

FORM 7

MONTHLY PROGRESS REPORT

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

Trading Symbol: **SHRC**

Number of Outstanding Listed Securities: **80,562,598**

Date: **February 2, 2021**

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 January 19, 2021, the Issuer ("SHARC Energy") announced a landmark deal to install its GHG-reducing wastewater energy-recovery technology in what will be North America's largest District Energy System.

Colorado's National Western Center, an innovation hub being built in the heart of Denver to pioneer food and agricultural research, will use SHARC Energy's technology to recover the heat in wastewater that would otherwise go down the drain every day. By recovering the energy in that wastewater, SHARC Energy systems will dramatically reduce fossil fuel use for heating and cooling, reducing energy costs and GHG emissions.

The National Western Center is pioneering the largest scale wastewater district-energy innovation in North America to date. The National Western Center will rely on two SHARC™ wastewater recovery systems placed in the heart of its 3.8-megawatt (MW) district energy system, creating a low-carbon campus that is sustainable and regenerative. The first phase of development is expected to recover the thermal energy from 3,000 gallons of wastewater that would otherwise be wasted and go down the drain every minute.

As of January 19, 2021, SHARC Energy's Sales Order Backlog⁽¹⁾ is \$1.3M. During 2021, the Issuer is focused on increasing the Sales Pipeline⁽²⁾ and working on moving projects through to Sales Order Backlog. The growth of these figures not only indicates the growth of SHARC Energy but the growth of the wastewater heat recovery industry.

On January 26, 2021 the Issuer announced that due to high demand the Issuer has allotted and closed a 15% greenshoe option on the \$3.0M offering that closed on December 18, 2020. SHARC Energy has closed the sale of 1,500,000 common shares (each, a "Share") on a non-brokered private placement basis at a price of \$0.30 per Share for gross proceeds of \$450,000 (the "Greenshoe"). The proceeds from the Greenshoe will be used for general working capital purposes in support of its sales and marketing efforts.

In connection with the Offering, the Issuer paid eligible finders an aggregate cash fee of \$22,500 and issued 150,000 compensation warrants to eligible finders (the "Compensation Warrants"). Each Compensation Warrant entitles the holder thereof to purchase one Share of the Issuer 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.

The aforementioned news releases 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).

⁽¹⁾Sales Order Backlog is a Non-IFRS measure. Please see discussion of Alternative Performance Measures and Non-IFRS Measures in the Q3 2020 MD&A filed on SEDAR (www.sedar.com).

⁽²⁾Sales Pipeline is a Non-IFRS measure. Please see discussion of Alternative Performance Measures and Non-IFRS Measures in the September 30, 2020 MD&A filed on SEDAR (www.sedar.com).

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

During the month of January 2021, the management of the Issuer continues to focus on North American sales, 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 January 2021.

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 January 2021.

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.

On January 19, 2021, the Issuer announced a landmark deal with Colorado's National Western Center, not a Related Person of the Issuer. For more information refer to the item 1.

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 January 2021.

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 January 2021.

8. Describe the acquisition of new customers or loss of customers.
On January 19, 2021, the Issuer announced a landmark deal with Colorado's National Western Center, not a Related Person of the Issuer. For more information refer to the item 1.
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 January 2021.
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 January 2021.
11. Report on any labour disputes and resolutions of those disputes if applicable.
None to report during the month of January 2021.
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 January 2021.
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 January 2021.
14. Provide details of any securities issued and options or warrants granted.

Security	Number Issued	Details of Issuance	Use of Proceeds ⁽¹⁾
Common Shares	100,000	Shares were issued pursuant to stock option exercise at \$0.075 per share.	The net proceeds will be used for general working capital purposes
Common Shares	400,000	Shares were issued pursuant to debt conversion at \$0.32 per share.	The net proceeds will be used for the extinguishment of debt
Common Shares	156,250	Shares were issued pursuant to debt conversion at \$0.32 per share.	The net proceeds will be used for the extinguishment of debt
Common Shares	1,500,000	Shares were issued pursuant to private placement financing closed on January	The net proceeds from the private placement will be used for the general working capital

Security	Number Issued	Details of Issuance	Use of Proceeds ⁽¹⁾
		26, 2021 at \$0.30 per share	purposes in support of sales and marketing.
Warrants	150,000	Warrants were issued in connection with the private placement financing closed on January 26, 2021, at \$0.45 valid for 2 years from the date of grant.	Not applicable

(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 January 2021.

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

None to report during the month of January 2021.

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.

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 three and nine months ended September 30, 2020, dated November 30, 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).

[THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

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 February 2, 2021.

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 January 2021	Date of Report YY/MM/D 21/02/2
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	