INTERNATIONAL WASTEWATER SYSTEMS INC.

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PRESS RELEASE

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IWS Announces Vancouver Carbon Reduction Initiatives

VANCOUVER, BC – International Wastewater Systems Inc. ("IWS" or the "Company") (CSE:IWS) (FRANKFURT:IWI) is pleased to announce a series of wastewater heat recovery projects to be installed in Vancouver in partnership with the public and private sectors.

The city of Vancouver's *Renewable City Strategy* has committed to generate 100% of their energy from renewable sources before 2050 (see details: http://vancouver.ca/files/cov/renewable-city-strategy-booklet-2015.pdf). The *Renewable City Strategy* notes that 'Reducing building heating demands is the foundation to achieving the City's 100% renewable energy target'. Canada is at the forefront of carbon reduction, with Ontario recently announcing an $8.3 billion climate change plan with initiatives that include a focus on encouraging buildings to switch to more energy-efficient heating systems. IWS, a world leader in wastewater heat recovery systems is developing its pipeline of projects in British Columbia and Ontario that will assist in the implementation of Canadian policy initiatives.

IWS announces that it will manufacture, install and service the equipment for the following newly announced sewage heat recovery projects:

Metro Vancouver - Neighborhood Energy Utility

IWS is pleased to announce a project with Metro Vancouver ("Metro Vancouver") a partnership of 21 municipalities, one Electoral Area and one Treaty First Nation that collaboratively plans for and delivers regional-scale services across the lower mainland of British Columbia. Its core services are drinking water, wastewater treatment and solid waste management. Metro Vancouver also regulates air quality, plans for urban growth, manages a regional parks system and provides affordable housing.

Metro Vancouver has identified its inaugural wastewater heat recovery project with IWS at The South East False Creek Neighborhood Energy Utility ("NEU"), a large wastewater heat recovery project supplying a District Heating Network. The NEU began operations in 2010 and currently provides space heating and hot water for 4,300,000 square feet (395,000 m^2) of residential, commercial, and institutional space. Expansion plans are in place to serve new developments in the neighborhood including the Great Northern Way campus lands, a university campus jointly owned by the University

of British Columbia, Simon Fraser University, British Columbia Institute of Technology and Emily Carr University.

The project at the NEU will mark the first installation of the newest and largest SHARC wastewater heat recovery system, the model 880 ("SHARC 880"). The SHARC 880 offers the highest capacity of any SHARC system designed and built by the Company to date. The SHARC 880 handles a flow rate of up to 1500 gallons per minute ("GPM"), a capacity increase of three-times when compared to existing SHARC models with flow rates of 100 GPM to 500 GPM. The NEU installation will include two SHARC 880 systems working in tandem, a deployment that is indicative of IWS's growing market for large and utility-scale wastewater heat recovery projects.

British Columbia Housing Management Commission

IWS is pleased to announce a project with The British Columbia Housing Management Commission ("BC Housing") a crown corporation in the province of British Columbia. BC Housing works in partnership with approximately 800 housing providers – mostly non-profit and housing co-operatives – over 98,000 households in 200 communities across the province. Following a comprehensive review of BC Housing's property management portfolio, IWS and BC Housing jointly selected the initial buildings to be retrofitted with IWS's PIRANHA technology ("PIRANHA"). The PIRANHA is a self-contained heat pump that extracts thermal energy from wastewater for domestic hot water production. The PIRANHA has been optimized for residential buildings with 50-200 units as well as stand-alone commercial applications, and was the recipient of the 2016 AHR Green Building Product of the Year Innovation Award (see news release: http://goo.gl/ACsOZp). BC Housing is enthusiastic about the financial savings and carbon reduction opportunities that IWS wastewater heat recovery technology can offer the 98,000 households that it serves across the province of British Columbia.

Private Placement

IWS has arranged a non-brokered private placement financing for gross proceeds of up to $1,000,000 at a price of $0.20 per share (the "Placement"). Fees will be payable in connection with the Placement. Proceeds from the Placement will provide IWS with additional working capital to fulfill the manufacture and installation of the projects with Metro Vancouver and the British Columbia Housing Management Commission.

Lynn Mueller, CEO of IWS commented: "Our world leading technology is designed and built in British Columbia, and we are enthusiastic to partner with the province in the implementation of its carbon reduction strategy. Using IWS technology, almost any building can recover heat from wastewater to reduce natural gas consumption by 30-100%. With projects at various stages of development in Scotland, Albania, Australia, England, Canada and the United States, our company is leading the world in wastewater heat recovery projects".

ON BEHALF OF THE BOARD

“Lynn Mueller”

Lynn Mueller
Chairman and Chief Executive Officer

FOR MORE INFORMATION, PLEASE CONTACT:
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About International Wastewater Systems Inc.

International Wastewater Systems Inc. (CSE: IWS) (FRANKFURT: IWI) is a world leader in wastewater heat recovery. IWS systems recycle thermal energy from wastewater, generating the most energy efficient and economical systems for heating, cooling & hot water for commercial, residential and industrial buildings.