

Project Funding Process Update

Summary

- Successful Roadshows in New York, Toronto and Calgary
- Well qualified indications of interest and positive engagement
- Remain on target to complete funding agreements in Q1, 2020 for its initial projects

KALiNA Power Limited (“KPO”, “KALiNA”, “the Company”) is pleased to report on the encouraging response to the project funding roadshow underway with its Canadian subsidiary, Kalina Distributed Power Limited (“KDP”). For the past two months, KDP has engaged in a comprehensive roadshow to seek indications of interest from capital partners to fund its distributed power generation program in Alberta, Canada. The project funding roadshow process is targeting project level funding of up to CA\$300 million for ongoing project development and financing of KDP’s initial 5 projects.

The projects are forecasted to generate double-digit, unlevered rates of return. These returns are believed to be sufficient to provide for ongoing royalty payments to KPO, a development fee, as well as a carried equity interest for KDP in each project.

The response received to date and the level of engagement has provided a positive framework as to the timelines and key contractual considerations under which project funding can be secured.

A number of parties have now completed their initial due diligence review of KDP’s Confidential Investment Memorandum and proprietary financial model and are engaged in ongoing discussions with the Company. Management can confirm that several firms have indicated an interest in funding the projects. The next step in the process for these firms will involve access to additional information in the Company’s confidential data room in order to conduct more comprehensive and detailed analysis as part of their ongoing due diligence. This next level of data sets out the information and opportunity on which funds are to be raised for a specific individual project or a portfolio of projects.

While the main goal is to secure project level financing of each project, financing may also include direct investment in KDP as the project development company in Alberta. Over the next 90 days, the Company expects to receive written indications of interest and indicative terms under which individual firms may consider funding. Following receipt of this, the Company will further qualify and narrow the list of funders to a shortlist with whom final negotiations can be undertaken. These negotiations are intended to achieve formal funding agreements in late Q1 2020.

The portfolio of projects being assembled are ready to be deployed at a rate and time commensurate with the level of funding available resulting from this project funding effort. The Company believes that the successful execution of this strategy will represent a transformative breakthrough and serve as a platform for KALiNA to become a leading global waste heat-to-power company.

The Company is looking forward to updating the market on continued developments at the appropriate time.

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