

North American Business Development Update

Kalina Power Limited (Kalina) is pleased to provide an update with regard to specific opportunities identified by its North American based business development team that utilise the Kalina Cycle to enhance the economic returns of gas fired power plants.

KPO's Canadian based team of former Pristine Power executives have extensive expertise in qualifying and contracting projects to achieve the execution of very successful power projects. The team have spent the last 9 months identifying projects that can utilise the Kalina Cycle to enhance the economic returns of gas fired power plants in a certain North American regional market. These initial project opportunities include 120MW of power generation representing approximately A\$220 million of capital cost.

The team is conducting engineering feasibility studies on the various projects as well as discussions with key vendors and project execution partners. The team's project development activities include completion of techno economic feasibility studies, interconnection studies, site control and major permit applications.

The Company is considering a similar financing structure to that used by Pristine Power in which the financing of projects is accomplished through a limited partnership structure. This would provide a capital light financing model funded by third party investors. Discussions are underway to create this structure that would enable Kalina to develop and own projects with a meaningful carried interest and investment rights. Should this scale of development proceed with an anticipated limited partner structure for financing, Kalina would expect to also earn its ongoing royalties and specialised engineering revenue in line with its previously announced business plan.

The Company may be able to accelerate exploitation of this market opportunity through selective acquisitions of existing gas fired power plants in certain markets. The Company has identified and is exploring such opportunities.

Successful project development of these opportunities over the next 12 to 18 months could accelerate the Company's achievement of its stated goal of 100MW of cumulative installed capacity by 2020.

For further information, please contact:

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