OTTAWA, ONTARIO – August 31, 2017 – Thermal Energy International Inc. (“Thermal Energy” or the “Company”) (TSX-V: TMG), a global provider of proprietary energy efficiency solutions to the industrial, commercial and institutional sectors, has been engaged by a leading Fortune 500 food and beverage customer to implement a $1.46 million “Super-Efficient Cogeneration™” heat recovery project at one of its plants. The project is expected to be completed and revenue earned over the next six to nine months. All figures are in Canadian dollars.

Partially utilizing the FLU-ACE® unit previously installed, Thermal Energy will work with this customer to implement a number of additional energy efficiency and heat recovery measures related to three new reciprocating engine units to be installed on-site. These measures are expected to result in the customer's cogeneration plant being more than 88% efficient, in line with Thermal Energy’s new best-in-class Super-Efficient Cogeneration offering. Typical cogeneration systems operate between 65% and 75% efficiency.

This complete Super-Efficient Cogeneration project is expected to reduce the customer's use of coal-generated power by 23 million kWh per year, resulting in a net greenhouse gas reduction of 14.5 thousand tonnes of CO₂ (equivalent) per year. The increased efficiency related to Thermal Energy’s heat recovery scope is expected to result in annual utility savings of approximately $945 thousand for the customer. Including this project and previous orders and products installed to date, doing business with Thermal Energy International is expected to provide this customer with estimated annual energy savings of $3.3 million.

“This leading food and beverage customer chose Thermal Energy for this project because of our proven expertise in recovering waste heat and our long track record of success delivering projects at this customer’s sites,” said William Crossland, CEO of Thermal Energy. “With the implementation of this project we are demonstrating that this expertise goes well beyond our proprietary FLU-ACE and GEM™ technologies. Our solutions – our technologies and expertise – enable us to squeeze more usable energy out of each unit of fuel. Our Super-Efficient Cogeneration solution represents a dramatic energy efficiency improvement over typical cogeneration systems widely available. This has allowed us, at this site, to roughly double the revenue that we will earn when compared to providing a FLU-ACE system alone. We are moving to replicate this at other sites with this and other customers, thereby growing Thermal Energy's aggregate revenue by increasing the number of potential sites as well as increasing the potential revenue at each site.”

Key Benefits of Thermal Energy’s Super-Efficient Cogeneration Solution

Typical cogeneration systems produce combustion efficiencies in the range of 65% to 75% (compared to 35% to 45% for a non-integrated reciprocating engine or gas / steam turbine plant). By combining a typical
cogeneration unit with Thermal Energy's energy efficiency and heat recovery expertise and technology, cogeneration efficiencies can now be pushed as high as 95%. Other key benefits include:

- Up to 70% reduction in electricity costs;
- 15% to 20% natural gas energy savings;
- Additional 15% to 20% reduction in greenhouse gas emissions compared to typical CHP systems;
- In the event of a blackout, the cogeneration unit works as a backup source securing the supply of energy so there is no danger of electricity supply being interrupted;
- Verifiable emission reduction credits (ERCs);
- Typical net project payback of two to five years.

If you would you like to be contacted about Thermal Energy's cogeneration heat recovery solutions, fill out the contact form on the Company’s website at www.thermalenergy.com/cogeneration.

**About Thermal Energy International Inc.**

Thermal Energy International Inc. is an established global supplier of proprietary, proven energy efficiency and emissions reduction solutions to the industrial and institutional sectors. We save our customers money and improve their bottom line by reducing their fuel use and cutting their carbon emissions. Our customers include a large number of Fortune 500 and other leading multinational companies across a wide range of industry sectors.

Thermal Energy is also a fully accredited professional engineering firm and by providing a unique mix of proprietary products together with process, energy and, environmental engineering expertise, Thermal Energy is able to deliver unique turnkey projects with significant financial and environmental benefits for our customers.

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

Thermal Energy International Inc. has offices in Ottawa, Canada as well as Bristol, U.K., United States, Germany, Italy and China. The Company’s common shares are traded on the TSX Venture Exchange (TSX-V) under the symbol TMG.

For more information, visit our website at [www.thermalenergy.com](http://www.thermalenergy.com) and follow us on Twitter at [http://twitter.com/GoThermalEnergy](http://twitter.com/GoThermalEnergy).

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This press release contains forward-looking statements relating to, and amongst other things, based on management’s expectations, estimates and projections, the anticipated effectiveness of the Company’s products and services and the timing of revenues to be received by the Company. Information as to the amount of heat recovered, energy savings and payback period associated with Thermal Energy International’s products are based on the Company’s own testing and average customer results to date. Statements relating to the expected installation and revenue recognition for projects, statements about the anticipated effectiveness and lifespan of the Company’s products, statements about the expected environmental effects and cost savings associated with the Company’s products and statements about the Company’s ability to cross-sell its products and sell to more sites are forward looking statements. These statements are not guarantees of future performance and involve a number of risks, uncertainties and assumptions. Many factors, some of which are outside of the Company’s control, could cause events and results to differ materially from those stated. Fulfilment of orders, installation of product and activation of product could all be delayed for a number of reasons, some of which are outside of the Company’s control, which would result in anticipated revenues from such projects being delayed or in the most serious cases eliminated. Actions taken by the Company’s customers and factors inherent in the customer’s facilities but not anticipated by the Company can have a negative impact on the expected effectiveness and lifespan of the Company’s products and on the expected environmental effects and cost savings expected from the Company’s products. Any customer’s willingness to purchase additional products from the Company is dependent on many factors, some of which are outside of the Company’s control, including but not limited to the customer’s perceived needs and the continuing financial viability of the customer. The Company disclaims any obligation to publicly update or revise any such statements except as required by law.

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