



Thermal Energy Targets Attractive Cogeneration Market with Super-Efficient, FLU-ACE® Augmented Solution

OTTAWA, ONTARIO – July 5, 2016 – [Thermal Energy International Inc.](#) (“Thermal Energy” or the “Company”) (TSXV: [TMG](#)), a global provider of proprietary energy efficiency solutions to the industrial, commercial and institutional sectors, is targeting the attractive cogeneration market by combining its proprietary FLU-ACE heat recovery technology and engineering expertise with existing power generation technologies to provide the highest efficiency combined heat and power (CHP or cogeneration) solution available.

Key Benefits of a FLU-ACE Augmented Cogeneration Project:

- Up to 70% reduction in electricity costs;
- Up to 95% energy utilization efficiency;
- 15% to 20% natural gas energy savings;
- Additional 15% to 20% reduction in greenhouse gas (GHG) emissions compared to typical CHP systems;
- Verifiable emission reduction credits (ERCs)
- Typical net project payback of two to five years.

“We are in a unique position to capitalize on the increasing popularity of combined heat and power systems by providing enhanced levels of efficiency not provided by typical cogeneration project developers,” said William Crossland, CEO of Thermal Energy. “Electricity generation based on fossil fuels is rather inefficient. At best the electrical efficiency is usually around 40%ⁱ at full load, meaning 60% of the fuel energy content is wasted as residual heat. Typical cogeneration systems make use of this waste heat, potentially improving overall efficiency up to as high as 75% to 80%ⁱⁱ. Combining a typical cogeneration product with our proprietary FLU-ACE heat recovery technology results in a marked improvement, pushing efficiency up to as high as 95%ⁱⁱⁱ.”

Thermal Energy has already applied its FLU-ACE to a number of cogeneration projects on a retrofit basis and is now offering a complete turnkey design-build cogeneration plus FLU-ACE solution. The Company will initially be targeting some of its key corporate accounts with whom they have strong relationships as well as specific regional markets where attractive incentive funding is available for the design and implementation of cogeneration projects.

For more information on cogeneration and its energy efficiency benefits, please visit our blog at www.thermalenergy.com/blog.

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 worldwide. 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 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 unique and significant financial and environmental benefits to our customers.

Thermal Energy's 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, 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 and follow us on Twitter at <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.

Neither 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 release.

ⁱ "Combined Heat and Power for Buildings: Good Practice Guide," Action Energy.

ⁱⁱ "A Review of Existing Cogeneration Facilities in Canada (2013)," Canadian Industrial Energy End-use Data and Analysis Centre Simon Fraser University, Burnaby, BC.

ⁱⁱⁱ Huron Perth Healthcare Alliance's Strategic Energy Management Plan.