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PRESS RELEASE

June 29, 2017

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International Wastewater Closes Final Tranche of Debenture Unit Offering

VANCOUVER, B.C., June 29, 2017 – International Wastewater Systems Inc. (“IWS” or the “Company”) (CSE: IWS; FSE: IWI; OTC: INTWF) is pleased to announce, further to its news release dated May 30, 2017, that it has closed the final tranche of the Company’s non-brokered private placement (the “**Placement**”) of debenture units (the “**Debenture Units**”). In total the Company raised aggregate gross proceeds of \$2,343,000 pursuant to the Placement.

The Company issued 1,320 Debenture Units (comprised of \$1,320,000 principal amount Debentures and 3,300,000 Warrants) under the first tranche of the Placement on May 30, 2017. Under the second and final tranche of the Placement, completed June 29, 2017, the Company issued 1,023 Debenture Units (comprised of \$1,023,000 principal amount Debentures and 2,557,500 Warrants). Each Debenture Unit consists of one \$1,000 principal amount senior unsecured convertible debenture (the “**Debenture**”) and 2,500 share purchase warrants (each a “**Warrant**”), each exercisable into one common share of the Company (the “**Shares**”) at \$0.30 per Share until June 29, 2020. The Debentures bear interest at a rate of 12% per annum from June 29, 2017 and will mature on June 29, 2020 (the “**Maturity Date**”). The Debentures are convertible into Shares at \$0.30 per Share at the option of the holder at any time until the Maturity Date, subject to adjustment in certain events.

In connection with the closing of the final tranche of the Placement, the Company paid aggregate finder’s fees of \$64,430 and issued 157,150 finder’s warrants (the “**Finder’s Warrants**”). Each Finder’s Warrant entitles the holder to purchase one Share at a price of \$0.40 per Share for a period of 2 years.

All securities issued in connection with the final tranche of the Placement are subject to a statutory hold period expiring on October 30, 2017, in accordance with applicable securities legislation.

The Company intends to use of the net proceeds of the Placement for expenditures required in connection with five contracts awarded to the Company by the Scottish Government previously announced on May 10, 2017, as well as for the Company’s partnership with Prospect Silicon Valley, which focuses on commercialization of the Company’s heat exchange technologies in central California, and for general working capital.

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).

ON BEHALF OF THE BOARD

“Lynn Mueller”

Lynn Mueller

Chairman and Chief Executive Officer

FOR MORE INFORMATION, PLEASE CONTACT:

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

Forward-Looking Information

This news release includes certain statements that may be deemed "forward-looking statements", including statements in respect of the Company's proposed use of proceeds from the Placement. 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.