

SPARC AI INC.NEWS RELEASE

**SPARC AI TO CLOSE PRIVATE PLACEMENT TO DEVELOP
AN AI MICROCHIP**

December 5, 2023 – Toronto, Canada – SPARC AI INC. (CSE: SPAI) (OTC: EGTTF) (Frankfurt: 5OV0) (“SPAI” or the “Company”) is pleased to announce it had received oversubscribed demand for a private placement offering of 3,397,449 shares of the Company for gross proceeds of Canadian \$373,719. The Offering \$0.11 per share will complete on Friday 8th of December. All securities issued pursuant to the private placement will be subject to a hold period of four-months and one day from the date of issuance under applicable securities laws, April 11, 2024. No finder’s fees were paid with connection to this non-broker private placement.

The private placement was oversubscribed with strong demand from accredited investors. All directors of the Company have supported the private placement by taking 44% of the allocation. Anoosh Manzoori subscribed to 1,000,000 shares, Justin Hanka subscribed to 72,727 shares and Anthony Haberfield subscribed to 409,000 shares.

The funds raised will be used to embed the SPARC patented code and algorithms into a microchip. The funds will also cover all current working capital requirements to the end of 2024. The development will take approximately four months to complete and result in the Company launching a powerful geospatial AI microchip that can be easily installed on drones for security, surveillance, search and rescue and reconnaissance activities. The development of the AI microchip will be carried out by a highly experienced engineering firm and SPARC AI will retain all intellectual property rights to all existing and new code, systems, processes, and knowhow.

The Company will provide progress updates and host a launch event in the first quarter of 2024.

For more information contact:

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FORWARD LOOKING INFORMATION

This news release contains forward-looking statements and forward-looking information within the meaning of applicable securities laws. These statements relate to future events or future performance. All statements other than statements of historical fact may be forward-looking statements or information.

The Company provides forward-looking statements for the purpose of conveying information about current expectations and plans relating to the future and readers are cautioned that such statements may not be appropriate for other purposes. By its nature, this information is subject to inherent risks and uncertainties that may be general or specific and which give rise to the possibility that expectations, forecasts, predictions, projections or conclusions will not prove to be accurate, that assumptions may not be correct and that objectives, strategic goals and priorities will not be achieved. These risks and uncertainties include but are not limited to those identified and reported in the Company's public filings under the Company's SEDAR profile at www.sedar.com. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking information, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that such information will prove to be accurate as actual results and future events could differ materially from those anticipated in such statements. The Company disclaims any intention or obligation to update or revise any forward-looking information, whether as a result of new information, future events or otherwise unless required by law.

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