

FORM 7

MONTHLY PROGRESS REPORT

Trading Symbol: **SHRC**

Number of Outstanding Listed Securities: **165,160,659**

Date: **July 1, 2026**

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.

During the month of June 2026, the Issuer continued with its business and operations taking part in presentations and attending tradeshow. The Issuer continued to work on submittals and progressed builds for it sales order backlog.

2. 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.

During the month of June 2026, the management of the Issuer continues to focus on North American sales, which entails the manufacturing and sale of its Wastewater Energy Transfer (“WET”) products, which are low carbon and energy-efficient solutions for heating and cooling. The Issuer is focusing investment on sales and marketing activities for the SHARC™ system, PIRANHA™ and PIRANHA™ HC Heat pump systems.

3. 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 June 2026.

4. 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 June 2026.

5. 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 June 2026.

6. 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 June 2026.

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

None to report during the month of June 2026.

8. Describe any new developments or effects on intangible products such as brand names, circulation lists, copyrights, franchises, licenses, patents, software, subscription lists and trademarks.

None to report during the month of June 2026.

9. Report on any employee hirings, terminations or lay-offs with details of anticipated length of lay-offs.

None to report during the month of June 2026.

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

None to report during the month of June 2026.

11. 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 June 2026.

12. 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 June 2026

13. Provide details of any securities issued and options or warrants granted.

Security	Number Issued	Details of Issuance	Use of Proceeds ⁽¹⁾
Common Shares	383,680	Shares were issued on June 11, 2026 pursuant to debt conversion, converted at a value of \$0.125 per share	n/a
Common Shares	213,155	Shares were issued on June 12, 2026 pursuant to debt conversion, converted at a value of \$0.125 per share	n/a

(1) State aggregate proceeds and intended allocation of proceeds.

14. Provide details of any loans to or by Related Persons.

None to report during the month of June 2026.

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

None to report during the month of June 2026.

16. 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 year ended December 31, 2025, dated April 30, 2026, and on pages 28 to 33 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) and on the Issuer's Disclosure Page on the Canadian Securities Exchange's website (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 July 1, 2026.

Hanspaul Pannu
Name of Director or Senior
Officer

"Hanspaul Pannu"
Signature

CFO and Corporate Secretary
Official Capacity

Issuer Details Name of Issuer SHARC International Systems Inc.	For Month End June 2026	Date of Report YY/MM/D 01-July-2026
Issuer Address 1443 Spitfire Place		
City/Province/Postal Code Port Coquitlam, BC, V3C 6L4	Issuer Fax No. (778) 262-0120	Issuer Telephone No. (604) 475-7710
Contact Name Hanspaul Pannu	Contact Position CFO	Contact Telephone No. (604) 475-7710
Contact Email Address info@sharcenergy.com	Web Site Address http://www.sharcenergy.com	