

24 June 2024

Canadian Federal Legislation For CO₂ Capture Enacted

KALiNA Power Limited (“KALiNA” or the “Company”) (ASX: KPO) is pleased to report the enactment of Canadian federal legislation for the CO₂ Capture, Utilization and Storage Investment Tax Credit (CCUS ITC). KALiNA’s projects under development in Alberta, Canada are configured as ~200 MW natural gas-fired Combined Cycle Power plants integrated with CO₂ Capture and Sequestration (‘CC-CCS’). These projects are expected to materially benefit from this legislation, which will have the effect of providing a cash-back refund in excess of 30 cents of the dollar of each project’s overall gross capital expenditures.

Bill C-59, the *Fall Economic Statement Implementation Act, 2023*, received Royal Assent on June 20, 2024, and was thus enacted. Among the provisions implemented by this Act are the CCUS ITC measures. The CCUS ITC is now brought into effect in the same form as that proposed in the final draft of the CCUS ITC provisions from August 2023.

The CCUS ITC provides for a rebate equal to 50% on those eligible capital expenditures that relate to CO₂ capture and sequestration. This refund is paid in the year following each year of capital expenditure on CO₂ capture equipment and equipment that provides heat and electricity to operate the CO₂ capture equipment. Eligible capital expenditures receive the full rate of the CCUS ITC for expenditures made prior to the end of 2030. Thereafter, eligible capital expenditures receive the CCUS ITC at a rate of 25%, for expenditures made prior to the end of 2040. Thereafter, the CCUS ITC rate is 0.

Management Commentary

KALiNA’s Managing Director, Ross MacLachlan, commented: *“This long-awaited legislation is very welcomed news as we now have clear confirmation on the details of implementation, together with the legislated certainty for such large capital expenditures and rebates. We see this major milestone as a very positive development as we continue our engagement with parties to confirm commercial and financial alignment in developing successful projects.”*

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This announcement was approved and authorised for release by: Ross MacLachlan, CEO.

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