

Start Up Complete at Sinopec Hainan Kalina Cycle Power Plant

- **Completion of Commissioning and Start Up** at Sinopec Hainan
- **Start-up demonstrates viability of Kalina Cycle to Sinopec**
- **Kalina engaged** on technical review to increase output of plant
- Meetings planned with Sinopec for discussions on **future projects in China and other global markets**

Kalina Power announces completion of the commissioning and start-up of the Kalina Cycle power plant located at Sinopec's petrochemical complex at Hainan, China. This is the first Kalina Cycle plant built in China and has demonstrated the viability of the technology to generate electricity from various levels of waste heat supplied from the Sinopec petrochemical plant.

Upon completion of construction and achieving mechanical completion in September, the project went through commissioning and a full start-up which included performance testing and evaluation. The performance testing was completed in advance of Sinopec's annual shut down of the petrochemical plant for maintenance and confirmed the following:

- 11 consecutive days of generating electricity
- Achieved 1.5MWe vs the contract performance target of 3.2Mwe
- Shortfall is due to the limitations of the heat exchanger and is unrelated to Kalina's technology
- Performance is in line with Kalina's assessment presented to Sinopec in 2015
- Kalina participating in a technical review to optimize and increase power output

As previously reported, Kalina presented its concerns over the design and selections of key equipment in a report to Sinopec in 2015. Shanghai Shenghe New Energy ("SSNE"), the license holder for China had failed to comply with the terms of the license that required input and review by Kalina on final design and selections of key components. Sinopec elected to complete the project as designed with the intention of all parties to identify required optimization actions at completion of the project.

With commissioning and start up now complete, Kalina has been asked by Sinopec to prepare a technical paper outlining its recommendations on plant optimization. The report shall also reference many of the items raised in the 2015 report and specifically confirm that the limitations of the selected heat exchangers has resulted in the power generation shortfall. The report will also detail how correct design and equipment selection will increase output at this first plant at Hainan as well as ensuring future plants being considered shall perform to specification.

Engagement with Sinopec Engineering on this optimization phase has commenced and meetings have recently been held with them in Beijing which laid out a framework for a collaborative path forward on the current Hainan project. Kalina's new senior management team in China is now engaged in facilitating these efforts with assistance of the Company's US based engineering team.

The current plan anticipates several joint working sessions over the coming weeks to finalize the plans for optimization. Following this, it is planned that Kalina's CEO, Ross MacLachlan and the head of Sinopec Engineering in Beijing will meet, along with their respective teams to finalize the optimization program for Hainan as well as to explore the framework for collaboration on future projects in China and other global markets.

For further information, please contact:

Tim Horgan
Executive Director

Alwyn Davey
Company Secretary

Ph: +61 3 9236 2800