

Company update – additional information, and updated investor presentation

KALiNA Power Limited (ASX: KPO, “KALiNA” or the “Company”) has received a number of enquiries regarding the increase in new business activity set out in its announcement on 1 June 2017.

The Company is pleased to provide additional information on this new business pipeline as well as providing additional general guidance on its business model and capital position.

Project Pipeline

The Company announced a project pipeline of 37 active files for a total of 247 MWe. In line with the Company’s business model this project pipeline of 247 MWe represents potential net revenues of approximately US\$136 million to the Company.

The Company also announced that its 6 most advanced files represent 34 MWe and that these files have a 60% to 80% probability of proceeding to development according to customer feedback. In line with the Company’s business model 34 MWe represents potential net revenues of approximately US\$19 million to the Company.

The Company confirms that it anticipates that many of the 37 files will proceed to advanced status and ultimately contracting through further business development activity.

Of the 6 most advanced files, the company anticipates that some of these files will be contracted over the next 18 months, with several being contracted within the next 12 months. For these files and any new projects under development, a series of technical and commercial announcements indicating progress is anticipated prior to contract completion.

Project Pipeline locations

The expansion of KALiNA’s team has contributed to enhancing the scale and balance of the Company’s pipeline across opportunities within North America, Europe, and Asia.

The 37 active files representing 247 MWe of potential opportunities are located primarily in North America. The 100+ potential projects previously identified with Sinopec represent approximately 500 MWe of opportunities and are included in the Company’s latest investor presentation (attached to this announcement) that references over 1,200 MWe of potential major project opportunities.

KALiNA wishes to affirm that China still represents a major geographic opportunity, and that Sinopec remains the largest single commercial opportunity being actively pursued. The Company will continue to provide further updates on developments in China as they occur.

Capital light business model

KALiNA's key revenue streams are derived from "capital light", specialised engineering services and licensing royalties. Fees for specialised engineering involve an upfront payment, with the balance paid at regular intervals over the 12-18 month construction period for the project. Licensing royalties are received upon completion of project construction as either a one-time payment or recurring annual royalty.

KALiNA estimates new projects gross revenues of US\$750,000 per MWe. This is comprised of US\$250,000 in licensing royalties and US\$500,000 for the provision of specialised engineering services. The Company's latest investor presentation (attached) presents net revenue after deducting the internal engineering and associated costs of approximately US\$200,000 incurred by the Company to provide the specialised engineering services. This results in net revenues of US\$550,000 per MWe comprised of US\$300,000+ for specialised engineering services and US\$250,000 in licensing royalties.

KALiNA also generates revenues which are not directly related to new project activity. Ongoing enforcement of compliance with licensees has resulted in additional revenues being realised. The revenues on such projects has been the subject of individual renegotiation and includes the revenues of approximately A\$800,000 realised in the March quarter of 2017.

Capital position

KALiNA currently has a cash balance of over A\$5m. KALiNA believes that it is funded under its current business plan to achieve positive cash flow operations. The business plan does not rely on the exercise of options currently outstanding. The additional capital that the exercise of options provide would be utilised in the acceleration of the commercial deployment of the KALiNA Cycle®.

Conclusion

KALiNA is confident that it shall meet or exceed its CY2017 and CY2018 projections, as well as achieve its corporate target of more than 100 MWe of installed capacity commenced by the end of CY2019. The Company is committed to its investor engagement plan, including proactively interacting with the investment community, and providing updates on key Company activities and industry updates directly to registered individuals (refer below).

If you are interested in receiving announcements and newsflashes directly from the Company, please register on our website at <http://www.kalinapower.com/subscribe/>.

A refined *Company Update* presentation reflecting the details in this announcement is attached.

For further information, please contact:

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KALiNA

POWER

Company update
June 2017

Corporate snapshot



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

Trading information (as at 6 June 2017)

Share price	A\$0.049
52 week low / high	A\$0.039 / A\$0.155
Shares outstanding ¹	360.5m
Market capitalisation	A\$17.7m
Cash ²	A\$5.3m
Debt	-
Enterprise value	A\$12.4m

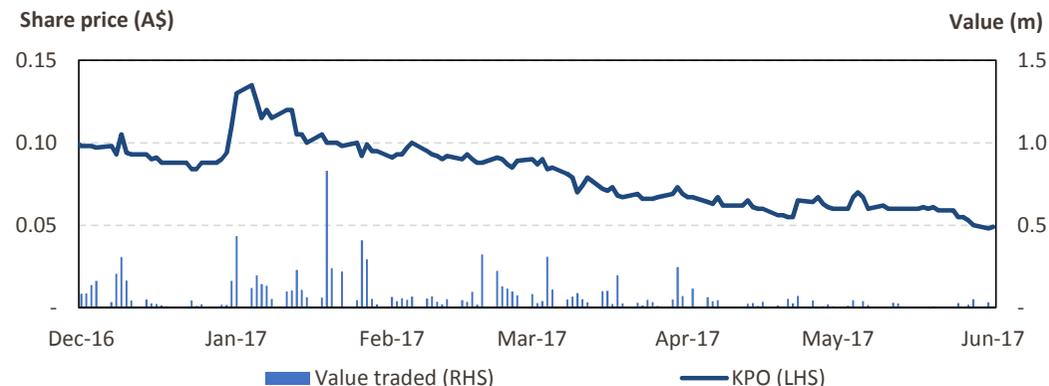
Top shareholders (as at May 2017)³

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. 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
Jeffrey Myers	Non-Executive Director

Investment highlights

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 and does not rely on the exercise of options currently outstanding
- 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

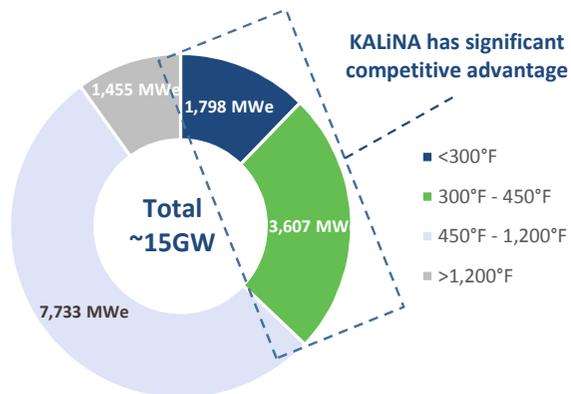
Even a modest market penetration in the market for temperatures below 450°F represents a major opportunity for KALiNA

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



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**

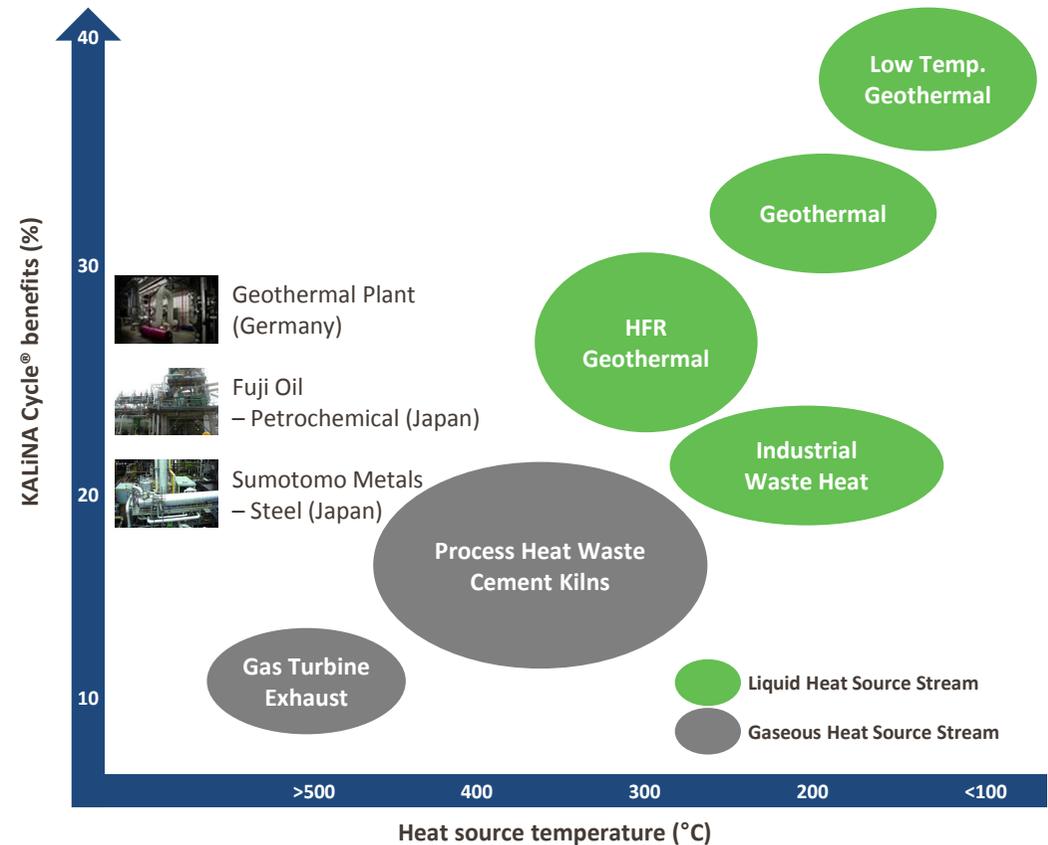
Source: ICF International Waste Heat to Power Market Assessment, Frost & Sullivan Asian Heat-to-Power Report
1. Based on average capital cost of US\$2.5m per MWe

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



Commercially proven technology

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

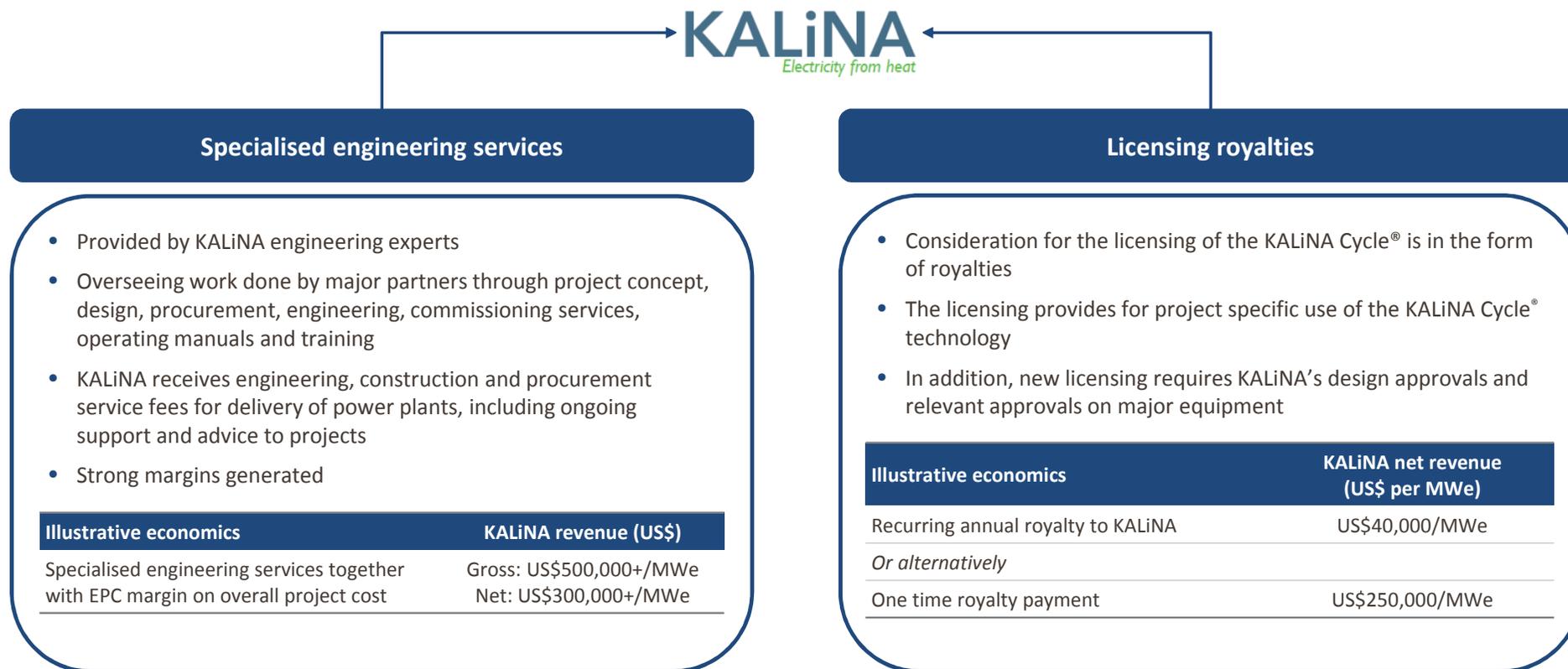
- Former **Chief Operating Officer of Pristine Power's jointly owned subsidiaries**
- Served as **Veresen's Vice President of Corporate Development** after the Pristine Power acquisition
- **Over 29 years experience in the** midstream energy sector
- Experience in **over 340 MWe of waste heat** projects 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

Company updates

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 Jeffrey 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 – KALiNA anticipates that several of these files will be contracted over the next 12 to 18 months
 - The 6 most advanced files conservatively excludes potential new projects that KALiNA has been exploring within China
- A further **1,200+ MWe of potential major project identified opportunities** from customers within the current project pipeline; these opportunities include multiple heat sources and have the potential to provide significant repeat orders
 - Sinopec remains the largest single commercial opportunity being actively pursued
 - The 100+ potential Sinopec plants are included within the 1,200+ MWe of identified opportunities

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

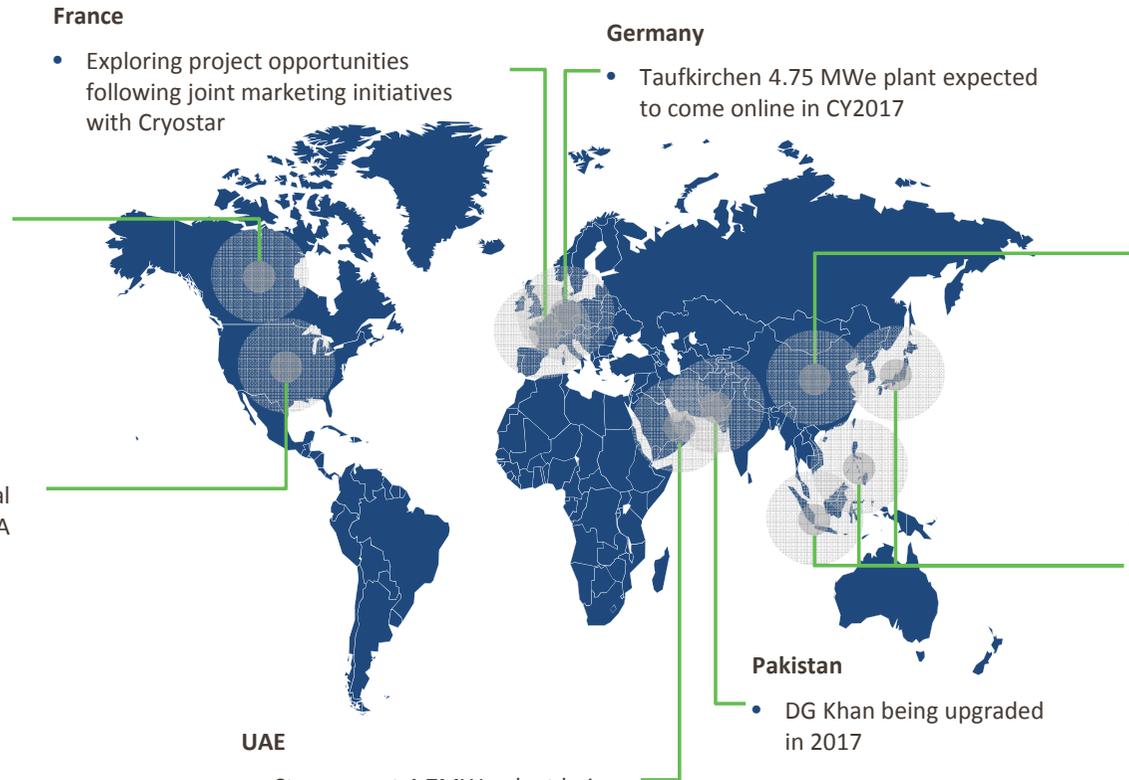
- Discussions underway with Japanese Engineering group regarding a closer working relationship across Asia including Japan, Indonesia and Philippines

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**

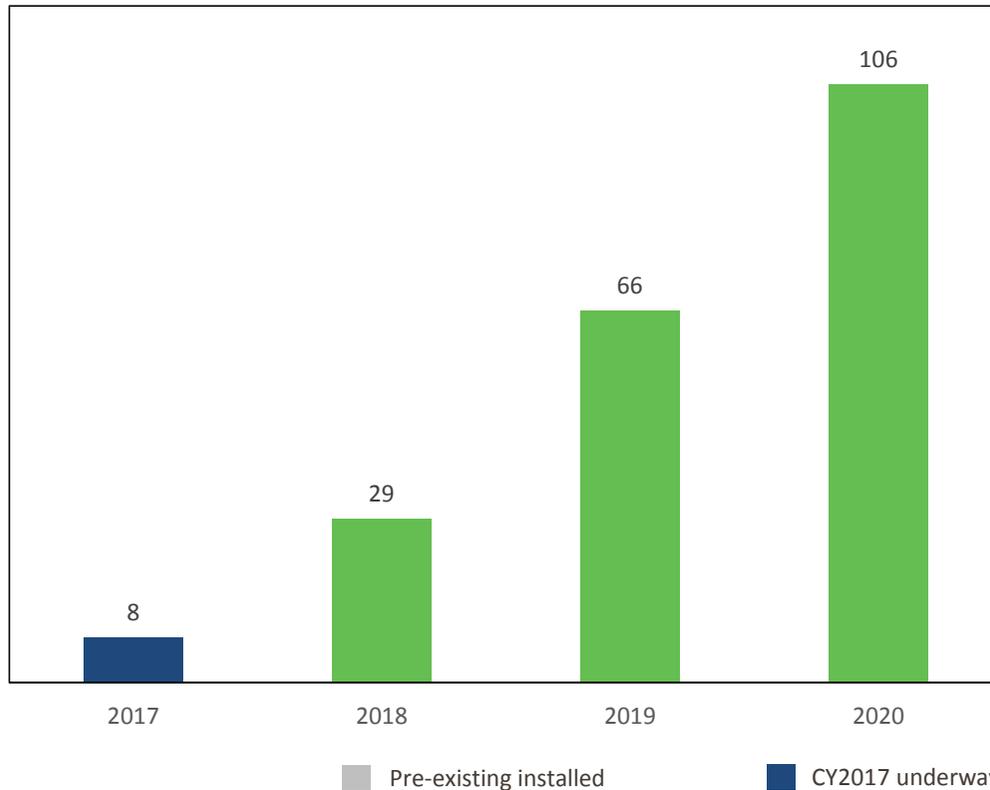
Actively protecting first-mover advantage

- ✓ Recently acquired a thermodynamic IP portfolio from Siemens which contained **128 active patents and 12 pending applications complementary 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®

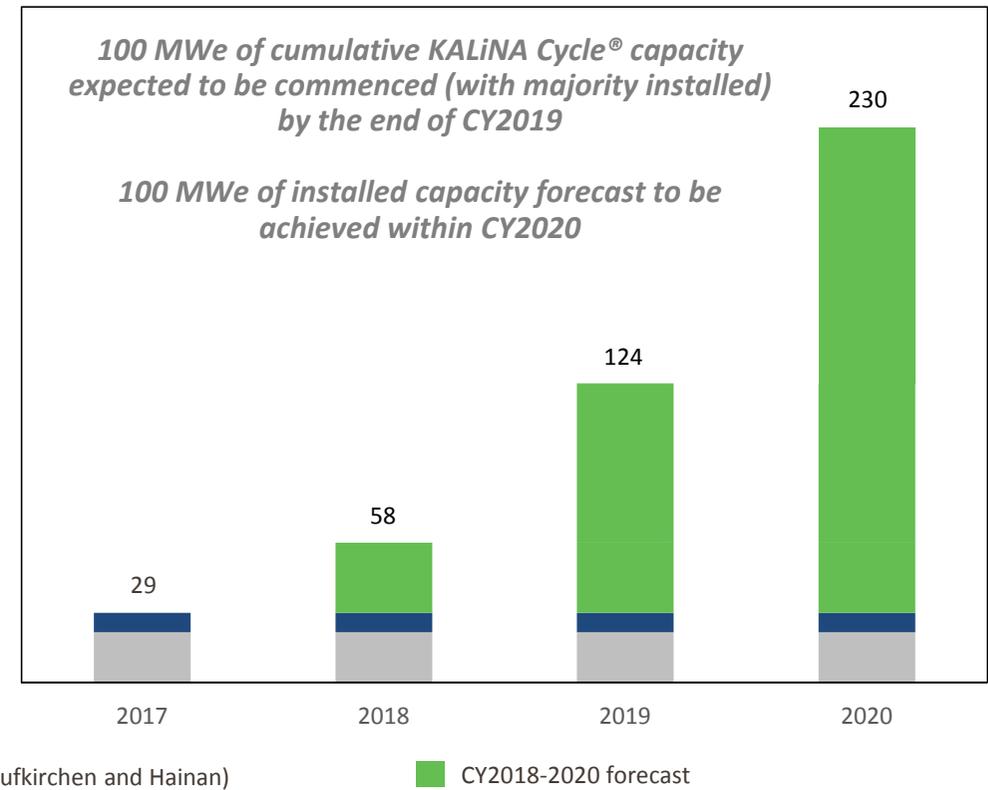
C: Illustrative project pipeline forecast

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

Disclaimer



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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