

ACTIVITIES REPORT FOR THE QUARTER ENDING 31 March 2020

KALiNA Power Limited (“KALiNA” or the “Company”) (ASX:KPO), provides its Appendix 4C for the quarter ended 31 March 2020.

During the Quarter, KALiNA Power Limited’s Canadian subsidiary, Kalina Distributed Power Limited (“KDP”) continued with successful project development activity for its distributed power generation program in Alberta, Canada. The KDP program has identified a market opportunity in Alberta to initially deploy five, 30 MW combined cycle power plants. The plants will use a repeatable, standard design package, configured with a 22 MW gas turbine along with a KALiNA power cycle to capture the waste heat from the gas turbine to generate an additional 8 MW of zero-emissions power. The performance efficiencies of the KALiNA Cycle provide overall project heat rate and emissions advantages that will position the projects amongst the best in its peer group for small-scale thermal power generation.

In particular **KDP** entered into a Partnership Agreement (“Partnership”) with Akira Partners Inc. (“Akira”) for the development, financing, construction and operations of the KALiNA Cycle® Technology (“KCT”) in the Province of Alberta, Canada. Akira is a Calgary-based essential assets investment firm that sources, invests, and manages investments in energy & sustainable infrastructure assets.

The Partnership is based on Akira taking a majority equity interest in a special purpose project level company and leading the debt capital raising efforts for KCT projects. Based on its currently modelled timetables the Company is targeting commencement of the first two projects by Q1 2021 and electricity generation commencing by the end of 2022.

Akira will conditionally provide up to CAD\$70 million in equity for the first two projects in development by KPO’s subsidiary, Kalina Distributed Power Limited (“KDP”) as part of its distributed power generation program to initially deploy five, 30MW combined cycle projects.

Based on currently modelled economics, the projects are anticipated to provide KALiNA with annual royalties, a project development fee, reimbursement of development costs, ongoing project management fees, and an earned equity interest; the timing and exact amounts of which will be determined based on realized project cashflows. KALiNA also has the option to co-invest as direct, upfront equity owners in the projects.

The Partnership is now engaged in a detailed planning process to evaluate the various opportunities in order to prioritize the timing, rate of deployment and project contracting structures, such that capital can be effectively deployed and the initial projects can commence operations as soon as possible. This includes a comprehensive contracting process to select packaging vendors and the issuance of a detailed RFP to obtain quotes from major gas turbine vendors.

The Company believes that the Partnership Agreement with Akira represents a major milestone towards the successful execution of projects in Alberta. Progress developing these projects will serve as a platform for KALiNA to become a leading global waste heat-to-power company capable of addressing the massive global demand for waste heat to Power in other jurisdictions and with other financing partners through its repeatable, standard design packaged gas turbine and KALiNA power cycle.

The Company looks forward to updating the market on continued developments in due course.

Authorised by
Ross MacLachlan, CEO

For further information, please contact:

Tim Horgan
Executive Director
Ph: +61 3 9236 2800

Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

KALINA POWER LIMITED

ABN

24 000 090 997

Quarter ended ("current quarter")

31 MARCH 2020

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (.9.months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	6	100
1.2 Payments for		
(a) engineering and Alberta project development	(233)	(639)
(b) staff costs related to Alberta project development	(274)	(673)
(c) Patent maintenance	(73)	(240)
(d) leased assets	-	-
(e) Corporate staff costs	(85)	(591)
(f) administration and corporate costs	(278)	(843)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	1
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(936)	(2,885)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	-	(5)
(d) investments	-	-
(e) intellectual property	-	-

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (.9.months) \$A'000
(f) other non-current assets	-	-
2.2 Proceeds from disposal of:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	-	-
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received (see note 3)	-	-
2.5 Security deposit (provide details if material)	11	(4)
2.6 Net cash from / (used in) investing activities	11	(9)

3. Cash flows from financing activities		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)	-	3,292
3.2 Proceeds from issue of convertible debt securities	-	-
3.3 Proceeds from exercise of options	-	-
3.4 Transaction costs related to issues of equity securities or convertible debt securities	-	(149)
3.5 Proceeds from borrowings	-	500
3.6 Repayment of borrowings	-	(500)
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (provide details if material)	-	-
3.10 Net cash from / (used in) financing activities		3,143

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	2,202	1,028
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(936)	(2,885)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	11	(9)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (.9.months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	3,143
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	1,277	1,277

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	1,277	2,202
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)	1,277	2,202

6. Payments to related parties of the entity and their associates

6.1 Aggregate amount of payments to related parties and their associates included in item 1 **

6.2 Aggregate amount of payments to related parties and their associates included in item 2

Current quarter \$A'000
165
-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

** Fees paid to directors under normal commercial terms

Quarterly cash flow report for entities subject to Listing Rule 4.7B

7. Financing facilities

Note: the term "facility" includes all forms of financing arrangements available to the entity.

Add notes as necessary for an understanding of the sources of finance available to the entity.

7.1 Loan facilities

7.2 Credit standby arrangements

7.3 Other (please specify)

7.4 **Total financing facilities**

Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000

7.5 **Unused financing facilities available at quarter end**

7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

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8. Estimated cash available for future operating activities**\$A'000**

8.1	Net cash from / (used in) operating activities (Item 1.9)	(936)
8.2	Cash and cash equivalents at quarter end (Item 4.6)	1,277
8.3	Unused finance facilities available at quarter end (Item 7.5)	-
8.4	Total available funding (Item 8.2 + Item 8.3)	1,277
8.5	Estimated quarters of funding available (Item 8.4 divided by Item 8.1)	1.4

8.6 If Item 8.5 is less than 2 quarters, please provide answers to the following questions:

1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer: Yes.

2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer: The entity is in discussions with various funding groups and partners regarding provision of funds to the entity as well as at its project and development levels in North America. The entity anticipates these discussions will enable the Company to fund its operations through to Full Notice to Proceed for its initial two commercial projects by the end of Q1 2021. The recently announced partnership Agreement with Akira Partners Inc provides for the entity and its respective subsidiaries to receive reimbursement of its development costs and other project associated revenues at this time.

3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: Yes. Based upon the comments in part 2 above.

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.

Date: ...30 April 2020.....

Authorised by:By the Board.....
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow 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 cash flow 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.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.