ASX ANNOUNCEMENT

01 August 2016

Private Placement and Rights Issue

Kalina Power Limited (ASX:KPO) is pleased to announce the Company has resolved to undertake a placement of up to $1,800,000 (the 'Placement') and a Non-Renounceable Rights issue of up to approximately $5,500,000 (the 'Rights Issue').

Ross MacLachlan, Executive Director of Kalina Power said "the Company was very well placed with strong support for the capital raising. The Placement in advance of the Rights Issue underpins the prospects of the Company as we raise funds to deliver our business objectives."

Placement

The Company is pleased to announce completion of a bookbuild for a placement to raise up to $750,000 ("Initial Placement") with settlement scheduled for Friday, 5 August 2016. The Company placed its currently permitted capacity of 15,000,000 shares to sophisticated and professional investor clients of Hartleys Limited ("Hartleys") at 5 cents per share, each with a 1:2 free attaching option (in total 7,500,000 options exercisable at 5 cents until 30 August 2017). The options will be listed on ASX, subject to meeting ASX requirements. The investors in the Initial Placement will be eligible to participate in the Rights Issue.

In addition to the Initial Placement, the Company will seek shareholder approval through a soon to be lodged Notice of Meeting to place up to a further $1,050,000. The Company will look to place the balance of the Placement ($1,050,000) in early September on the same terms subject to the Company obtaining the required shareholder approvals to increase its placing capacity.

Rights Issue

As announced on 20 June 2016, the Company will also raise up to approximately $5,500,000 by inviting eligible Shareholders to subscribe for new fully paid Ordinary Shares on the basis of three new Ordinary Shares at an issue price of 5 cents for each four fully paid Ordinary Shares held, with an accompanying Option exercisable at 5 cents on or before 30 August 2017 for every 2 new Ordinary Shares issued (the 'Rights Issue').

The Company expects a minimum of $3,350,000 of the Rights Issue to be underwritten, including $2,500,000 by Harrington Global Limited. In addition, Hartleys has been granted a first right of refusal to place any shortfall in the Rights Issue. The Company is finalising its updated documentation in relation to this Rights Issue and will be releasing this shortly.

Further Information on the $750,000 Placement ('Initial Placement'):

Of the 15,000,000 shares placed, 12,916,511 were placed pursuant to Listing Rule 7.1A. The balance of the shares and all of the options were placed pursuant to Listing Rule 7.1.

The Company provides the following information under ASX Listing Rules 3.10.5A and 7.1A.4(b):

- The total number of shares on issue (including the 2,083,489 shares issued under Listing 7.1) is 148,335,253. The holders of shares before the issue under Listing Rule 7.1A will own 91.1% of the issued capital following the issue of 12,916,511 shares under Listing Rule 7.1A.
- Kalina Power issued the shares under the Placement in order to provide certainty to this portion of the overall capital raisings being undertaken by the Company, including the Rights Issue, as set out above.
- The Initial Placement was undertaken to sophisticated and professional investor clients of Hartleys. The fee for managing the Initial Placement was 6% of the proceeds of the Initial Placement. In addition, Hartleys intend to assist the Company with the placement of any Shortfall in the Rights Issue, and the balance of the Placement. Following successful completion of the Rights Issue and Placement Hartleys will be eligible to receive 10 million options in the Company on the same terms as the Placement and Rights Issue.

For further information, please contact:

Tim Horgan	Alwyn Davey
Executive Director	Company Secretary

Ph: +61 (0)3 9236 2800