

## FORM 7

### MONTHLY PROGRESS REPORT

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

Trading Symbol: **SHRC**

Number of Outstanding Listed Securities: **84,701,883**

Date: **March 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 February 8, 2021, the Issuer ("SHARC Energy") announce that WashOut Laundry ("WashOut"), one of Canada's most eco-conscious laundry services, has signed a Capital Incentive Funding Program Approval Letter with FortisBC Inc. and FortisBC Energy Inc. (collectively, "FortisBC") to install a PIRANHA retrofit to recover energy from wastewater.**

The agreement is significant because WashOut is Vancouver's pioneering, eco-friendly laundry service, setting the standard for best practices in its sector. WashOut will be implementing a PIRANHA T15 into its current laundry facility located on Annacis Island. This marks the first PIRANHA retrofit to be approved under the FortisBC Custom Performance Program ("FortisBC Rebate").

By implementing the PIRANHA system to capture the heat from wastewater that would normally go down the drain and into the sewer system, WashOut is projected to save over 2,100 gigajoules per year of natural gas, saving 105 tonnes of greenhouse gas emissions annually.

WashOut represents another strategic commercialization agreement for SHARC Energy to demonstrate that the PIRANHA can be put into new and existing buildings and businesses, of almost any size, creating energy savings and reducing GHGs emissions. PIRANHA units are now in operation or scheduled to be installed in Canada in Burnaby, Vancouver, Lake Louise and Ottawa and internationally in Boulder, Colorado, Seattle, Washington, and Canberra and Sydney, Australia.

SHARC Energy is a strong supporter of the FortisBC Rebate which significantly reduces the cost associated with retrofit projects in medium- to large-commercial, institutional, multi-unit residential or light-industrial buildings and facilities.

For a limited time until March 31, 2021, the FortisBC Rebate will provide additional funding of up to 100% of the energy-study costs, allowing business and building owners full cost coverage when determining whether a PIRANHA retrofit is right for them.

On February 16, 2021, SHARC Energy announced that the International Journal of Energy Management, an official publication of the Association of Energy Engineers, has published the results of SHARC Energy recent success in dramatically eliminating GHG emissions by capturing the energy from wastewater that buildings normally flush down the drain and waste.

The journal, read by leaders globally in energy management, highlights the Incubatenergy Labs Challenge Demo results of a PIRANHA HC wastewater heat recovery system that was placed in a 60-unit residential building in 2020 in North Vancouver, Canada. The Electrical Power Research Institute ("EPRI"), Ameren Corporation, ConEdison, Tennessee Valley Authority and Southern California Edison collaborated with SHARC Energy on the project and independently assessed the findings and key results.

The aforementioned news releases can be viewed under the Issuer's profile on SEDAR ([www.sedar.com](http://www.sedar.com)) and on the Issuer's Disclosure Page on the Canadian Securities Exchange's website ([www.thecse.ca](http://www.thecse.ca)).

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

During the month of February 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 February 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 February 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 February 8, 2021, the Issuer announced that WashOut Laundry has signed a Capital Incentive Funding Program Approval Letter with FortisBC Inc. and FortisBC Energy Inc. (collectively, "FortisBC") to install a PIRANHA retrofit to recover energy from wastewater. WashOut Laundry is 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 February 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 February 2021.**

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

**Please refer to item 1 and 5.**

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 February 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 February 2021.**
- 11. Report on any labour disputes and resolutions of those disputes if applicable.  
**None to report during the month of February 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 February 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 February 2021.**
- 14. Provide details of any securities issued and options or warrants granted.

| Security      | Number Issued | Details of Issuance  | Use of Proceeds <sup>(1)</sup>                                      |
|---------------|---------------|--|---|
| Common Shares | 50,000        | Shares were issued on February 2, 2021, pursuant to stock option at \$0.075 per share.                       | The net proceeds will be used for general working capital purposes. |
| Common Shares | 157,143       | Shares were issued on February 3, 2021, pursuant to warrant exercises \$0.25 per share and \$0.35 per share. | The net proceeds will be used for general working capital purposes. |
| Common Shares | 100,000       | Shares were issued on February 10, 2021, pursuant to warrant exercise at \$0.35 per share.                   | The net proceeds will be used for general working capital purposes. |
| Common Shares | 1,125,000     | Shares were issued on February 12, 2021, pursuant to debt conversion at \$0.32 per share.                    | Not applicable  |
| Common Shares | 475,000       | Shares were issued on February 16, 2021, pursuant to debt conversion at \$0.10 per share.                    | Not applicable  |
| Common Shares | 250,000       | Shares were issued on February 16, 2021, pursuant to debt conversion at \$0.10 per share.                    | Not applicable  |

| Security      | Number Issued | Details of Issuance   | Use of Proceeds <sup>(1)</sup>                                      |
|---------------|---------------|---|---|
| Common Shares | 1,185,714     | Shares were issued on February 16, 2021, pursuant to warrant exercises at \$0.10 and \$0.35 per share.                              | The net proceeds will be used for general working capital purposes. |
| Common Shares | 117,857       | Shares were issued on February 16, 2021, pursuant to warrant exercises at \$0.25 per share and debt conversion at \$0.10 per share. | The net proceeds will be used for general working capital purposes. |
| Common Shares | 107,143       | Shares were issued on February 17, 2021, pursuant to warrant exercise at \$0.25 per share.  | The net proceeds will be used for general working capital purposes. |
| Common Shares | 125,000       | Shares were issued on February 22, 2021, pursuant to warrant exercise at \$0.35 per share.  | The net proceeds will be used for general working capital purposes. |
| Common Shares | 392,857       | Shares were issued on February 23, 2021, pursuant to warrant exercise at \$0.25 per share.  | The net proceeds will be used for general working capital purposes. |
| Common Shares | 53,571        | Shares were issued on February 25, 2021 pursuant to warrant exercise at \$0.25 per share.   | The net proceeds will be used for general working capital purposes. |

(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 February 2021.**

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

**None to report during the month of February 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.**

**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 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](http://www.sedar.com)) and on the Issuer's Disclosure Page on the Canadian Securities Exchange's website ([www.thecse.ca](http://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 March 2, 2021.

Hanspaul Pannu  
Name of Director or Senior  
Officer

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

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|---|---|--|
| <b><i>Issuer Details</i></b><br>Name of Issuer<br><b>SHARC International Systems Inc.</b> | For Month End<br><b>February 2021</b>                 | Date of Report<br>YY/MM/D<br><b>21/03/2</b>    |
| Issuer Address<br><b>1443 Spitfire Place</b>  |   |  |
| City/Province/Postal Code<br><b>Port Coquitlam, BC, V3C 6L4</b>                           | Issuer Fax No.<br><b>(778) 262-0120</b>               | Issuer Telephone No.<br><b>(604) 475-7710</b>  |
| Contact Name<br><b>Hanspaul Pannu</b>   | Contact Position<br><b>CFO</b>                        | Contact Telephone No.<br><b>(604) 475-7710</b> |
| Contact Email Address<br><b>info@sharcenergy.com</b>                                      | Web Site Address<br><b>http://www.sharcenergy.com</b> |  |