



**THERMAL ENERGY RECEIVES OFFER FOR CANADIAN GOVERNMENT
SUPPORT FOR PRODUCT DEVELOPMENT PROJECT TARGETTING
THE CHINESE PETROCHEMICAL MARKET**

Ottawa, ON – February 8, 2012 – Thermal Energy International Inc. (TSX-V: TMG) (www.thermalenergy.com) (“Thermal Energy” or “the company”) is pleased to announce that it has received an offer of funding from the Canadian government to support a product development project it is undertaking in China targeting the Chinese petrochemical market.

Earlier today Prime Minister Stephen Harper and Chinese Premier Wen Jiabao announced results of the third call for joint research and development projects under the Canada-China Framework Agreement for Cooperation on Science, Technology and Innovation. Seven projects, valued at nearly \$10 million, will be supported by the Department of Foreign Affairs and International Trade, through the International Science and Technology Partnerships Program (ISTPP), which promotes commercially-focused international research and development cooperation, and is delivered by a not-for-profit organization, ISTP Canada.

Thermal Energy is pleased to announce that included in the list of projects receiving support, as announced by Prime Minister Harper and Premier Wen Jiabao today, is a product development project it is developing with Cyheat Energy Technology Inc. (“Cyheat”) and Liaoning Shihua University. The intent of this project, which is still subject to final negotiations, is to develop a cost-effective waste heat recovery system for use in petrochemical re-heating furnaces that often generate corrosive exhaust gases due to the nature of the fuel source. If successful this technology is expected to help refineries achieve greater energy efficiency, reduce emissions and save millions of dollars in fuel costs by reducing the refineries’ fuel consumption by up to 15 percent, and recovering up to 90 percent of the water vapor in the emissions for re-use. The initial focus for application is the Chinese market where more than 1,200 re-heating furnaces are in



operation by the petrochemical industry, however the technology is expected to have application globally and open up a significant new market for Thermal Energy products. Subject to final documentation, ISTP Canada has approved up to approximately \$244,000 of support to partially fund Thermal Energy's contribution to the project. The project is expected to be completed over the next two to three years and any technology developed as a result of this project will be shared jointly by Thermal Energy and Cyheat.

“The petrochemical industry is a key strategic target for Thermal Energy and a significant energy consumer world wide” said William Crossland, President and CEO of Thermal Energy. “Thanks to the support of the Department of Foreign Affairs and International Trade and ISTP Canada, Thermal Energy and its partners, Cyheat Energy Technology Inc. and Liaoning Shihua University, have an opportunity to develop an energy saving technology designed to meet the specific needs of this important industry.”

About Cyheat Energy Technology Inc. Cyheat is a privately owned company that focuses on improving the thermal energy efficiency of the petrochemical industry. Cyheat has been in business for 8 years and has 17 full-time and 30 part-time employees including a number of Masters and Ph.D candidates with the Liaoning Shihua University. The management of team consists of Jerry Fang, MBA, Chairman and CEO, and Prof. Baoshan Li, Vice President and Chief Technology Officer. Mr. Fang is a Senior Engineer and also an Adjunct Professor of the International MBA program at Peking University's Guanghua School of Management. He has 22 years' experience in the field of petroleum and energy consumption efficiency. Prof. Li graduated from China University of Petroleum with of Masters of Thermal Engineering and has 25 years' of teaching and research experience in the field.

About Liaoning Shihua University

Liaoning Shihua University was founded in 1950 as Fushun Petroleum Institute. Today Liaoning Shihua University has 11 schools and colleges including the School of Petrochemical Technology. It is a modern multi-disciplinary university with a focus on petrochemistry as its distinctive feature. It is a state-owned, non-profit making institution of higher education and the first of its kind across China. To-date Liaoning Shihua University has graduated more than 40,000 students for China's petrochemical industry.

About Thermal Energy

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 our 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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NOTE: This press release contains forward-looking statements relating to, and amongst other things, based on management's expectations, estimates and projections with respect to the anticipated receipt of funding based on ISTP approval, results and timing of research, the anticipated effectiveness of the Company's products and services and the revenues to be received by the Company from the project described. 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. The Company disclaims any obligation to publicly update or revise any such statements.

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