

ACTIVITIES REPORT FOR THE QUARTER ENDING 30 SEPTEMBER 2019

KALiNA Power Limited (“KALiNA” or the “Company”) (ASX:KPO), provides its Appendix 4C for the quarter ended 30 September 2019.

Subsequent to the quarter end the Company completed a strategic financing in October which was led by existing investors, directors and management, as well as being strongly supported by several new institutional investors. The Company raised \$3,302,000 (gross) at an issue price of 3.5 cents per share through a private placement (the Placement).

In order to undertake the Placement in an orderly manner, the Company had entered into an AU\$500,000 unsecured loan facility at the end of Quarter, comprised of five individual A\$100,000 amounts from two large shareholders and from Company directors; Ross MacLachlan, Jeffry Myers and Tim Horgan. The interim loan agreements provide for an interest rate of 8% pa and a 6 month term. Subject to shareholder approval, the loan funds provided will convert as part of the total Placement.

Funds raised in the placement will be primarily used toward the development of the Company’s Alberta projects and for ongoing working capital requirements.

During the Quarter KALiNA Power Limited’s Canadian subsidiary, Kalina Distributed Power Limited (“KDP”) held numerous meetings in North America with major Project Financing Investors in seeking commitments to fund its distributed power generation program in Alberta, Canada. The program is led by Independent Power executives formerly with Pristine Power; a successful Canadian Independent Power Producer, which was sold to Veresen in 2010. The KDP team has developed the program to the point it is now engaged in a process to seek project level funding of up to CA\$300 million for ongoing project development and financing of its initial 5 projects. The projects are projected to generate double-digit, unlevered rates of return. These returns are believed to be sufficient to provide for ongoing royalty payments to KPO, a development fee, as well as a carried equity interest for KDP in each project.

The Company is pleased to report that the response thus far has been very encouraging with the majority of parties requesting to sign confidentiality agreements to gain access to more information and begin the due diligence process. Many parties have now entered the data room in order to commence their review.

KDP has developed its Alberta-based, distributed power generation program over the past two years to target a large addressable market with unique combined cycle power plants that can provide clean energy at one of the lowest emission levels of its peer group. Each 21MW plant will utilize the Company’s KALiNA Cycle® Technology in a way that enables the distribution of small scale power plants in a market with strong and growing regional demand for power. Projects are designed with a 15MW gas-fired turbine combined with a 6MW KALiNA Cycle® power package.

The Company believes that meaningful progress in the successful execution of this strategy will represent a transformative breakthrough and serve as a platform for KALiNA to become a leading global waste heat-to-power company.

For further information, please contact:

Tim Horgan
Executive Director

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Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

Name of entity

KALINA POWER LIMITED

ABN

24 000 090 997

Quarter ended ("current quarter")

30 September 2019

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	70	70
1.2 Payments for		
(a) projects development expensed	(276)	(276)
(b) staff costs related to project development	(107)	(107)
(c) Patent maintenance	(15)	(15)
(d) leased assets	-	-
(e) staff costs	(278)	(278)
(f) administration and corporate costs	(267)	(267)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other	-	-
1.9 Net cash from / (used in) operating activities	(873)	(873)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(b) businesses (see item 10)	-	-
(c) investments	-	-

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
(d) intellectual property	-	-
(e) other non-current assets	-	-
2.2 Proceeds from disposal of:		
(a) property, plant and equipment	-	-
(b) businesses (see item 10)	-	-
(c) investments	-	-
(d) intellectual property	-	-
(e) 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)	-	-
2.6 Net cash from / (used in) investing activities	-	-

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	-	-
3.2 Proceeds from issue of convertible notes	-	-
3.3 Proceeds from exercise of share options	-	-
3.4 Transaction costs related to issues of shares, convertible notes or options	(11)	(11)
3.5 Proceeds from borrowings	-	-
3.6 Repayment of temporary borrowings	-	-
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other	-	-
3.10 Net cash from / (used in) financing activities	(11)	(11)

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of quarter/year to date	1,028	1,028
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(873)	(873)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4 Net cash from / (used in) financing activities (item 3.10 above)	(11)	(11)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of quarter	144	144

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	144	144
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	144*	144

* On 24 October 2019, the Company announced that it had successfully completed \$3.3m capital raising before cost.

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

Current quarter \$A'000
165
-

Fees paid to directors under normal commercial terms

7. Payments to related entities of the entity and their associates

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

Current quarter \$A'000
-
-

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	500	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

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9. Estimated cash outflows for next quarter	\$A'000
9.1 Project development	635
9.2 Patent Maintenance	100
9.3 Advertising and marketing	-
9.4 Leased assets	-
9.5 Staff costs	310
9.6 Administration and corporate costs	170
9.7 Other (provide details if material)	-
9.8 Total estimated cash outflows	1,215

10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1 Name of entity		
10.2 Place of incorporation or registration		
10.3 Consideration for acquisition or disposal		
10.4 Total net assets		
10.5 Nature of business		

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.

Sign here: 
(Director/Company secretary)

Date: 30 October 2019

Print name: Kesh Thurairasa.

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly 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 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.