

31 July 2023

ACTIVITIES REPORT FOR THE QUARTER ENDING 30 JUNE 2023

KALiNA Power Limited (“KALiNA” or the “Company”) (ASX: KPO) is pleased to provide this Quarterly Activities Report and Appendix 4C for the period ended 30 June 2023 (the ‘quarter’).

During the quarter, KALiNA continued to make key advancements with respect to the commercial development plans of its wholly owned Canadian subsidiary KALiNA Distributed Power (‘KDP’).

Quarterly operations were highlighted by the formal engagement of PricewaterhouseCoopers Corporate Finance Inc. (‘PwC CF’) as the strategic advisor to KDP (*refer ASX Announcement 1 May 2023*). The scope of the engagement comprises the initial priority of funding KDP with equity to complete the project development phase of its projects and to subsequently establish a process to raise the debt and equity funding for the KDP projects once fully permitted.

PwC CF has worked the past few months with the KDP team to prepare for the marketing efforts commence. KDP’s growing portfolio includes ~200MW projects deploying natural gas-fired Combined Cycle Power Plants integrated with Carbon Capture and Sequestration (‘CC-CCS’). With 95% of the CO₂ captured and sequestered these projects will be meeting a growing demand to provide the grid with stable, near-zero emissions baseload power.

CC-CCS solutions are in direct alignment with the evolving regulatory environment for power generation in Canada and KDP is actively engaged in securing several sites for the rollout of its CC-CCS strategy.

PwC CF’s remit also includes equity funding for KALiNA’s Saddle Hills project which is permitted to construct and operate a combined cycle plant generating up to 64MW. KDP will determine whether to initially deploy this project in a simple cycle peaker configuration or expand this project to incorporate carbon capture and sequestration once the details of Canada’s Clean Electricity Regulation are published in the coming months.

Also during the quarter, KALiNA confirmed its involvement in a CA\$3 million research program with the University of Calgary, focused on improving the efficiency of innovative heat-to-power systems (*refer ASX Announcement 4 May 2023*). Initiated by KALiNA, the research program will include collaboration with major energy companies such as ConocoPhillips, Ashaw Energy, Suncor, Telsec and Terrador Energy. The program will include further detailed appraisal of the KALiNA Cycle technology, which is particularly efficient at harvesting energy from geothermal sources at low temperatures.

The research program provides KALiNA with a unique opportunity to apply its technology as part of broader industry solutions to reduce carbon emissions, in direct collaboration with university research partners and multinational energy groups.

Management Commentary

KALiNA’s Managing Director, Ross MacLachlan, commented: “KALiNA continued during the June quarter to execute on our long-term strategy to establish a commercial foundation on which to provide energy solutions at scale, that are aligned with the transition to net-zero economies globally.

Our progress was highlighted by the formal engagement of PwC CF as funding advisor for our wholly owned subsidiary, KDP. Our teams have worked extensively in preparation to seek funding that aligns with our portfolio development strategy. We would expect that a successful funding of KDP in this regard will position KPO as an attractive opportunity for those investors seeking investment exposure to the burgeoning power- carbon capture and sequestration ('CCS') sector."

Financials

KALiNA held \$689,000 in cash held at the end of the quarter. Cash out flows from the Group's operating activities for the quarter amounted to \$1,121,000. Of this, \$564,000 was for Alberta project development, while non-Alberta project development was \$113,000. Corporate staff, investor relations and project finance totalled \$318,000 and patent maintenance of the KALiNA intellectual property portfolio \$3,000.

Payments to related parties

During the quarter directors were paid \$202,000 for services rendered under normal commercial terms. Apart from this there were no other related party transactions during the quarter.

- ENDS -

This announcement was approved and authorised for release by: Ross MacLachlan, CEO.

For further information please contact:

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Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

| | |
|----------------------|--|
| KALINA POWER LIMITED | |
| ABN | Quarter ended ("current quarter") |
| 24 000 090 997 | 30 JUNE 2023 |
| | |

| Consolidated statement of cash flows | Current quarter \$A'000 | Year to date (12 months) \$A'000 |
|--|------------------------------------|---|
| 1. Cash flows from operating activities | | |
| 1.1 Receipts from customers | 6 | 18 |
| 1.2 Payments for | | |
| (a) engineering and Alberta project development | (465) | (1,673) |
| (b) corporate staff costs related to Alberta project development | (99) | (365) |
| (c) non-Alberta project development and international technology support | (113) | (536) |
| (d) patent maintenance | (3) | (204) |
| (e) project finance | (93) | (255) |
| (f) Investor relations | (15) | (133) |
| (g) corporate staff costs | (210) | (811) |
| (h) leased assets | (13) | (42) |
| (i) other administration and corporate costs | (125) | (653) |
| 1.3 Dividends received (see note 3) | - | - |
| 1.4 Interest received | 9 | 64 |
| 1.5 Interest and other costs of finance paid | - | - |
| 1.6 Withholding taxes paid | - | (52) |
| 1.7 Government grants and tax incentives | - | - |
| 1.8 Other | - | 7 |
| 1.9 Net cash from / (used in) operating activities | (1,121) | (4,635) |

| | | |
|--|---|---|
| 2. Cash flows from investing activities | | |
| 2.1 Payments to acquire or for: | | |
| (a) entities | - | - |
| (b) businesses | - | - |

| Consolidated statement of cash flows | | Current quarter \$A'000 | Year to date (12 months) \$A'000 |
|---|---|------------------------------------|---|
| | (c) property, plant and equipment | - | (8) |
| | (d) investments | - | - |
| | (e) intellectual property | - | - |
| | (f) other non-current assets | - | - |
| 2.2 | Proceeds from disposal of: | | |
| | (a) entities | - | - |
| | (b) businesses | - | - |
| | (c) property, plant and equipment | - | - |
| | (d) investments | - | - |
| | (e) intellectual property | - | - |
| | (f) other non-current assets | - | - |
| 2.3 | Cash flows from loans to other entities | - | - |
| 2.4 | Dividends received (see note 3) | - | - |
| 2.5 | Other (Deposits) | - | - |
| 2.6 | Net cash from / (used in) investing activities | - | (8) |

| | | | |
|-------------|---|----------|----------|
| 3. | Cash flows from financing activities | | |
| 3.1 | Proceeds from issues of equity securities (excluding convertible debt securities) | - | - |
| 3.2 | Proceeds from issue of convertible debt securities | - | - |
| 3.3 | Proceeds from exercise of options | - | 2 |
| 3.4 | Transaction costs related to issues of equity securities or convertible debt securities | - | - |
| 3.5 | Proceeds from borrowings | - | - |
| 3.6 | Repayment of borrowings | - | - |
| 3.7 | Transaction costs related to loans and borrowings | - | - |
| 3.8 | Dividends paid | - | - |
| 3.9 | Other (provide details if material) | - | - |
| 3.10 | Net cash from / (used in) financing activities | - | 2 |

| | | | |
|-----------|--|---------|---------|
| 4. | Net increase / (decrease) in cash and cash equivalents for the period | | |
| 4.1 | Cash and cash equivalents at beginning of period | 1,828 | 5,348 |
| 4.2 | Net cash from / (used in) operating activities (item 1.9 above) | (1,121) | (4,635) |

| Consolidated statement of cash flows | | Current quarter \$A'000 | Year to date (12 months) \$A'000 |
|---|--|------------------------------------|---|
| 4.3 | Net cash from / (used in) investing activities (item 2.6 above) | - | (8) |
| 4.4 | Net cash from / (used in) financing activities (item 3.10 above) | - | 2 |
| 4.5 | Effect of movement in exchange rates on cash held | - | - |
| 4.6 | Cash and cash equivalents at end of period | 707 | 707 |

| 5. | Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts | Current quarter \$A'000 | Previous quarter \$A'000 |
|------------|---|------------------------------------|-------------------------------------|
| 5.1 | Bank balances | 707 | 975 |
| 5.2 | Call deposits | - | 853 |
| 5.3 | Bank overdrafts | - | - |
| 5.4 | Other (provide details) | - | - |
| 5.5 | Cash and cash equivalents at end of quarter (should equal item 4.6 above) | 707 | 1,828 |

| 6. | Payments to related parties of the entity and their associates | Current quarter \$A'000 |
|-----------|--|------------------------------------|
| 6.1 | Aggregate amount of payments to related parties and their associates included in item 1 ** | 202 |
| 6.2 | Aggregate amount of payments to related parties and their associates included in item 2 | - |

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.

** Fees paid to directors under normal commercial terms

| 7. Financing facilities | Total facility amount at quarter end \$A'000 | Amount drawn at quarter end \$A'000 |
|--|---|--|
| <i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i> <i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i> | | |
| 7.1 Loan facilities | - | - |
| 7.2 Credit standby arrangements | - | - |
| 7.3 Other (placing facility with Long State Investments Ltd) | - | - |
| 7.4 Total financing facilities | - | - |
| 7.5 Unused financing facilities available at quarter end | | - |
| 7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well. | | |
| | | |

| 8. Estimated cash available for future operating activities | \$A'000 |
|---|----------------|
| 8.1 Net cash from / (used in) operating activities (item 1.9) | (1,121) |
| 8.2 Cash and cash equivalents at quarter end (item 4.6) | 707 |
| 8.3 Unused finance facilities available at quarter end (item 7.5) | - |
| 8.4 Total available funding (item 8.2 + item 8.3) | 707 |
| 8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1) | 0.6 |
| 8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions: | |
| 8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not? | |
| Answer: No. Alberta project development cost for the next two quarters is expected to be substantially less whilst the Company finalises project development funding. | |
| 8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful? | |
| Answer: On 27 July 2023, the Company announced that PricewaterhouseCoopers Corporate Finance ("PwC CF") has commenced its marketing campaign to raise up to C\$58m to finance KDP's project development requirements for the Power-CCS Program. Expressions of interest are expected to be received by 31 August 2023. Further the Company is in the process of finalising the issue of a convertible note for up to A\$1m. | |
| 8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis? | |
| Answer: Yes. See 8.6.2 | |

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 31 July 2023.....

Authorised for release by: Ross MacLachlan - CEO
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Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [*name of board committee – eg Audit and Risk Committee*]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.