

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

February 27, 2017.

Item 3. News Release

News Release dated February 27, 2017 was disseminated via Marketwired and filed on SEDAR on February 27, 2017.

Item 4. Summary of Material Change

International Wastewater Systems Inc. has closed the first tranche of the Company's brokered private placement and raised gross proceeds of \$797,955.

Item 5. Full Description of Material Change

5.1 Full Description of Material Change

The Company announced the closing of the first tranche of the Company's brokered private placement (the "**Brokered Placement**"), led by Haywood Securities Inc. as agent further to its news release of January 19, 2017. The Company has issued 2,659,850 units ("**Units**") at a price of \$0.30 per Unit for gross proceeds of \$797,955. 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 for a period of two years from the date of issuance at an exercise price of \$0.40 per Share.

The Company has paid cash commissions in the amount of \$59,846.63, being 7.5% of the aggregate gross proceeds from the sale of Units under this tranche of the Brokered Placement. The Company has also issued to the Agent and its designee 199,488 non-transferrable warrants ("**Agent's Warrants**"), being 7.5% of the number of Units sold under this tranche of the Brokered Placement. Each Agent's Warrant entitles the holder to purchase one Share at a price of \$0.30 for two years from the closing date.

All securities distributed pursuant to the 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 2nd day of March, 2017.