



Thermal Energy Signs \$750,000 Heat Recovery Contract for the Installation of a Heat Recovery System at a Major Hospital

OTTAWA, ONTARIO – December 18, 2012 – 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 that it has signed a contract valued at approximately \$750,000 for the installation of a Heat Recovery System at a large publicly funded hospital. Thermal Energy expects to complete installation of this project and recognize the revenue associated with it over the next two quarters.

“Our industrial and institutional energy efficiency solutions deliver not only cost and energy savings, but have the added bonus of maximizing carbon emission reductions without the typical markup for going green,” said William Crossland, President and CEO of Thermal Energy International. “We are making great inroads in our key markets by focusing on our sales and distribution strategy and continuing to enhance our corporate sales capabilities in order to capitalize and expand on our recent success.”

The Heat Recovery system to be installed at this hospital is calculated by Thermal Energy to reduce carbon emissions by approximately 852 tonnes annually and reduced the hospital’s steam requirements by 14%. The energy savings alone are expected to pay for the capital cost of the project in less than 4 years.

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>.

Forward Looking Statements

This press release contains forward-looking statements based on management's expectations, relating to, among other things, estimates and projections with respect to, timing of installation, implementation and revenue recognition, the anticipated effectiveness of Thermal Energy's products and services and the revenues to be received by Thermal Energy from the project described. Many factors outside of Thermal Energy's control, including factors affecting the customer, could cause actual events to differ from Thermal Energy's expectations and may ultimately prevent the project from being completed and the stated revenue from being earned. Statements with respect to anticipated effectiveness of products, reductions in carbon emissions and savings are based on studies conducted by Thermal Energy and the company's experience with similar installations for other customers. These statements are not guarantees of future performance and involve a number of risks, uncertainties and assumptions. Thermal Energy disclaims any obligation to publicly update or revise any such statements except as required by law.

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