

QUARTERLY ACTIVITIES REPORT TO 31 DECEMBER 2017

KALiNA Power Limited (ASX:KPO, “KALiNA” or the “Company”) provides the following operational update to shareholders on the activities of the Company, as well as its Appendix 4C for the quarter ended 31 December 2017.

During the quarter KALiNA announced plans to develop geothermal projects in Oregon, USA, with Klamath Hills Geothermal LLC, a geothermal power company involved in the development of geothermal assets in the Klamath region over the past decade. The initial project being developed is a 10 MWe project located in Klamath County which has had over US\$2 million spent on it to date.

Significant business activity is ongoing in North America with particular recent focus on the application of the Kalina Cycle to gas fired power plants. This includes specific project opportunities, with indications of project financing being available.

Several preliminary engineering studies are being completed for projects in Japan. These include engagement with Chiyoda Engineering who has successfully built several Kalina Cycle plants in Japan.

The Company’s new senior management team for China continued to make progress in several important areas. Completion of the construction and start-up of the Kalina Cycle plant at Sinopec, Hainan occurred during November.

Engagement with Sinopec Engineering on the optimization phase is underway and meetings have been held with them in Beijing in the recent quarter and throughout January 2018. These discussions are focused upon improvements to the Sinopec, Hainan plant as well as on fostering a broader commercial engagement between Kalina and Sinopec Engineering.

The new senior management team for China has also been presenting the Kalina Cycle technology to several large industrial companies and is actively developing a pipeline of business opportunities.

As at 31 December 2017, the Company held A\$5.5 million in cash.

For further information, please contact:

Tim Horgan
Executive Director

Alwyn Davey
Company Secretary

Ph: +61 3 9236 2800

Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

Name of entity

KALINA POWER LIMITED

ABN

24 000 090 997

Quarter ended ("current quarter")

31 December 2017

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	15	70
1.2 Payments for		
(a) Projects and development	-	-
(b) product manufacturing and operating costs	-	-
(c) advertising and marketing	-	-
(d) leased assets	-	-
(e) staff costs	(885)	(1,717)
(f) administration and corporate costs	(450)	(1060)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	19	40
1.5 Interest and other costs of finance paid	(2)	(2)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other –	-	-
1.9 Net cash from / (used in) operating activities	(1,303)	(2,669)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(10)	(10)
(b) businesses (see item 10)	-	-
(c) investments	-	-

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
(d) intellectual property	-	-
(e) other Preliminary Expense on Projects	(91)	(91)
2.2 Proceeds from disposal of:		
(a) property, plant and equipment	-	-
(b) businesses (see item 10)	-	-
(c) investments	-	-
(d) intellectual property	-	-
(e) other non-current assets	-	-
2.3 Cash flows from loans to other entities	(124)	(229)
2.4 Dividends received (see note 3)	-	-
2.5 Other –adjustment for loss of Subsidiary	(10)	(10)
2.6 Net cash from / (used in) investing activities	(235)	(340)

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	75	275
3.2 Proceeds from issue of convertible notes	-	-
3.3 Proceeds from exercise of share options	180	3,877
3.4 Transaction costs related to issues of shares, convertible notes or options	(9)	(222)
3.5 Proceeds from borrowings	250	345
3.6 Repayment of borrowings	(113)	(113)
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other	-	-
3.10 Net cash from / (used in) financing activities	383	4,162

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of quarter/year to date	6,651	4,343
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(1,303)	(2,669)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(235)	(340)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	383	4,162

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of quarter	5,496	5,496

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	796	483
5.2	Call deposits	4,700	6,168
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)	5,496	6,651

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

Current quarter \$A'000
175
-

Fees paid to directors under normal commercial terms

7. Payments to related entities of the entity and their associates

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

Current quarter \$A'000
-
124

7.2 – Funds advanced to AWT Pty Ltd, an associate of Aqua Guardian Group Ltd being a former subsidiary of the Company.

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		


8.1 – Loan Facility provided to Aqua Guardian Group, a subsidiary of the Company.

9. Estimated cash outflows for next quarter	\$A'000
9.1 Projects and development	100
9.2 Product manufacturing and operating costs	-
9.3 Advertising and marketing	-
9.4 Leased assets	-
9.5 Staff costs	880
9.6 Administration and corporate costs	460
9.7 Other (provide details if material)	-
9.8 Total estimated cash outflows	1,440

10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1 Name of entity		Aqua Guardian Group Limited
10.2 Place of incorporation or registration		Australia
10.3 Consideration for acquisition or disposal		\$1
10.4 Total net assets		(\$1,241,467)
10.5 Nature of business		Water and related Technology

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.

Sign here:  Date: 31 January 2018
(Director/Company secretary)

Print name: Alwyn Davey.

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly 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 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.