

ASX ANNOUNCEMENT

21 December 2016

Intended Re-statement of Accounting for Control of NEA

Following recent discussions with the Australian Securities and Investments Commission (ASIC), the directors of Kalina Power have resolved to restate the 30 June 2015 balance sheet as an additional comparative balance sheet in the 31 December 2016 Half Year accounts. The 30 June 2015 balance sheet showed a change in control of its subsidiary, New Energy Asia Limited ("NEA"), a view which was supported by the auditors at the time the accounts were prepared, on the basis of the information then known.

The restatement will in effect remove the intangible asset value of \$4.2 million in the current audited balance sheet and only involves changes to non-cash items which will not affect the current cash position of the Company, nor its prospects moving forward.

The Chief Executive Officer of Kalina Power, Ross MacLachlan, commented "these proposed changes are non-cash items and do not impact the financial resources of the Group, nor its prospects moving forward. It should be noted that the \$4.2 million intangible asset removed from the consolidated accounts will remain in the NEA balance sheet. As well the consolidated balance sheet will reflect a nil carrying value for Kalina's 100% ownership of the Kalina Cycle technology even though this represents the core intangible asset of the Group."

Whilst there will be numerous changes to the other figures within the 2015 and 2016 balance sheets, these effectively involved transactions that cancelled each other out in the current audited accounts, and are not anticipated to have a major impact on the 31 December 2016 balance sheet.

Full details of these proposed changes will be included in the Half Year Financial Statements as comparative figures for the period ending 31 December 2016 which will be released to the market before 28 February 2017.

For further information, please contact:

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