

INTERNATIONAL WASTEWATER SYSTEMS INC.

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PRESS RELEASE

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CSE: IWS; FRANKFURT:IWI

IWS PROVIDES UPDATE TO SHAREHOLDERS

International Wastewater Systems Inc. ("IWS" or the "Company") (CSE:IWS) (FRANKFURT:IWI) is pleased to provide shareholders with an update on the Company's business development activity and the expanding pipeline of international opportunities.

The pipeline of projects continues to grow in the UK, Canada and the USA, and with the recent announcement that a SHARC wastewater heat recovery system ("SHARC") is to be installed at a facility operated by the Australian Wool Testing Authority ("AWTA") in Melbourne, IWS now has a strategic presence on three continents.

IWS has been working closely with some of the world's major water utility companies in North America & Europe, many of whom have expressed interest in supporting the deployment of IWS technology across their waste water infrastructure and to contribute to the international carbon reduction programme enshrined at the 2015 United Nations Convention on Climate Change in Paris (COP21).

Commenting on the technology, Alex Mortlock, Strategic Planning Manager-Wastewater Infrastructure for Severn Trent (LON:SVT) (a FTSE 100 Company with wastewater operations in the UK and internationally) said: "having been introduced to SHARC technology during the second half of 2015, we are keen to explore the opportunity that IWS could create for us through their SHARC and PIRANHA technologies. We are currently reviewing the suitability of SHARC for use on one of our own buildings and will be investigating further opportunities to utilise the sewage flow contained in our 91,000km of sewers. We look forward to further developing our working relationship with IWS over the next 6 months."

Commenting on the business development program Russ Burton, COO of IWS said: "the interest we are developing is significant and tangible, however we can't underestimate the scale of the challenge that exists to convert the established thinking of combustion based heating engineers. But with the support of a number of UK and EU water companies, we are stimulating significant enquiries from single building adopters as well as developers looking to include low carbon district heating solutions into their project plans."

The first UK installation for IWS at Borders college in Galashiels, Scotland was launched in December 2015 and has enabled IWS to showcase the credentials of the SHARC technology as a solution for District Heating, by connecting 5 plantrooms via a 1 km underground heat distribution network – a retrofit to older building stock, as well as demonstrating how the system can link into town sewer facilities, significantly increasing the market opportunity to heat buildings with limited water consumption.

At the Borders launch event Alan Scott, Finance Director of Scottish Water (a national water utility providing water and sewerage service across Scotland), 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.”

Lynn Mueller, CEO of IWS commented: “The Carbon Crunch remains the most pressing global challenge of our generation and our ability to form alliances with some of the world’s leading water companies is a testament to the quality of the technology we have developed. We see this as only the beginning of the implementation and growth phase for the world-leading heat recovery technology developed by IWS.”

The Company is working to capitalize on the global opportunities that are available and expand IWS branded technology by creating the strategic relationships necessary for the future success of SHARC, PIRANHA and other products currently under development. The relationships being developed require significant strategic planning and the Company will make further announcements as it progresses.

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.

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.