

Company update

KALiNA Power Limited (ASX: KPO, “KALiNA” or the “Company”) is pleased to release an updated investor presentation, attached to this announcement, which provides a material update to KALiNA’s project pipeline. The presentation serves as an opportunity to update shareholders and will be utilised for a series of non-deal institutional investor meetings in the coming weeks.

Company highlights

- The KALiNA Cycle® is a **proven and patented** waste heat to power technology
- **Large and rapidly growing global waste heat to power markets** underpin demand
- Highly credentialed senior leadership, with a **proven track record of growing and operating clean energy companies**, and delivering shareholder value
- Capital light business model **funded to positive cash flow and holding more than A\$5m cash** – accrued **more than A\$800,000 in revenue** in Q1 2017 from existing licenses
- KALiNA has achieved **significant increases in new business activity in 2017** and is on track to meet previously communicated forecasts with:
 - **8 MWe of KALiNA Cycle® plants currently in construction** expected to come online in 2017
 - Current project pipeline of 37 active files for **over 247 MWe of potential installed capacity**
 - The **6 most advanced files represent 34 MWe** – estimated at between 60% to 80% probability of proceeding according to direct customer feedback

Board and management commentary

Ross MacLachlan, Managing Director of KALiNA, commented “Since completing our financing in 2016 to fund our business plan, KALiNA has enhanced our senior leadership team and strengthened our IP portfolio to ensure the Company is well positioned to respond to growing market demand.

A key part of our business plan has been ensuring compliance of legacy licenses which resulted in significant revenue generation in Q1 2017. With a strong business development team, we are now responding to over 247 MWe of well qualified, active projects of which 6 projects represent over 34 MWe that are expected to close over the next 12-18 months. This growth in business activity highlights the advances that we are making as we begin to deploy the KALiNA Cycle® on an industrial scale.”

For further information, please contact:

Tim Horgan
Executive Director
+61 (0)3 9236 2800

Alwyn Davey
Company Secretary
+61 (0)3 9236 2800



KALiNA

POWER

Company update
June 2017

The KALiNA Cycle® technology is being deployed globally to address the rapidly growing waste heat to power markets

Trading information (as at 30 May 2017)

Share price	A\$0.055
52 week low / high	A\$0.039 / A\$0.155
Shares outstanding ¹	360.5m
Market capitalisation	A\$19.8m
Cash ²	A\$5.3m
Debt	-
Enterprise value	A\$14.5m
Potential proceeds from exercise of currently in the money options³	A\$3.9m

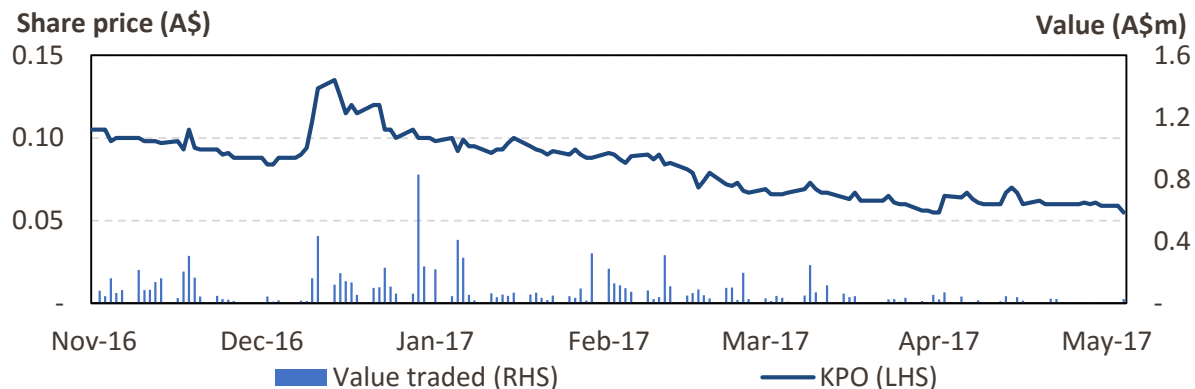
Top shareholders (as at May 2017)⁴

Shareholder	%
Harrington Global Opportunities – <i>Global fund manager</i>	28.4%
Board and management	10.5%
Top 20 shareholders	60.6%

Source: IRESS, Company disclosure

1. Excludes 77.5m options @ A\$0.05 to 30-Aug-17, 21.6m options @ A\$0.11 to 30-Jun-18, 0.14m options @ A\$0.075 to 15-Jun-17 and 42.9m options at \$0.055 to 30-Nov-19
2. Cash balance inclusive of the funds (A\$875k) received from the recent exercise of options
3. Assumes the exercise of all options in the money as at close 30-May-17, with exercise prices and expiry dates as per Note 1
4. Based on Harrington's latest substantial shareholding filed

Share price performance (last 6 months)



Board of Directors

Name	Position
John Byrne	Executive Chairman
Ross MacLachlan	Managing Director and CEO
Tim Horgan	Executive Director
Dr. Malcolm Jacques	Non-Executive Director
Jeffry Myers	Non-Executive Director

Generating electricity from low temperature waste heat is a rapidly growing multi-billion dollar market

Significant market opportunity

- The market opportunity in **Asia is estimated to grow by an additional ~US\$72bn (~29GW)** through to 2021
- The US Department of Energy commissioned a report by ICF International that evaluates the KALiNA Cycle® and Organic Rankine Cycle (ORC) systems within the US waste heat to power (WHP) market, observing that:
 - The US market for industrial waste heat recovery at temperatures **over 450°F is estimated to be ~US\$25bn (~9.2GW)** and the **KALiNA Cycle® is competitive with ORC** at these temperatures
 - The US market for industrial waste heat recovery at temperatures **below 450°F is estimated to be ~US\$13bn (~5.4GW)**
- KALiNA Cycle® is a **commercially proven** WHP technology with considerable **technical and economic advantages over ORC** at temperatures **below 450°F**

Proven and proprietary technology

- KALiNA Cycle® has been extensively validated and proven with over US\$126m spent in the **deployment of 15 plants worldwide** in the geothermal, steel, petrochemical, gas turbine and cement industries
- Several plants in Japan and Germany have been performing for **over a decade at 95%+ annual availability**
- KALiNA currently **owns 240 patents worldwide, with 15 pending applications** across North America, Europe and Asia – recently enhanced by the acquisition of a significant IP portfolio from Siemens which complements the KALiNA Cycle®

Experienced senior leadership team

- Highly credentialed board and management team in place with **proven track record of building successful clean energy companies, developing power projects** and delivering shareholder value
- Recent appointments include **four members of the former Pristine Power team** including the founding CEO, the lead independent director, the COO and the lead financial analyst – note: Pristine Power was a leading Canadian independent power producer **that sold for ~US\$300m**

Funded with a healthy pipeline

- KALiNA's capital light business model is funded **to positive cash flow** under current business plan holding more than A\$5m in cash
- Executing rapid deployment strategy and **on target to meet or exceed forecasts**
- Current project pipeline contains **37 active files for over 247 MWe of potential installed capacity**
- The 6 most advanced files represent **34 MWe** and are estimated at **between 60% to 80% probability of proceeding** according to direct customer feedback

Significant market opportunity

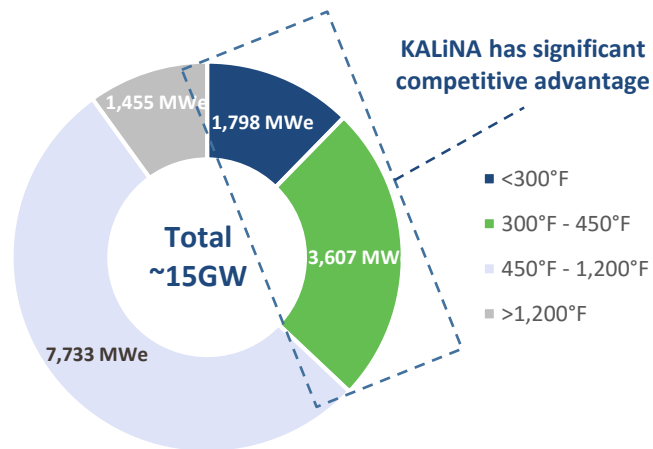
Even a modest market penetration in the market for temperatures below 450°F represents a major opportunity for KALiNA

The leading ORC supplier, Ormat (NYSE:ORA), has grown from a market capitalisation of ~US\$0.8bn to ~US\$3.0bn in five years

WHP market for temperatures above 450°F is a US\$25bn opportunity in the US alone, which is competitively addressed by ORC and KALiNA Cycle®

WHP market for temperatures below 450°F is a US\$13bn opportunity in the US alone, in which KALiNA Cycle® has significant competitive advantages over ORC

USA opportunity (waste heat to power)



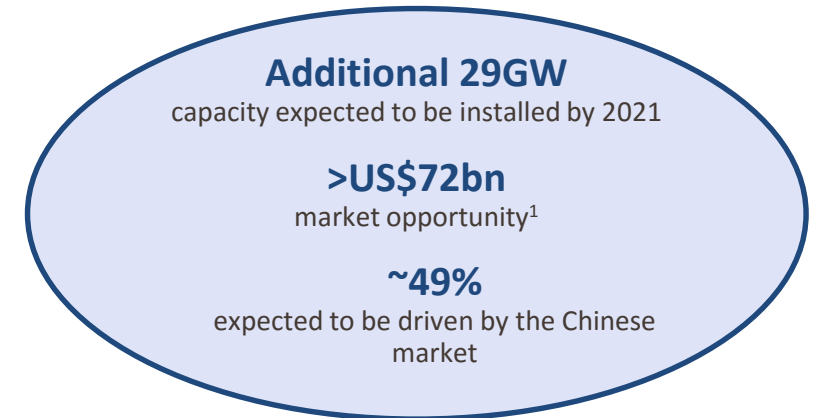
- KALiNA is well suited in the WHP market, with **increased operating efficiencies and competitive advantages as temperatures decrease**

Source: ICF International Waste Heat to Power Market Assessment, Frost & Sullivan Asian Heat-to-Power Report

1. Based on average capital cost of US\$2.5m per MWe

Asian opportunity

(incl. of waste heat, geothermal and solar thermal)



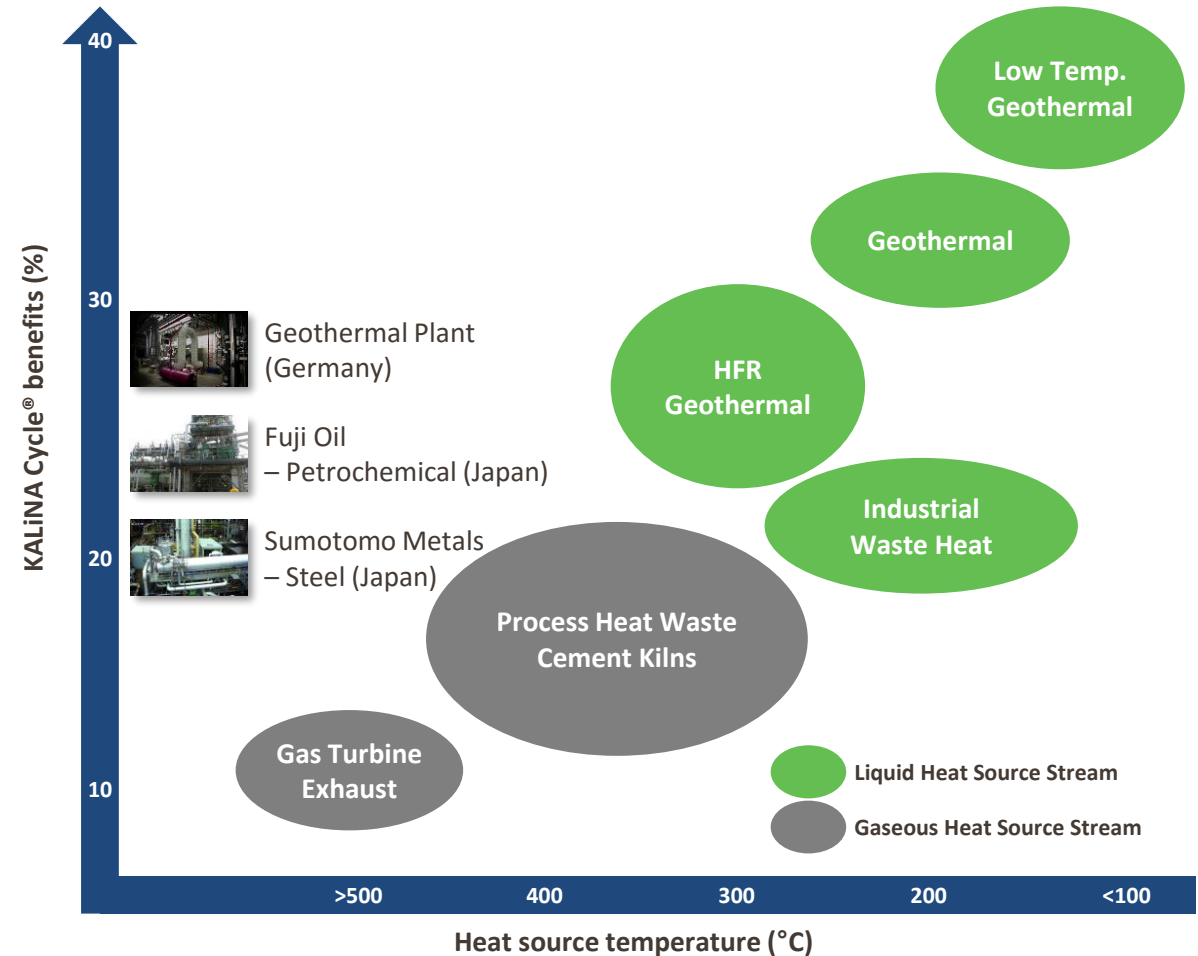
- The Chinese government has mandated a 16% reduction in energy consumption, **requiring large industrial enterprises to seek operational energy efficiencies**
- WHP has been **identified by the Chinese government as a priority**

Key advantages of the KALiNA Cycle®

The KALiNA Cycle® is competitive with ORC at all waste heat temperatures and is up to 40% more efficient than ORC in projects with lower waste heat temperatures and variability in temperature

	ORC	KALiNA Cycle®	KALiNA Cycle® advantages
Working fluid	Pentane, butane, refrigerant chemicals	Variable mixture of water and ammonia	
Adjustable working fluid	✘	✓	Boiling temp. of the working fluid adjusted for variations in source temperature providing performance advantages
Non-Explosive	✘	✓	Working fluid is non explosive and can be installed on sensitive industrial sites. ORC requires an oil loop (adding capital costs and lowering efficiency)
Working fluid is not ozone depleting	✘	✓	ORC working fluids are ozone depleting. Ammonia used in the KALiNA Cycle® is not a greenhouse gas
Low cost, reliable, green energy	✓	✓	Sustainable process with zero emissions with similar low capital and operating costs

KALiNA Cycle® efficiency benefits (vs. ORC) in various industries



Sumitomo Metals and Fuji Oil in Japan, and Unterhaching in Germany, are showcase examples of successful KALiNA Cycle® projects

Attributes of successful projects

- ✓ Compliance with KALiNA's engineering design and equipment specifications
- ✓ Projects that utilised KALiNA's engineering team and world class EPC firms

Key focus for future projects

- ✓ Strict compliance with KALiNA's engineering design and equipment specifications
- ✓ Project delivery through world class EPC firms
- ✓ Select major equipment vendors to provide high quality, standardised equipment for high performance, shorter lead times and better inventory management

Sumitomo Metals (Steel)



- Location: Japan
- EPC partner: Ebara Corporation
- Commissioned: 1999
- Capacity: **3.5 MWe**
- Steel mill: 98°C water
- Operated trouble-free with an **availability above 96%**
- Performance tests conducted by Japan's MITI¹ confirm that the **performance exceeds the design specifications**

Fuji Oil (Petrochemical)



- Location: Japan
- EPC partner: Chiyoda Engineering
- Commissioned: 2005
- Capacity: **4.0 MWe**
- Petrochemical plant: 116°C condensing overhead vapours
- Annual **availability of 97%**
- Able to **perform continuously, safely and reliably, despite fluctuating conditions**

Unterhaching (Geothermal)



- Location: Germany
- EPC partner: Siemens
- Commissioned: 2009
- Capacity: **3.4 MWe**
- Geothermal power plant: 120°C thermal water
- Dynamic system that responds to changing heating requirements and environmental conditions
- System allows for **100% constant use** of thermal water
- **Exceptional solution for utilising low temperature geothermal resource** to deliver heating and power

1. MITI: Ministry of International Trade & Industry

Successful and experienced power professionals

Core of new team worked together at Pristine Power and now compliment KALiNA's highly qualified engineering team with significant project development, financing, execution and operational prowess

Ross MacLachlan
Managing Director and CEO

Appointed October 2016

- **Former Director and early investor with Pristine Power**
- 35 years' experience in technology development, project funding and venture capital
- Former CEO and Executive Director of Lignol Energy
- **Raised over US\$100m** in both the conventional and alternative energy sectors and engaged in over **US\$400m worth of M&A and financing transactions**
- **Secured considerable support from the US DOE and Canadian clean technology funding agencies**

Jeffry Myers
Non-Executive Director

Appointed October 2016

- **Co-founder and former Chairman, President and CEO of Pristine Power**
- Over 30 years' experience in the downstream energy sector
- Led development, financing, execution and operation of **over 3GW of independent power projects**
- Currently a **senior operating partner at Stonepeak Infrastructure Partners (US\$7.3bn infrastructure fund)**, responsible for investment in the power generation sector

Mark Mirolli
Chief Technology Officer

Appointed May 2009

- The **leading international expert** on the KALiNA Cycle® system with over **35 years' experience in thermal power generation system design and construction**
- Formerly the **director of Technology Development for ABB Combustion Engineering**, responsible for ABB's R&D engineering functions relating to utility steam generation technology
- One of the principals behind the development of fluidised combustion power systems and has **authored >35 major published papers on advanced power plant design and operations**

James Fitzowich
North America - Business development

Appointed April 2017

- Former **Chief Operating Officer of Pristine Power's jointly owned subsidiaries**
- Served as **Veresen's Vice President of Corporate Development** after the Pristine Power acquisition
- **Over 29 years experience in the** midstream energy sector
- Experience in **over 340 MWe of waste heat** projects including project development of multiple ORC projects
- Involved in the development, financing and operation of **over US\$4bn of energy projects and transactions**

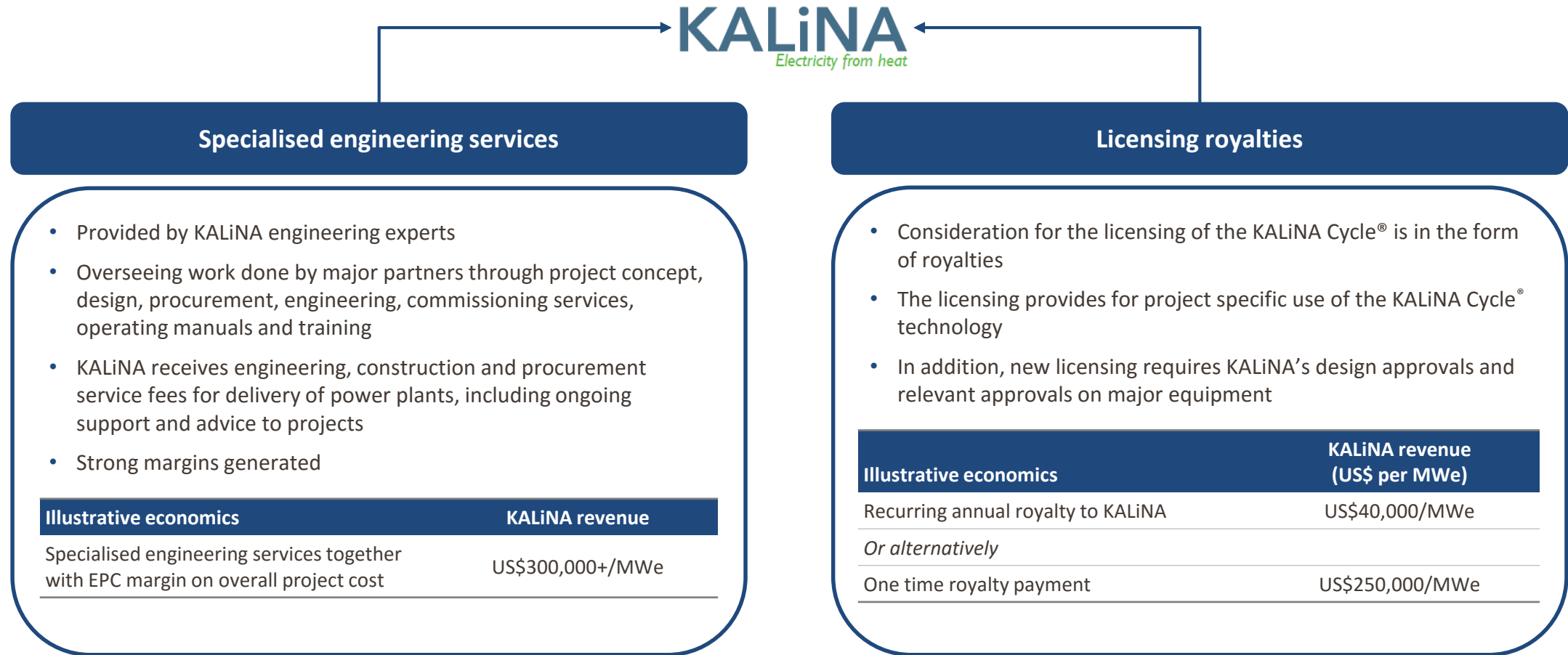
Geoff Scott
Techno-economic analysis and business case development

Appointed October 2016

- **Over 25 years' experience** in the energy sector, with extensive experience across techno-economic analysis, project finance, development and execution
- Previously worked as a **techno-economic expert** for Westcoast Energy and **Pristine Power**, where he was responsible for the **business case development of new project opportunities**

Capital light business model

KALiNA earns revenue through the provision of specialised engineering services and technology licensing fees



In the future KALiNA will selectively develop, build, own and operate projects with an equity stake once appropriately capitalised

Illustrative KALiNA Cycle[®] power plant economics

Excellent economics for customers with estimated fully burdened project costs of less than 8 cents per kWh

Key advantages

- ✓ **Cheaper and more reliable electricity generation** than other renewable and sustainable energy sources
- ✓ **Not reliant on subsidies** from governments
- ✓ KALiNA's key revenue streams, specialising engineering services and licensing fees, **only adds ~1 USc/kWh to the customer's fully burdened project costs**

Illustrative example: estimated vendor economics (USc/kWh) for 5 MWe power plant

	Power generation costs (Us cents /kWh)
Operating and maintenance expenses ¹	
Selling, administrative and general expenses	6.6
Capital and development costs ²	
Principal and interest costs	
Specialised engineering services	1.0 ³
Licensing royalties	
Total fully burdened operating costs	7.6

KALiNA's fees
represent <15% of
low power
generation costs

1. Assumes operating capacity of 95%
2. Based on estimated capital costs of US\$16.6m for a 5 MWe power plant – equivalent to US\$3.325m/MWe (KALiNA Cycle[®] Power Island only) – over 20 years
3. Costs accounted over 20 years (in line with capital and development costs)

Rapid deployment strategy

Strategic agreements with preferred vendors and EPC partners allows rapid deployment of KALiNA Cycle® technology and improved design and delivery capabilities while ensuring world-class build and development

Agreements with preferred EPC partners

- Building strategic relationships with selected world class engineering partners
- Established framework agreement with Sinopec Engineering Nanjing for China
- Entered into a teaming agreement with a major international global engineering consulting firm
- Currently in discussions with other major international EPC firms globally



Agreements with preferred equipment vendors

- Developing arrangements with selected world leaders in the manufacture of power plant components
- Signed a MoU with Cryostar to develop international joint marketing of KALiNA Cycle® utilising Cryostar's advanced turbo-expander turbine designs
 - Cryostar is a wholly owned subsidiary of the Linde Group



Strategic rationale: improved project delivery

- ✓ Best-in-class plant design and project execution, and ongoing reliability of KALiNA Cycle® power plants
- ✓ Leading industry firms and preferred equipment vendors with a record of successful project delivery
- ✓ Facilitates KALiNA's capital light business model and scalable operations
- ✓ Shorter lead times and better inventory management to deliver significant cost benefits and improved margins

Since completing an equity raising in September 2016, KALiNA has generated revenue, accomplished various operational milestones and is on track to achieve positive cash flow operations

Build a team of proven industry professionals

- ✓ Appointment of Ross MacLachlan as MD/CEO and Jeffry Myers as Non-Executive Director
- ✓ Appointment of Geoff Scott as Project Development Executive
- ✓ Appointment of Jim Fitzowich to focus on North American operations

Build and execute on fully funded business plan

- ✓ Enter into a teaming agreement with leading international engineering company to assist on new projects
- ✓ Raised A\$10.6m (A\$8.6m equity raising and A\$2m early exercise by largest shareholder) in 2016
- ✓ Raised further A\$875,000 from warrant/option exercise by largest shareholder in 2017
- ✓ Ensured compliance with existing legacy licenses to optimise plants and bring in more than A\$800,000 in revenue in Q1 2017
- ✓ Signed MoU with Cryostar SAS for an international joint marketing agreement
- ✓ Acquisition of significant IP portfolio from Siemens on excellent commercial terms
- ✓ Project execution at Sinopec Hainan ongoing with completion expected July 2017

Target significant global market opportunities

- ✓ New Business Development team in place and responding to a growing pipeline of global opportunities
- ✓ Targeting customers and end-users with multiple potential heat sources and significant appetite for repeat orders
- ✓ Order book on track to meet or exceed previously forecasted new project pipeline

On target to achieve 100 MWe of installed KALiNA Cycle[®] capacity

100 MWe target is a key milestone to firmly establish the KALiNA Cycle[®] as an industry standard in the WHP sector

- KALiNA has achieved a significant increase in new business activity in 2017
- Current project pipeline contains **37 active files representing over 247 MWe of potential installed capacity**
- Active files includes project opportunities across North America, Europe, China and Japan
- Significant portion of active files in North America are with contacts well known to the former Pristine Power team

Pathway to 100 MWe of installed capacity

- **21 MWe** currently operating at existing KALiNA Cycle[®] plants
- **8 MWe** currently in construction and expected to come online in CY2017
 - Taufkirchen, Germany
 - Sinopec, Hainan Island, China
- Current project pipeline contains **37 active files representing over 247 MWe of potential installed capacity**
- The 6 most advanced files represent **34 MWe** and are estimated at **between 60% to 80% probability of proceeding** according to direct customer feedback
- A further **1,200+ MWe of potential major project opportunities** identified from customers within the current project pipeline; these opportunities include multiple heat sources and have the potential to provide significant repeat orders

Selected global opportunities

Partnerships with a selective number of preferred vendors ensures legacy licenses can be optimised and also allows for scalable deployment of KALiNA Cycle® globally

Canada

- Targeting contacts familiar to the former Pristine Power team
- Ongoing discussions across multiple industries with potential orders of over 200 MWe
- Targeting clean technology funding from various government agencies

USA

- KALiNA engaged in technical discussions with several international EPC firms for development of KALiNA Cycle® projects in the USA

France

- Exploring project opportunities following joint marketing initiatives with Cryostar

Germany

- Taufkirchen 4.75 MWe plant expected to come online in CY2017

China

- Well advanced on the Sinopec Hainan Island Project
- Completion expected during July 2017
- Successful completion underpins a significant broader roll-out opportunity in China

Rest of Asia

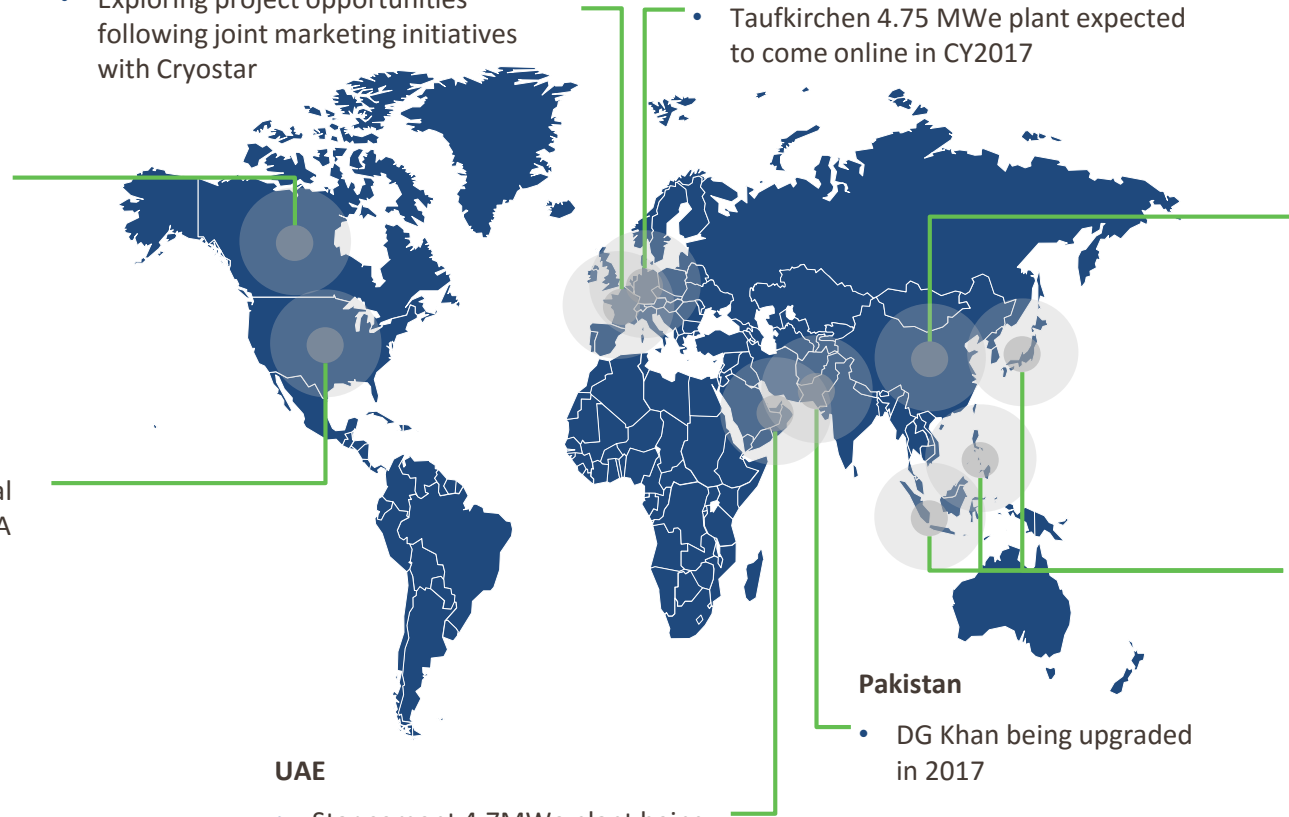
- Discussions underway with Japanese Engineering group regarding a closer working relationship across Asia including Japan, Indonesia and Philippines

Pakistan

- DG Khan being upgraded in 2017

UAE

- Star cement 4.7MWe plant being upgraded in 2017



Appendices

A: Key sector drivers

B: Valuable intellectual property portfolio

C: Illustrative project pipeline forecast

A: Key sector drivers

There is a strategic imperative for many industries and jurisdictions to utilise the KALiNA Cycle[®], driven by the recent evolution in international government policy with respect to power generation and emissions targets

A 4 MWe KALiNA Cycle[®] power plant can offset 19kt of CO₂ p.a.



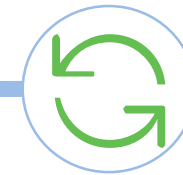
Climate change

- Dramatic global step change in climate change prevention through reduction of green house gas emissions, with further acceleration expected
- At the Paris Climate Change Conference, 195 countries agreed to hold increases in global average temperatures to well below 2°C above pre-industrial levels
- Significant investment in clean energy required given expected growth of ~40% in global energy demand out to 2040



Economic advancement of developing countries

- Continued economic advancement within developing nations will result in a significant increase in energy demand for industrial processes within these areas
- Developed nations have agreed to mobilise ~US\$100bn p.a. beyond 2020, through public and private sources, to assist developing countries in minimising emissions (Paris agreement)
- Canada's 2017 Budget proposes ~C\$1.4bn funding be available to grow clean technology firms (over 3 years)
- Provision of financing should encourage new project development



Industrial energy efficiency

- Industrial users are responsible for ~40% of energy related CO₂ emissions, and ~33% of energy consumed is discharged as thermal losses
- Waste heat recovery can provide significant additional power without further emissions, allowing for continued economic growth without emissions growth
- Global governments have begun mandating industrial energy efficiency targets (e.g. China has mandated a 16% reduction in energy consumption for industrial processes) plans to invest ~US\$72bn p.a. on renewable energy between 2016 to 2020

B: Valuable intellectual property portfolio

KALiNA are actively focused on growing their IP portfolio throughout key global markets

Current IP portfolio

- ✓ Holds **240 patents worldwide with 15 pending applications across North America, Europe and Asia**
- ✓ Valuable IP portfolio that positions KALiNA as the **leading player in the sector and provides a substantial barrier to entry** for prospective competitors
- ✓ IP portfolio consists of patents on process, method and equipment, as well as **technical know-how, trade secrets and proprietary process knowledge**
- ✓ Patent protection **targeted at key geographic regions with large energy efficiency and geothermal markets**

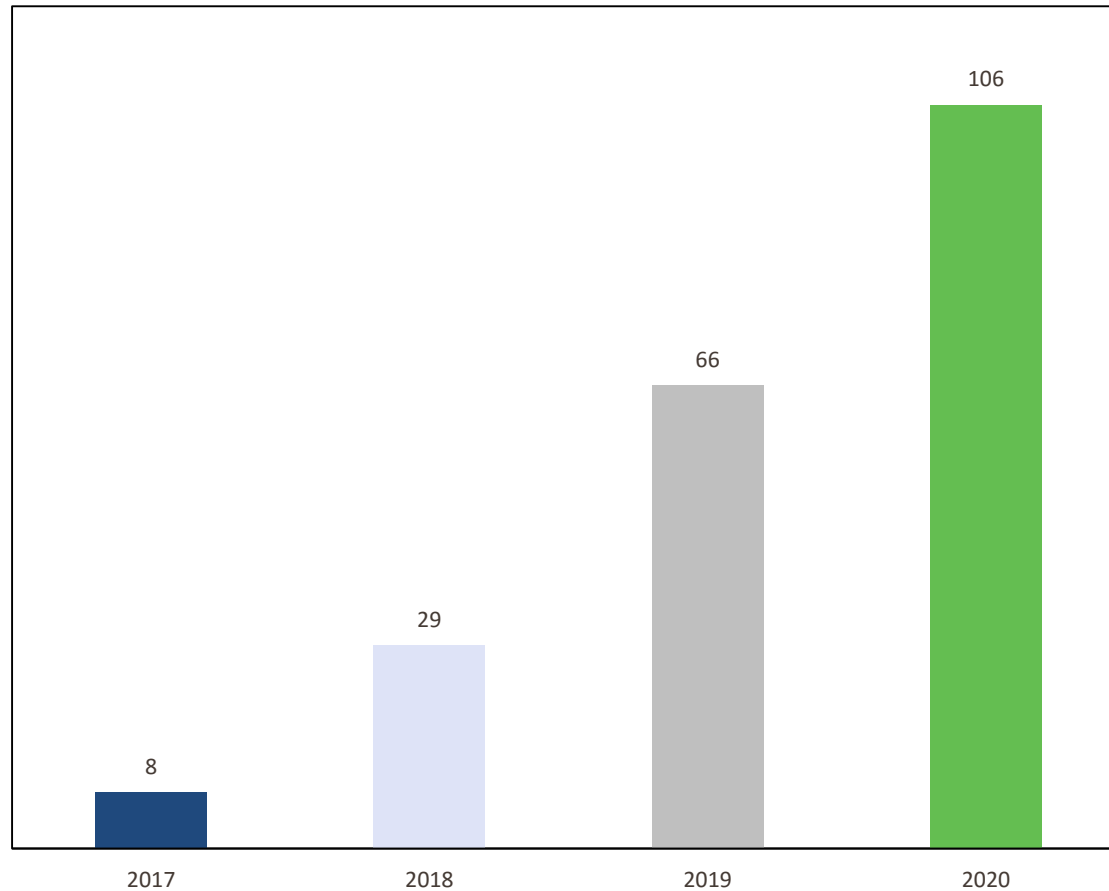
Actively protecting first-mover advantage

- ✓ Recently acquired a thermodynamic IP portfolio from Siemens which contained **128 active patents and 12 pending applications complimentary to the KALiNA Cycle®**
 - Strong development given Siemens are the most significant player in ammonia globally, it also provides a powerful partner for any patent infringement actions
- ✓ KALiNA licenses include **global royalty free rights to any improvements and IP developed by licensees**
- ✓ KALiNA undertakes **ongoing work to identify, develop and acquire additional IP opportunities** that are complementary to the KALiNA Cycle®

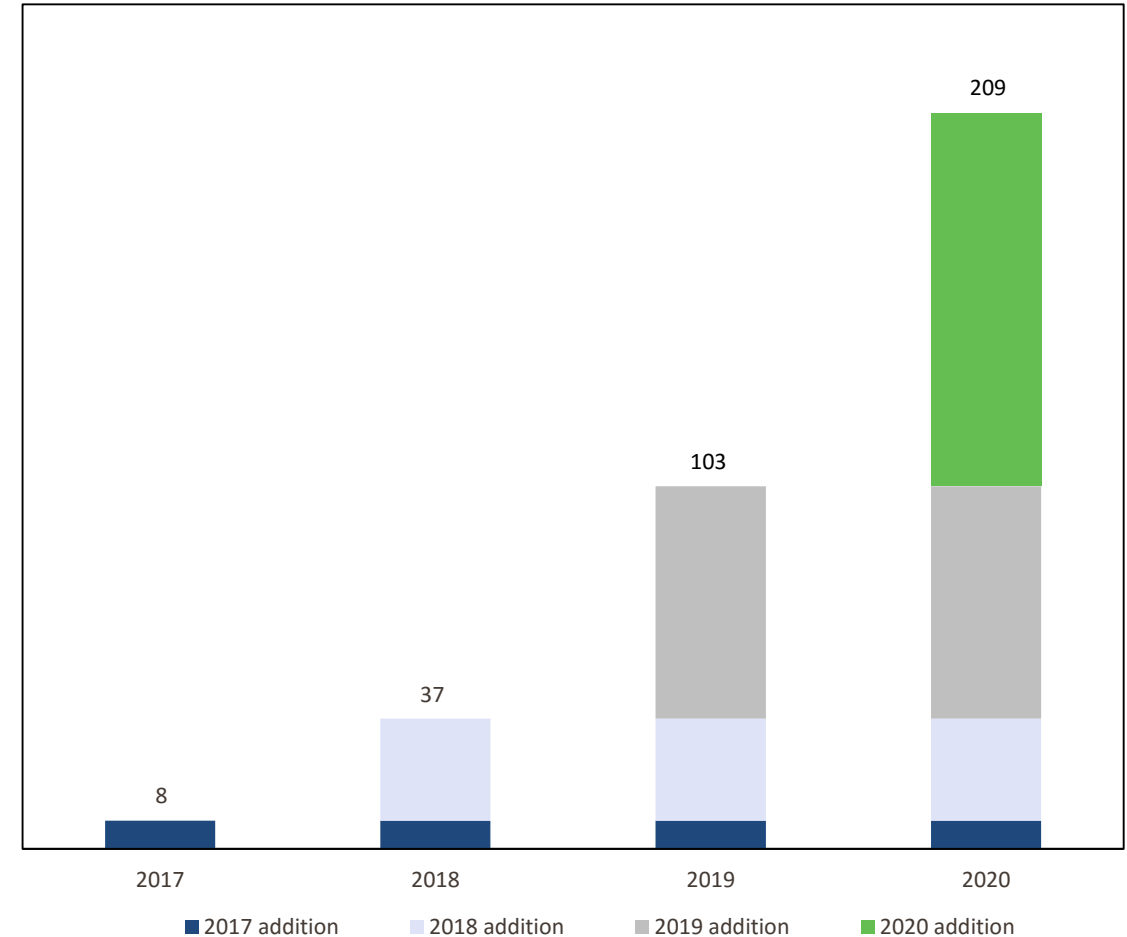
C: Illustrative project pipeline forecast

Roll out of KALiNA Cycle[®] globally is expected to deliver rapid revenue and earnings growth

Illustrative additional capacity commenced per year (MWe)¹



Illustrative cumulative capacity commenced/installed (MWe)¹



1. Based on estimates only – actual results will vary as formal contracts have not been entered into for future contracts

Important Information

- This presentation may contain certain forward-looking statements that have been based on current expectations about future acts, events and circumstances
- These forward looking statements are, however, subject to risks, uncertainties and assumptions that could cause those acts, events and circumstances to differ materially from the expectations described in such forward-looking statements
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