

ACTIVITIES REPORT FOR THE QUARTER ENDING 30 June 2020

KALiNA Power Limited ("KALiNA" or the "Company") (ASX:KPO), provides its Appendix 4C for the quarter ended 30 June 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.

During the quarter **KDP** awarded the engineering contract to Enerflex Ltd. (EFX:TO) ("**Enerflex**") for the modularization of KALiNA Cycle plants. This contract is an important step in the Company achieving its objective of deploying multiple, combined cycle power plants in Alberta using KALiNA Cycle modules.

Alberta-based Enerflex is an international engineering, design, fabrication, construction, and commissioning company with a market cap of over AUD \$510 million (CAD \$480 million). With major fabrication facilities in Calgary and Houston, they have extensive experience with the packaging and modularization of gas processing, power plants and other industrial facilities in over 50 countries

The engagement with Enerflex involves a conditional, stage-gated process to deliver cost-effective, modularization of KALiNA Cycle plants. The first phase has commenced with engineering and cost estimating of modularization underway. With a successful transition through each stage, the Company expects to complete and advance a range of project development milestones to keep on track to achieve Full Notice to Proceed with its project funding capital partner Akira Partners by the end of the first quarter of 2021.

Post quarter end the Company also announced 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.

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 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 the Facility may be terminated by the Company prior to completion of the two- year term without penalty.

Post quarter end the Company also announced it would undertake a non-renounceable entitlement offer ("**NREO**") NREO to raise A\$6,837,779 before expenses on the basis of one (1) new share for each three (3) shares currently held at \$0.025 per new share, along with a free attaching option for each new share issued exercisable at \$0.044 each for a period of 2 years from their date of issue. The Company will apply for the options to be listed on the ASX.

In addition the Company announced the appointment of Cove Capital ('Cove') (<https://covecapital.com.au/>) as the Company's brokers to the capital raising. Cove is an independent boutique international corporate advisor licensed in Australia. Cove has agreed to fully underwrite the 6.8m raise.

Payments to related parties:

Directors were paid \$179,000 for services rendered under normal commercial terms. Apart from this there were no other related party transaction during the quarter.

Authorised for release 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")

30 JUNE 2020

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	1	101
1.2 Payments for		
(a) engineering and Alberta project development	(457)	(1096)
(b) staff costs related to Alberta project development	(54)	(727)
(c) Patent maintenance	(81)	(321)
(d) leased assets	-	-
(e) Corporate staff costs	(324)	(915)
(f) administration and corporate costs	(104)	(947)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	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)	39	39
1.9 Net cash from / (used in) operating activities	(980)	(3,865)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(4)	(9)
(d) investments	-	-
(e) intellectual property	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 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	148	148
	(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)	14	10
2.6	Net cash from / (used in) investing activities	158	149

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	(15)	(164)
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	(15)	3,128

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	1,277	1,028
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(980)	(3,865)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	158	149

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(15)	3,128
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	440	440

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	440	1,277
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)	440	1,277

**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**

179

-

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

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.

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (Item 1.9)	(980)
8.2 Cash and cash equivalents at quarter end (Item 4.6)	440
8.3 Unused finance facilities available at quarter end (Item 7.5)	-
8.4 Total available funding (Item 8.2 + Item 8.3)	440
8.5 Estimated quarters of funding available (Item 8.4 divided by Item 8.1)	0.4

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

- 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.

- 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 Company announced on 7 July 2020, that it had secured A\$8m placing facility with Long State Investment Ltd. Moreover on 29 July 2020, the Company further announced that A\$6.8m is to be raised from a fully underwritten entitlement offer. This entitlement offer 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.

- 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: ...31 July 2020.....

Authorised for release by: Ross MacLachlan, CEO.....

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.