

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

**Item 1. Name and Address of Company**

SHARC International Systems Inc. (the “**Company**”)  
1443 Spitfire Place  
Port Coquitlam, B.C. V3C 6L4

**Item 2. Date of Material Change**

January 28, 2019

**Item 3. News Release**

A News Release dated January 28, 2019 was disseminated via Globe Newswire and filed on SEDAR on January 28, 2019.

**Item 4. Summary of Material Change**

The Company announced a brokered private placement of 4,000 convertible debenture units (the “**Debenture Units**”) at a price of \$1,000 per Debenture Unit for aggregate gross proceeds up to \$4,000,000 (the “**Offering**”).

**Item 5. Full Description of Material Change**

**5.1 Full Description of Material Change**

The Company announced on January 28, 2019 that it had entered into an engagement agreement with Echelon Wealth Partners Inc. (the “**Agent**”) to act as lead agent and sole bookrunner on a commercially reasonable efforts basis in respect of a brokered private placement offering of up to 4,000 Debenture Units at a price of \$1,000 per Debenture Unit for gross proceeds of up to \$4,000,000, subject to completion of satisfactory due diligence.

Each Debenture Unit will be sold at a purchase price of \$1,000 per Debenture Unit, and each Debenture Unit will consist of \$1,000 principal amount of 8.0% unsecured convertible debentures (the “**Debentures**”) and 1,563 warrants (each a “**Warrant**”).

The Company has granted to the Agent an option, exercisable in whole or in part at any time until 48 hours before the closing of the Offering, for the purchase of up to an additional 600 Debenture Units for aggregate gross proceeds of up to \$4,600,000, if the Agent’s option is exercised in full.

The Debentures will mature three years following the closing date (the “**Maturity Date**”) and bear interest at a rate of 8% per annum, calculated and paid semi-annually. The principal amount and any accrued and unpaid interest on the Debenture may be convertible into common shares in the capital of the Company (“**Common Shares**”), in whole or in part, at any time following the first anniversary of the date of closing and prior to the close of business on the last business day prior to the Maturity Date at a

conversion price of \$0.32 per Common Share (the “**Conversion Price**”). If after the first anniversary of the date of closing the closing price of the Common Shares on the Canadian Securities Exchange (the “**CSE**”) is \$0.64 or greater for 20 consecutive trading days, the Company may, at its option, convert the Debentures (including any accrued and unpaid interest) into Common Shares by disseminating a press release, in which case the Debentures shall be converted into Common Shares on the second business day after dissemination of such press release.

Each Warrant will entitle the holder to acquire one Common Share at an exercise price of \$0.40 for a period of 36 months from the closing date of the Private Placement.

All securities issued in the Offering will be subject to a statutory hold period expiring four months and one day after closing of the Offering. Completion of the Offering is subject to a number of conditions, including, without limitation, receipt of all regulatory approvals, including approval of the CSE.

On closing of the Offering, the Company will pay to the Agent a cash commission of up to 6% of the gross proceeds of the Offering in cash and up to 6% of the aggregate number of Units sold pursuant to the Offering in warrants (the “**Compensation Warrants**”). Each Compensation Warrant is exercisable to acquire one Debenture Unit for \$1,000 at any time prior to the date that is 36 months from the date of closing.

The Company intends to use the net proceeds of the Offering for development of the Company’s projects in the United Kingdom, and for general and working capital purposes.

**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**

None.

**Item 8. Executive Officers**

The following senior officer of the Company is knowledgeable about the material change and this Material Change Report and may be contacted:

Lynn Mueller, Chairman and Chief Executive Officer  
Telephone: 604 475-7710.

**Item 9. Date of Report**

DATED at Vancouver, British Columbia, this 5th day of February, 2019.