

**FORM 51-102F3**  
**Material Change Report**

**Item 1            Name and Address of Company**

Thermal Energy International Inc. (the "Company")  
36 Bentley Avenue  
Ottawa, Ontario K2E 6T8

**Item 2            Date of Material Change**

June 3, 2013

**Item 3            News Release**

News release attached as Schedule "A" was disseminated via Canada Newswire at approximately 12:10 p.m EST on June 3, 2013.

**Item 4            Summary of Material Change**

The Company announced that it has received a purchase order valued at approximately \$3.6 million for the installation of a heat recovery system for a major North American pulp and paper company.

**Item 5            Full Description of Material Change**

See news release attached as Schedule "A".

**Item 6            Reliance on subsection 7.1(2) of National Instrument 51-102**

N/A

**Item 7            Omitted Information**

N/A

**Item 8            Executive Officer**

William Crossland, the Company's President and CEO, is knowledgeable about the material change and this report. His business telephone number is (613) 723-6776.

**Item 9            Date of Report**

June 11, 2013

## SCHEDULE "A"

### **Thermal Energy Receives \$3.6 Million Heat Recovery Order from Major Pulp and Paper Company**

**OTTAWA, ONTARIO – June 3, 2013** – 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 received a purchase order valued at approximately \$3.6 million for the installation of a heat recovery system for a major North American pulp and paper company. The heat recovery system is expected to be installed and revenue earned over the next 12 months.

As previously reported, on December 17, 2010, Thermal Energy signed a Letter of Intent with the major North American pulp and paper company outlining the two parties' intent to develop and, subject to financing and approval by the pulp and paper company's Board of Directors, implement on an exclusive basis heat recovery projects at three of the customer's locations. The \$3.6 million order announced today represents the project developed at the first location. The second location did not support a viable project and the pulp and paper company has decided not to proceed with a project at the third location at this time.

"This heat recovery order demonstrates the significance of our projects in paid or exclusive development and the time investment many of these large projects require," said William Crossland, President and CEO of Thermal Energy International. "We have multiple paid development projects currently in the pipeline that are being developed and finalized by our engineering team while our sales team and distribution networks continue to generate additional project opportunities in our key markets."

The heat recovery system to be installed is calculated by Thermal Energy to reduce carbon emissions by over 8,100 tonnes annually, reduce the facility's steam requirements by over 13%, and reduce the facility's oil consumption by over 25%. The energy savings alone are expected to pay for the capital cost of the project in 1.1 years after application of available government support.

#### **About Thermal Energy International Inc.**

Thermal Energy International Inc. is an innovative cleantech company with a variety of proprietary and proven energy efficiency and emission reduction products and solutions that deliver up to 30% fossil and bio-fuel reductions to energy intensive industries and institutions 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 have been proven effective with an extensive list of well know multi-national companies in a wide variety of industries and applications. **GEM®**, **FLU-ACE®** and **Dry Rex™** 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>.

William Crossland  
President and CEO  
Thermal Energy International Inc.  
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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. 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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