

29 April 2022

## ACTIVITIES REPORT FOR THE QUARTER ENDING 31 MARCH 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 31 March 2022 (the ‘quarter’).

During the quarter the primary focus of the Company’s 64MW project at Saddle Hills Alberta was to advance the remaining engineering, contracting and regulatory approvals that will be necessary to formally secure financing of the project.

The Company’s Canadian subsidiary, KALiNA Distributed Power Limited (“KDP”) continued to advance several key workstreams at Saddle Hills during the quarter, including:

- **Permitting:** KDP provided Alberta Environment and Parks (“AEP”) with all remaining information necessary for the Environmental Protection and Enhancement Act approval. On 26 April, KDP locally published its Notice of Application for Saddle Hills, with directly affected persons having 30 days to submit a Statement of Concern to AEP. If no statements of concern are received, it is expected that the EPEA approval will be issued.
- **Engineering Procurement and Contracting (“EPC”):** During the quarter, KDP revised its EPC strategy for the Saddle Hills project to ensure that the terms are suitable for project funding and to deliver the best value for the Company. KDP is implementing a self-managed, firm-priced contracting structure that is designed to reduce costs and to avoid contractor mark ups and risk premiums. KDP is in the process of updating the pricing of the major equipment items and modules under this self-contracting structure. In the interim, KDP has sufficient budgetary pricing to secure indicative terms for project funding.
- **Project Finance:** As previously reported, two separate agents were appointed to arrange funding for Saddle Hills. KDP has recently updated the project financial model and data room materials with the most recent forecasts, cost assumptions and the revised EPCM contracting strategy, all of which are currently being shared with several interested project funders.
- **Gas Supply:** KDP continued to make progress on engagement with various natural gas producers to consider terms under which KDP may secure gas reserves to lock in a reliable supply of gas at below market prices for its portfolio of power projects in Alberta.
- **Industrial Applications for the KALiNA Cycle®:** The engineering and contracting work to date for Saddle Hills is laying the foundation for KALiNA to pursue a range of industrial waste heat to power (“WHP”) and geothermal applications. In contracting qualified supply chain partners and broadening our engineering capabilities, the Company will be in a strong position to bid on business opportunities and develop selective projects of its own.

## **Financials**

KALiNA is well funded and has the financial flexibility to progress key initiatives at Saddle Hills and other project opportunities with a \$6.46M in cash held at the end of the quarter. The Company's equity placement facility which was secured in July 2020 with Long State Investments (refer ASX announcement: 07 July 2020) provides an additional \$8m of funding if drawn upon.

Cash out flow from the Group's operating activities for the quarter amounted to \$1.2M. Of this, \$0.52M was for Alberta project development, non-Alberta project development was \$0.06M corporate staff, investor relations and project finance totalled \$0.22M and patent maintenance of the KALiNA intellectual property portfolio \$0.12M.

## **Payments to related parties**

During the quarter directors were paid \$0.19M for services rendered under normal commercial terms. Apart from this there were no other related party transactions during the quarter.

## **Management Commentary**

**Managing Director Ross McLachlan said:** *"Our team has made solid progress advancing the Saddle Hills project and opportunities for industrial applications of the KALiNA Cycle®. A key focus has been delivering appropriate financing terms for Saddle Hills using an optimized EPC contracting structure that enables us to better control project costs. We believe our Company is in a strong position with some very significant near-term value drivers pending."*

- 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 2022

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (9 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	9	24
1.2 Payments for		
(a) engineering and Alberta project development	(426)	(1,891)
(b) staff costs related to Alberta project development	(97)	(316)
(c) non-Alberta project development and international technology support	(55)	(241)
(d) Patent maintenance	(121)	(339)
(e) leased assets	(7)	(30)
(f) Corporate staff costs	(190)	(596)
(g) Investor relations and project finance	(27)	(185)
(h) administration and corporate costs	(232)	(522)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	3	3
1.5 Interest and other costs of finance paid	-	-
1.6 Withholding taxes paid	(53)	(53)
1.7 Government grants and tax incentives	-	-
1.8 Other	-	277
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(1,196)</b>	<b>(3,869)</b>

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(2)	(5)
(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 (provide details if material)	-	-
<b>2.6 Net cash from / (used in) investing activities</b>	<b>(2)</b>	<b>(5)</b>

<b>3. Cash flows from financing activities</b>		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)	-	9,940
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	(22)	(696)
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)	-	-
<b>3.10 Net cash from / (used in) financing activities</b>	<b>(22)</b>	<b>9,244</b>

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (9 months) \$A'000</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	7,683	1,093
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,196)	(3,869)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(2)	(5)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(22)	9,244
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>6,463</b>	<b>6,463</b>

<b>5. Reconciliation of cash and cash equivalents</b>		<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts			
5.1	Bank balances	463	1,683
5.2	Call deposits	6,000	6,000
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>6,463</b>	<b>7,683</b>

<b>6. 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 **	192
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. <b>Financing facilities</b> <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>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (placing facility with Long State Investments Ltd)	8,000	-
7.4 <b>Total financing facilities</b>	8,000	-
7.5 <b>Unused financing facilities available at quarter end</b>		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. <b>Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1 Net cash from / (used in) operating activities (item 1.9)	(1,196)
8.2 Cash and cash equivalents at quarter end (item 4.6)	6,463
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)	14,463
8.5 <b>Estimated quarters of funding available (item 8.4 divided by item 8.1)</b>	12.1
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: 29 April 2022.....

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.