



Thermal Energy Reports Fiscal 2013 Third Quarter Results

OTTAWA, ONTARIO – April 29, 2013 – Thermal Energy International Inc. (TSXV: TMG), a leading provider of custom energy and emission reduction technologies for energy intensive industries and institutions worldwide, today announced its third quarter (Q3) financial results for the three-month and nine-month periods ended February 28, 2013.

Q3 2013 Highlights

- Revenue of \$4.2 million for Q3 2013, compared to \$3.6 million in Q3 2012
- Gross profit of \$2.9 million for Q3 2013, compared to \$1.4 million for Q3 2012
- Net income of \$1.5 million for Q3 2013, compared to net loss of \$31,854 for Q3 2012
- Received a purchase order totaling approximately \$300,000 for the installation of a heat recovery system at a Fortune 500 food and beverage company.
- Signed a contract valued at approximately \$750,000 for the installation of a heat recovery system at a large publicly funded hospital
- Signed an agreement with Canadian government for funding support for a product development project targeting the Chinese petrochemical market
- Completed \$1.4 million sale of heat recovery and GEM[®] systems installed at a major publicly owned hospital

“The impact of our expanded sales team and distribution is beginning to show results with a growing sales pipeline and an increasing number of projects under development. We have a clear message and a growing list of strong references that demonstrate the energy saving and emission reducing benefits our products offer to potential customers,” said William Crossland, President and CEO of Thermal Energy. “While our revenue can still be relatively lumpy in nature given the impact large individual orders can have on results, we continue to grow our base sales, building our book of business and referral base with a diversified group of satisfied customers.”

Financial Highlights

Revenue

Revenue was \$4.2 million for the three-month period ended February 28, 2013, an increase of 17.4% compared to \$3.6 million for the corresponding period in 2012. During the quarter, revenue generated from heat recovery systems increased by \$441,281 (16.1%), and sales of GEM[®] condensate return systems increased by \$183,641 (22.0%). The increase in revenue from waste energy recovery systems was as a result of the Greenpower Purchase Agreement extension with Fortress Specialty Cellulose, plus sales from heat recovery systems installed at two major hospitals and at a major food manufacturer. The increase in revenue from GEM[®] condensate return systems was the result of additional sales from systems installed at two major hospitals, partially offset by reduced sales in continental Europe.

Revenue was \$6.3 million for the nine-month period ended February 28, 2013, compared to \$9.7 million for the same period in 2012, which included \$4.1 million from the Fibrek project and \$1.9 million from the St. Georges Healthcare Trust project. GEM[®] condensate return system sales increased by \$395,704 or

16% as a result of increased sales from systems installed at two major hospitals and increased general sales in North America which are up 29% year to date.

Gross Profit

Gross profit was \$2.9 million for the three-month period ended February 28, 2013, compared to \$1.4 million for the corresponding period in 2012. Gross profit expressed as a percentage of revenue was 69.1% during the quarter compared to 39.4% for the corresponding quarter in 2012. The increase was primarily due to the Greenpower Purchase Agreement extension, which served to increase revenues with minimal additional cost.

Gross profit was \$4.2 million for the nine-month period ended February 28, 2013, compared to \$4.3 million for the corresponding period in 2012. Gross profit expressed as a percentage of revenue was 66.8% for the nine-month period compared to 44.8% for the corresponding quarter in 2012.

Operating Expenses

Operating expenses were \$1.4 million for the three-month period ended February 28, 2013, compared to \$1.5 million for the corresponding period in 2012. The decrease in operating expenses was primarily the result of lower professional fees, partially offset by the addition of staff, increased commissions payable, and investor relations services announced April 19, 2012.

Operating expenses were \$4.4 million for the nine-month period ended February 28, 2013, compared to \$4.1 million for the corresponding period in 2012. This was predominantly the result of additional staff in the nine-month period as well as increased investor relations costs.

Net Income/Loss

Net income was \$1.5 million for the three-month period ended February 28, 2013, compared to a net loss of \$31,854 for the corresponding period in 2012.

Net loss was \$162,226 for the nine-month period ended February 28, 2013, compared to a net income of \$111,072 for the corresponding period in 2012.

Cash and Working Capital

As at February 28, 2013, the Company's net cash position (cash and cash equivalents less bank loans) amounted to \$700,704, compared to \$1.4 million on May 31, 2012. With current cash balances and unused borrowing capacity of \$0.8 million, management believes that it has sufficient capital resources to fund existing operations and anticipated capital requirements for the remainder of FY 2013.

As at February 28, 2013, the Company had net working capital of \$1.8 million, compared to \$2.6 million on May 31, 2012.

Business Outlook

- As reported previously, on December 17, 2010 the Company signed a Letter of Intent with a major North American pulp and paper company outlining the two parties' intent to develop and, subject to financing and approval by the pulp and paper company's board of directors, implement on an exclusive basis heat recovery projects at three of the customer's locations. A project has been developed for the first site and is awaiting approval by the customer. The second site did not support a viable project and further development work is not currently being conducted at this site. The final site is still under consideration.

- On May 10, 2012, the Company announced it had received a purchase order for approximately \$467 thousand from a major food manufacturer for a heat recovery solution. This order is expected to be substantially completed in FY 2013.
- In June 2012, the Company received another purchase order for approximately \$249,000 from the same major food manufacturer for a heat recovery solution at one of its sites. This order is expected to be substantially completed by the first quarter of FY 2014.
- In June 2012, the Company received an order for approximately \$562,000 from a publicly owned hospital for a heat recovery solution. This order is expected to be substantially completed by the first quarter of FY 2014.
- On December 14, 2012, the Company announced it had received a first purchase order totaling approximately \$300,000 for the installation of a heat recovery system at a food and beverage company. The project is expected to be substantially completed by the end of FY 2013. Thermal Energy is working on a number of additional sites within the company.
- On December 18, 2012, the Company announced it had signed a contract valued at approximately \$750,000 for the installation of a heat recovery system at a large publicly funded hospital. The project is expected to be substantially completed by the end of FY 2013.
- The company is currently developing energy efficiency projects on a paid or exclusive basis at 13 different sites for 7 different customers. This compares to 7 sites for 3 customers during all of FY 2012.
- The Company's order backlog as at February 28, 2013, was approximately \$1.9 million. As at April 29, 2013, the Company had an order backlog of approximately \$2.3 million. The Company includes in "order backlog" any purchase orders that have been received by the Company but have not yet been reflected as revenue in the Company's published quarterly financial statements.

All figures are in Canadian dollars. Full financial results including management's Discussion and Analysis and accompanying notes to the financial results, are available on www.SEDAR.com and www.thermalenergy.com.

About Thermal Energy International Inc.

Thermal Energy International Inc. is an innovative cleantech company providing a variety of proprietary and proven energy efficiency, emission reduction, water efficiency, and bioenergy products and solutions to the industrial, commercial and institutional markets worldwide. Thermal Energy is also a fully accredited professional engineering firm, and can offer advanced process and applications engineering services. By providing a unique mix of proprietary products together with process, energy, environmental, and financial expertise Thermal Energy is able to deliver significant financial and environmental benefits to its customers.

Thermal Energy's products include; **GEM**[®] - Steam traps and condensate return systems, **FLU-ACE**[®] - Direct contact condensing heat recovery, and **Dry Rex**[™] - Low temperature biomass drying systems.

These award winning products are effective in a wide variety of industries and application and have an excellent track record of longevity, proven reliability and performance providing significant energy savings, reduced GHG emissions, improved water efficiency, lower maintenance costs, improved product quality and increased production efficiency.

Thermal Energy International Inc. has offices in Ottawa, Canada as well as Bristol, UK, United States, Italy and China. To find out more about Thermal Energy International Inc. (TSX-V: TMG), visit our website at <http://www.thermalenergy.com>.

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