

## **KALiNA SIGNS EXCLUSIVE AGREEMENT WITH CANADIAN EPC ARM OF PHOENIX POWER GROUP INC.**

KALiNA Power Limited (ASX:KPO), “KALiNA” or the “Company”), has signed a Development and Exclusivity Agreement with Phoenix North Constructors Inc., covering the engineering, procurement and construction (EPC) of six initial Combined Cycle Power Plants, along with providing support for the development and financing of the projects using KALiNA Cycle technology (‘KALiNA CCGT’) in Western Canada. Phoenix North Constructors is the Canadian EPC subsidiary of Phoenix Power Group (‘collectively ‘Phoenix’), a Quanta Services, Inc. company.

KALiNA has executed the agreement with Phoenix through its recently formed 100% owned Canadian subsidiary, KALiNA Distributed Power (“KDP”). Over the past year, KALiNA has undertaken considerable development work on the first 3 KALiNA CCGT sites involving economic feasibility, site review, permitting review and gas and electrical interconnection assessments. KALiNA is now taking the steps necessary for permitting these initial 3 sites.

The project economic analysis indicates a capital cost of C\$50 million for each of the first projects with an IRR which meets the investment criteria of project equity funders, while also providing for royalties and engineering services to KALiNA as well as a carried interest for KDP in each project.

In consideration of Phoenix having the exclusive right to act as the EPC contractor for the initial 6 projects, Phoenix is providing an important body of Development Work on their account. This work includes collaborating with KALiNA in defining the preliminary design and schedule, providing indicative pricing for the EPC scope of work, and providing the engineering services required to support permitting activities necessary for the projects.

KALiNA has continued to receive indications of interest from project equity funders. In addition, KALiNA has recently received interest from investors to provide development stage funding in KDP directly. With this Development Agreement in place with Phoenix, KALiNA is now in a position to actively pursue both sources of funding to confidently move the projects forward to completion.

Ross MacLachlan the managing director and CEO of the Company said: “This represents a major transformative step for KALiNA. Having a major EPC firm such as Phoenix working with us in delivering the first of these projects will ensure deployment of the KALiNA Cycle meets our high standards. Working closely with Phoenix will provide us with the ability to respond and execute on project opportunities with the quality and reach necessary to address important markets. This will significantly enhance the integrity of our own projects in raising project financing. It will also strengthen our value proposition in the many other bids and major proposals with which we are involved.

We have been fortunate to have one of our key power sector directors, Jeff Myers, so actively involved in the success we are achieving in Canada and in particular leveraging his long-standing relationship with Phoenix. Jeff believes this is a great outcome for KALiNA and views Phoenix as a top-of-class thermal power EPC group. He also believes their expertise and commitment to smaller scale project execution will provide additional support in the Company’s upcoming meetings with project equity funders to provide capital to the projects”.

Darrell Jenkins the CEO of Phoenix states of the opportunity: “Phoenix is pleased to be working with KALiNA on these opportunities. KALiNA has identified the potential to develop gas fired combined cycle power plants using the KALiNA Cycle in areas that are underserved with local power generation and thus can receive attractive incentives that support distributed power generation. We believe there is significant opportunity for these projects to be successful in the Western Canadian market and are excited to be supporting KALiNA’s strategic efforts.”

**About Phoenix Power Group, Inc.**

Phoenix Power Group, Inc. is a Quanta Services company, with headquarters in Florham Park, NJ and an office in Calgary, Alberta. Phoenix Power Group provides thermal and renewable power generation EPC services and strategic project development support services in the energy sector throughout North America. Through our office in Calgary, Alberta, Phoenix provides Canadian partners unparalleled service and commitment to meet their needs throughout the Canadian Provinces. As an EPC contractor, Phoenix manages projects throughout the life cycle including securing permits, construction management, equipment procurement, installation of equipment foundations, building structures, installing and testing the equipment and systems, and training plant operators. For more information please visit [www.phoenixpg.com](http://www.phoenixpg.com)

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