

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

April 7, 2017.

Item 3. News Release

News Release dated April 7, 2017 was disseminated via Marketwired and filed on SEDAR on April 7, 2017.

Item 4. Summary of Material Change

International Wastewater Systems Inc. (the “**Company**”) has closed the final tranche of the Company’s brokered private placement and raised gross proceeds of \$725,100.

Item 5. Full Description of Material Change

5.1 Full Description of Material Change

The Company has closed the final tranche of the Company’s brokered private placement (the “**Brokered Placement**”), led by Haywood Securities Inc. as agent.

Under the final tranche of the Brokered Placement, the Company has issued 2,417,000 units (“**Units**”) at a price of \$0.30 per Unit for gross proceeds of \$725,100. Each Unit consists of one common share (a “**Share**”) and one common share purchase warrant (a “**Warrant**”) of the Company. Each Warrant entitles the holder to purchase one Share until February 27, 2019 at an exercise price of \$0.40 per Share

The Company has paid cash commissions in the amount of \$31,282.50 from the sale of Units under the final tranche of the Brokered Placement. The Company has also issued to the Agent and members of the selling group an aggregate of 104,275 non-transferrable warrants (“**Agent’s Warrants**”). Each Agent’s Warrant entitles the holder to purchase one Share at a price of \$0.30 until February 27, 2019.

As previously announced on January 19, 2017, the Company amended the terms of the Company’s non-brokered private placement completed on December 23, 2016 (the “**Non-**

Brokered Placement”) to offer each participant in the Non-Brokered Placement one Warrant for each Share purchased in the Non-Brokered Placement on the same terms as the Brokered Placement. Accordingly, the Company has issued a total of 2,275,333 Warrants to purchasers from the Non-Brokered Placement.

In total the Company raised aggregate gross proceeds of \$2,205,655 pursuant to the Non-Brokered Placement and the Brokered Placement.

All securities distributed pursuant to the Brokered Placement and Non-Brokered Placement are subject to a statutory hold period of four months and a day from the date of issuance.

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 April, 2017.