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ASX ANNOUNCEMENT
23 October 2020

ACTIVITIES REPORT FOR THE QUARTER ENDING 30 September 2020

KALiNA Power Limited ("KALiNA" or the "Company") (ASX:KPO), provides its Appendix 4C for the quarter ended 30 September 2020.

During the quarter the Company significantly strengthened its balance sheet in order to support ongoing project development activities in Alberta. The Company raised A$8.02 million by way of a A$6.82 million fully underwritten pro-rata **Rights Issue** along with a **Private Placement** of A$1.2 million. The funds raised will primarily be used to advance the initial Alberta projects to Full Notice to Proceed ('FNTP') by Q1 2021.

The Company announced the appointment of Cove Capital ('Cove') (https://covecapital.com.au/) as the Company's brokers to the capital raising. Cove is an independent boutique international corporate advisor licensed in Australia.

The Company also secured an A$8 million, 24-month equity placement facility with **Long State Investment Ltd.** If required, it can be used at our sole discretion and represents an important backstop in navigating our capital requirements through each of our projects.

During the quarter KDP spent over $1.4m on developing its Alberta Projects. This equates to approximately 78% of the total spent on operating activities. Under the financing terms agreed for the projects this expenditure will be among reimbursable project expenses payable to KDP when FNTP is achieved by Q1 2021. These scheduled payments on the initial two projects, together with similar payments from expected ongoing projects, positions the Company such that it is not anticipated for a need to raise additional capital to deliver on the Alberta business plan.

During the quarter, the Company made progress on all aspects of project development including, site selection, permitting, gas and electricity interconnect, modularization and discussions with local gas suppliers.

The Company also continued its work with Enerflex Ltd. (EFX:TO) ("**Enerflex"**) (an international engineering, design, fabrication, construction, and commissioning company with a market cap of over AUD $510 million) on engineering and cost estimating. The engagement with Enerflex involves a conditional, stage-gated process to deliver cost-effective, modularization of KALiNA Cycle plants. With a successful transition through each stage, the Company expects to complete and advance a range of project development milestones to keep on track to achieve Full Notice to Proceed with its project funding capital partner Akira Partners by the end of the first quarter of 2021.

Payments to related parties:

Directors were paid $170,000 for services rendered under normal commercial terms. Apart from this there were no other related party transaction during the quarter.

Authorised for release by
Ross MacLachlan, CEO

For further information, please contact:

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Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

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Name of entity	
KALINA POWER LIMITED	
ABN	**Quarter ended ("current quarter")**
24 000 090 997	30 SEPTEMBER 2020

Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (3 months) $A'000**
1.	**Cash flows from operating activities**		
1.1	Receipts from customers		
1.2	Payments for		
	(a) engineering and Alberta project development	(1,227)	(1,227)
	(b) staff costs related to Alberta project development	(197)	(197)
	(c) Patent maintenance	(96)	(96)
	(d) leased assets		
	(e) Corporate staff costs	(191)	(191)
	(f) Investor relations and project finance	(60)	(60)
	(g) administration and corporate costs	(152)	(152)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	-	-
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	-
1.8	Other (provide details if material)	92	92
1.9	**Net cash from / (used in) operating activities**	**(1,831)**	**(1,831)**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-

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Consolidated statement of cash flows		Current quarter $A'000	Year to date (3 months) $A'000
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	10	10
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Security deposit (provide details if material)	-	-
2.6	**Net cash from / (used in) investing activities**	**10**	**10**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	7,528	7,528
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(568)	(568)
3.5	Proceeds from borrowings	500	500
3.6	Repayment of borrowings	(500)	(500)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	**Net cash from / (used in) financing activities**	**6,960**	**6,960**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	440	440
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,831)	(1,831)

Consolidated statement of cash flows		Current quarter $A'000	Year to date (3 months) $A'000
4.3	Net cash from / (used in) investing activities (item 2.6 above)	10	10
4.4	Net cash from / (used in) financing activities (item 3.10 above)	6,960	6,960
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	**Cash and cash equivalents at end of period**	**5,579**	**5,579**

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter $A'000	Previous quarter $A'000
5.1	Bank balances	3,079	440
5.2	Call deposits	2,500	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	**Cash and cash equivalents at end of quarter (should equal item 4.6 above)**	**5,579**	**440**

6.	Payments to related parties of the entity and their associates	Current quarter $A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1 **	170
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

** Fees paid to directors under normal commercial terms

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7.	**Financing facilities** *Note: the term "facility' includes all forms of financing arrangements available to the entity.* *Add notes as necessary for an understanding of the sources of finance available to the entity.*	**Total facility amount at quarter end $A'000**	**Amount drawn at quarter end $A'000**
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	-	-
7.3	Other (placing facility with Long State Investments Ltd))	8,000	0
7.4	**Total financing facilities**	8,000	0

7.5	**Unused financing facilities available at quarter end**	8,000

7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

8.	**Estimated cash available for future operating activities**	**$A'000**
8.1	Net cash from / (used in) operating activities (Item 1.9)	(1,831)
8.2	Cash and cash equivalents at quarter end (Item 4.6)	5,579
8.3	Unused finance facilities available at quarter end (Item 7.5)	8,000
8.4	Total available funding (Item 8.2 + Item 8.3)	13,579
8.5	**Estimated quarters of funding available (Item 8.4 divided by Item 8.1)**	7.4

8.6 If Item 8.5 is less than 2 quarters, please provide answers to the following questions:

1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer: n/a.

2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer: n/a

3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: n/a

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Compliance statement

1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.

2 This statement gives a true and fair view of the matters disclosed.

Date:23 October 2020.....

Authorised for release by: Ross MacLachlan, CEO.....

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.

2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.

3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.

4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [*name of board committee – eg Audit and Risk Committee*]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".

5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

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