

29 August 2016

Agreements in place to proceed with completion of Kalina Cycle Plant at Sinopec Hainan

Kalina Power Limited (ASX:KPO) is pleased to report that its recently incorporated Chinese subsidiary, A&W (Shanghai) New Energy Technology Development Co., Ltd, ('A&W') has executed tri-party agreements with Sinopec ('Sinopec') and Shanghai Shenghe New Energy ('SSNE') for the completion of the 4MW Kalina Cycle plant at the Sinopec Hainan Petrochemical facility (the 'Project').

The key aspects of the agreements include:

- KPO's subsidiary, A&W, to have oversight and management of the Project;
- EPC contract including any liabilities relating to designs or construction remain with SSNE as the plant has been designed and constructed by them and not by Kalina Power or A&W;
- Under A&W supervision, China Design Institute and SEY will continue as EPC and construction contractors;
- Project completion shall be financed in full by Sinopec from remaining funds available under the original EPC contract;
- Confirmation by Sinopec that the Kalina Cycle is an 'important technology in meeting its Energy Efficiency targets' and that upon satisfactory completion the parties shall 'conduct good faith discussions regarding agreements for future projects'.

A&W is currently working with Sinopec and SSNE to finalise the payment schedule for the Project and ancillary documents referred to within the tri-party agreement. The anticipated date for mechanical completion is December 2016.

Kalina Power CEO Ross MacLachlan stated:

"Supporting Sinopec to manage completion of this Project is testimony to the quality of our growing team of Kalina Power engineers and professionals who will oversee and manage the industrial roll out of the Kalina Cycle technology not only in China but worldwide. The effort of our team in China, and in particular Mr George Yan, in working directly with Sinopec to get the Hainan Project on track for completion has been commendable. Implementation of our technology at Hainan Island and throughout the Sinopec petrochemical division can assist Sinopec in achieving their Government mandated energy efficiencies with opportunities for over 100 Kalina Cycle plants. Our Company is fully committed to the successful deployment at Hainan and a successful strategic relationship with Sinopec".

About Sinopec and Sinopec Hainan

Sinopec is a very large international company, ranked number 2 in the 2015 Fortune Global 500 ranking. The Sinopec Hainan facility is a state of the art petrochemical complex and one of numerous similar facilities owned and operated by Sinopec across China and the region.

The Sinopec PX plant at Hainan is a multi-billion dollar 8 phase project, with phase one completed and the second phase underway. In 2016 Sinopec Hainan was awarded China's National Prize for Progress in Science and Technology, signalling Sinopec's commitment to the highest standard in environmentally-friendly technology.

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