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PRESS RELEASE

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December 19, 2016

CSE: IWS; FRANKFURT: IWI; OTC: INTWF

IWS Provides Update on Private Placement

VANCOUVER, B.C., December 19, 2016 – International Wastewater Systems Inc. (the “Company”) (CSE: IWS) (FRANKFURT: IWI) (OTC: INTWF) is pleased to provide an update on the Company’s private placement (the “Placement”) previously announced on November 30, 2016.

The Company intends to complete a portion of the Placement pursuant to Multilateral CSA Notice 45-318 *Prospectus Exemption for Certain Distributions through an Investment Dealer* (“**CSA 45-318**”) and the corresponding instruments, orders and rules implementing CSA 45-318 in the participating jurisdictions (collectively with CSA 45-318, the “**Investment Dealer Exemption**”). In addition to conducting the Placement pursuant to the Investment Dealer Exemption, the Company will also accept subscriptions for Shares where other prospectus exemptions are available.

In accordance with the Investment Dealer Exemption, the Company advises that, as at the date hereof, there is no material fact or material change in respect of the Company that has not been generally disclosed. The Company further advises that there is no minimum number of Shares being offered pursuant to the Placement. The Company intends to use net proceeds from the Placement (approximately \$3.6 million) for: manufacturing, assembly and installation for projects in Scotland, Canada, Australia and China (\$1,400,000); repaying short term loans and current payables (\$350,000); hiring additional sales and marketing personnel (\$350,000); facility expansion and equipment purchases for increased manufacturing capacity (\$1,000,000); with the remainder allocated to working capital (\$500,000).

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. is a world leader in thermal 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. IWS is publicly traded in Canada (CSE: IWS), the United States (OTC:INTWF) and Germany (Frankfurt: IWI).

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.