein was disseminated through the news dissemination services of GlobeNewswire and was filed on SEDAR on December 21, 2020.

Item 4 Summary of Material Change

The Company announced it has completed the sale of 10,001,000 common shares (each, a “Share”) on a non-brokered private placement basis at a price of \$0.30 per Share for gross proceeds of \$3,000,300 (the “Offering”). Insiders of the Company invested \$186,000 in the Offering.

Item 5 Full Description of Material Change

5.1 Full Description of Material Change

The Company announced it has completed the sale of 10,001,000 Shares on the Offering. Insiders of the Company invested \$186,000 in the Offering. The proceeds from the fully subscribed private placement will be used for general working capital purposes in support of its sales and marketing efforts.

During the month of December to date, the Company has raised an additional \$529,500 through stock option (“Options”) and common share purchase warrant (“Warrants”) exercises in addition to the Offering. SHARC Energy does not anticipate any additional financings required to fund operations in 2021. With a healthy balance sheet entering the 2021 fiscal year, the Company is focused on creating shareholder value through the commercialization of SHARC and PIRANHA systems in North America and globally.

In connection with the Offering, the Company paid eligible finders an aggregate cash fee of \$150,015 and issued 1,000,100 compensation warrants to eligible finders (the “Compensation Warrants”). Each Compensation Warrant entitles the holder thereof to purchase one Share of the Company at an exercise price of \$0.45 for a period of two years following the date of issuance.

All securities issued in the Offering will be subject to a statutory hold period lasting four months and one day following the issue date of the applicable Share.

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.

Certain directors and/or officers of the Company participated in the Offering (the "Insider Issuance"). The Insider Issuance constitutes a "related party transaction" under Multilateral Instrument 61-101 – Protection of Minority Security Holders in Special Transactions ("MI 61-101"). The Insider Issuance was approved by all non-interested directors of the Company, and the interested directors abstained from approval of the same. The Company is relying on Section 5.5(a) of MI 61-101 for an exemption from the formal valuation requirement and Section 5.7(1)(a) of MI 61-101 for an exemption from the minority shareholder approval requirement of MI 61-101 because the fair market value of the Insider Issuance is less than 25% of the market capitalization of the Company. All issuances are subject to applicable regulatory (including the Canadian Securities Exchange) approvals.

5.2 Disclosure for Restructuring Transactions

Not applicable.

Item 6 Reliance on Subsection 7.1(2) of National Instrument 51-102

Not applicable.

Item 7 Omitted Information

Not applicable.

Item 8 Executive Officer

Hanspaul Pannu, Chief Financial Officer
Telephone: 604 475-7710

Item 9 Date of Report

December 24, 2020