

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

March 8, 2019

Item 3. News Release

A News Release dated March 8, 2019 was disseminated via Globe Newswire and filed on SEDAR on March 8, 2019.

Item 4. Summary of Material Change

The Company announced closing of a private placement of convertible debenture units for aggregate gross proceeds of \$810,000.

Item 5. Full Description of Material Change

5.1 Full Description of Material Change

The Company announced that, further to its news release dated January 28, 2019, it closed the sale of 810 convertible debenture units (“**Units**”) for gross proceeds of \$810,000 pursuant to a private placement (the “**Offering**”) of Units led by Echelon Wealth Partners Inc. as sole agent and bookrunner (the “**Agent**”). Each Unit consists of: (i) \$1,000 principal amount of 8.0% unsecured convertible debentures (the “**Debentures**”); and (ii) 1,563 warrants (each a “**Warrant**”). The Company will 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.

The Debentures bear interest from their issue date at 8.0% per annum, payable semi-annually in arrears on June 30, 2019, and thereafter semi-annually on the last day of June and December in each year and mature three years following the date of issuance (the “**Maturity Date**”). The Debentures are unsecured, and rank pari passu in right of payment of principal and interest with all of the existing and future unsecured indebtedness of the Company.

The Debentures (including any accrued and unpaid interest) are convertible at the option of the holder into common shares of the Company (the “**Common Shares**”) at any time after the first anniversary of the date of issuance and prior 5:00 p.m. (Pacific time) 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 issuance the closing price of the Common Shares on the Canadian Stock Exchange (“**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 at the Conversion Price by disseminating a press, in which case the Debentures shall be converted into Common Shares on the second business day after dissemination of such press release.

Each Warrant is exercisable to acquire one Common Share (a “**Warrant Share**”) at an exercise price of \$0.40 per Warrant Share for a period of three years following the date of issuance.

In connection with the Offering, the Company paid the Agent a cash fee of \$48,600 and issued 49 compensation warrants to the Agent and other selling dealer group members (the “**Compensation Warrants**”). Each Compensation Warrant entitles the holder thereof to purchase one Unit of the Company at an exercise price of \$1,000 for a period of three years following the date of issuance. The Units issuable upon exercise of the Compensation Warrants are on the same terms as the Units sold under the Offering.

The Debentures and the Warrants comprising each Unit, and any Common Shares issuable upon conversion or exercise thereof, are subject to a statutory four month and one day hold period until July 9, 2019.

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 material change report 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.

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 18th day of March, 2019.