

## QUARTERLY ACTIVITIES REPORT AND APPENDIX 4C

- Enforced compliance with legacy licenses generated **cash receipts of over A\$800k**
- Completed the **strategic acquisition of extensive IP portfolio** from Siemens
- Sinopec Hainan project **nearing mechanical completion**
- Project in Germany under construction and **anticipated to come on line 4Q 2017**
- **Growing pipeline of global projects** to deliver or surpass previously provided forecasts
- **Healthy cash position with A\$4.5m** held as at 31 March 2017 and a further A\$460k of the license revenue received in early April 2017

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

### Operational update

During the quarter the Company completed a series of lengthy, important negotiations with several existing and previous licensees that resulted in formative commercial advancements for the Company. KALiNA undertook a comprehensive assessment of the 3 plants under construction in Germany, Pakistan, and China, and coordinated negotiations to enforce the terms under which these projects will be engineered with KALiNA’s required involvement, and clarified how payments will be made to the Company.

- A\$800,000 in cash receipts have been received and the framework has been established for payment for ongoing work and engineering fees.
- The Geothermie Taufkirchen power plant in Taufkirchen, Germany has progressed with the majority of construction completed and new heat exchangers scheduled to be installed. The power plant is anticipated to come online in late 2017.
- The Sinopec power plant in Hainan Island, China is nearing completion with updated targets for mechanical completion, commissioning and electricity generation by July 2017.
- Additionally, the Company acquired a significant Intellectual Property portfolio from Siemens Aktiengesellschaft, Berlin and Munich (“Siemens”). The portfolio primarily consisted of thermodynamic process patents, many of which are complementary to the KALiNA Cycle®. This acquisition reinforced KALiNA’s position as the only company capable of providing economic and commercially proven power cycle technology relating to a mixed working fluid.

### Corporate

Subsequent to the quarter end, Mr. James Fitzowich was recruited to focus on North American operations, in response to the significant interest being shown for the KALiNA Cycle® in the industrial waste heat market of Canada and the US. Mr. Fitzowich has been involved in the implementation and operation of 8 Organic Rankine Cycle projects and 6 conventional Waste Heat Recovery Generator Rankine Cycle steam plants.

He was also an integral part of the original Pristine Power team and was involved in the acquisition, construction, and operation of over US\$1.4bn worth of power projects assets during his tenure. With the engagement of Mr. Fitzowich, KALiNA has established a strong team with extensive industry experience, including 4 members of the team who were previously with Pristine Power.

In response to the immediate market opportunities for the KALiNA Cycle® in China, the Company has enhanced its local technical representation by bolstering its engineering resources and capabilities through the hiring of four engineers familiar with the KALiNA Cycle®. In addition, Sinopec Engineering Nanjing have made available one of its senior project managers, Mr Lu Hexi, to work with us to complete the Sinopec Hainan plant and in anticipation of further projects within Sinopec. Mr Lu Hexi has been appointed as Project Manager with KALiNA's Chinese subsidiary, A&W (Shanghai) New Energy Development Co. Ltd.

KALiNA continues to focus on the disciplined investment of resources into opportunities that have the potential for multiple projects together with low funding and jurisdictional risk. The Company believes it is on track to deliver or surpass its previously provided project capacity forecasts.

The Company held A\$4.5m cash as at 31 March 2017 with a further A\$460k of the licensing revenue received in the first week of April. This cash balance is consistent with the prior quarter's balances of A\$5.2m at the end of the September 2016 quarter and A\$5.3m at the end of the December 2016 quarter.

**For further information, please contact:**

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Executive Director

Alwyn Davey  
Company Secretary

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## 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 March 2017

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (9 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	330	343
1.2 Payments for		
(a) Projects and development	(163)	(549)
(b) product manufacturing and operating costs	-	-
(c) advertising and marketing	-	-
(d) leased assets	-	-
(e) staff costs	(480)	(1340)
(f) administration and corporate costs	(587)	(1420)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	54	75
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 – Security Deposit	(15)	(15)
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(863)</b>	<b>(2,908)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	(2)
(b) businesses (see item 10)	-	-
(c) investments	-	-

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
(d) intellectual property	(141)	(141)
(e) other non-current assets	-	-
<b>2.2</b> Proceeds from disposal of:		
(a) property, plant and equipment	-	-
(b) businesses (see item 10)	-	-
(c) investments	-	-
(d) intellectual property	-	-
(e) other non-current assets	-	-
<b>2.3</b> Cash flows from loans to other entities	-	-
<b>2.4</b> Dividends received (see note 3)	-	-
<b>2.5</b> Other (provide details if material)	-	(1)
<b>2.6</b> <b>Net cash from / (used in) investing activities</b>	<b>(141)</b>	<b>(144)</b>

<b>3.</b> <b>Cash flows from financing activities</b>		
3.1 Proceeds from issues of shares	-	5,818
3.2 Proceeds from issue of convertible notes	-	-
3.3 Proceeds from exercise of share options	55	1,311
3.4 Transaction costs related to issues of shares, convertible notes or options	-	(467)
3.5 Proceeds from borrowings	72	107
3.6 Repayment of borrowings	-	-
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (Oversubscription)	-	5
<b>3.10</b> <b>Net cash from / (used in) financing activities</b>	<b>127</b>	<b>6,774</b>

<b>4.</b> <b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1 Cash and cash equivalents at beginning of quarter/year to date	5354	755
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(863)	(2,908)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(141)	(144)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	127	6,774

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (9 months) \$A'000</b>
4.5	Effect of movement in exchange rates on cash held	(22)	(22)
<b>4.6</b>	<b>Cash and cash equivalents at end of quarter</b>	<b>4,455</b>	<b>4,455</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	1,521	1,954
5.2	Call deposits	2,934	3,400
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>4,455</b>	<b>5,354</b>

**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**

182

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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**

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8. <b>Financing facilities available</b> <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	200	107
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.		


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9. <b>Estimated cash outflows for next quarter</b>	\$A'000
9.1 Projects and development	256
9.2 Product manufacturing and operating costs	-
9.3 Advertising and marketing	-
9.4 Leased assets	-
9.5 Staff costs	496
9.6 Administration and corporate costs	600
9.7 Other (provide details if material)	-
<b>9.8 Total estimated cash outflows</b>	<b>1,352</b>

10. <b>Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)</b>	Acquisitions	Disposals
10.1 Name of entity		
10.2 Place of incorporation or registration		
10.3 Consideration for acquisition or disposal		
10.4 Total net assets		
10.5 Nature of business		

**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: 28 April 2017  
(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.