

Retraction of ASX release and Progress Update on Power-CCS Project Development

- **Retraction of ASX release on 27 July 2023**
- **3 Sites Secured for Power Plants integrated with Carbon Capture & Sequestration**
- **PwC Corp Finance formally launches marketing to finance development funding**

KALiNA Power Limited (“KALiNA” or the “Company”) (ASX: KPO) released an announcement titled 'Progress Update on Power-CCS Project Development' ("**Announcement**") on 27 July 2023.

Following consultation with ASX, KALiNA retracts the Announcement and in particular, references in the Announcement to the introductory briefing documents for the funding of KALiNA's Power-CCS Program.

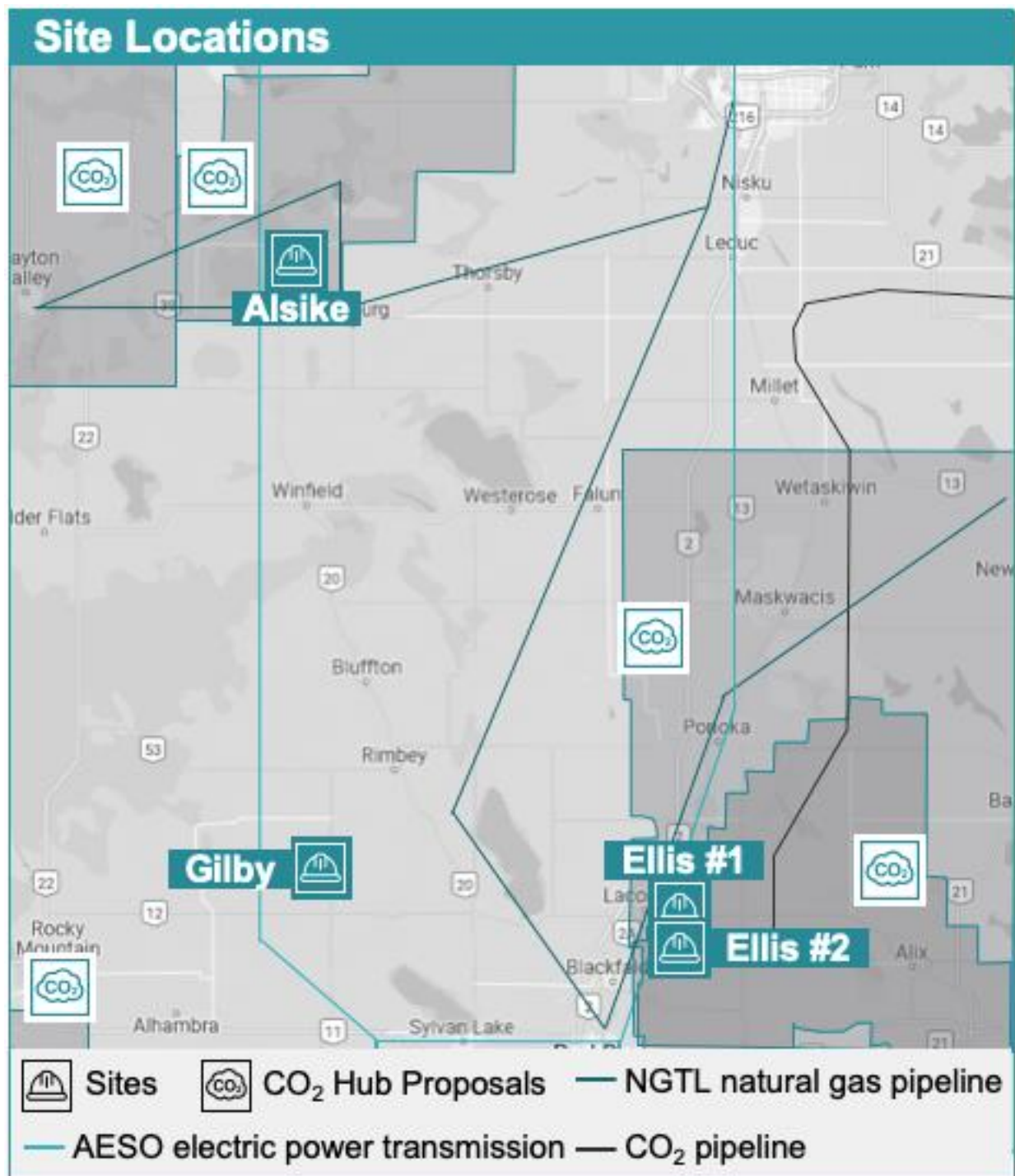
KALiNA advises that the retracted Announcement should not be used as the basis for an investment decision regarding KALiNA's shares.

By this announcement KALiNA is pleased to announce that its 100%-owned Canadian subsidiary, KALiNA Distributed Power (“**KDP**”) has completed formal contracts for three separate project sites in Central Alberta for its planned natural gas-fired combined cycle power plants integrated with Carbon Capture & Sequestration (“**Power-CCS**”), with the contracting on a fourth location in progress (*see map below*). These locations are foundational for KDP's program to deploy on these four sites, up to seven ~200MW, near-zero emissions, Power-CCS plants which are strategically located near key natural gas supply, transmission capacity, and CO₂ sequestration infrastructure. A location map and description of the project sites is provided in this announcement.

As well, the Company is pleased to announce that PricewaterhouseCoopers Corporate Finance (“**PwC CF**”) has commenced its marketing campaign to finance KDP's project development requirements for the Power-CCS Program.

Chief Executive Officer Ross MacLachlan said:

“With three sites secured and a fourth pending, as well as being engaged on discussions for long-term tolling arrangements and major procurement items, Kalina has a significant early mover advantage in Power-CCS in Alberta. Securing investment in KDP for project development funding will prove to be a major strategic advantage and our Board is very encouraged with the interest shown in the process to date.”



The four locations have been carefully selected based on the fact that they are strategically located near to key infrastructure of natural gas supply, transmission capacity, and CO₂ sequestration. KDP plans to deploy 4 ~200MW projects at these four sites and add 3 additional plants in the future as and when tolling agreements are contracted for most of the generating capacity of each plant.

Two locations involve option-to-purchase agreements to acquire between 65-160 acres of private land. One location involves an option-to-lease agreement for 80 acres of land. These agreements have been formally contracted and registered in the Alberta land registry office.

KDP is deploying a repeatable, standardized design, configuration and execution plan for each of the Projects together with a contracting strategy that builds on advanced discussions underway involving long-term tolling arrangements.

KALiNA provides the following disclosure regarding the formal contracts that it has entered into regarding the Ellis #1, Alsike and Gilby project sites in Central Alberta, Canada for its planned Power-CCS plants.

Project site:	Ellis #1
Name of counterparty:	Arclan Holding Ltd, a corporation existing under the laws of the Province of Alberta.
Term of contract:	5 years from 29 June 2023 unless terminated earlier by KALiNA for convenience or upon exercise of the Option.
Nature of contract:	Option agreement pursuant to which KALiNA is granted an option (" Option ") to purchase 38.9 hectares (96.30 acres) of land (" Land "), on which KALiNA can elect to construct Power-CCS plants.
Significance of contract to KALiNA:	As outlined above in this announcement. Furthermore, during the term of the option period, KALiNA is granted access to the Land to conduct project diligence on the Land at KALiNA's cost.
Material conditions to be satisfied before contract becomes binding:	The option agreement is immediately binding, while the sale contract to acquire the Land becomes binding upon KALiNA exercising the Option and issuing a purchase notice.
Options fees payable:	<ul style="list-style-type: none"> Option: Initial \$20,000 (2Q 2023) and \$20,000/year for each year thereafter of option term Option strike price: \$2m
Any other material information:	KALiNA must pay the counterparty an annual option fee during the Option period.

Project site:	Alsike
Name of counterparty:	Estate of Christopher Cziborr
Term of contract:	3 years from 8 June 2023 unless terminated earlier by KALiNA for convenience or upon exercise of the Option.
Nature of contract:	Option agreement pursuant to which KALiNA is granted an option (" Option ") to purchase 64.7 hectares (160 acres) of land (" Land "), on which KALiNA can elect to construct Power-CCS plants.
Significance of contract to KALiNA:	As outlined above in this announcement. Furthermore, during the term of the option period, KALiNA is granted access to the Land to conduct project diligence on the Land at KALiNA's cost.
Material conditions to be satisfied before contract becomes binding:	The option agreement is immediately binding, while the sale contract to acquire the Land becomes binding upon KALiNA exercising the Option and issuing a purchase notice.
Options fees payable:	<ul style="list-style-type: none"> Option term: to 2Q 2026 Option premium: \$20,000 (Year 1 Option Term), \$20,000 (Year

	<p>2), \$25,000 (Year 3)</p> <ul style="list-style-type: none"> Option strike price: <ul style="list-style-type: none"> For exercise in Year 1 of Option Term: \$546,000 For exercise in Year 2 of Option Term: \$573,000 For exercise in Year 3 of Option Term: \$602,160
Any other material information:	KALiNA must pay the counterparty an annual option fee during the Option period.

Project site:	Gilby
Name of counterparty:	Hutterian Brethren of Bentley Colony, a registered religious society under the laws of the Province of Alberta
Term of contract:	<p>The term of the Option is 5 years from 12 January 2023 unless terminated earlier by KALiNA for convenience or upon exercise of the Option.</p> <p>Subject to satisfaction of the relevant conditions, the Lease will be granted for:</p> <ul style="list-style-type: none"> in respect of plant-site leased Land, a term of 21 years, with an option to extend for a further 21 years; and in respect of temporary laydown leased Land, a term of 3 years and thereafter subject to month-to-month extensions.
Nature of contract:	Option agreement pursuant to which KALiNA is granted an option (" Option ") to lease (" Lease ") 64.7 hectares (160 acres) of land (" Land "), on which KALiNA can elect to construct Power-CCS plants.
Significance of contract to KALiNA:	As outlined above in this announcement. Furthermore, during the term of the option period, KALiNA is granted access to the Land to conduct project diligence on the Land at KALiNA's cost.
Material conditions to be satisfied before contract becomes binding:	<p>The commencement of the Lease term is subject to:</p> <ul style="list-style-type: none"> KALiNA delivering a commencement notice to the counterparty; if applicable, receipt of unconditional approval of the subdivision of the Land by the relevant regulatory authority; KALiNA completing an environmental assessment in respect of the Land.
Options fees and lease payments or consideration payable:	<ul style="list-style-type: none"> Option premium: \$10,000/year for each year of option term <p>Plant site lease (40 acres)</p> <ul style="list-style-type: none"> Lease term: 30 years (potential ten-year extension) Rental (annual lease fee): \$10,000 for the first year and \$600/acre (\$24,000/year) thereafter <p>Temporary laydown area lease (up to 40 acres)</p> <ul style="list-style-type: none"> Lease term: three years concurrent with first three years of plant site lease term + potential for month-to-month extension Rental (annual lease fee): \$600/acre

Any other material information:	KALiNA must pay the counterparty an annual fee during the Option period and prior to the commencement of the Lease term.

Year one Option fees on all agreements set out above have been paid by KDP. If future Option and Lease payments are made (at KDP's election) it is anticipated they shall be made from funds received through the sale process initiated for KDP (as announced on 1 May 2023) in which investors are being sought to invest ~\$58m in order to obtain a ~50% equity stake in KDP.

About KALiNA Power Limited

KALiNA Power Limited is an ASX listed clean-tech company engaged in two core business activities: The power project development arm of the Company operates out of Calgary, Alberta and is assembling a portfolio of various power projects in the province. The technology development arm of the Company is responsible for advancing various applications of the Company's KALiNA Cycle® technology for global deployment to international markets.

POWER PROJECT DEVELOPMENT:

Power Project Development is the primary business of KDP. The Kalina team has over 150 years of experience in power project development and has developed over 9 GW of state-of-the-art power projects. The team is developing a portfolio of projects which include:

- **Combined Cycle Power Plants with Carbon Capture and Sequestration ("CC-CCS"):** KDP is developing a portfolio of ~200 MW CC-CCS projects in which ~95% of CO₂ generated are captured and sequestered in authorized deep aquifers. These projects will involve long term tolling contracts in which gas producers add value to their gas by producing zero emissions power. Tolling contracts provide stable and attractive margins for each project to attract project finance. The Company has received expressions of interest in long-term tolling of natural gas to power from large Alberta based gas producers.
- **Saddle Hills:** Fully permitted to construct & operate up to 64MW from two combined cycle power plants; each configured with 22 MW Siemens SGT-600 gas turbines and KALiNA Cycle® modules with 10MW Baker Hughes vapour turbines to generate zero-emissions power from the gas turbine's waste heat. Intend to initially deploy gas turbines in Simple Cycle Peaker mode and consider adding the KALiNA Cycle® and possibly carbon capture & sequestration as legislative and commercial circumstances warrant. A narrated video of the engineering "walk-through" of Saddle Hills is available at <https://youtu.be/ybbq8huPlCg>.

TECHNOLOGY DEVELOPMENT

KALiNA Power Limited owns the KALiNA Cycle® technology and is a clean-tech company in the geothermal and Industrial Waste Heat to Power ("WHP") sector. The KALiNA Cycle® Technology generates zero-emissions power from heat produced by energy-intensive industrial processes and geothermal resources. The technology has been commercially deployed across a range of geothermal and industrial applications at 16 plants around the world. KPO's worldwide patents relating to the KALiNA Cycle® Technology represents one of the most substantial intellectual property portfolios in the sector.

The Company signed a non-exclusive and non-binding Memorandum of understanding ("MOU") in 2022 to establish global energy technology company Baker Hughes as a preferred vendor of advanced turbine technology for a range of KALiNA Cycle® designs. The MOU provides a framework by which the parties can develop modularized packaged solutions for markets that are in transition to zero-emissions and energy efficient power.

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This announcement was authorised by the board.

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