

28 April 2021

QUARTERLY ACTIVITIES REPORT FOR THE QUARTER ENDING 31 March 2021

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 31 March 2021.

During the quarter, excellent progress was made advancing the Company’s 64MW Primary Site that will contribute to industrial ESG metrics and initiatives in the province of Alberta, Canada. Efforts are also underway to secure site control at additional 64MW locations. The Company currently has 320MW in various stages of project development.

The Company continued to advance its projects under development and significant progress was made on a number of fronts including site development, grid interconnection, engineering and commercial negotiations for gas supply.

Alberta Projects Overview

KALiNA’s Canadian subsidiary, Kalina Distributed Power Ltd, (“KDP”) is well advanced in its program to deploy multiple KALiNA Combined Cycle power plants in Alberta to address a unique opportunity resulting from the legislated shut down of over 5GW of coal fired power generation.

In addition to its new 64 MW Primary Site, KDP had previously established site control at two locations that can each accommodate a single 32MW plant. KDP is also actively developing three other 64MW projects and has submitted applications to the respective distribution facility operators (ATCO and Fortis) for preliminary interconnection studies.

KDP conducted a competitive Request for Proposal (“RFP”) process with multiple gas turbine vendors with the assistance of KDP’s Owner Engineer, Power Engineers. After an extensive bid review process, as well as technical and commercial evaluations, the Siemens Energy gas turbine technology was selected due to its performance, optimized capacity, favourable economics, and capability of being modified to use hydrogen in the future. (see ASX Announcement dated 24 March 2021)

On-site environmental evaluations have been conducted, with noise and emission studies nearing completion for the Primary Site. No concerns have been identified and KDP expects to file its AUC permit application in early June 2021. Due to covid 19 protocol concerns, the AUC has extended its timelines for processing applications and KDP anticipates approval by September 2021.

As for Electrical Interconnections, the process for the Primary Site is on schedule, with no material concerns identified in the study being completed by ATCO and the Alberta Electric System Operator. Detailed cost estimates for interconnection are expected shortly.

For Gas Interconnection, the mainline connection with TC Energy for the Primary Site is on schedule, with no material concerns identified. This connection will require KDP to construct a modest 3km pipeline to connect the project to the metering station on the main pipeline.

On Commercial Gas Supply Arrangements, KDP is engaged with a number of parties exploring opportunities to utilize one or more of KDP's projects to convert gas to electricity under medium to long term contracts.

The final phase of detailed engineering is continuing to deliver a fixed price, turnkey contract. On-site geotechnical work was successfully completed in recent weeks, which involved road upgrades, site clearing, interim road access, bore-hole drilling, and test pile driving. Preliminary results were positive, with the data now being analysed to be used for the civil engineering in completing cost estimates for foundations and construction. An extensive competitive bidding process has provided firm pricing bids on all major equipment together with delivery dates and schedules. Equipment selection is underway with some awards completed and the balance expected over the next month, followed by formal contracting. KDP now expects to finalize a fixed price, turnkey contract in September 2021.

Regulatory Matters:

The Alberta Utility Commission ("AUC") has held a series of hearings to deliberate on proposals to discontinue Distribution Generator Credits ("DG Credits") for projects such as those being developed by KDP. DG Credits have been in place for the past 20 years and distribution generators such as KDP maintain they are imperative to the financial viability of small-scale, regional power generation in Alberta. Submissions were filed in recent months with the AUC and reviewed for comment by all the parties, including KDP. Following oral hearings held in March, the AUC is scheduled to provide its response in June. KDP's extensive engagement and active participation in the hearing process continues to reinforce the Company's confidence that the DG Credit system will continue substantially in its current form.

Financials

Cash out flow from KPO's operating activities for the quarter amounted to \$1,690,000. Of this \$909,000 was for Alberta project development and \$267,000 was for patent maintenance of the KALiNA intellectual property portfolio. With cash of \$2,675,000 at the end the quarter and other funding arrangements in place, the Company is positioned to progress its current work streams.

Payments to related parties

During the quarter directors were paid \$181,000 for services rendered under normal commercial terms. Apart from this there were no other related party transactions during the quarter.

Management Commentary

Commenting on the Company's progress in the March Quarter, Managing Director Ross McLachlan said: *"Our overarching focus has been to continue building our portfolio of sites, and securing what is now our Primary Site during the quarter was another key milestone for the Company in our overall program for distributed power generation in Alberta. Overall, KALiNA is well positioned to carry out our program in key locations in Alberta.*

"It should also not be lost on shareholders that KALiNA's sector is enjoying very strong support as demand for clean energy grows; driven by industry and governments alike, seeking to lower emissions. Investors are placing much more focus on companies with solid ESG credentials and KALiNA is exceptionally well-positioned to benefit from this trend.

“We thank our shareholders for their ongoing support and look forward to updating the market on our progress.”

- ENDS -

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

31 MARCH 2021

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	47	49
1.2 Payments for		
(a) engineering and Alberta project development	(758)	(2,632)
(b) staff costs related to Alberta project development	(151)	(457)
(c) Patent maintenance	(267)	(550)
(d) leased assets		
(e) Corporate staff costs	(201)	(593)
(f) Investor relations and project finance	(93)	(227)
(g) administration and corporate costs	(275)	(551)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	3
1.5 Interest and other costs of finance paid	(6)	(6)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	14	149
1.9 Net cash from / (used in) operating activities	(1,690)	(4,815)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(3)	(6)
(d) investments	-	-

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
(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	-	10
(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 Security deposit (provide details if material)	(15)	(15)
2.6 Net cash from / (used in) investing activities	(18)	11

3. Cash flows from financing activities		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)	-	7,642
3.2 Proceeds from issue of convertible debt securities	-	-
3.3 Proceeds from exercise of options	29	32
3.4 Transaction costs related to issues of equity securities or convertible debt securities	-	(613)
3.5 Proceeds from borrowings	-	500
3.6 Repayment of borrowings	-	(500)
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	29	7,061

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	4,354	440
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(1,690)	(4,815)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(18)	(11)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	29	7,061
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	2,675	2,675

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	2,675	4,354
5.2	Call deposits	-	-
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)	2,675	4,354

6. Payments to related parties of the entity and their associates

6.1	Aggregate amount of payments to related parties and their associates included in item 1 **	181
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

**Current quarter
\$A'000**

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

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.

	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (placing facility with Long State Investments Ltd))	8,000	0
7.4 Total financing facilities	8,000	0

7.5 **Unused financing facilities available at quarter end** 8,000

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)	(1,690)
8.2 Cash and cash equivalents at quarter end (Item 4.6)	2,675
8.3 Unused finance facilities available at quarter end (Item 7.5)	8,000
8.4 Total available funding (Item 8.2 + Item 8.3)	10,675
8.5 Estimated quarters of funding available (Item 8.4 divided by Item 8.1)	6.3

8.6 If Item 8.5 is less than 2 quarters, please provide answers to the following questions:

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.

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

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: 28 April 2021.....

Authorised for release by: Ross MacLachlan, CEO.....

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.