

## **KALiNA Scaling Up Project Scope and Securing More Sites in Alberta**

- **KALiNA's energy efficient projects benefiting from strong sector tailwinds with industry looking to decrease their carbon footprint and ESG centric investors targeting companies such as KPO**
- **Progress in negotiations with numerous industry partners on gas supply and tolling contracts**
- **Securing new sites that accommodate multiple KALiNA plants at greater scale and profitability**
- **Updates are pending on several key project development milestones including site control on a third, much larger project site**
- **Increased project scope and contracting activity has revised FNTF date forecast to July 2021**

**Waste Heat to Power ("WHP") technology leader, KALiNA Power Limited ("KALiNA" or the "Company") (ASX: KPO)** is pleased to provide an update on the progress in developing its energy efficient power projects in Alberta. In the second half of 2020, KALiNA's Canadian subsidiary, Kalina Distributed Power Limited ("KDP") made tremendous progress across a broad range of important achievements and is currently finalizing a number of milestones it expects to announce in the coming month.

To date, project locations have been selected with existing grid infrastructure that can each accommodate a 30 MW plant. Each 30 MW plant is to be configured with a 20 MW advanced gas turbine and a KALiNA Cycle® waste heat recovery module that can generate 10 MW of zero-emissions power from the gas turbine's waste heat. The extra 50% of "emissions-free" power generated by a 10 MW KALiNA Cycle module represents the CO2 equivalent offset of approximately 40,000 tonnes per year.

KDP currently has site control established at two separate 30 MW locations. In the last six months KDP has identified additional locations that can each accommodate two, 30 MW KALiNA combined cycle power plants. These new, 60 MW locations will materially improve project returns through greater synergies, cost reductions and contracting efficiencies. KDP has conducted an extensive process to secure a 60 MW location and expects to announce once the formal process is complete. With this new 60 MW location secured, KDP will have 3 locations under site control, representing a total generating capacity of 120 MW, derived from four 30 MW plants.

KDP is engaged in detailed negotiations with several gas suppliers and industrial partners looking to toll their gas to power and effectively price their gas to a power index. This can be achieved through a 15 - 20 year tolling fee paid by the gas producer for the use of the KDP plant to process their gas into power at market prices. One of the important criteria has been to have sufficient power generating capacity to require volumes of gas that are meaningful or strategically relevant. As part of the 30 MW plant configuration, each 20 MW gas turbine requires approximately 5 million standard cubic feet per day of gas. The tolling agreements being negotiated for 120 MW of generating capacity will require roughly 20 million standard cubic feet per day of gas, which has shown to be a meaningful volume.

KDP has invested considerably in developing each of the three locations referenced above, in order that each can become part of the tolling pool. KDP's regulatory and permitting plan is also being thoroughly executed and includes the following scope: Utility Interconnection, Gas Interconnection, Permitting, Environmental, Regulatory rulings on tariffs, cost sharing and pricing decisions, Utility Commission filings and all other customary requirements. Major progress has also been achieved with engineering, modularization, cost estimating and selection of major equipment vendors.

As each of these achievements become formally documented in the weeks and months ahead, the Company will be making appropriate announcements to advise on the respective achievements. The overall scope of the program has increased and led to more work, which is expected to add a further 4 months to achieve FNTTP than previously anticipated.

**KALiNA CEO and Chairman Ross MacLachlan commented:** *“Kalina made considerable progress in the latter part of CY2020 and heading into 2021 we are delivering project milestones that have greatly exceeded expectations and created a very solid foundation for growth. What we have also recognised is that there is considerable scope to scale up our operations in Alberta with the opportunity to deliver larger and more profitable projects, and more of them. Understandably, this creates a slight delay in reaching FNTTP in order to provide such a compelling economic benefit to our company.”*

*“We are close to announcing site control on a third site that can accommodate two 30 MW plants as well as reporting a steady flow of project updates that will deliver considerable value. KPO is in a sector that is attracting strong interest from ESG focused investors and industrial users seeking to lower their carbon footprint; all of which bodes well for us in 2021 and beyond.”*

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This announcement was approved and authorised for issue by the Board of Kalina Power Limited