



1443 SPITFIRE PLACE | PORT COQUITLAM, BC | V3C 6L4 CANADA

PRESS RELEASE

August 25, 2016

CSE: IWS; FRANKFURT: IWI; OTC: INTWF

US\$60 Million Financing Commitment for 1,000 IWS Systems in California

VANCOUVER, BC – International Wastewater Systems Inc. (“**IWS**” or the “**Company**”) (**CSE:IWS**) (**FRANKFURT:IWI**) (**OTC:INTWF**) is pleased to announce a joint venture (“Joint Venture”) with RENEW Energy Partners LLC (“**RENEW**”) for the financing and installation of IWS’s world-leading thermal heat recovery equipment in the United States. The Joint Venture will initially build projects in California for which RENEW is committing funding of US\$60 million over five years, for the purpose of funding capital expenditures for one thousand (1,000) PIRANHA thermal heat recovery systems (“**PIRANHA**”) to be built, installed and operated exclusively by IWS.

Background

RENEW is engaged in developing and funding energy and water efficiency retrofits and on-site clean energy projects through the use of innovative structures such as an Energy Services Agreement (ESA) or Power Purchase Agreement (PPA). Combining RENEW’s project finance expertise with IWS’s capabilities in the manufacturing, installation and servicing of thermal heat recovery equipment, enables the Joint Venture to offer a full suite of services for energy and water conservation projects and on-site clean energy projects. The Joint Venture aims to expand the implementation of energy efficiency and on-site clean energy projects throughout the United States.

The Joint Venture will fund and deploy IWS’s PIRANHA system, a self-contained heat pump that extracts thermal energy from wastewater for 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 Expo® Innovation Award for Green Building Innovation.

The AHR Expo® is the world's largest HVACR (Heating, Ventilating, Air Conditioning and Refrigeration) convention (see news release: <http://goo.gl/ACsOZp>).

Stephen Pritchard, principal and co-founder of RENEW said: *“The combination of IWS’s expertise in the design, manufacture and operation of thermal heat recovery equipment, and RENEW’s project funding, deal structuring and project development expertise offers a new carbon reduction strategy for almost any building in the U.S. We view IWS as a world leader in the thermal energy recovery space, and are pleased to partner with them to accelerate the ‘turn-key’ deployment of their exciting PIRANHA technology in California – and the rest of the country. IWS and RENEW see exponential growth ahead with the commensurate benefit to the building owners and to the planet.”*

Joint Venture – Scope and Schedule

The Joint Venture will finance, build, install and operate 1,000 PIRANHA systems, initially in the state of California and later extending to the rest of the U.S. RENEW will provide funding of US\$60 million to fund the deployment of the PIRANHA systems over a period of five years (“**US\$60 MILLION PROGRAM**”).

The purpose of the US\$60 MILLION PROGRAM is to provide capital to fund turnkey installation and on-going operations and maintenance of PIRANHA systems for qualified residential and commercial buildings under a standardized Thermal Energy Purchase Agreement (“**TEPA**”) developed by RENEW. Under the terms of the TEPA, customers will enter into long-term supply agreements for low-cost, efficient energy, with no capital investment.

The proposed schedule for the deployment of 1,000 PIRANHA systems in California in the next 5 years is estimated as follows:

- Approx. 50 PIRANHA Systems in the first 12 months of the US\$60 MILLION PROGRAM;
- Approx. 120 PIRANHA Systems in the second 12 months of the US\$60 MILLION PROGRAM;
- Approx. 240 PIRANHA Systems in the third 12 months of the US\$60 MILLION PROGRAM;
- Approx. 300 PIRANHA Systems per year thereafter.

IWS and RENEW will establish a special purpose vehicle (“**SPV**”) to own the individual PIRANHA projects financed by the US\$60 MILLION PROGRAM. The SPV will sign a master agreement with IWS for the exclusive design, build and commissioning of PIRANHA systems and for the operation and maintenance services throughout the life of the systems.

The SPV will be the investing and operating entity for the Joint Venture. RENEW and IWS will jointly participate in the project returns from energy sales through cash flow distributions from the SPV, with the related terms of distribution to be included in a definitive agreement between IWS and RENEW.

Charles Lord, principal and co-founder of RENEW said: *“Waiting to implement energy-efficiency projects costs building owners money and wastes precious time in the fight against climate change. So the pivotal question is – why delay? With the PIRANHA Thermal Energy Purchase Agreement, we will deliver building owners lower energy costs with no capital investment and immediate lasting carbon reductions.” “Energy efficiency is one of the great weapons at our disposal to slow global warming. It is imperative that we put it to use immediately, and at scale, to limit the most dramatic effects of global climate change. RENEW is thrilled to be partnering with IWS on a “RENEW It Now” funding program to drive the rapid deployment of IWS’s thermal energy recovery systems throughout California – and ultimately the entire United States.”*

Lynn Mueller, CEO of IWS commented: *“IWS is privileged to work with RENEW and its Principals; their expertise in the financing of alternative energy projects, and their access to capital, provides IWS with a strong platform to roll out IWS systems in the U.S. market. IWS will earn revenue from the design, build and commissioning of PIRANHA systems as well as recurring revenues for the on-going operation and maintenance services throughout the life of the systems. In addition to these revenue streams, IWS will receive long-term income from its share of cash flow distributions from energy sales”.*

ON BEHALF OF THE BOARD

“Lynn Mueller”

Lynn Mueller
Chairman and Chief Executive Officer

FOR MORE INFORMATION, PLEASE CONTACT:
Yaron Conforti, CFO and Director at (416) 716-8181
yaron.conforti@iws-sharc.com

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.

About RENEW Energy Partners LLC

Renew Energy Partners' management team offers deep expertise in deep energy retrofit analysis and optimization, energy efficiency programs, project management and implementation, and energy finance solutions. We combine our experience with the expertise of a network of best-in-class energy service partners to assess, design, install, and maintain energy efficient systems.

The CSE does not accept responsibility for the adequacy or accuracy of this release.

Forward-Looking Information

This release includes certain statements that may be deemed "forward-looking statements". All statements in this release, other than statements of historical facts, that address events or developments that the Company expects to occur, are forward-looking statements. Forward-looking statements are statements that are not historical facts and are generally, but not always, identified by the words "expects", "plans", "anticipates", "believes", "intends", "estimates", "projects", "potential" and similar expressions, or that events or conditions "will", "would", "may", "could" or "should" occur. Although the Company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results may differ materially from those in the forward-looking statements. Factors that could cause the actual results to differ materially from those in forward-looking statements include regulatory actions, market prices, exploitation and exploration successes, and continued availability of capital and financing, and general economic, market or business conditions. Investors are cautioned that any such statements are not guarantees of future performance and actual results or developments may differ materially from those projected in the forward-looking statements. Forward-looking statements are based on the beliefs, estimates and opinions of the Company's management on the date the statements are made. Except as required by applicable securities laws, the Company undertakes no obligation to update these forward-looking statements in the event that management's beliefs, estimates or opinions, or other factors, should change.