

Corporate Update and Near-Term Milestones

Highlights:

- KALiNA on track to achieve major operating milestones
- Developing first commercial site in Alberta with numerous additional sites identified
- Multiple international vendors engaged in major equipment selection process
- Engineering work continues to improve cost estimations and schedule certainty
- Pathway to EPC pricing and multi-site control remains in focus

KALiNA Power Limited (ASX: KPO) (“**KALiNA**”) provides an update in regard to the current operational activities in Alberta, Canada.

As previously announced, KALiNA’s 100% owned Canadian subsidiary KALiNA Distributed Power Limited (“KDP”) is implementing its program to develop its own power projects in Alberta. This involves the deployment of multiple 21MW KALiNA Combined Cycle (“KCC”) power plants in areas with increasing industrial demand and incentives for local power generation. The configuration is comprised of a conventional 15MW gas-fired turbine together with a 6MW KALiNA Cycle[®] vapor turbine, which converts waste heat from the gas turbine into electricity with zero emissions. KDP is completing a packaged design of the KCC enabling multiple, repeatable modular deployments with associated savings to facilitate a rapid build out of the portfolio.

The Company’s recent financing was led by existing management and existing investors and was oversubscribed. During this period, KALiNA prioritized its spending to largely keep its Alberta build-own-operate transfer (BOOT) program on track while extending its cash runway beyond its previous forecasts. The majority of the raised funds are being used to achieve two key milestones:

1. Site control of one or more suitable sites for future installations of KCC power plants:
 - a. Assessment of various qualified sites being considered for the portfolio
 - b. Gathering information to support the further development of 4-10 additional sites
2. Comprehensive engineering and project development package substantiating projected returns:
 - a. Revenue assumptions on pricing and contracting parameters
 - b. Selection of major equipment vendors and execution partners
 - c. Engineering data that supports cost estimates

The Company is on track to meet or exceed the two major milestones set out above. Highlights of the current activity and progress is summarized as follows:

1. KALiNA previously reported it was working to achieve site control on one or more of the 4 sites actively being considered:
 - Company announced on 09 April 2019 that it secured site control for the first project which is currently undergoing comprehensive due diligence, feasibility assessment and preference comparison with newly identified sites.
 - Over the past month, numerous additional sites have been identified and are currently being evaluated. These prospective sites are under review with agencies and consultants regarding connectivity, infrastructure, zoning, permitting matters and industrial project related suitability.
 - Management is optimistic that one or more additional sites may be secured over the next 60-days and will update the market at the appropriate time.

2. KALiNA is completing a comprehensive engineering and project development plan that supports attractive financial returns and manages execution risk.
 - Selection of major equipment vendors has led to improved pricing quotations from multiple suppliers.
 - Phoenix Power provided a preliminary cost estimate in October 2018. Since that time, a significant amount of engineering data and information is being assembled to prepare a comprehensive project development plan. This will be used to prepare initial projects for final cost estimating and project scheduling.
 - Cost estimates are now in the process of being updated over the next month to take into account the additional engineering work and various recent quotes from vendors.
 - Updated cost estimates along with a comprehensive engineering and project development plan will position the Company to formally negotiate with interested project funders.

KALiNA is looking forward to providing future updates upon key milestone attainments and future site developments.

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