

## Regulatory & Project Development Update

**KALiNA Power Limited (“KALiNA” or the “Company”) (ASX: KPO)** is pleased to provide a progress update on the development of its portfolio of energy projects, including its natural gas-fired combined cycle power projects integrated with Carbon Capture & Sequestration (“Power-CCS”) in Alberta, Canada.

On 28 November the Alberta Government announced the Alberta Carbon Capture Incentive Program. The key feature of this program is a new and additional 12% outright grant towards capital costs for eligible carbon capture, utilization and storage (“CCUS”) in order to *“support and accelerate the development of new CCUS infrastructure by providing incentives for facilities to incorporate this technology into their operations”*. This grant would be directly attributable to KALiNA’s Power-CCS projects.

The Alberta Grant is in addition to the previously announced Canadian Federal CCUS Investment Tax Credit (“ITC”) Implementation Legislation. This legislation was drafted to provide for a 50% cash-back reimbursement for CCUS related capital costs. This has now been expanded to include a portion of the power plant that provides energy to the carbon capture portion of the plant. The Federal legislation has now completed its first reading in Parliament and is anticipated to be enacted in Q1 2024.

Further progress has also been made on Federal government’s long awaited Clean Electricity Regulations (CER), with publication in early December of public comments on the draft regulations. The current draft of the CER requires that by 2035, any 25MW+ fossil fuel-based electricity generating facility must not emit more than 30 tonnes of carbon dioxide equivalent per gigawatt hour. Public comments have included calls for extension of the deadlines and a lessening of levels of carbon capture.

All of KDP’s projects are being designed to meet the carbon capture of its initial projects within the deadlines as currently drafted. The public comments also indicate continued debate around the ultimate size and operating conditions under which gas-fired peaking plants can operate - such as those being contemplated at the Company’s Saddle Hills location. Having now tabled the draft CER and completed the final public comment period, the government has indicated that it intends to finalize and present the CER to parliament for final legislative approval quickly.

The Company is awaiting the final details in the pending legislation for the CER and Federal ITC - both of which could have significant impacts on finalizing the project economics, scale and technology configurations for KALiNA’s Power CCS projects and the Saddle Hills facility. The legislation could also have an impact on commercial arrangements for long-term tolling agreements. Once the compliance timelines and technical standards together with the economic

outcomes from these regulations become more clear, potential investors should have more regulatory certainty.

In addition, the Federal government has recently announced that its new Clean Electricity incentive will be applicable to approximately 70% of the capital costs of KALiNA's combined cycle power plants in its Power-CCS Projects. This will be an additional 15% credit that is expected to result in about \$50 million of incremental cash reimbursement per Project. The new incentive will be open for public comment in Q2 2024.

Amidst this regulatory background, the Company continues to maintain an active engagement with the team at PricewaterhouseCoopers Corporate Finance Inc. ("PwC CF") in its mandate to raise funding of KALiNA's Alberta project development program (*refer ASX Announcement 1 May 2023*). Working together, all of the project models have been updated to reflect the most current incentives under a range of various regulatory and commercial outcomes. These models are being shared with various engaged and interested parties.

Management continues to be positive with the level of engagement the process has attracted for both our Saddle Hills and Power-CCS projects. The Company has observed a notable increase in the awareness and understanding of potential investors and commercial partners of the expected impacts from the pending legislation outlined above. As the Company works its way through this process it is prioritizing its cash management and project expenditures.

A considerable number of well-regarded strategic and financial investors are conducting active diligence on the assets. Negotiations with a number of important gas producers have picked up considerably over the past month, as have discussions with potential EPC partners that would involve financial participation in the project development of the portfolio.

The Company looks forward to providing further updates on progress from early in the New Year.

## **About KALiNA Power Limited**

KALiNA Power Limited is an ASX listed clean-tech company engaged in two core business activities: The power project development arm of the Company operates out of Calgary, Alberta and is assembling a portfolio of various power projects in the province. The technology development arm of the Company is responsible for advancing various applications of the Company's KALiNA Cycle® technology for global deployment to international markets.

## **POWER PROJECT DEVELOPMENT:**

Power Project Development is the primary business of KDP. The Kalina team has over 150 years of experience in power project development and has developed over 9 GW of state-of-the-art power projects. The team is developing a portfolio of projects which include:

- **Combined Cycle Power Plants with Carbon Capture and Sequestration ("CC-CCS"):** KDP is developing a portfolio of ~200 MW CC-CCS projects in which ~95% of CO<sub>2</sub> generated are captured and sequestered in authorized deep aquifers. These projects will involve long term tolling contracts in which gas producers add value to their gas by producing zero emissions power. Tolling contracts provide stable and attractive margins for each project to attract project finance. The Company has received expressions of interest in long-term tolling of natural gas to power from large Alberta based gas producers.
- **Saddle Hills:** Fully permitted to construct & operate up to 64MW from two combined cycle power plants; each configured with 22 MW Siemens SGT-600 gas turbines and KALiNA Cycle® modules with 10MW Baker Hughes vapour turbines to generate zero-emissions power from the gas turbine's waste heat. Intend to initially deploy gas turbines in Simple Cycle Peaker mode and consider adding the KALiNA Cycle® and possibly carbon capture & sequestration as legislative and commercial circumstances warrant. A narrated video of the engineering "walk-through" of Saddle Hills is available at <https://youtu.be/ybbq8huPlCg>.

## **TECHNOLOGY DEVELOPMENT**

KALiNA Power Limited owns the KALiNA Cycle® technology and is a clean-tech company in the geothermal and Industrial Waste Heat to Power ("WHP") sector. The KALiNA Cycle® Technology generates zero-emissions power from heat produced by energy-intensive industrial processes and geothermal resources. The technology has been commercially deployed across a range of geothermal and industrial applications at 16 plants around the world. KPO's worldwide patents relating to the KALiNA Cycle® Technology represents one of the most substantial intellectual property portfolios in the sector.

The Company signed a non-exclusive and non-binding Memorandum of understanding ("MOU") in 2022 to establish global energy technology company Baker Hughes as a preferred vendor of advanced turbine technology for a range of KALiNA Cycle® designs. The MOU provides a framework by which the parties can develop modularized packaged solutions for markets that are in transition to zero-emissions and energy efficient power.

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This announcement was authorised by the board.

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