

Kalina executes formal Agreements with Klamath Hills Geothermal

- Kalina Cycle to be used exclusively for geothermal projects
- Key geothermal lease for initial 10 MWe project renegotiated
- Kalina to manage project development phase for initial 10MWe project
- Provides Kalina with equity in Klamath, licensing and engineering fees

Kalina Power Limited (Kalina) announces it has executed formal definitive agreements with Klamath Hills Geothermal LLC (“KHG”) which govern Kalina’s equity interest in KHG and management of project development of the initial 10MWe Kalina Cycle geothermal project in Oregon USA, along with other potential geothermal projects being pursued by KHG in the Klamath Falls region in which the Kalina Cycle will be used exclusively.

The agreements provide the framework under which Kalina can acquire up to 50% of the equity in KHG (as well as a majority interest under certain circumstances) and an opportunity to share in a carried interest along with investment rights in operating projects. KHG’s geothermal projects will exclusively use the Kalina Cycle on terms comparable to those provided to other new project licensees under Kalina’s new licensing program which include anticipated revenues of up to USD 550,000 per MWe from IP licensees and specialised engineering fees.

The agreements include a Joint Project Development Agreement under which Kalina is to manage the completion of the project development phase to secure power purchase agreements and project financing necessary to complete construction. Kalina will also have oversight of the Engineering Procurement and Construction (“EPC”) process to ensure quality control and optimization of the Kalina Cycle performance. KHG will be responsible for co-ordinating local contacts, regional officials and regulatory agencies. Kalina will work to complete the remaining key elements of the project, many of which are well under way with over US\$2 million spent on it to date by KHG investors. This work is being completed with a view to attracting third party investment for both the final stages of the project development and construction once the project is fully contracted.

In addition, the Company has executed appropriate security documentation with KHG ensuring that funds advanced by Kalina to date and during project development will be secured by the key geothermal lease held exclusively by KHG. This lease was recently re-negotiated with the involvement of Kalina to ensure that commercially suitable terms were secured. The renegotiated lease provides KHG with twenty year exclusive rights to extract and sell geothermal energy for the initial 10 MWe Project. The preliminary assessment on the resource was prepared by Mannvit Engineering, an internationally recognized leading geothermal resource analyst and consultant previously involved in the design of the 4MWe Kalina Cycle geothermal plant in Taufkirchen, Germany. Based upon this assessment, a comprehensive engineering study was completed by a leading international engineering firm, Technip S.A in 2015 who subsequently referred Kalina to KHG.

With Kalina’s guidance and management, KHG is now seeking to obtain suitable Power Purchase Agreements to facilitate project financing. If well executed and properly contracted, Kalina believes this project will be financially attractive and can serve as a stepping stone to further projects in the Klamath region.

The Company looks forward to providing further updates on the Klamath region as the Initial Project is developed.

For further information, please contact:

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