

## FORM 7

### MONTHLY PROGRESS REPORT

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

Trading Symbol: **SHRC**

Number of Outstanding Listed Securities: **95,355,632**

Date: **October 5, 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 September 2, 2021, the Issuer reported that insiders have bought 1,010,000 common shares of the Issuer in the public markets over the last six months, representing an investment of \$466,000 and an increase in insider common shareholdings of 6%. Insiders hold approximately 22% of the current outstanding common shares of the Issuer and 23% fully diluted.**

The Issuer has seen cumulative Sales Pipeline<sup>1</sup> and Sales Order Backlog<sup>2</sup> growth of \$2.5M or 61% this year which will result in new revenue milestones for the Issuer as units are delivered over the next several months. Over the course of this year, the Issuer has seen a growth in prospective clients that cover a diverse range of industries and locations being driven by the success of the organizations direct and indirect sales strategy. Opportunities in the Issuer’s pipeline include customers representing senior living facilities, student housing, district energy projects, commercial offices and multi-family residential buildings. These opportunities are anticipated to expand the Issuer’s presence in British Columbia, Alberta, Saskatchewan, Ontario, as well as the United States including New York, Washington, and Colorado. The upcoming installation and/or commissioning of units for recently announced customers such as National Western Center, ELLA and Ielern, and Kingsland Junction showcase the growing footprint of SHARC and PIRANHA systems in North America.

<sup>1</sup> Sales Pipeline is a Non-IFRS measure. Please see discussion of Alternative Performance Measures and Non-IFRS Measures in the June 30, 2021 MD&A available at [www.sedar.com](http://www.sedar.com).

<sup>2</sup> Sales Order Backlog is a Non-IFRS measure. Please see discussion of Alternative Performance Measures and Non-IFRS Measures in the June 30, 2021 MD&A available at [www.sedar.com](http://www.sedar.com).

On September 7, 2021, the Issuer announced that the Global Education City’s (“GEC”) King Edward project in Vancouver, B.C. will be using a PIRANHA T10 for hot water production and reducing greenhouse gas emissions while future-proofing against rising carbon tax and building step-code mandates. The GEC King Edward project is a 46,000 square foot four-story rental apartment with six two-story townhouses that will accommodate approximately 180 occupants. The PIRANHA T10 will recover the thermal energy from the water that goes down the drain daily and use it to produce hot water while saving energy costs and an estimated 34 tonnes of CO2 emissions annually in comparison to an 80% efficient gas boiler. The CO2 emissions savings will continue to provide an accelerating benefit for the project as carbon tax currently implemented begins to rise and new carbon pricing policy is introduced federally, provincially and municipally over the next decade. The PIRANHA T10 will safeguard the building and its tenants against rising costs. [www.SHARCEnergy.com](http://www.SHARCEnergy.com) • (604) 475-7710 Page 2 of 3 For example, the Canadian Federal Government has already implemented a plan to raise the carbon tax from the current level as of April 1, 2021, which stands at \$40 per tonne, to \$50 per tonne in 2022. From there, it will begin rising by \$15 per tonne per year until it maxes out at \$170 per tonne in 2030. Furthermore, under the City of Vancouver Climate Emergency Action Plan and specifically “Big Move 4: Zero Emissions Space and Water Heating”, the plan outlines regulations that will be implemented to reduce the carbon emissions from existing buildings, starting with a first phase in 2025. If these “carbon caps” are not met by buildings, building owners will be charged fees or a municipal carbon tax annually. GEC, a subsidiary of CIBT Education

Group, is the largest student housing community in Metro Vancouver, with a portfolio and development budget exceeding \$1.5B. The organization is currently hosting rental occupants at five locations with seven buildings fully operational. GEC has eight buildings under construction and development scheduled to be completed from 2022 to 2025. The GEC King Edward installation is a result of the builder's investment and the assistance of the CleanBC Custom-Lite Program, which subsidizes building owners and operators wishing to install technologies that reduce greenhouse gas (GHG) emissions. CleanBC Custom Programs are funded by the Province of British Columbia and the Government of Canada and is administered by BC Hydro. The unit is expected to ship in Q4 2021.

On September 20, 2021, the Issuer provided an update on the National Western Center, Trico LivingWell and 303 Battery projects. The Issuer has shipped and delivered the units to each of the respective sites for installation and commissioning scheduled in the first half of 2022. These projects showcase a 3.8 megawatt (MW) district energy system, the largest wastewater heat recovery project in North America to date, a forward-thinking senior-living facility and one of the first Zero Net Energy certified residential building complex in Colorado, Alberta and Washington, respectively. Each of these installations highlight the variety of target verticals for the Issuer's technology and brings increases awareness of the Issuer's products as reliable, cost-effective and consistent solutions for reducing greenhouse gas emissions and creating fresh water savings. National Western Center, a Denver, Colorado, 250-acre academic campus development of indoor and outdoor spaces designed to host innovation and research labs, farmers markets, international conferences, outdoor festivals and everything in between, is a 3.8 MW district energy project currently considered the largest wastewater heat recovery project in North America and potentially the world. The system will supply 90% of the campus heating and cooling needs and help National Western Center avoid emitting an estimated 2,600 metric tonnes of CO2 annually. This project is a marquee demonstration in the United States of the power of wastewater and provides example to the legitimacy of wastewater district energy projects for the purposes of low carbon heating and fresh water saving cooling. Trico LivingWell in Calgary, Alberta will be installing two PIRANHA T15's in two thoughtfully-planned residences. The PIRANHA T15's will reduce up to 100% of the CO2 emissions involved in the hot water production for the residences. These two units represent the 2nd and 3rd installation of a PIRANHA system in Alberta. 303 Battery, by Sustainable Living Innovations, LLC, a 15-story, 112-unit complex in Seattle's Belltown neighbourhood is utilizing a PIRANHA T15 to assist the development in becoming one of the first residential towers to be certified as Zero Net Energy by the International Living Future Institute.

On September 28, 2021, the Issuer announced that its President, Chief Executive Officer and Chairman of the Board, Lynn Mueller, was acknowledged by the Clean50 for a Lifetime Achievement Award for his work

with wastewater energy exchange. This represents the highest honour the organization has for an individual.

The Clean50 Lifetime Achievement recognizes Canadian business leaders and climate heroes who, through their work and advocacy, have impacted business and the environment in a positive and meaningful way. Previous Clean50 Lifetime Achievement Award winners include past Green Party leader Elizabeth May, David Suzuki and shark-conservation filmmaker Rob Stewart.

The aforementioned news releases and financial statements 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 September 2021, the management of the Issuer continues to focus on North American sales, which entails the manufacturing and sale of its wastewater energy products, which are low carbon and energy efficient solutions for heating and cooling. The Issuer is focusing investment in sales and marketing activities for the SHARC™ system, PIRANHA™ and PIRANHA™ HC Heat pump systems.

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 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 September 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.

**None to report during the month of September 2021.**

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 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 September 2021.**

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

**None to report during the month of September 2021.**

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 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 September 2021.**

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

**None to report during the month of September 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 September 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 September 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	153,125	Shares were issued on September 30, 2021, pursuant to a debenture compensation warrant exercise at \$1,000 per unit and then converted to common shares at \$0.32.	The net proceeds will be used for general working capital purposes.
Warrants	76,587	Warrant were issued pursuant to the exercise of debenture compensation warrants.	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 September 2021.**

16. Provide details of any changes in directors, officers or committee members.  
**None to report during the month of September 2021.**
17. Discuss any trends which are likely to impact the Issuer including trends in the Issuer's market(s) or political/regulatory trends.

**Governments around the world are implementing aggressive climate action plan to drive policy and incentives around switching from carbon emitting and inefficient technologies to clean energy, energy efficient and low carbon 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, 2021, dated August 20, 2021 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 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 5, 2021.

Hanspaul Pannu  
Name of Director or Senior  
Officer

"Hanspaul Pannu"  
Signature

CFO and Corporate Secretary  
Official Capacity

<b><i>Issuer Details</i></b> Name of Issuer <b>SHARC International Systems Inc.</b>	For Month End <b>September 2021</b>	Date of Report YY/MM/D <b>21/10/05</b>
Issuer Address <b>1443 Spitfire Place</b>		
City/Province/Postal Code <b>Port Coquitlam, BC, V3C 6L4</b>	Issuer Fax No. <b>(778) 262-0120</b>	Issuer Telephone No. <b>(604) 475-7710</b>
Contact Name <b>Hanspaul Pannu</b>	Contact Position <b>CFO</b>	Contact Telephone No. <b>(604) 475-7710</b>
Contact Email Address <b>info@sharcenergy.com</b>	Web Site Address <b>http://www.sharcenergy.com</b>	