

29 October 2021

## QUARTERLY ACTIVITIES REPORT FOR THE QUARTER ENDING 30 SEPTEMBER 2021

Waste Heat to Power ("WHP") technology leader, KALiNA Power Limited ("KALiNA" or the "Company") (ASX: KPO) is pleased to provide this Quarterly Activities Report and Appendix 4C for the period ended 30 September 2021 (the 'quarter').

The primary focus of activities during the quarter was on the development of the 64MW KALiNA Energy Centre – Saddle Hills ("Saddle Hills"), located in Alberta, Canada. The Company's Canadian subsidiary, KALiNA Distributed Power Limited ("KDP") is nearing the final engineering, contracting and approvals process for the Saddle Hills project and continues to target Full Notice to Proceed (FNTF) during Q4-2021. A narrated video of the engineering 'walk-through' of the KALiNA Energy Centre is available at - <https://youtu.be/ybbq8huPICg>

Development milestones to advance Saddle Hills to FNTF in Q4-2021 during the quarter include:

- Negotiations for long-term gas to power tolling agreements continued against the backdrop of rising natural gas prices during the quarter, with significant increases in power costs seen in Alberta.
- KDP engaged in detailed discussions with producers and has made requests for expressions of interest for the volumes needed such that tolling agreements can be finalized for FNTF.
- KDP also continued taking steps to secure ownership of gas reserves for its portfolio of power projects to secure a reliable supply of gas at prices below market.
- Engineering and procurement activities progressed on schedule with costs and construction phase timeline being addressed.
- A thorough review and analysis continued with Enerflex on its Class 2 FEED detailed estimating and engineering report.
- KDP and Power Engineers were provided most of the information needed to complete their review and continue their collaboration with Enerflex to identify areas of improvement for both costs and schedule.
- KDP filed its Alberta Utilities Commission ("AUC") Rule 007 regulatory application. KDP responded to information requests from the AUC and received approval in October.
- In support of the AUC application, KDP filed its Environmental Protection and Enhancement Act application with Alberta Environment and Parks ("AEP") and answered initial questions.
- KDP engaged in the process of securing crown lands for the natural gas supply line to the Saddle Hills facility and conducted First Nation and Metis Nation site visits.
- Environmental assessment work was completed for the natural gas supply line route.
- KDP took steps to manage the timing of contractual commitments and coordination of schedules for electrical interconnection and advised ATCO and AESO to temporarily put the process on hold while other project deliverables for FNTF are completed.
- EPCM engineering continued for the 2.5 km pipeline connecting the project to the main line.

## **Financials**

KALiNA ended the quarter with a cash balance of \$0.229m and an equity facility in place for up to \$8m, which if utilised would provide the Company with sufficient funding through the next two quarters. Subsequent to the end of the quarter, it was announced that KALiNA raised \$10m before costs from a private placement of which \$7.2m using Company's existing placement capacity and \$2.8m to be raised subject to shareholder approval at the Company's annual general meeting. This further strengthens the company's cash position and allows KALiNA to meet all the requirements to fund Saddle Hills through to FNTF as well as evaluate further development initiatives.

Cash out flow from the Group's operating activities for the quarter amounted to \$0.864m, of which \$0.740m was for Alberta project development. Other non-Alberta development costs amounted to \$0.036m, \$0.041m was for Investor Relations and \$0.132m was for patent maintenance of the KALiNA intellectual property portfolio.

## **Payments to related parties**

During the quarter directors were paid \$42,000 for services rendered under normal commercial terms. Apart from this there were no other related party transactions during the quarter.

## **Management Commentary**

**Managing Director Ross McLachlan said:** *"We are extremely pleased with the progress made during the quarter on a number of our project development work streams. The success of advancing our flagship 64MW Saddle Hills project to FNTF will act as both a blueprint and a catalyst to unlocking additional commercial opportunities to deploy our technology across additional sites, of which the Company is actively pursuing."*

*"We are continuing to witness growing demand for clean energy with strong investor support for the sector. Our recent successful placement reflects this. Government initiatives and regulatory changes are also important tailwinds for companies demonstrating solid ESG credentials such as KALiNA."*

- ENDS -

This announcement was approved and authorised for release by: Ross MacLachlan, CEO  
For further information please contact:

KALiNA Power Limited  
Tim Horgan  
Executive Director  
thorgan@KALiNAPower.com  
+61 3 9236 2800

Ben Jarvis  
Six Degrees Investor Relations  
Ben.jarvis@sdir.com.au  
+61 413 150 448

## Appendix 4C

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

**Name of entity**

KALINA POWER LIMITED

**ABN**

24 000 090 997

**Quarter ended ("current quarter")**

30 SEPTEMBER 2021

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (3 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	7	7
1.2 Payments for		
(a) engineering and Alberta project development	(676)	(676)
(b) staff costs related to Alberta project development	(64)	(64)
(c) non-Alberta development	(36)	(36)
(d) Patent maintenance	(132)	(132)
(e) leased assets	(19)	(19)
(f) Corporate staff costs	(110)	(110)
(g) Investor relations and project finance	(41)	(41)
(h) administration and corporate costs	(67)	(67)
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 (Settlement for release of part rights to leased property)	274	274
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(864)</b>	<b>(864)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
	(d) investments	-	-
	(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	-	-
	(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	Other (provide details if material)	-	-
2.6	<b>Net cash from / (used in) investing activities</b>	-	-

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
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	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	<b>Net cash from / (used in) financing activities</b>	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	1,093	1,093
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(864)	(864)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5	Effect of movement in exchange rates on cash held	-	-
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>229</b>	<b>229</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> 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	229	229
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>229</b>	<b>229</b>

<b>6.</b>	<b>Payments to related parties of the entity and their associates</b>	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1 **	42
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<i>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.</i>		

\*\* Fees paid to directors under normal commercial terms

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

<b>8. Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1 Net cash from / (used in) operating activities (item 1.9)	(864)
8.2 Cash and cash equivalents at quarter end (item 4.6)	229
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)	8,229
8.5 <b>Estimated quarters of funding available (item 8.4 divided by item 8.1)</b>	9.5
8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
8.6.1 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	
8.6.2 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: The Company announced on 19 October 21, that it had raised \$10m before cost from a private placement of which \$7.2m using Company's existing placement capacity and \$2.8m to be raised subject to shareholder approval at the Company's annual general meeting.	
8.6.3 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	

## 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: xx October 2021 .....

Authorised for release by: Ross MacLachlan CEO  
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## 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.