

Existing Shareholders, Directors and Management Lead a A\$625,000 Capital Raise

KALiNA Power Limited (“KALiNA” or the “Company”) (ASX: KPO) is pleased to announce that the Company has secured firm commitments to raise A\$625,000 from the issue of unsecured convertible notes (**Convertible Notes**), which is expected to complete in August 2023.

The A\$625,000 proceeds are provided to the Company by way of an unsecured convertible note. The Convertible Notes have an interest rate of 10% per annum and a maturity date of 30 July 2024 (which may be extended in certain circumstances). The Conversion Price will be the lower of (i) a 15% premium to the 15-day VWAP preceding finalization of the Convertible Note subscription (0.826 cents) and (ii) a 15% discount to the offer price of securities in the Company’s next capital raise.

The proceeds from the Convertible Notes will be used primarily to fund the ongoing project development costs of the Company’s wholly owned subsidiary KALiNA Distributed Power (“KDP”) and KPO’s general working capital requirements.

A summary of the key terms of the Convertible Notes is set out in [Annexure 1](#).

Directors and management contributed over A\$200,000 to the Convertible Note.

The offer of Convertible Notes is within the Company’s placement capacity under ASX Listing Rule 7.1 and is not subject to shareholder approval under ASX Listing Rule 7.1. However, the issue of Convertible Notes to Directors or any related party will be subject to shareholder approval.

Chief Executive Officer Ross MacLachlan said:

“We are pleased to have received the backing and confidence of key shareholders and management in this financing, which provides runway to continue the project development activities underway by KDP and further progress the PricewaterhouseCoopers Corporate Finance (“PwC CF”) marketing campaign, as announced on 27 July 2023. This campaign is now fully underway to secure up to ~CAD\$58 million for an equity stake of up to ~50% in KDP. We are confident that securing investment into KDP for project development funding of its portfolio of Combined Cycle Power Plants with Carbon Capture and Sequestration (“CC-CCS”) will be highly accretive for KPO and result in the Company becoming an excellent vehicle through which investors can achieve exposure to the burgeoning CC-CCC sector.”

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/ybbq8huPICg>.

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.

For further information please contact:

Tim Horgan
Executive Director
thorgan@KALiNApower.com
+61 3 9236 2800

Ben Jarvis
Six Degrees Investor Relations
ben.jarvis@sdir.com.au
+61 413 150 448

Annexure 1 – Summary of key terms of Convertible Notes

Securities offered	Convertible notes which are convertible into fully paid ordinary shares of the Company (Convertible Notes).
Face value	A\$1.00 per Convertible Note.
Security	The Convertible Notes are unsecured.
Maturity Date	30 July 2024.
Interest Rate	10% per annum. Interest will be accrued and capitalized until the Convertible Notes are converted into shares or redeemed by the Company at the Maturity Date. Noteholders will be paid a minimum amount of 6 months interest, irrespective of whether the Convertible Notes are converted within 6 months of their issue date.
Conversion and redemption	Noteholders may elect to convert the Convertible Notes at any time before the Maturity Date, unless automatically converted earlier. The Convertible Notes will be converted on the following price (Conversion Price): <ul style="list-style-type: none"> • 0.826 cents; and • 85% of the offer price of securities in the Company's next capital raise. On the Maturity Date, where the Company's shares are trading with a 30-day VWAP at: <ul style="list-style-type: none"> • 0.826 cents or more, the Convertible Notes will automatically convert; and • less than 0.826 cents, a holder may elect to redeem their Convertible Notes and require repayment of all interest.
Automatic conversion	The Convertible Notes will be automatically converted into shares upon the Company completing a capital raise of at least A\$1 million.
Ranking	The Convertible Notes rank ahead of the Company's shares. However, the shares issued on conversion of the Convertible Notes will rank equally with the Company's shares at the date of issue.
Quotation	The Convertible Notes will not be quoted on ASX.
Transferability	The Convertible Notes cannot be transferred except with the Company's prior written approval.