

25 OCTOBER 2024

## ACTIVITIES REPORT FOR THE QUARTER ENDING 30 SEPTEMBER 2024

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 2024 (the ‘quarter’).

During the quarter the board was pleased to announce the execution of important tolling MOUs with natural gas producers for its project development portfolio of Alberta based power plants incorporating CO2 capture and sequestration. The Company’s 100%-owned Canadian subsidiary, KALiNA Distributed Power (“KDP”) signed multiple non-binding MOUs with natural gas producers providing formal expressions of interest and a framework of commercial terms under which each toller can work with KDP to finalize definitive tolling agreements in advance of each plant reaching a final investment decision (“FID”).

The MOUs provide a framework under which definitive tolling agreements are to be completed once capital costs and operating costs are finalized over the course of the Front-End Engineering Design (FEED) work to be completed for each plant in advance of FID.

The Company was also pleased to announce the execution of a Memorandum of Understanding (“MOU”), in the form of a detailed non-binding term sheet with a substantial, well capitalized US-based data centre developer to develop AI-focused data centres with natural gas-fired power projects incorporating CO2 capture and sequestration. KALiNA’s 100%-owned Canadian subsidiary, KALiNA Distributed Power (“KDP”) has signed the MOU with the data centre developer which outlines the framework of commercial terms from which to negotiate a binding Project Development Agreement (“PDA”).

Under the proposed terms for the PDA, the parties will work together to facilitate the necessary permitting and regulatory requirements for each project facility. The Parties have been actively engaged during the period on concluding a mutually beneficial and substantial PDA which will secure valuable non-dilutive project development funding and provide an attractive contracting framework for project debt and equity funders. The parties have made solid progress in their negotiations and the Company does not currently anticipate any material issues standing in the way of completing binding agreements in due course.

With this activity during the quarter a number of strategic and financial investors continued to conduct various levels of diligence on KDP’s CC-CCS portfolio of projects.

During the period the Company also completed a placement and undertook a fully underwritten pro rata non-renounceable entitlement offer (“**Entitlement Offer**”) to raise a total of \$2.53 million (before expenses). The Entitlement Offer was strongly supported by management and existing large shareholders and involved the issue of approximately 103 million shares to raise approximately A\$1.03 million (before expenses). The Placement will involve the issue of approximately 150 million shares at \$0.01 per new share to raise approximately A\$1.5 million (before expenses). The raising will provide

working capital for Kalina Power and investment into KDP's development portfolio of power plants incorporating CO2 capture and sequestration.

### **Saddle Hills Peaker Project:**

Plans for the Saddle Hills project are dependent on the final language in Canada's Clean Electricity Regulations ("CER"). The federal government have indicated they are continuing to consider public input with a view to finalize the CER by November 2024. Accordingly, during the quarter KDP requested and received approval from the Alberta Utilities Commission to defer its plans for Saddle Hills until April 2025. KDP will defer its final configuration and sizing of the Saddle Hills project pending formal definition and timing of the CER legislation.

### **Management Commentary**

*KALiNA's Managing Director, Ross MacLachlan, commented: "This has been an extremely positive quarter for the Company with the signing of an MOU with a material data centre counterparty as well as multiple MOU tolling agreements with significant natural gas producers. Interest in our Alberta based power plants incorporating CO<sub>2</sub> capture and sequestration. The activity from both investors and strategic partners has accelerated greatly since the ITC regulations have become law and we are actively engaged in progressing these MOU's to binding legal agreements.*

### **Financials**

During the quarter KALiNA announced a fully underwritten rights offer to raise \$1.03m and was seeking to raise \$1.5m by way of placement before costs. The placement of \$1.5m was settled on 7 October 2024 and rights issue is expected to be completed by 6 November 2024. KALiNA held \$266,000 in cash at the end of the quarter. Cash out flows from the Group's operating activities for the quarter amounted to \$514,000. Of this, \$322,000 was for Alberta project development, while non-Alberta project development was \$40,000. Corporate staff and investor relations totalled \$95,000 and general admin and lease amounted to \$92,000.

### **Payments to related parties**

During the quarter directors were paid \$53,000 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: Board

**For further information please contact:**

KALiNA Power Limited

Tim Horgan

Executive Director

[thorgan@KALiNApower.com](mailto:thorgan@KALiNApower.com)

+61 3 9236 2800

Ben Jarvis

Six Degrees Investor Relations

[ben.jarvis@sdir.com.au](mailto:ben.jarvis@sdir.com.au)

+61 413 150 448

## Appendix 4C

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

**Name of entity**

KALINA POWER LIMITED	
<b>ABN</b>	<b>Quarter ended ("current quarter")</b>
24 000 090 997	30 SEPTEMBER 2024

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (3 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	35	35
1.2 Payments for		
(a) engineering and Alberta project development	(267)	(267)
(b) corporate staff costs related to Alberta project development	(55)	(55)
(c) non-Alberta project development and international technology support	(40)	(40)
(d) patent maintenance	-	-
(e) project finance	-	-
(f) Investor relations	(9)	(9)
(g) corporate staff costs	(86)	(86)
(h) leased assets	(4)	(4)
(i) other administration and corporate costs	(88)	(88)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	-	-
1.6 Withholding taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(514)</b>	<b>(514)</b>

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

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (3 months) \$A'000</b>
	(c) property, plant and equipment	-	-
	(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)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>-</b>	<b>-</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	175	175
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	350	350
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)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>525</b>	<b>525</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	255	255
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(514)	(514)

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (3 months) \$A'000</b>
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4	Net cash from / (used in) financing activities (item 3.10 above)	525	525
4.5	Effect of movement in exchange rates on cash held	-	-
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>266</b>	<b>266</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	266	255
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>266</b>	<b>255</b>

<b>6.</b>	<b>Payments to related parties of the entity and their associates</b>	<b>Current quarter \$A'000</b>
6.1	Aggregate amount of payments to related parties and their associates included in item 1 **	53
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

<b>7. Financing facilities</b>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
<p><i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i></p> <p><i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i></p>		
7.1 Loan facilities	350	350
7.2 Credit standby arrangements	-	-
7.3 Other	-	-
<b>7.4 Total financing facilities</b>	<b>-</b>	<b>-</b>
<b>7.5 Unused financing facilities available at quarter end</b>		<b>-</b>
<p>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.</p>		
<p>The loan facility was provided by the directors for working capital requirements. Interest payable at 14% per annum on the capital advanced. The lender may set-off all or part of the principal together with any accrued but unpaid interest against the subscription monies payable by the lender to the borrower pursuant to the capital raising including in connection with any underwriting commitment.</p>		

<b>8. Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1 Net cash from / (used in) operating activities (item 1.9)	(514)
8.2 Cash and cash equivalents at quarter end (item 4.6)	266
8.3 Unused finance facilities available at quarter end (item 7.5)	-
8.4 Total available funding (item 8.2 + item 8.3)	266
<b>8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)</b>	<b>0.5</b>
<p>8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:</p>	
<p>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?</p>	
<p>Answer: Yes.</p>	
<p>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?</p>	
<p>Answer: On 27 September 2024, the Company announced a fully underwritten rights offer to raise \$1.03m and seeking to raise \$1.5m by way of placement. The placement was settled on 7 October 2024 and rights issue is expected to be settled on 6 November 2024.</p>	
<p>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?</p>	
<p>Answer: Yes. See 8.6.2</p>	

## 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: 25 October 2024.....

Authorised for release by: 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.