

31 October 2022

ACTIVITIES REPORT FOR THE QUARTER ENDING 30 SEPTEMBER 2022

Waste Heat to Power (“WHP”) technology leader, 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 September 2022 (the ‘quarter’).

During the quarter, KALiNA made important progress in keeping with its mission statement: *“To establish a profitable business in Alberta that will serve as a platform to deploy the KALiNA Cycle® to international markets and become a major player in the global WHP market”*

Lawmakers in Canada and the US continued with significant legislative and regulatory measures, designed to accelerate the clean energy transition. KALiNA is actively developing a number of projects and prioritizing applications of the KALiNA Cycle® technology that are all directly aligned with these developments.

The recent quarter appointment of Mr Stephen White to the Board provides strategic acumen and experience in major project development at a critical time as the Company aligns its priorities to capitalise on energy transition tailwinds. As a successful energy industry executive, his decision to join the Board marks a vote of confidence in the Company’s project development activities, intellectual property and commercial outlook.

In the previous quarter Kevin Wallace was engaged as Head of Technology Development and Commercialization. An international authority on geothermal and waste heat to power, he is leading the Company’s initiative to prioritize commercial market segment applications of the KALiNA Cycle® that best commercially align with energy transition initiatives. Having been involved with 750MW of geothermal project development, he is now overseeing a stage-gated development plan to confirm permitting and resource feasibility for the 10MW Klamath Hills Geothermal project in which KALiNA currently holds a 50.1% equity stake. In addition, he is leading the Company’s engineering team, Power Engineers and other leading consultants in a design review to optimize cost and performance of the KALiNA Cycle® for various geothermal and other waste heat to power applications.

Since the announcement of the Memorandum of Understanding with Baker Hughes in June, the Company has seen a marked increase in enquiries. To prioritize these opportunities, the Company is engineering a number of KALiNA Cycle® design cases in order to collaborate with supply chain partners such as Baker Hughes to effectively address these markets.

The Company’s Saddle Hills project is currently fully permitted to construct and operate up to 64MW in combined cycle mode using the KALiNA Cycle®. During the quarter, the Company continued to review configurations for the project as well as design considerations of the Baker Hughes vapour turbine to optimize cost and performance parameters. Negotiations have also continued to secure gas reserves in order to mitigate project risk and provide attractive margins. The successful implementation of these initiatives is expected to deliver project financing on attractive terms that are accretive for the Company and its shareholders.

Management Commentary

KALiNA's Managing Director, Ross MacLachlan, commented: *"The clean energy transition is accelerating at an unprecedented scale and our Company is well positioned to leverage our projects and the KALiNA Cycle technology to achieve significant commercial traction. In the coming weeks we intend to detail the implications of these legislative and regulatory initiatives and communicate the alignment of our project development program and technology application priorities.*

Financials

KALiNA held \$4,229,000 in cash at the end of the quarter. Cash out flow from the Group's operating activities for the quarter amounted to \$1,118,000. Of this, \$512,000 was for Alberta project development, non-Alberta project development was \$147,000, corporate staff, investor relations and project finance totalled \$304,000 and patent maintenance of the KALiNA intellectual property portfolio \$54,000.

Payments to related parties

During the quarter directors were paid \$183,000 for services rendered under normal commercial terms. Apart from this there were no other related party transactions during the quarter.

during the quarter.

- ENDS -

This announcement was authorised by the board.

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

24 000 090 997

Quarter ended ("current quarter")

30 SEPTEMBER 2022

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	3	3
1.2 Payments for		
(a) engineering and Alberta project development	(431)	(431)
(b) corporate staff costs related to Alberta project development	(81)	(81)
(c) non-Alberta project development and international technology support	(147)	(147)
(d) patent maintenance	(54)	(54)
(e) project finance	(72)	(72)
(f) Investor relations	(40)	(40)
(g) corporate staff costs	(192)	(192)
(h) leased assets	(7)	(7)
(i) other administration and corporate costs	(103)	(103)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	6	6
1.5 Interest and other costs of finance paid	-	-
1.6 Withholding taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other	-	-
1.9 Net cash from / (used in) operating activities	(1,118)	(1,118)

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(3)	(3)
(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	(3)	(3)

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	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	2

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
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4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	5,348	5,348
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,118)	(1,118)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(3)	(3)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	2	2
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	4,229	4,229

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	829	448
5.2	Call deposits	3,400	4,900
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)	4,229	5,348

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 **	183
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

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

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. 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)	(1,118)
8.2 Cash and cash equivalents at quarter end (item 4.6)	5,348
8.3 Unused finance facilities available at quarter end (item 7.5)	-
8.4 Total available funding (item 8.2 + item 8.3)	4,229
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	3.8
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: n/a	
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: n/a	
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: n/a	

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 October 2022.....

Authorised for release by: The Board

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.