

INTERNATIONAL WASTEWATER SYSTEMS INC.

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PRESS RELEASE

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CSE: IWS

IWS LAUNCHES UK PROJECT CONTRIBUTING TO SCOTLAND'S LOW CARBON ECONOMY

VANCOUVER, BC – International Wastewater Systems Inc. (“IWS” or the “Company”) (CSE:IWS) (FRANKFURT:IWI) is pleased to announce the launch of its inaugural European project, a SHARC installation at Borders College, located in the south east of Scotland with 5,500 students.

The Borders College project was led by SHARC Energy Systems (UK) Ltd., a wholly-owned subsidiary of publicly traded International Wastewater Systems.

Backed by institutional investors Equitix and the UK Green Investment Bank, the SHARC heat recovery system intercepts waste water from a sewer close to the local treatment works operated by Scottish Water. The system uses a heat pump to amplify the natural warmth of waste water and the heat produced is being sold to Borders College under a 20-year purchase agreement, producing savings in energy, costs and carbon emissions.

The system now provides around 95% of the heat needed by the Galashiels campus and does not impact on the normal operation of the local waste water network.

Russ Burton, CEO of IWS subsidiary SHARC Energy Systems, said:

“We are delighted to see the first UK installation of the SHARC system up and running at Borders College. This has been an extremely important project for us in the UK and Europe, and we have seen a lot of interest in the system elsewhere.”

Scottish Water Horizons, a subsidiary of the public utility, which supports the development of a sustainable economy in Scotland, has played a key role in turning the project into reality.

Alan Scott, Scottish Water's Finance Director, said:

“Every day, Scottish Water provides customers with a massive 1.34 billion litres of drinking water, before collecting and treating 847 million litres of waste water. From industrial use to

tourism, renewable energy and heating systems, Scotland's vast water resources offer tremendous opportunities for added economic benefit.

“The UK's first sewage to heat scheme in Galashiels is an excellent example of how water resources can be harnessed and maximised, furthering the development of Scotland's low carbon economy.

“Scottish Water Horizons is delighted to have played a leading role in turning this initiative into reality. With 32,000 miles of sewer pipes throughout Scotland, we're exploring the potential for this approach to be replicated at other locations, offering further environmental and heating cost benefits.

“This initiative builds on our work to use Scotland's water resources to help generate renewable energy, through the likes of hydro power schemes, helping to reduce costs and build an increasingly sustainable Scotland.”

Scotland's Energy Minister Fergus Ewing attended the launch at Borders College and said:

“Heat is estimated to account for over half of Scotland's total energy use and is responsible for nearly half of our greenhouse gas emissions. The move towards low carbon and renewable heat offers enormous potential to boost Scotland's economic growth while providing affordable warmth by exploiting the opportunity for more productive use of energy for heating and cooling from a range of sources.

“As international climate change negotiations continue in Paris, I am therefore delighted to help launch the UK's first SHARC energy recovery system at the Borders College campus in Galashiels today - an excellent example of how new technologies can help Scotland move towards decarbonising our heat system. Recycling heat from local waste water can deliver financial, energy and emission savings to the campus while assisting to further develop our low carbon economy and reduce our reliance on fossil fuels.”

Pete Smith, Vice Principal – Finance and Resources, at Borders College, said:

“Borders College is delighted to be the client in this project which places us at the forefront of renewable energy use in the UK. Before deciding on SHARC, we did consider other renewable heat source options such as biomass and involvement in a large-scale district heating scheme but, after considering all options, SHARC was clearly the front-runner.

“This solution goes a long way to meeting our own carbon-reduction targets, while offering long-term price certainty and offering a good degree of local control. It's fantastic that we are now at the stage of 'going-live' and we look forward to a continuing long-term partnership with the SHARC Team.”

Lord Smith of Kelvin, chair of the Green Investment Bank, said:

“If the UK is to achieve its demanding targets for carbon reduction we must do more to improve the sustainability of the energy we use to produce heat. This project shows us how to do that. It is a great example of utilising a new technology to reduce costs and cut carbon. We are very pleased to play our part in helping this innovative project to happen.”

Geoff Jackson, Chief Executive Officer, Equitix, said:

“To be investing in this innovative yet practical technology which can deliver a remarkable reduction in carbon emissions, is at the heart of Equitix’s mission to invest in long-term sustainable solutions to climate change. We have partnered with an elite counterparty whose expertise lies in the sector and we are thoroughly excited about the next phase of projects, delivering similar such systems across Scotland.”

It was previously announced that SHARC Energy Systems had secured a £4 million (CDN \$8 million) investment from Equitix and the UK Green Investment Bank plc (GIB) to finance the installation of the SHARC sewage heat recovery system under heat purchase agreements.

The Equitix managed fund Energy Saving Investments (ESI), in which GIB is a cornerstone investor, is investing £2m in the programme and an additional £2m of private sector capital has been mobilised from the Equitix Energy Efficiency Fund (EEEF). This is being used to support the first project at Borders College and a pipeline of others being developed across Scotland.

ON BEHALF OF THE BOARD

“Lynn Mueller”

Lynn Mueller
Chairman and Chief Executive Officer

FOR MORE INFORMATION, PLEASE CONTACT:
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