

Form 51-102F3
MATERIAL CHANGE REPORT

Item 1. Name and Address of Company

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

Item 2. Date of Material Change

September 2, 2016.

Item 3. News Release

News Release dated September 2, 2016 was disseminated via Stockwatch and Market News and filed on SEDAR on September 2, 2016.

Item 4. Summary of Material Change

International Wastewater Systems Inc. closed the second and last tranche of private placement of shares and raised gross proceeds of \$640,000.

Item 5. Full Description of Material Change

5.1 Full Description of Material Change

The Company announced the closing of the second and final tranche of the private placement previously announced on August 9th, 2016 (the “**Offering**”). The Company issued 3,200,000 common shares at a price of \$0.20 per share for gross proceeds of \$640,000 (the “**Placement**”). In connection with the Placement the Company paid finder’s fees of \$41,600 and issued 208,000 warrants, each warrant exercisable at a price of \$0.20 for a period of two years from the date of issue. All securities issued in connection with the Placement will have a resale restriction of four months and one day from the date of issue.

The Offering is now closed with the Company having raised gross proceeds of \$1,600,000. Proceeds from the Offering will be used for debt repayment and working capital to fulfill the manufacture and installation of the Company’s projects with Metro Vancouver and the British Columbia Housing Management Commission announced on August 9th, 2016.

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

None.

Item 8. Executive Officers

The following senior officer of the Company is knowledgeable about the material change and this Material Change Report and may be contacted:

Yaron Conforti, Chief Financial Officer and Director
Telephone: (416) 716-8181.

Item 9. Date of Report

DATED at Vancouver, British Columbia, this 7th day of September, 2016.