

**FORM 51-102F3**

**MATERIAL CHANGE REPORT**

**Item 1 Name and Address of Company**

International Wastewater Systems, Inc.  
1443 Spitfire Place  
Port Coquitlam, BC V3C 6L4

(the “Company”)

**Item 2 Date of Material Change**

August 19, 2016

**Item 3 News Release**

News release dated August 19, 2016 was issued, disseminated and filed on SEDAR.

**Item 4 Summary of Material Change**

The Company completed its previously announced financing which raised \$960,000 through the issuance of 4,800,000 units of the Company at an offering price per unit of \$0.20.

**Item 5 Full Description of Material Change**

**5.1 Full Description of Material Change**

On August 19, 2016 the Company announced the completion of its non-brokered private placement pursuant to which the Company issued 4,800,000 units, each consisting of one common share in the capital of the Company at a price of \$0.20 per share for aggregate proceeds of \$960,000 (the “Offering”).

In connection with the Offering, the Company paid finder’s fees and expenses of \$77,100 and issued 384,000 warrants, each warrant exercisable at a price of \$0.20 for a period of two years from the date of issue.

All securities distributed pursuant to the Offering will be subject to a statutory hold period of four months and a day from the date of issuance.

Proceeds from the Offering will be used for additional working capital to fulfill the manufacture and installation of the projects with Metro Vancouver and the British Columbia Housing Management Commission.

**5.2 Disclosure for Restructuring Transactions**

Not applicable.

**Item 6            Reliance on subsection 7.1(2) of National Instrument 51-102**

Not applicable.

**Item 7            Omitted Information**

Not applicable.

**Item 8            Executive Officer**

Yaron Conforti, CFO & Director  
Telephone: 416-716-8181

**Item 9            Date of Report**

August 23, 2016