FORM 51-102F3
Material Change Report

Item 1 Name and Address of Company

Thermal Energy International Inc. (the "Company")
850 – 36 Antares Drive
Ottawa, ON K2E 7W5

Item 2 Date of Material Change

May 22, 2025

Item 3 News Release

News release attached as Schedule "A" was disseminated via newswire on May 22, 2025.

Item 4 Summary of Material Change

The Company announced its intention to undertake a normal course issuer bid (the "Bid"). The Bid will consist of the purchase on the public market, from time to time, if and to the extent the Company considers it advisable, of up to 8,655,715 common shares, representing approximately 5.0% of the outstanding common shares of the Company and approximately 5.5% of the outstanding common shares excluding shares that are known to be held by insiders and their associates and affiliates. There are currently 173,114,305 common shares of the Company issued and outstanding. The period during which purchases may be made under the Bid began on May 22, 2025, and will extend until May 21, 2026, or earlier if the maximum number of shares sought in the Bid has been obtained. The Company reserves the right to terminate the Bid earlier if it feels it is appropriate to do so. All shares acquired under the Bid will be returned to treasury for cancelation.

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**

May 29, 2025

SCHEDULE “A”

Please see attached.

Thermal Energy Announces Normal Course Issuer Bid

Ottawa, Ontario--(Newsfile Corp. - May 22, 2025) - Thermal Energy International Inc. (TSXV: TMG) (OTCQB: TMGEF) ("Thermal Energy" or the "Company"), a provider of innovative energy efficiency and carbon emission reduction solutions to major corporations around the world, today announced its intention to undertake a Normal Course Issuer Bid (the "Bid").

Thermal Energy is launching the Bid because it believes that, from time to time, the market price for the common shares of the Company does not reflect the underlying value of its business and its future prospects. The Board of Directors and Senior Management of Thermal Energy are of the opinion that under those circumstances the purchase of its shares at the prevailing market price may be in the best interest of the Company and its shareholders.

The Bid will consist of the purchase on the public market, from time to time, if and to the extent Thermal Energy considers it advisable, of up to 8,655,715 common shares, representing approximately 5.0% of the outstanding common shares of Thermal Energy and approximately 5.5% of the outstanding common shares excluding shares that are known to be held by insiders and their associates and affiliates. There are currently 173,114,305 common shares of Thermal Energy issued and outstanding. The period during which purchases may be made under the Bid will begin on May 22, 2025, and will extend until May 21, 2026, or earlier if the maximum number of shares sought in the Bid has been obtained. Thermal Energy reserves the right to terminate the Bid earlier if it feels it is appropriate to do so. All shares acquired under the Bid will be returned to treasury for cancellation.

The last normal course issuer bid conducted by Thermal Energy was launched in November 2019 and was active until March 2020, resulting in a total of 1,733,000 common shares being purchased by the Company.

Common shares acquired by Thermal Energy under the Bid will be purchased at the market price at the time of purchase and will be purchased on behalf of Thermal Energy by Beacon Securities Limited, Thermal Energy's broker in connection with the Bid. All acquisitions will be made in accordance with the rules and policies of the TSX Venture Exchange.

Readers are encouraged to subscribe to TEI News to receive strategic news and updates directly to their inbox.

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Notes to editors

About Thermal Energy International Inc.

Thermal Energy International Inc. provides energy efficiency and emissions reduction solutions to Fortune 500 and other large multinational companies. We save our customers money by reducing their fuel use and cutting their carbon emissions. Thermal Energy's proprietary and proven solutions can

recover up to 80% of energy lost in typical boiler plant and steam system operations while delivering a high return on investment with a short, compelling payback.

Thermal Energy is a fully accredited professional engineering firm with engineering offices in Ottawa, Canada, Pittsburgh, USA, as well as Bristol, UK, with sales offices in Canada, UK, USA, Germany, Poland, and Italy. By providing a unique mix of proprietary products together with process, energy, and environmental engineering expertise, Thermal Energy can deliver unique, site-specific turnkey and custom engineered solutions with significant financial and environmental benefits for our customers.

Thermal Energy's common shares are traded on the TSX Venture Exchange (TSX-V) under the symbol TMG and on the OTCQB under the symbol TMGEF. For more information, visit our investor website at https://investors-thermalenergy.com or company website at www.thermalenergy.com and follow us on Twitter at https://twitter.com/GoThermalEnergy.

Cautionary Statements

This press release contains forward-looking statements relating to and, amongst other things, based on management's expectations, estimates and projections. Statements relating to the Company's intention to acquire shares pursuant to the Bid and the potential number of shares that might be acquired 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. The Company's performance, available cash and stock price, some of which are outside of the Company's control, could all impact the Company's intention to acquire shares pursuant to the Bid and could result in the Company not acquiring shares or, in the most serious cases, terminating the Bid. 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.

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