

A\$8m Equity Placement Facility Secured

KALiNA Power Limited ("**KPO**", "**KALiNA**", the "**Company**") is pleased to announce that it has entered into a A\$8 million equity placement facility (the "**Facility**") with Long State Investment Limited ("**Long State**"), a Hong Kong-based energy and resource focused investment company. Long State's management has significant investment and financing experience, having completed over 100 transactions worldwide.

The Facility provides KALiNA with a fully flexible funding facility. This enables the Company to access capital to fund its ongoing working capital, if required, with the timing of drawdown and the acceptable issue price of any Placement Shares entirely at KALiNA's discretion. Under the terms of the Facility, KALiNA may, at its discretion, place new ordinary shares in the Company (the "**Placement Shares**") with Long State up to a total of A\$8 million over the next 24 months. KALiNA may draw in tranches of up to A\$400,000 (which, with the consent of Long State, may be increased to up to A\$800,000) in any period of 20 trading days.

KALiNA is not required to draw down on the Facility and there is no minimum amount contemplated. The Facility may be terminated by the Company prior to completion of the two- year term without penalty, and the Facility does not restrict KALiNA obtaining any form, or combination, of equity or debt financing from third parties or any other source.

KALiNA's Managing Director and CEO, Ross MacLachlan Managing, commented:

"The Company continues to make great progress on developing our projects in Alberta and the signing of this Facility with Long State provides us with tremendous funding flexibility by providing access to capital when and if required, with the timing and acceptable pricing at our discretion. This Facility represents a potential means of minimising dilution for existing shareholders at this time as we move forward in our partnership with Akira for our initial plants. KALiNA intends to follow up with interested investment banks and potential investors to develop a sound funding strategy to compliment the Long State equity placement facility and the project funding partnership recently announced with Akira.

Details of the Facility:

Placement Shares issued to Long State under the Facility will be priced at 95% of the average of the daily volume weighted average price ("**VWAP**") of KALiNA's shares on five days nominated by Long State during the 20 trading days following submission of a placement notice by KALiNA to Long State, provided that this price cannot be lower than the minimum acceptable price stipulated by KALiNA in the placement notice (the "**Acceptable Price Level**"). However, Long State may reduce the cash amount available in a tranche requested by KALiNA by five percent for each day during the Pricing Period that the daily VWAP of the Company's shares is lower than the Acceptable Price Level.

A commission of four percent is payable to Long State on any drawdowns under the Facility, payable at the time of issue of the Placement Shares.

An implementation fee of A\$40,000 is payable in cash or shares (at KALiNA's election) on the closing date of the Facility. A further implementation fee of A\$40,000 is payable if the total drawn down amount under the Facility reaches each milestone at; A\$2 million, A\$4 million and A\$6 million, respectively. Any shares issued in respect of an implementation fee are priced at the average of the 5 daily VWAPs for the 5 Trading Days immediately prior to the payment date.. Long State and KALiNA have agreed to settle the first implementation fee in shares and have agreed that the price will be 3 cents per share.

In the event KALiNA draws down on the Facility, Kalina shall issue 20 million escrow shares to Long State as security for the Agreement. Long State may only deal with the escrow shares by mutual agreement with KALiNA, on default by KALiNA, or during a pricing period (only to the extent that Long State is to receive Placement Shares, and then on the basis that following the pricing period other shares held by Long State will become subject to escrow so that the overall number of escrow shares is maintained). The escrow shares will be released to KALiNA's nominee on lawful termination of the Agreement.

The Company will issue 600,000 options to Long State exercisable on or before 3 years from the date of issue exercisable at 150% of the average of the 20 daily VWAPs for the 20 Trading Days immediately prior to the date of which the relevant options are required to be issued. An Appendix 3B for these securities is attached. KALiNA is required to issue further options to Long State for a further 600,000 ordinary shares when the Facility is first utilised and additional tranches of 600,000 options if the total drawn down amount under the Facility reaches the level of A\$2 million, A\$4 million and A\$6 million respectively. All options are priced as set out above and have a three-year term from the date of issue.

KALiNA was advised on the transaction by EAS Advisors LLC, acting through Odeon Capital Group LLC – Member of FINRA / SIPC / MSRB / NFA.

Authorised by
Ross MacLachlan, CEO

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