

MATERIAL CHANGE REPORT

Section 75(2) of the *Securities Act* (Ontario)
Section 118(2) of the *Securities Act* (Alberta)
Securities Act (Manitoba)

ITEM 1 REPORTING ISSUER

Thermal Energy International Inc.
36 Bentley Avenue
2nd Floor
Nepean, Ontario K2E 6T8

(the "Corporation")

ITEM 2 DATE OF MATERIAL CHANGE

November 14, 2000

ITEM 3 PRESS RELEASE

A press release was issued by the Corporation November 14, 2000. A copy of such press release is annexed hereto.

ITEM 4 SUMMARY OF MATERIAL CHANGE

The Corporation entered into a memorandum of understanding with American Electric Power Company, Inc. ("AEP") whereby AEP will become the exclusive licensee of the Corporation's THERMALONOX technology with respect to sales in the United States. AEP will also have a right of first refusal to obtain exclusive licenses for the rest of the world. In addition, AEP has been provided with the option to purchase 2,988,100 Common Shares and Share Purchase Warrants of the Corporation

ITEM 5 FULL DESCRIPTION OF MATERIAL CHANGE

The Corporation entered into a memorandum of understanding with American Electric Power Company, Inc., of Columbus Ohio, ("AEP") whereby a wholly owned subsidiary of AEP, AEP Pro Serv, will become an exclusive licensee of the Corporation's THERMALONOX technology

for coal-fired power generation facilities that are currently or will be equipped with WFGD systems located throughout North America.

AEP has also been granted a right of first refusal to obtain exclusive licenses for all other regions of the world.

AEP is granted the right to purchase up to 2,988,100 Common Shares and Warrants of the corporation within the 90 days following the completing of a commercial test of the THERMALONOX system.

Each Warrant will provide AEP with the right to purchase AEP with the right to purchase a common share at prices ranging from Cdn. \$3.50 to Cdn. \$10.00 and for terms ranging from 12 months to 24 months. In particular, AEP will receive the following Warrants on the purchase of common stock; 1,750,000 Warrants at \$3.50 expiring in 12 months; 750,000 Warrants at \$5.00 expiring in 18 months; and 488,100 Warrants at \$10.00 expiring in 24 months.

AEP will be entitled to nominate one representative for election to the Corporation's board of directors.

ITEM 6 RELIANCE ON SECTION 75(2) OF THE *SECURITIES ACT* (ONTARIO) OR EQUIVALENT PROVISIONS

Not applicable.

ITEM 7 OMITTED INFORMATION

Not applicable.

ITEM 8 SENIOR OFFICER

For further information, please contact Mr. Thomas Hinke, President and Chief Executive Officer of the Corporation at (613) 723-6776 or Stuart McCarthy, Vice-President Corporate Communications and Investor Relations at (613) 723-6776.

ITEM 9 STATEMENT OF SENIOR OFFICERS

The foregoing accurately discloses the material change referred to herein.

DATED at Ottawa, Ontario this 20th day of November, 2000.

(signed) "Thomas Hinke"_____

Thomas Hinke
President & Chief Executive Officer
Thermal Energy International Inc.