



For immediate release

Thermal Energy Wins \$2.5M-plus Energy Efficiency Contract in U.S.

U.S. breakthrough uses innovative energy saving solutions and GEM® steam system

Ottawa, ON – January 31, 2007 – Thermal Energy International Inc. (TSX-V: TMG) (www.thermalenergy.com) is pleased to announce it has received a contract to implement waste heat recovery and steam system improvements at a major U.S. industrial facility.

This is Thermal Energy's second commercial U.S. contract, the first to use innovative non-FLU-ACE® waste heat recovery solutions and the Company's first project to refit a steam system using the state-of-the-art GEM® Condensate Return System. The contract, in excess of \$2.5M is Thermal Energy's single largest commercial contract to date.

"We have worked very hard to achieve this breakthrough project," said Thermal Energy President and CEO Tim Angus. "This contract clearly demonstrates our strategy of establishing Thermal Energy as an energy services company (ESCO) with a full suite of energy and emission reduction solutions is on the right track."

The contract stems from a detailed engineering and design study which Thermal Energy commenced in March, 2006 at the facility, which is the largest of its kind in the world and is owned by a large multinational company.

Under the study, Thermal Energy designed two innovative solutions. The first solution will recover waste heat from oven exhausts and use it to dry manufactured products. The second solution will generate steam from waste heat in the exhaust stream of an industrial glass furnace and use the steam for various processes within the plant.

In addition to the waste heat recovery solutions, Thermal Energy will replace and retrofit the facility's condensate return system with the energy-saving GEM® condensate return



system. This is one of the Company's first large scale contracts using the new technology it acquired exclusive rights to in Canada and key U.S. markets.

“This project is an excellent example of what can be done to recapture some of the more than \$200 billion a year in heat and energy wasted annually from plants and facilities across North America,” said Thermal Energy President and CEO Tim Angus. “Many customers can achieve anywhere from 15% to 30% reductions in their soaring energy costs – and immediately join the fight against global warming with immediate cuts in greenhouse gas emissions.”

About Thermal Energy

Thermal Energy International Inc. is an innovative technology company providing custom energy and emission reduction solutions. Headquartered in Ottawa, Canada, TEI is a designer, design build developer, fabricator, and supplier of proprietary and patented energy conservation, renewable energy and environmental technology solutions. Thermal Energy is a fully accredited professional engineering firm, and offers advanced process and applications engineering services. FLU-ACE®, THERMALONOX™, THERMALOZOMAX™ and Dry-Rex™ are trademarks of Thermal Energy International. GEM® is a trademark used under exclusive license from Gardner Energy Management Ltd.

For more about Thermal Energy International Inc. (TSX-V: TMG), visit our website at www.thermalenergy.com.

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