



IWG announces execution of Arrangement Agreement

Burnaby, BC, November 28, 2016 /CNW/ - IWG Technologies Inc. (“IWG” or the “Company”) is pleased to announce that IWG has entered into a definitive arrangement agreement (the “Arrangement Agreement”) with 1096777 B.C. Ltd., a private British Columbia corporation (the “Purchaser”) and WM Capital Management, Inc. (the “Guarantor”), as guarantor. The Purchaser and the Guarantor are each directly or indirectly controlled by one or more of New York based WM Capital Management, Inc. and BASE Equity Partners, L.P. BASE Equity Partners is a New York based private investment firm that partners with management to support growth in small to medium sized companies.

Under the Arrangement Agreement, the Purchaser has agreed to acquire all of the issued and outstanding common shares of IWG (each an “IWG Share”) for consideration of \$0.43 in cash per IWG Share. The cash consideration reflects a 34% premium to the closing price of the IWG Shares on the TSX Venture Exchange (the “TSX-V”) of \$0.32 on November 24, 2016 and a 30% premium to the average closing price of the IWG Shares on the TSX-V of \$0.33 for the 90 trading days ended on November 24, 2016. The transaction will be implemented by way of a plan of arrangement (the “Arrangement”) under the *Business Corporations Act* (British Columbia).

Bruce Gowan, Chairman of IWG, stated: “The success we have had is a testament to our partners, employees and management team and their endeavors to deliver superior shareholder value. We believe this transaction provides an excellent opportunity for the shareholders of IWG to realize an attractive premium to market.”

Upon completion of the transaction, the Purchaser will cause IWG to continue to operate its business in British Columbia and current management and employees of IWG will remain with the Company.

TRANSACTION SUMMARY

Under the terms of the Arrangement Agreement, on closing, each IWG shareholder will receive \$0.43 in cash for each IWG Share held. Pursuant to the transaction, the Purchaser will pay a total of approximately \$16.5 million for the IWG Shares (assuming no exercise of existing IWG options). In addition, the holders of all unexercised IWG stock options (including options which have not vested) will receive, in respect of each IWG option held, \$0.43 in cash less the exercise price of such IWG option.

The proposed transaction will be carried out by way of a court-approved plan of arrangement and will require the approval of at least 66 2/3% of the votes cast by the shareholders of IWG, and approval by the “majority of the minority”, being a majority of the votes cast by IWG shareholders other than Darryl Jacobs, Executive Vice President of IWG and a director of IWG’s wholly owned subsidiary, International Water-Guard Industries Inc., whose vote will not be included in determining minority approval pursuant to Multilateral Instrument 61-101 - *Protection of Minority Security Holders in Special Transactions*. The special meeting of shareholders of IWG is expected to take place in January 2017.

In addition to shareholder and court approvals, the transaction is subject to applicable regulatory approvals and the satisfaction of certain other closing conditions customary in transactions of this nature. IWG’s obligations are also subject to the Purchaser’s financing continuing to be in place.

The Arrangement Agreement includes customary provisions, including provisions relating to non-solicitation of alternative transactions, a “fiduciary out” provision and the Purchaser’s right to match superior proposals. In addition, the Guarantor has agreed to guarantee all of the Purchaser’s obligations under the Arrangement Agreement. IWG has agreed to pay a termination fee to the Purchaser of



\$577,500 in connection with termination of the Arrangement Agreement due to the occurrence of certain events. Each of IWG and the Purchaser has also agreed to pay to the other a \$250,000 expense reimbursement fee upon termination of the Arrangement Agreement due to the occurrence of certain other events. If IWG is required to pay the expense reimbursement fee, the amount will be deducted from any termination fee which may become payable to the Purchaser.

The board of directors of IWG has unanimously determined that the Arrangement Agreement and the Arrangement are fair to the shareholders and optionholders of IWG and are in the best interests of IWG. The board of directors of IWG has unanimously approved the execution and delivery of the Arrangement Agreement and the transactions contemplated by the Arrangement Agreement and have unanimously resolved to recommend that IWG shareholders vote in favour of the shareholders' resolution (the "**Arrangement Resolution**") to approve the arrangement which will be included in the information circular to be mailed to IWG shareholders in connection with the Arrangement (the "**Management Information Circular**").

Each of the directors and executive officers of IWG, together with certain other shareholders of IWG who hold in the aggregate approximately 22.8% of the issued and outstanding IWG Shares (assuming no exercise of existing IWG stock options) have entered into voting and support agreements with the Purchaser and the Guarantor and have agreed to vote all of their IWG Shares in favour of the Arrangement Resolution.

Working Capital Corporation has provided a fairness opinion to the board of directors of IWG in connection with the Arrangement. McCullough O'Connor Irwin LLP is acting as legal counsel to IWG and McMillan LLP is acting as legal counsel to the Purchaser.

Full details of the Arrangement Agreement will be included in a Management Information Circular to be filed with applicable regulatory authorities and mailed to IWG shareholders in accordance with applicable securities laws. IWG expects to mail the Management Information Circular in December 2016.

ABOUT IWG

IWG Technologies Inc. is the public holding company for International Water-Guard Industries Inc., a Canadian aerospace company focused on aircraft potable water treatment, water systems, water heaters and components. IWG has expertise in all aspects of water treatment, has the products and know-how to provide high quality water for passengers and crew, and lightweight, space-saving solutions for the aircraft operator.

On behalf of the Board of Directors
IWG Technologies Inc.

"Bruce W. Gowan"
Chair of the Board

The TSX Venture Exchange has neither approved nor disapproved of the contents of this press release. Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this press release.



SPECIAL NOTE REGARDING FORWARD LOOKING STATEMENTS

This news release includes certain "Forward-Looking Statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995 and "forward-looking information" under applicable Canadian securities laws. When used in this news release, the words "anticipate", "believe", "estimate", "expect", "target", "plan", "forecast", "may", "schedule" and similar words or expressions, identify forward-looking statements or information. These forward-looking statements or information relate to, among other things: anticipated benefits of the Arrangement to IWG shareholders; the timing and receipt of required shareholder, court, stock exchange and regulatory approvals for the Arrangement; the ability of IWG and the Purchaser to satisfy the other conditions to, and to complete, the Arrangement; the anticipated timing of the mailing of the Management Information Circular regarding the Arrangement; the anticipated timing of the special meeting of the Shareholders; the closing of the Arrangement, and the continuation of IWG's business and the retention of current management and employees.

These statements reflect the Company's current views with respect to future events and are necessarily based upon a number of assumptions and estimates that, while considered reasonable by the Company, are inherently subject to significant uncertainties and contingencies. Many factors, both known and unknown could cause actual results, performance or achievements to be materially different from the results, performance or achievements that are or may be expressed or implied by such forward-looking statements or information and the Company has made assumptions and estimates based on or related to many of these factors. Such factors include, without limitation: the Purchaser's decision regarding the continuation of IWG's business and the retention of current management and employees and satisfaction or waiver of all applicable conditions to closing of the Arrangement including, without limitation, receipt of all necessary shareholder, court and regulatory approvals or consents and lack of material changes with respect to IWG and its business, all as more particularly set forth in the Arrangement Agreement. In respect of the forward-looking statements and information concerning the anticipated completion of the proposed Arrangement and the anticipated timing for completion of the Arrangement, the Company has made certain assumptions that management believes are reasonable at this time, including assumptions as to the time required to prepare and mail shareholder meeting materials. These dates may change for a number of reasons, including unforeseen delays in preparing meeting material; inability to secure necessary shareholder, court and regulatory approvals in the time anticipated or the need for additional time to satisfy the other conditions to the completion of the Arrangement. Accordingly, readers should not place undue reliance on the forward-looking statements and information contained in this news release concerning these times. In addition, in the event the Arrangement Agreement is terminated in certain circumstances, IWG may be required to pay a termination fee to the Purchaser, the result of which could have a material adverse effect on IWG's financial position and results of operations and its ability to fund growth prospects and current operations.

Readers are cautioned against attributing undue certainty to forward-looking statements or information. Although IWG has attempted to identify important factors that could cause actual results to differ materially, there may be other factors that cause results not to be anticipated, estimated or intended. The Company does not intend, and does not assume any obligation, to update these forward-looking statements or information to reflect changes in assumptions or changes in circumstances or any other events affecting such statements or information, other than as required by applicable law.

IWGTECHNOLOGIES



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