

KALINA POWER LIMITED

ACN 000 090 997

PROSPECTUS

for

a fully underwritten non-renounceable pro-rata rights issue of up to approximately 103,599,750 new fully paid Shares to Eligible Shareholders at a price of 1 cent per Share on the basis of 1 new Share for every 24 Shares held, with, for every two (2) new Shares issued, one (1) free Attaching Option to acquire a further Share exercisable at 2 cents and expiring 18 months from the date of issue, to raise up to approximately \$1.03 million before costs.

The Entitlement Offer is fully underwritten by BW Equities Pty Ltd.

THE OFFER CLOSSES AT 5.00 pm SYDNEY TIME ON

30 October 2024. Valid acceptances must be received before this date.

This Prospectus also contains an offer of:

- (1) 1 free Attaching Option for every 2 Shares subscribed for and issued under the Placement to professional, sophisticated and institutional investors; and
- (2) 20 million Options to be issued to BW Equities Pty Ltd in part consideration for capital raising services provided to the Company.

IMPORTANT NOTICE

This document is important and should be read in its entirety. If, after reading this Prospectus you have any questions about the Offer, then you should consult your stockbroker, accountant or other financial adviser without delay. Certain capitalised terms and abbreviations used in this document have defined meanings which are set out in the Glossary.

The Shares and Options offered by this Prospectus are a speculative investment.

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Corporate Directory

Executive Directors:

Stephen White – Chair

Ross MacLachlan – Managing Director & CEO

Timothy Horgan

Underwriter:

BW Equities Pty Ltd

250 Bay Street

Brighton VIC 3186

Non-Executive Directors:

Peter Littlewood

Malcolm Jacques

Matthew Jenkins

Auditor:*

HLB Mann Judd (Vic) Partnership

Level 9, 575 Bourke Street

Melbourne VIC 3000

Registered and Principal Office:

Suite 6, 795 Glenferrie Road

Hawthorn VIC 3122

Tel: +61 (03) 9236 2800

Fax: +61 (03) 9818 3656

Share Registry:*

Computershare Registry Services Pty Limited

Yarra Falls, 452 Johnston Street

Abbotsford VIC 3067

Tel: 03 9415 4000

Stock Exchange Listing:

Australian Securities Exchange (ASX)

Code: KPO

For more information regarding this Offer please contact:

Kesh Thuraiasa, Company Secretary on +61
(03) 9236 2800

**These entities are included for information purposes only and have not been involved in the preparation of this Prospectus and has not consent to being named in this Prospectus.*

IMPORTANT INFORMATION

Prospectus

This Prospectus related to the offer of Shares, Attaching Options and Broker Options of Kalina Power Limited ACN 000 090 997 (**KPO** or **Company**) under the Entitlement Offer and Placement.

This Prospectus is dated Tuesday, 1 October 2024 and a copy of this Prospectus was lodged with the Australian Securities & Investments Commission (**ASIC**) on that date. Neither ASIC nor ASX take any responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

No securities will be allotted or issued on the basis of this Prospectus later than 13 months after the date of the Prospectus. Shares and Attaching Options issued pursuant to this Prospectus will be issued on the terms and conditions set out in this Prospectus.

The Company will apply to ASX for Official Quotation of the Shares offered pursuant to this Prospectus within 7 days after the date of this Prospectus. The Company will not be applying for Official Quotation of the Attaching Options or Broker Options.

Eligible Shareholders should read this Prospectus in its entirety and seek professional advice where necessary. The Shares and Attaching Options the subject of this Prospectus should be considered speculative.

Applications for Shares and Attaching Options by Eligible Shareholders will only be accepted where they comply with the instructions on the Entitlement and Acceptance Form accompanying this Prospectus as described in section 4.8.

This Prospectus is a transaction specific prospectus for an offer of continuously quoted securities and options to acquire continuously quoted securities (as defined in the Corporations Act) and has been prepared in accordance with section 713 of the Corporations Act. It does not contain the same level of disclosure as an initial public offering prospectus. In preparing this Prospectus regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and that certain matters may reasonably be expected to be known to investors and professional advisers to whom investors may consult.

Electronic Prospectus

A copy of this Prospectus can be downloaded from our website at <https://www.kalinapower.com/investors/>. If you access the electronic version of this Prospectus, you should ensure that you download and read the entire Prospectus. The electronic version of this Prospectus is only available to Australian residents.

No representation other than in this Prospectus

No person is authorised to give any information or to make any representation in connection with the Offer described in this Prospectus. Any information or representation which is not contained in this Prospectus or disclosed by the Company pursuant to its continuous disclosure obligations may not be relied upon as having been authorised by the Company in connection with the issue of this Prospectus.

Restrictions on Foreign Jurisdictions

The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws. This Prospectus does not constitute an offer or invitation in any jurisdiction where, or to any person to whom, it would not be lawful to make such an offer or invitation.

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Neither this document nor the Securities the subject of the Offer have been, nor will be, registered under the United States Securities Act of 1933, as amended or under the securities legislation of any state of the United States of America, or any applicable securities laws of a country of jurisdiction outside of Australia and New Zealand. Accordingly, subject to certain exceptions, the Shares and Attaching Options the subject of the Offer may not, directly or indirectly, be offered or sold within a country or jurisdiction outside of Australia and New Zealand or to or for the account or benefit of any national resident or citizen of, or any person located in a country or jurisdiction outside of Australia and New Zealand.

New Zealand notice

This document has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013 (the "FMC Act"). The Securities are not being offered or sold in New Zealand (or allotted with a view to being offered for sale in New Zealand) other than to a person who:

- (a) is an investment business within the meaning of clause 37 of Schedule 1 of the FMC Act;
- (b) meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act;
- (c) is large within the meaning of clause 39 of Schedule 1 of the FMC Act;
- (d) is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act; or
- (e) is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act.

Privacy

The Company collects personal information about each Applicant provided on an Entitlement and Acceptance Form for the purposes of processing the application and, if the application is successful, to administer the Applicant's security holding in the Company.

By submitting an Entitlement and Acceptance Form, each Applicant agrees that the Company may use the personal information in the Entitlement and Acceptance Form for the purposes set out in this privacy disclosure statement and may disclose it for those purposes to the share registry, the Company's related bodies corporate, agents, contractors and third party service providers (including mailing houses), the ASX, ASIC and other regulatory authorities.

If you do not provide the information required on the Entitlement and Acceptance Form, the Company may not be able to accept or process your application.

The Company will not disclose the personal information of Applicants to entities outside Australia.

The Company's privacy policy contains information about how an Applicant may access and correct the personal information the Company holds about them.

Key definitions

Throughout this Prospectus, for ease of reading, various words and phrases have been defined rather than used in full on each occasion. Please refer to the Glossary for a list of defined terms.

Target Market Determination

In accordance with the design and distribution obligations under the Corporations Act, the Company has determined the target market for the offer of Options issued under this Prospectus pursuant to the Offer. The Company will only distribute this Prospectus to those investors who fall within the target market determination (**TMD**) as set out on the Company's website (<https://www.kalinapower.com/investors/>), or otherwise to persons to whom a target market determination is not required. By making an application under the Offer or other relevant offer, you

warrant that you have read and understood the TMD and that you fall within the target market set out in the TMD.

Risk factors

Potential investors should be aware that subscribing for Securities involves a number of risks. For a summary of the key risks associated with further investment in the Company, please refer to section 7.

By returning an Entitlement an Acceptance Form, you acknowledge that you have received and read this Prospectus and you have acted in accordance with the terms of the Offer detailed in this Prospectus.

Financial information and forward looking statements

Section 6 sets out in detail the financial information referred to in this Prospectus and the basis of preparation of that information.

Any discrepancies between totals and sums of components in tables contained in this Prospectus are due to rounding. This Prospectus contains forward looking statements which are identified by words such as 'may', 'could', 'believes', 'estimates', 'expects', 'intends' and other similar words that involve risks and uncertainties. Any forward looking statements are subject to various risk factors that could cause the Company's actual results to differ materially from the results expressed or anticipated in these statements. Forward looking statements should be read in conjunction with risk factors as set out in section 7, and other information in this Prospectus.

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1. Important dates

Event	Date*
Announcement of Entitlement Offer and Placement	Prior to market open Friday, 27 September 2024
Lodgement of Appendix 3B with ASX	Prior to market open Friday, 27 September 2024
Lodgement of updated Appendix 3B with ASX	Monday, 30 September 2024
Prospectus lodged with ASIC and ASX	Tuesday, 1 October 2024
“Ex” date	Thursday, 3 October 2024
Record Date to determine Entitlements	Friday, 4 October 2024
Settlement of Placement	Monday, 7 October 2024
Issue of Securities under the Placement	Tuesday, 8 October 2024
Prospectus (together with Entitlement and Acceptance Form) despatched to Shareholders	Wednesday, 9 October 2024
Opening Date of Entitlement Offer	Wednesday, 9 October 2024
Closing Date for receipt of acceptances and payment under Entitlement Offer**	Wednesday, 30 October 2024
Shares quoted on ASX on deferred settlement basis	Thursday, 31 October 2024
Announcement of Entitlement Offer results and Shortfall Securities (if any)	Wednesday, 6 November 2024
Issue of Shares and Attaching Options	Wednesday, 6 November 2024
Trading in Shares and Attaching Options resumes on a normal settlement basis	Thursday, 7 November 2024

**These dates are indicative only. The Company reserves the right to amend any or all of these dates and times without notice, subject to the Corporations Act, the Listing Rules and other applicable laws. In particular, the Company reserves the right to extend the Closing Date, to accept late applications under the Offer (either generally or in particular cases) and to withdraw the Offer without prior notice. Any extension of the Closing Date will have a consequential effect on the allotment date of Shares and Attaching Options. The commencement of quotation of the Shares is subject to confirmation from ASX.*

The Company also reserves the right not to proceed with the Offer in whole or in part at any time prior to allotment and issue of the Shares and Attaching Options. In that event, the relevant Application Monies (without interest) will be returned in full to Applicants. Cooling off rights do not apply to an investment in Shares or Attaching Options. You cannot withdraw your application once it has been accepted. Eligible Shareholders wishing to participate in the Offer are encouraged to submit their Entitlement and Acceptance Form as soon as possible after the Entitlement Offer opens.

***The Directors may extend the Closing Date by giving at least three Business Days' notice to ASX prior to the Closing Date.*

2. Letter to Shareholders

Dear Shareholder

The Company is undertaking an underwritten 1-for-24 non-renounceable pro-rata rights issue at an offer price of \$0.01 (1 cent) per Share (**Offer Price**), with for every 2 new Shares issued, one (1) free attaching Option to acquire a further Share exercisable at 2 cents expiring 18 months from the date of issue (**Attaching Options**), to raise gross proceeds of up to approximately \$1.03 million (before expenses) (**Entitlement Offer**).

Prior to the Entitlement Offer, the Company conducted a placement of Shares to sophisticated, professional and institutional investors of 150 million Shares with an Offer Price of \$0.01 (1 cent) per Share, to raise gross proceeds of up to approximately \$1.5 million (before expenses) (**Placement**).

Pursuant to the Placement, the Company will also offer one (1) free attaching Option for every two (2) Shares issued those successful applicants under the Placement (together with the Entitlement Offer, the **Offer**).

Net proceeds from the Entitlement Offer and Placement will be used for the Company's working capital requirements and achieving the Company's strategy plans.

This Prospectus contains details of the Offer. You should read this Prospectus carefully.

Company strategy

KALiNA Power Limited is an ASX listed clean-tech company engaged in two core business activities:

The power project development arm of the Company operates out of Calgary, Alberta and is developing a portfolio of ~170MW natural gas-fired power projects incorporating CO2 capture and sequestration.

The power project development arm is seeking to exploit opportunities in Alberta's burgeoning market for power integrated with carbon capture and sequestration through our program to develop ~170MW natural gas-fired combined cycle power projects incorporating Carbon Capture and Sequestration (CC-CCS).

The technology development arm of the Company is advancing various applications of the Company's KALiNA Cycle® technology for global deployment to international markets.

We anticipate reporting on progress in due course.

Entitlement Offer Overview

Under the Entitlement Offer, Eligible Shareholders are entitled to subscribe for 1 Share at the Offer Price for every 24 Shares held at 7:00pm (Sydney Time) on the Record Date of Friday, 4 October 2024 (**Entitlement**).

In determining Entitlements to Shares, fractional Entitlements will be rounded up to the nearest whole number of Shares. Eligible Shareholders will also receive 1 free Attaching Option for every 2 Shares issued under the Entitlement Offer.

Up to 103,599,750 Shares and 51,799,875 Attaching Options may be issued under the Entitlement Offer. Shares will rank equally with existing Shares in all respects from date of quotation. The Attaching Options will not be quoted.

Eligible Shareholders may also apply for additional Shares and Attaching Options in excess of their Entitlement at the same issue price of \$0.01 (1 cent) per Share (**Shortfall Facility**). Applications for

Shares and Attaching Options under the Shortfall Facility will be satisfied out of any Entitlements for which applications have not been received from Eligible Shareholders before the closing date of the Entitlement Offer.

The Company reserves the right to scale back applications for the Shortfall Facility in its absolute discretion. When determining the amount (if any) by which to scale back an application, the Company may take into account a number of factors, including but not limited to the size of an applicant's shareholding, the extent to which Eligible Shareholders have sold or bought additional shares after the date on which the Entitlement Offer was announced, the date an application was made and any requirements of the Corporations Act and Listing Rules. Eligible Shareholders are therefore encouraged to submit their applications early. The Directors reserve the right to issue the Shares and Attaching Options under the Shortfall Facility at their discretion.

As at the date of this Prospectus, the Company anticipates that the Entitlement Offer will be fully underwritten in accordance with the Underwriting Agreement entered into with the Underwriter, in conjunction with the sub-underwriting commitments secured by the Underwriter from the Sub-underwriter as at the date of this Prospectus. For more information on the terms on which the Entitlement Offer is underwritten, please refer to sections 4.7, 10.9 and 10.10.

The Entitlement Offer is non-renounceable and therefore is personal to you. It cannot be traded, transferred, assigned or otherwise dealt with. If you do not take up your Entitlement, it will lapse and you will not receive any new Shares, nor any other benefit, under the Entitlement Offer.

Attaching Options under Placement and Broker Options

Pursuant to the Placement, the Company will also be offering Attaching Options to successful applicants in the Company's recent Placement on the basis of 1 free Attaching Option for every 2 Shares subscribed.

The Company will also be offering Broker Options to BW Equities as part consideration for capital raising services provided to the Company.

How to Apply under the Entitlement Offer?

The Entitlement Offer to which this Prospectus relates closes at 5.00pm (Sydney Time) on Wednesday, 30 October 2024 (unless extended).

Accompanying this Prospectus is your personalised entitlement and acceptance form (**Entitlement and Acceptance Form**). It details your Entitlement and is to be completed in accordance with the instructions provided on the form and the instructions in this Prospectus under "Brief Instructions for Eligible Shareholders". You may also apply for further Shares and Attaching Options under the Shortfall Facility using the Entitlement and Acceptance Form.

To participate, you must ensure that you have completed your application by paying application monies (**Application Monies**) by BPAY® or EFT, so that they are received by the Share Registry before 5:00pm (Sydney Time) on Wednesday, 30 October 2024.

If you do not wish to take up any of your Entitlement, you do not have to take any action. The Entitlement Offer is non-renounceable so Entitlements will not be tradeable.

Further information

Further details of the Entitlement Offer, as well as the risks associated with investing in the Entitlement Offer are set out in this Prospectus which you should read carefully and in its entirety.

Notwithstanding that the Directors consider that the Company will be sufficiently capitalised to carry out its objectives outlined in this Prospectus following completion of the Entitlement Offer, subject to prevailing investor demand and relevant circumstances at the applicable time, and in particular where the Entitlement Offer is oversubscribed, without limiting any of its discretions (including the discretion to increase the size of the Entitlement Offer) the Directors reserve the right to undertake

a placement of Securities on the same terms as the Entitlement Offer in order to capitalise on any such demand. Any such placement will be undertaken subject to the Company satisfying any applicable requirements of the Listing Rules, including having sufficient placement capacity and/or obtaining any necessary shareholder approvals.

The majority of Directors have indicated they will participate in this Entitlement Offer, either by participating as a Sub-underwriter and/or by subscribing for their Entitlements under the Entitlement Offer. Please refer to section 10.10 for details of the Directors' anticipated respective participation as Sub-underwriters.

Yours Sincerely

On behalf of the Board

Stephen White

Chairman

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3. Investment overview

This information is a selective overview only. Investors should read the Prospectus in full before deciding whether to invest.

Question	Response
<p>Who is conducting the Entitlement Offer?</p>	<p>KALiNA Power Limited is an ASX listed clean-tech company primarily developing a portfolio of natural gas-fired power projects incorporating CO2 capture and sequestration (CC-CCS projects).</p> <p>KALiNA's 100%-owned Canadian subsidiary, KALiNA Distributed Power ("KDP") operates out of Calgary, Alberta and is developing a portfolio of natural gas-fired power projects incorporating CO2 capture and sequestration. Commercial contracts for each project are tailored for long-term gas tolling with gas producers and/or long-term power purchase agreements for data centre companies.</p> <p>The power project development arm is seeking to exploit opportunities in Alberta's burgeoning market for power integrated with carbon capture and sequestration through our program to develop ~170MW natural gas-fired combined cycle power projects incorporating Carbon Capture and Sequestration (CC-CCS).</p> <p>KALiNA's board and management team has successfully developed over 20,000MW of power projects both in Canada and internationally. Our program in Alberta represents a multi-\$billion portfolio of projects in various stages of development. The projects are being designed to generate near-zero emissions with 95% of the CO2 captured and permanently sequestered under contract by third-party licensed carbon hub operators in deep saline aquifers.</p> <p>KALiNA recently announced a non-binding MOU with a significant AI-focused data centre company to develop AI-focused data centres with natural gas-fired power plants incorporating CC-CCUS. Completing a formal agreement is anticipated to secure non-dilutive development funding for project security payments as well as long-term PPAs for each project that will enhance the viability for project debt and equity funders.</p> <p>KALiNA is engaged with advisory firms with respect to securing direct equity investment into KDP in order to finance near term project development needs.</p>
<p>Why is the Company conducting the Entitlement Offer?</p>	<p>The Company is conducting the Entitlement Offer to raise the necessary working capital for its operations as well as for advancing KDP's projects.</p> <p>See section 2 for further information</p>
<p>What is being offered and at what price?</p>	<p>The Company is offering to issue Shares and Attaching Options to Eligible Shareholders by a pro-rata non-renounceable entitlement offer.</p> <p>Under the Entitlement Offer, Eligible Shareholders may subscribe for 1 Share for every 24 Shares held on the Record Date, at a price of \$0.01 (1 cent) per Share. For every two (2) Shares issued under the Entitlement Offer, Eligible Shareholders will also receive one (1) free Attaching Option with an exercise price of \$0.02 (2 cents) and expiring 18 months from the date of issue.</p>

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Question	Response
How many new securities will be issued?	The maximum number of Shares and Attaching Options that will be issued under the Entitlement Offer (if the Entitlement Offer is fully subscribed) is approximately 103,599,750 Shares and approximately 51,799,875 Attaching Options.
What is the amount that will be raised?	The Company is seeking to raise up to approximately \$1.03 million (before expenses). Please refer to section 4.2 for a summary of the anticipated application of the Entitlement Offer proceeds.
Who is eligible to participate in the Entitlement Offer?	<p>The Entitlement Offer is made to Eligible Shareholders only. An Eligible Shareholder is a Shareholder with a registered address in Australia or New Zealand, or such person otherwise elected at the Company's discretion, on the Record Date and who is eligible under all applicable securities laws to receive an offer under the Entitlement Offer.</p> <p>If you are not an Eligible Shareholder, you are not able to participate in the Entitlement Offer.</p>
What are the alternatives for Eligible Shareholders?	<p>The Entitlement Offer is non-renounceable so as an Eligible Shareholder, you may:</p> <ul style="list-style-type: none"> • take up all of your Entitlements; • take up part of your Entitlements; • if you have taken up all of your Entitlements, apply for additional Shares and Attaching Options by way of the Shortfall Facility; or • allow all of your Entitlements to lapse.
Can I apply for Shares and Attaching Options in excess of my Entitlement?	<p>Yes. Eligible Shareholders who subscribe for their Entitlement in full may apply for additional Shares and Attaching Options by way of the Shortfall Facility.</p> <p>The Company reserves the right to scale back applications for the Shortfall Facility in its absolute discretion. When determining the amount (if any) by which to scale back an application, the Company may take into account a number of factors, including but not limited to the size of an applicant's shareholding, the extent to which Eligible Shareholders have sold or bought additional shares after the date on which the Entitlement Offer was announced, the date an application was made and any requirements of the Corporations Act and Listing Rules.</p> <p>Any Shares and Attaching Options not taken up by Eligible Shareholders (including under the Shortfall Facility) will be dealt with in accordance with the Underwriting Agreement.</p>
Is the Entitlement Offer underwritten?	<p>The Underwriter has agreed to fully underwrite the Entitlement Offer.</p> <p>Please refer to section 4.7 for more information.</p>
What is the effect on control of the Company?	While the Entitlement Offer is not anticipated to have a material effect on control of the Company, the effect on the control of the Company will depend on the take-up of Entitlements by Eligible Shareholders. Please refer to section 5.4 for more information.

Question	Response
<p>What are the key risks of further investment in the Company?</p>	<p>Potential investors should be aware that subscribing for Shares and Attaching Options in the Company involves a number of risks.</p> <p>Some specific risks which affect an investment in the Company are:</p> <ul style="list-style-type: none"> • Future capital requirements • Dependence on Proprietary Technology • Foreign Exchange • Potential for significant dilution • Underwriting Risk • International Operations / Sovereign Risk • Government legislation and policy changes • Management – Reliance on key personnel <p>Please refer to section 7 for further details on the risks.</p>
<p>What is the offer of Attaching Options under the Placement or the Broker Options?</p>	<p>Please refer to section 2 and 4.1 for further details on the Attaching Options offered pursuant to the Placement and the Broker Options.</p>

4. Details of the Offer

4.1 The Offer

Entitlement Offer

This Prospectus invites Eligible Shareholders to participate in a pro-rata non-renounceable entitlement offer of up to approximately 103,599,750 Shares on the basis of 1 Share for every 24 Shares held at 7:00pm (Sydney Time) on the Record Date at an issue price of \$0.01 (1 cent) per Share and up to approximately 51,799,875 Attaching Options on the basis of 1 free Attaching Option for every 2 Shares issued, with each Attaching Option having an exercise price of \$0.02 (2 cents) and expiring 18 months from the date of issue for the purpose of raising up to approximately \$1.03 million (before expenses). In determining Entitlements to Shares, fractional Entitlements will be rounded up to the nearest whole number of Shares.

As at the date of this Prospectus, the Company has 2,486,394,012 Shares on issue. All of the Shares offered under this Prospectus will rank equally with the Shares on issue as at the date of this Prospectus. Please refer to section 8 for further information regarding the rights and liabilities attaching to the Shares.

The Company also has Options on issue, further details of which are located at section 5.2. Please refer to section 9 for further information regarding the terms and conditions of the Attaching Options offered under this Prospectus.

Placement

As announced on 27 September 2024, the Company conducted a Placement for up to 150 million Shares to raise gross proceeds of approximately \$1.5 million (before expenses).

The Company is also conducting an offer of 1 free Attaching Option for every 2 Shares issued under the Placement, totalling approximately 75 million Attaching Options. The Attaching Options under the Placement will only be issued to successful applicants for Shares under the Placement. The Company will send the relevant application form to such participants. The Attaching Options to be issued under the Placement are free Attaching Options so no application monies will be payable.

The issue of the Shares and Attaching Options under the Placement will be pursuant to the Company's remaining placement capacity under Listing Rules 7.1 and are being issued to either "Sophisticated Investors" or "Professional Investors" within the meaning of sections 708(8) and 708(11) of the Corporations Act, as identified by the Company or the Lead Manager.

Broker Option Offer

The Company has agreed to offer 20 million Options to BW Equities for capital raising services provided to the Company (**Broker Options**). The terms of the engagement pursuant to the Lead Manager Mandate is summarised in section 10.8.

This Prospectus includes an offer of Broker Options exercisable at \$0.02 (2 cents) with an expiry date of 18 months, the terms of which are the same as the Attaching Options as set out in section 9 (**Broker Option Offer**).

Only BW Equities may accept the Broker Options. The relevant application form will be issued to BW Equities together with a copy of this Prospectus. No application monies are payable pursuant to the Broker Option Offer.

4.2 Purpose of the Offer and use of funds

The purpose of the Offer is to raise up to approximately \$2.53 million (before costs). The Offer is underwritten to \$1.03 million. It is anticipated that the funds raised from the Offer, assuming full subscription, will be indicatively applied as follows:

Description	Amount ¹
Offer expenses ²	\$227,160.00
Repayment of Director Loans ³	\$350,000.00
Investment in KDP	\$744,800.00
Additional working capital	\$1,214,037.50
Total (AUD)	\$2,535,997.50

Notes:

1. *The above table is a statement of current intentions as of the date of this Prospectus assuming full subscription. It is anticipated that these funds will be applied over the next six to nine months.*
2. *Please refer to section 10.16 for an estimated breakdown of the expenses of the Offer.*
3. *Please also refer to section 10.10 on the set-off arrangement for sub-underwriting commitments.*

The Company's current cash resources and additional capital proposed to be raised by the Offer are expected to be sufficient to meet the Company's current stated activities.

Notwithstanding that the Directors consider that the Company will be sufficiently capitalised to carry out its objectives outlined in this Prospectus following completion of the Offer, subject to prevailing investor demand and relevant circumstances at the applicable time, and in particular where the Offer is oversubscribed, without limiting any of its discretions (including the discretion to increase the size of the Offer) the Directors reserve the right to undertake a placement of Securities on the same terms as the Offer in order to capitalise on any such demand. Any such placement will be undertaken subject to the Company satisfying any applicable requirements of the Listing Rules, including having sufficient placement capacity and/or obtaining any necessary shareholder approvals.

4.3 Eligible Shareholders

The Entitlement Offer in this Prospectus contains an offer of Shares and Attaching Options to eligible shareholders in Australia or New Zealand, or such persons as otherwise elected at the Company's discretion.

Eligible shareholders are those holders of existing Shares who:

- (a) are registered as holders of existing Shares as at 7.00pm (Sydney Time) on the Record Date;
- (b) have a registered address on the KPO share register in Australia or New Zealand, or such person as otherwise elected at the Company's discretion;
- (c) are not in the United States and are not "U.S. persons" (as defined under Regulation S under the United States Securities Act of 1933, as amended) (**U.S. Persons**) or acting for the account or benefit of U.S. Persons; and

- (d) are eligible under all applicable securities laws to receive an offer under the Entitlement Offer,

(Eligible Shareholders).

Shareholders who do not satisfy this the above criteria are ineligible shareholders (**Ineligible Shareholders**). Please refer to section 4.13 for further information.

4.4 Minimum subscription

There is no minimum subscription in respect of the Entitlement Offer.

4.5 No trading of Entitlements

Entitlements to Shares and Attaching Options pursuant to the Entitlement Offer are non-renounceable and accordingly Eligible Shareholders may not dispose of or trade any part of their Entitlement.

4.6 Entitlement Offer period

The Entitlement Offer will open for receipt of acceptances on Wednesday, 9 October 2024 and will close at 5.00pm (Sydney Time) on Wednesday, 30 October 2024, or such later date as the Directors, in their absolute discretion and subject to compliance with the Listing Rules, may determine and provided that the Company gives ASX notice of the change at least 3 Business Days prior to the Closing Date.

4.7 Underwriting

The Underwriter has agreed to fully underwrite the Entitlement Offer.

As at the date of this Prospectus, the Underwriter has secured sub-underwriting commitments totalling approximately \$1.03 million. Accordingly, the Company anticipates that the Entitlement Offer will be fully underwritten.

The Underwriting Agreement is subject to standard terms and conditions which are summarised in section 10.9. All valid applications for Shares and Attaching Options pursuant to this Prospectus received by the Company, from all sources, including under the Shortfall Facility, will be deemed to have been accepted in full by the Company and will go in relief of the obligations of the Underwriter under the Underwriting Agreement.

Pursuant to the Underwriting Agreement, the Company has agreed to pay the Underwriter an underwriting fee as set out in section 10.9 as consideration for the Underwriter's underwriting obligation in accordance with the Underwriting Agreement.

The Underwriter is not a related party and has no current interest in Shares or Options. As the Underwritten Amount is sub-underwritten by the Sub-underwriters, the Company does not anticipate that the Underwriter will be a substantial shareholder of the Company on completion of the Entitlement Offer.

Certain Directors have entered (whether directly or via their respective associated entities) into Sub-underwriting Agreements with the Underwriter to sub-underwrite the Entitlement Offer up to \$340,000. The table below sets out each Directors' respective sub-underwriting obligations under the Entitlement Offer as well as the sub-underwriting fee equal to 5% (excl GST) payable to each Director on their respective sub-underwritten amounts.

Director	Sub-underwritten Amount	Sub-underwriting Fee
Stephen White	\$30,000	\$1,500.00

Ross MacLachlan	\$100,000	\$5,000.00
Timothy Horgan	\$100,000	\$5,000.00
Malcolm Jacques	\$10,000	\$500.00
Matthew Jenkins	\$100,000	\$5,000.00
Total	\$340,000	\$17,000

In addition to the Directors, the Underwriter has also entered into Sub-underwriting Agreement with various other parties for sub-underwriting commitments, details of which are set out in section 10.10.

Under the Underwriting Agreement, the Underwriter will pay a sub-underwriting fee to all Sub-underwriters equal to 5% (excl GST) of the amount sub-underwritten by them (but which will be satisfied by the Company) This means the Directors will be paid the sub-underwriting fees as set out in the table above.

Please refer to sections 10.9 and 10.10 for more information on the underwriting arrangements for with respect to the Entitlement Offer.

4.8 Entitlement and acceptance

The number of Shares and Attaching Options to which you are entitled is shown in the Entitlement and Acceptance Form. In determining Entitlements to Shares, fractional Entitlements will be rounded up to the nearest whole number of Shares.

Your acceptance of the Entitlement Offer must be made on the Entitlement and Acceptance Form accompanying this Prospectus.

You may participate in the Entitlement Offer as follows:

(a) **Payment by BPAY®**

For payment by BPAY®, please follow the instructions set out at www.computersharecas.com.au/KPO. You can only make a payment via BPAY® if you are the holder of an account with an Australian financial institution that supports BPAY® transactions.

Eligible Shareholders with a registered address in New Zealand may not have access to pay by BPAY® and make payment by electronic funds transfer (**EFT**). Payment details for EFT can be accessed at www.investorcentre.com/au (log in via 'Single Holding' button and follow the prompts) and access your personalised Entitlement and Acceptance Form and Electronic Funds Transfer Form (EFT form) which contains instructions on how to pay via EFT using the relevant SWIFT Code, for your Entitlement for which you are applying. You must quote your reference number noted on your EFT form when making payment or we may not be able to match your funds to your entitlement and your application monies may need to be refunded to you.

Please note that should you choose to pay by BPAY® or EFT:

- (i) You do not need to submit the personalised Entitlement and Acceptance Form but are taken to have made the declarations on that Entitlement and Acceptance Form;

- (ii) If you do not pay for your full Entitlement, you are deemed to have taken up your Entitlement in respect of such whole number of new Shares which is covered in full by your application monies; and
- (iii) If you do pay for more than your full Entitlement, you are deemed to have applied for as many Shares under the Shortfall Facility as your excess amount will pay for in full (subject to any scale-back determined by KPO in its absolute discretion).

It is your responsibility to ensure that your BPAY® or EFT payment is received by the share registry by no later than 5.00pm (AEDT) on the Closing Date. You should be aware that your financial institution may implement earlier cut-off times with regards to electronic payment and you should therefore take this into consideration when making payment.

If you are paying by BPAY® or EFT, please make sure to use the unique Customer Reference Number on the back of your personalised Entitlement and Acceptance Form. If you receive more than one personalised Entitlement and Acceptance Form, please only use the Customer Reference Number specific to the Entitlement on that form. If you inadvertently use the same Customer Reference Number for more than one of your Entitlements, you will be deemed to have applied only for new Shares (and any Shares under the Shortfall Facility) on the Entitlement to which that Customer Reference Number applies. Please note that a limit may apply on the amount that can be transferred via BPAY® or EFT. It is your responsibility to check that the amount you wish to pay via BPAY® or EFT will not exceed that limit.

If you have multiple holdings, you will have multiple Customer Reference Numbers provided on each of your personalised Entitlement and Acceptance Forms. To ensure you successfully take up your Entitlement in respect of each holding, you must use the customer reference number shown on each personalised Entitlement and Acceptance Form when paying any new Shares that you wish to apply for in respect of those holdings.

(b) **New Zealand holders**

Eligible Shareholders who are resident in New Zealand and are unable to pay in accordance with the processes set out above by the Closing Date should contact KPO on +61 (03) 9236 2800 to make alternative arrangements.

The Entitlement Offer to Shareholders is non-renounceable. Accordingly, a Shareholder may not sell or transfer all or part of their Entitlement.

Non-acceptance of Entitlement

If you do not wish to take up any part of your Entitlement under the Entitlement Offer, you are not required to take any action.

If Eligible Shareholders do not take up their entitlement, their existing interest in the Company will be diluted. Please refer to section 5.3 for further details of the potential dilutionary impact of the Entitlement Offer.

Taxation Implications

Eligible participants should be aware that there may be taxation implications associated with applying for Securities.

The Directors do not consider it appropriate to give Shareholders advice regarding the taxation consequences of subscribing for Securities under this Prospectus.

The Company, its advisers and its officers do not accept any responsibility or liability for any such taxation consequences to Shareholders. As a result, Shareholders should consult their professional tax adviser in connection with subscribing for Securities under this Prospectus.

Further queries

If you have any queries regarding your Entitlement, please contact the Company Secretary by telephone on +61 (03) 9236 2800 or your stockbroker, financial or other professional adviser.

Please note if you do not accept your Entitlement in full in accordance with the instructions set out above, any part of an Entitlement not accepted in full will form part of the Shortfall Facility.

4.9 Shortfall Facility

Eligible Shareholders may also apply for additional Shares and Attaching Options in excess of their Entitlement at the same Offer Price of \$0.01 (1 cent) per Share under the Shortfall Facility.

Shares and Attaching Options issued under the Shortfall Facility will be drawn from Shares and Attaching Options that relate to Entitlements which have not been taken up under the Entitlement Offer.

There is no guarantee regarding the number of Shares and Attaching Options (if any) that will be available to Shareholders under the Shortfall Facility, in addition to their Entitlement under the Entitlement Offer. This will depend on how many Entitlements are taken up. If all Entitlements are taken up under the Entitlement Offer then there will be no Shares and Attaching Options under the Shortfall Facility available.

The Company reserves the right to scale back applications for the Shortfall Facility in its absolute discretion. When determining the amount (if any) by which to scale back an application, the Company may take into account a number of factors, including the size of an applicant's shareholding, the extent to which Eligible Shareholders have sold or bought additional shares after the date the Entitlement Offer was announced on 27 September 2024, or the Record Date, the date an application was made and any requirements of the Corporations Act and Listing Rules. Eligible Shareholders are therefore encouraged to submit their applications early.

The Entitlement Offer is underwritten up to \$1.03 million. Accordingly, any Entitlements not taken up under the Entitlement Offer (including under the Shortfall Facility) are expected to be subscribed for by the Underwriter and Sub-underwriters. Please refer to section 10.9 for details of the Underwriter and Underwriting Agreement.

4.10 Allotment of Shares and Attaching Options

The Shares and Attaching Options for the Entitlement Offer are expected to be allotted by no later than Wednesday, 6 November 2024. Until issue and allotment of the Shares and Attaching Options under this Prospectus, the Application Monies will be held in trust in a separate bank account opened and maintained for that purpose only. Any interest earned on Application Monies will be for the benefit of the Company and will be retained by it irrespective of whether allotment of the Shares and Attaching Options takes place.

4.11 CHESS

KPO participates in the Clearing House Electronic Subregister System (**CHESS**).

CHESS is operated by ASX Settlement Pty Ltd (**ASPL**), a wholly owned subsidiary of ASX. Under CHESS, KPO does not issue certificates to investors. Instead, security holders will

receive a statement of their holdings in KPO, including the Securities issued under this Prospectus. If an investor is broker sponsored, ASPL will send a CHESS statement.

The CHESS statement will set out the number of Securities issued under this Prospectus, provide details of your holder identification number and give the participation identification number of the sponsor.

If you are registered on the issuer sponsored sub register, your statement will be dispatched by KPO's share registrar and will contain the number of Securities issued to you and your security holder reference number.

A CHESS statement or issuer sponsored statement will routinely be sent to Shareholders at the end of any calendar month during which the balance of their shareholding changes. Shareholders may request a statement at any other time, however, a charge may be made for additional statements.

4.12 ASX listing

Shares

Application for Official Quotation of the Shares allotted pursuant to this Prospectus will be made within 7 days of the date of this Prospectus.

If ASX does not grant Official Quotation of the Shares offered pursuant to this Prospectus within three months after the date of this Prospectus (or such period as varied by ASIC), the Company will not allot any Shares and will repay all application monies for the Shares within the time period prescribed under the Corporations Act, without interest.

A decision by ASX to grant Official Quotation of the Shares is not to be taken in any way as an indication of ASX's view as to the merits of the Company, or the Shares now offered for subscription.

Attaching Options

The Company will not apply for official quotation of the Attaching Options.

4.13 Overseas investors

The Company is of the view that it is unreasonable to make an offer under this Prospectus to Shareholders outside of Australia and New Zealand (**Ineligible Shareholders**) having regard to:

- (a) the number of Shareholders outside of Australia and New Zealand;
- (b) the number and value of the securities to be offered to Shareholders outside of Australia and New Zealand; and
- (c) the cost of complying with the legal requirements and requirements of regulatory authorities in the overseas jurisdictions.

Accordingly, the Company is not required to, and does not, make offers under the Prospectus to Shareholders outside of Australia and New Zealand.

The Entitlement Offer contained in this Prospectus to Eligible Shareholders with registered addresses in New Zealand is made in reliance on the Financial Markets Conduct Act 2013 and the Financial Markets Conduct (Incidental Offers) Exemption Notice 2016.

Members of the public in New Zealand who are not existing Shareholders on the Record Date are not entitled to apply for any Shares.

All Entitlements that would have been offered to Ineligible Shareholders will be allowed to lapse and will form part of the Shortfall Facility.

This Prospectus and the Entitlement and Acceptance Form do not constitute an offer of, or any invitation to subscribe for, any of the Shares in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation. Where this Prospectus has been despatched to Shareholders resident outside Australia and New Zealand and where the relevant jurisdiction's laws prohibit or restrict in any way the making of the offer contemplated by this Prospectus, this Prospectus is provided for information purposes only.

Shareholders resident in Australia and New Zealand holding existing Shares on behalf of persons who are resident overseas are responsible for ensuring that taking up their Entitlements does not breach the laws of the relevant overseas jurisdiction. The return of a duly completed Entitlement and Acceptance Form (or payment) will constitute a representation by the Applicant that there has been no breach of any such laws.

4.14 Dividend policy on increased capital

The Shares offered by this Prospectus will be entitled to any dividend declared on Shares in respect of the financial year in which the Shares are issued. The Directors do not anticipate declaring a dividend during the current financial year, being the financial year in which the Shares will be issued.

4.15 Speculative investment

There are risks associated with an investment in the Company and the Shares and Attaching Options offered by this Prospectus must be regarded as a speculative investment. The Shares offered under this Prospectus (including any issued on the exercise of Attaching Options) carry no guarantee in respect to the return on capital invested, payment of dividends, or future value of the Shares.

In making representations in this Prospectus, regard has been given to the fact that certain matters may reasonably be expected to be known to shareholders and the professional advisers whom shareholders or other potential investors may consult.

Please refer to section 7 of this Prospectus for certain risks associated with an investment in the Company.

4.16 Privacy Act

If you complete an Application, you will be providing personal information to the Company (directly or by the Share Registry). The Company collects, holds and will use that information to assess your application, service your needs as a security holder, facilitate distribution payments and corporate communications to you as a security holder and carry out administration.

The information may also be used from time to time and disclosed to persons inspecting the register, bidders for your securities in the context of takeovers, regulatory bodies, including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the Share Registry.

You can access, correct and update the personal information that we hold about you. Please contact the Company or its Share Registry if you wish to do so at the relevant contact numbers set out in the "Corporate Directory" of this Prospectus.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the *Privacy Act 1988* (Cth) (as amended), the Corporations Act and certain rules such as the ASX Settlement Operating Rules. You should note that if you do

not provide the information required on the application for securities, the Company may not be able to accept or process your application.

4.17 Major activities and financial information

A summary of the major activities and financial information relating to the Company for the financial year ended 30 June 2024 is in the Annual Report that was lodged with ASX on 30 September 2024 and is available on the Company's ASX announcements page at <https://www.kalinapower.com/investors/>.

The Company's Half Year Financial Report for the half year ended 31 December 2023 that was lodged with ASX on 29 February 2024 is also available on the Company's website.

The Company's continuous disclosure notices (i.e. ASX announcements) since the date of lodgement of the Company's latest full year statutory accounts and before lodgement of this Prospectus with ASIC are listed in section 10.3.

Copies of these documents are available free of charge from the Company. Directors strongly recommend that Shareholders review these and all other announcements prior to deciding whether or not to participate in the Entitlement Offer.

4.18 Forward-looking statements

This Prospectus contains forward-looking statements which are identified by words such as 'may', 'could', 'believes', 'estimates', 'targets', 'expects', or 'intends' and such other similar words that involve risks and uncertainties.

These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this Prospectus, are expected to take place.

Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company and the Directors.

The Company cannot and does not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this Prospectus will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.

The Company has no intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus, except where required by law.

These forward-looking statements are subject to various risk factors that could cause actual results to differ materially from the results expressed or anticipated in these statements. Some of these risk factors are set out in the section of the Investment Overview titled '*What are the key risks of further investment in the Company?*'.

5. Effect of the Offer

5.1 Effect of the Offer

The principal effects of the Offer on the financial position of the Company, assuming all the Entitlement Offer and Placement are fully subscribed are as follows:

- (a) the Company will issue up to 253,599,750 Shares and the total number of Shares on issue will increase to 2,739,993,762;
- (b) the Company will issue up to 126,799,875 Attaching Options (and 20 million Broker Options), such that the total Options on issue will increase to 297,262,375; and
- (c) the cash reserves of the Company will increase by approximately \$2.53 million (before expenses) immediately after completion of the Offer.

If all Attaching Options are exercised (but not any other Options), the Company will raise a further amount of approximately \$2.53 million and the Company's issued Share capital will increase to 2,866,793,637 Shares. The Company anticipates that any funds raised as a result of the exercise of the Attaching Options will be allocated towards the Company's working capital.

BW Equities acted as the lead manager to the Placement and Underwriter to the Entitlement Offer. As part consideration for the services provided, the Company has agreed to issue the Broker Options to BW Equities. As such, no funds will be raised from the Broker Option Offer .

5.2 Effect on capital structure

The effect of the Placement and Entitlement Offer on the capital structure of the Company, assuming all Entitlements are accepted and the Placement is fully subscribed is set out below.

Shares	Number
Shares currently on issue as at the date of this Prospectus	2,486,394,012
Shares to be issued pursuant to the Placement	150,000,000
Shares to be issued pursuant to the Entitlement Offer	103,599,750
Shares on issue after completion of the Placement and Entitlement Offer	2,739,993,762

Options	Number
<i>Existing Unquoted Options</i>	
<i>KPOAJ : OPTION EXPIRING 04-MAY-2025 EX \$0.05</i>	<i>4,000,000</i>
<i>KPOAE : OPTION EXPIRING VARIOUS DATES EX VARIOUS PRICES</i>	<i>141,462,500</i>
<i>KPOAK : OPTION EXPIRING 25-FEB-2025 EX \$0.05</i>	<i>5,000,000</i>
Attaching Options to be issued pursuant to the Placement	75,000,000

Attaching Options to be issued pursuant to the Entitlement Offer	51,799,875
Broker Options to be issued pursuant to the Broker Offer	20,000,000
Options on issue after completion of the Placement and Entitlement Offer	297,262,375

5.3 Potential dilutionary impact of Offer

Assuming that no existing Options are exercised prior to the Record Date, the maximum number of Shares which will be issued pursuant to the Entitlement Offer is 103,599,750. This equates to 3.85% of all the issued Shares in the Company following completion of the Offer. The 150 million Shares issued pursuant to the Placement equates to approximately 5.47% of the issued Shares of the Company following completion of the Offer.

Subject to the Placement, if all Eligible Shareholders take up their Entitlements under the Entitlement Offer, each Eligible Shareholder's percentage interest in the total issued shares of the Company will remain the same and will not be diluted.

However, Shareholders should note that if they do not participate in the Entitlement Offer, their holdings will be diluted (as compared to their holdings and number of Shares on issue as at the date of the Prospectus).

The table below shows the dilutionary impact the Offer will have on a Shareholder if the Shareholder does not take up his or her Entitlement, assuming the Offer is otherwise fully subscribed.

Holding at Record Date	% at Record Date	Entitlements under the Entitlement Offer	Holding if Entitlement not taken up	% post Completion of the Entitlement Offer and Placement
20,000,000	0.80%	833,334	20,000,000	0.73%
10,000,000	0.40%	416,667	10,000,000	0.36%
5,000,000	0.20%	208,334	5,000,000	0.18%

Notes:

1. *The table assumes that the Offer is fully subscribed and that no other Shares are issued.*
2. *The dilutionary effect shown in the table is the maximum percentage on the assumption that those Entitlements not accepted are taken up by the Underwriter and Sub-underwriters.*

Assuming all Attaching Options issued under the Placement and Entitlement Offer are exercised (and assuming no other Options are exercised), the maximum number of Shares that would be issued is 126,799,875 Shares.

5.4 Effect of the Offer on control of the Company

If all Eligible Shareholders take up their Entitlements, the Offer is not expected to have a material effect on the control of the Company.

However as noted in section 10.10, the Underwriter has secured sub-underwriting commitments from the Sub-underwriters for the aggregate amount of \$1.03 million. If none

of the Entitlements are taken up and there is a Shortfall Facility that is underwritten by the Sub-underwriters, their respective relevant interest in Shares will increase.

However, it is unlikely that no Eligible Shareholders, will take up their Entitlements under the Entitlement Offer or be otherwise issued Offer Securities.

Neither the Underwriter nor any of the Sub-underwriters will be entitled to acquire a relevant interest in greater than 20% of the Shares on completion of the Entitlement Offer.

The Offer is therefore not expected to have any significant impact on the control of the Company.

5.5 Effect on Substantial Shareholders

As at the date of this Prospectus, persons (together with their associates) who have a relevant interest of 5% or more in the Shares of the Company on issue are as below:

Substantial Shareholder	Relevant interest as at Prospectus Date	Voting power as at Prospectus Date	Relevant interest after completion of Entitlement Offer ¹	Voting power after completion of Entitlement Offer ¹	Voting power after completion of Entitlement Offer and Placement ²
Singalunga Pty Ltd	413,376,277	16.63%	430,600,289	16.63%	15.72%
Sasseys Pty Ltd	146,720,163	5.90%	152,833,504	5.90%	5.58%

Notes:

1. Assuming all Shareholders take up their respective Entitlements and no Options are exercised.
2. Assuming all Shareholders take up their respective Entitlements, the Placement is fully subscribed, the substantial shareholder only subscribes for their Entitlement and no Options are exercised.

6. Pro forma statement of financial position

KALINA POWER LIMITED

BALANCE SHEET AS AT 30 JUNE 2024

	Group accounts at	Adjustments	Adjusted BS
	Jun-24		Jun 24
	\$		\$
Current assets			
Cash	255,209		2,214,048
Cash from the Offer	-	1,958,838	
Other receivables	185,710		185,710
Total current assets	440,919		2,399,758
Non-current assets			
Investments	9,200		9,200
Property, plant and equipment	10,981		10,981
Total non-current assets	20,181		20,181
Total assets	461,100		2,419,938
Current liabilities			
Trade and other payables	449,869		449,869
AL-Provision	303,551		303,551
Total current liabilities	753,420		753,420
Non-current liabilities			
Other payables	2,423,074		2,423,074
Total non-current liabilities	2,423,074		2,423,074
Total liabilities	3,176,494		3,176,494
Net assets/(liabilities)	(2,715,394)		(756,556)
Equity			
Issued capital	130,719,800	2,308,838	133,028,638
Reserves	8,122,108		8,122,108
Accumulated losses	(129,916,537)	(350,000)	(130,266,537)
Total equity attributable to equity holders of the company	8,925,371		10,884,209
Non-controlling interest	(11,640,765)		(11,640,765)
Total Equity/net deficiency	(2,715,394)		(756,556)

This pro forma statement of financial position set out above reflects the Company's financial position as at 30 June 2024 adjusted to show the effect of the Entitlement Offer and Placement assuming full subscription.

Notes:

- (a) *The above pro-forma balance sheet is adjusted based on the following assumptions:*
- (i) *the total capital raised is \$2,535,998;*
 - (ii) *the estimated capital raising cost is \$227,160;*
 - (iii) *there is a repayment of Director loans of \$350,000 used in working capital; and*

(iv) *the net capital raised is \$2,308,838.*

7. Risk Factors

Sections 7.1 and 7.2 detail important factors and risks that could affect the financial and operating performance of the Company. You should consider these risk factors carefully in light of your personal circumstances, including financial and taxation issues, before making an investment decision in connection with the Entitlement Offer.

7.1 Specific Investment Risks

(a) **Future capital requirements**

The Group has currently established, or may in the future establish, subsidiaries or associates to further the business of the KALiNA Group. In particular the Group's Canadian subsidiary is developing projects which will require completion of complex Pre-FEED and FEED engineering studies as well as detailed and lengthy procurement, construction and operation phases. Each stage will need to attract significant levels of equity investment and/or debt in order to proceed.

Regulatory, commercial, environmental or political risks may impact on the ability of the Group to establish and/or continue to operate subsidiaries or associates in various global jurisdictions.

These factors may also impact on the ability of the subsidiary or associate companies to raise or generate capital on their own account. While the Group will seek to continue to operate existing subsidiaries or associates and to form new subsidiaries or associates, there is a risk that if those subsidiaries or associates fail to become self-funding or cannot secure the necessary capital which will still be required, the Group may not be able to implement its business plan.

(b) **Dependence on Proprietary Technology**

The Group (particularly its technology arm) relies on a combination of patents, copyrights, trade secrets and non-disclosure agreements to protect commercial information and the KALiNA Cycle® technology. Not all of the Groups patents relating to the KALiNA Cycle® technology have been maintained. The Group enters into confidentiality or licence agreements with its employees, licensees and others and limits access to its documentation, software and other proprietary information.

There can be no assurance that steps taken by the Group will be adequate to prevent misappropriation of its commercial information and the KALiNA Cycle® technology or that KALiNA's competitors will not independently develop technologies that are substantially equivalent or superior to KALiNA's technology. In addition, the laws of some foreign countries may not protect KALiNA's proprietary rights against others.

(c) **Foreign Exchange**

Foreign exchange risk is relatively high due to the global nature of the Group's core business. Foreign exchange risk arises as it is likely to receive payment for services in currencies other than the Group's functional currency. In addition the value of its investments, assets and liabilities in foreign jurisdictions will be affected by currency movements.

(d) **Potential for significant dilution**

Shareholders should note that if they do not participate in the Entitlement Offer, their holdings are likely to be diluted as a result of the Entitlement Offer. Please

refer to section 5.3 for examples of how the potential dilutionary effect of the Entitlement Offer.

(e) **Underwriting Risk**

If the Underwriter (or any Sub-underwriter) terminates their obligations under the Underwriting Agreement (or respective Sub-underwriting Agreement), the Company may not raise the Underwritten Amount under the Entitlement Offer and may need to find alternative financing to meet its funding requirements. There is no guarantee that alternative funding could be sourced, either at all or on satisfactory terms and conditions. Termination by the Underwriter (or any Sub-underwriter) of their obligations under the Underwriting Agreement (or respective Sub-underwriting Agreement) could materially adversely affect the Company's business, cash flow and financial position may impact Shareholders.

(f) **International Operations / Sovereign Risk**

The Company expects to derive a portion of its revenues from recurring revenues from the KALINA Cycle® technology and income earned from the operation and sale of power plants in Alberta. Power plant projects entail political and financial risks (including uncertainties associated with privatisation efforts in some countries, currency exchange rate fluctuations, currency repatriation restrictions, political instability, civil unrest and expropriation) and other structuring issues that have the potential to cause substantial delays in, or material impairment of, the value of the project being developed.

(g) **Government legislation and policy changes**

Changes in government legislation and policies from time to time are beyond the control of the Company and may affect profitability.

The development and operation of power plants requires numerous environmental and regulatory permits and is subject to extensive environmental laws and regulations. Violations of these requirements could result in liabilities that affect the operator's financial condition.

Regulatory and environmental issues may potentially delay or preclude development of a particular project. Environmental risks may also give rise to remediation obligations, civil claims and criminal penalties. Despite efforts to conduct activities in an environmentally responsible manner and in accordance with all applicable laws, there is a risk of an adverse environmental event occurring which could impact development or delay future development timetables and may subject the Company to substantial penalties including fines, damages, clean-up costs or other penalties.

Any potential liability or penalty arising in respect of an environmental issue may have a material adverse impact on the Group's financial position.

Revenue and expenditure of the Company may be affected by changes in international, federal, state or local government laws, regulations or policies, or in taxation legislation.

(h) **Management – Reliance on key personnel**

The Company's success depends largely on the core competencies of its directors and management and their familiarisation with, and ability to operate in the renewable energy business, clean technology and power project development business such as is carried on by the Company and the ability to retain the key executives.

While there is stable senior management in the Company it is possible that personnel changes could impact on the business of the Company. If required, identification of suitable candidates with skills in power project development, technology development or other relevant areas may take longer than the Company would expect. This could place extra pressure on existing management to operate the Company effectively.

7.2 General Investment Risks

(a) General economic climate

Factors such as inflation, currency fluctuation, interest rates and supply and demand have an impact on operating costs, and stock market prices. The Company's future revenues and Securities price may be affected by these factors, which are beyond the Company's control.

(b) Changes in legislation and government regulation

Government legislation in Australia and Canada, or any other relevant jurisdiction, including changes to the taxation system, may affect future earnings and relative attractiveness of investing in the Company. Changes in government policy or statutory changes may affect the Company and the attractiveness of an investment in it.

(c) Global credit and investment market

Global credit, commodity and investment markets have recently experienced a high degree of uncertainty and volatility. The factors which have led to this situation have been outside the control of the Company and may continue for some time resulting in continued volatility and uncertainty in world stock markets (including the ASX). This may impact the price at which the Company's Shares trade regardless of operating performance and affect the Company's ability to raise additional equity and/or debt to achieve its objectives, if required.

(d) Exchange rate risk

If the Australian dollar falls in relation to the exchange rate where the product or service is sourced from, then since the Company's financial statements are prepared in Australian dollars, this may impact its performance and position.

(e) Unforeseen risk

There may be other risks which the Directors are unaware of at the time of issuing this Prospectus which may impact on the Company, its operations and/or the valuation and performance of the Company's Shares.

(f) Combination of risks

The Company may not be subject to a single risk. A combination of risks, including any of the risks outlines in this section could affect the performance valuation, financial performance and prospects of the Company.

(g) Unforeseen expenditure risk

Expenditure may need to be incurred that has not been taken into account in the preparation of this Prospectus. Although the Company is not aware of any additional expenditure requirements, if such expenditure is subsequently incurred, this may adversely affect the expenditure proposals of the Company.

(h) Share market conditions

The market price of the Company's Securities may be subject to varied and unpredictable influences on the market for equities.

8. Rights attaching to Shares

The following is a summary of the key rights attaching to Shares in the Company. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of shareholders in the Company. To obtain such a statement, persons should seek independent legal advice.

Full details of the rights attaching to Shares are set out in the Company's Constitution, a copy of which is available for inspection at the Company's registered office during normal business hours.

8.1 General Meetings

Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company.

Shareholders may requisition meetings in accordance with section 249D of the Corporations Act and the Constitution of the Company.

8.2 Voting Rights

Subject to any rights or restrictions for the time being attached to any class or classes of shares, at general meetings of shareholders or classes of shareholders:

- (a) each shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- (b) on a show of hands, every person present who is a shareholder or a proxy, attorney or representative of a shareholder has one vote; and
- (c) on a poll, every person present who is a shareholder or a proxy, attorney or representative of a shareholder shall, in respect of each fully paid share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for the share, but in respect of partly paid shares shall have such number of votes as bears the same proportion to the total of such shares registered in the shareholder's name as the amount paid (not credited) bears to the total amounts paid and payable (excluding amounts credited).

8.3 Dividend Rights

The Directors may from time to time declare a dividend to be paid to shareholders entitled to the dividend. The dividend shall (subject to any lien on Shares and to the rights of any preference shareholders and to the rights of the holders of any shares created or raised under any special arrangement as to dividends) be payable on all shares in accordance with the Corporations Act. No dividend shall carry interest as against the Company.

8.4 Winding-Up

If the Company is wound up, the liquidator may, with the authority of a special resolution, divide among the shareholders in kind the whole or any part of the property of the Company, and may for that purpose set such value as he considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the shareholders or different classes of shareholders. The liquidator may, with the authority of a special resolution, vest the whole or any part of any such property in trustees upon such trusts for the benefit of the contributories as the liquidator thinks fit, but so that no shareholder is compelled to accept any shares or other securities in respect of which there is any liability.

8.5 Transfer of Shares

Generally, shares in the Company are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the Corporations Act or the Listing Rules.

8.6 Changes to Capital Structure

The Directors have the power to increase the number of shares that may be issued and the Company in general meeting may convert all or any of its shares into a larger or smaller number of shares, without altering the proportion between the amount paid and the amount (if any) unpaid on the shares concerned, subject to the Listing Rules.

8.7 Variation of Rights

The rights and privileges attaching to a class of shares can be altered with the approval of a resolution passed at a separate general meeting of that class by a three quarters majority of the members of that class present and voting, or with the written consent of the holders of at least three quarters of the shares on issue in that class.

9. Terms of Options

The Options granted pursuant to this Prospectus will entitle the holder to subscribe for and be allotted Shares on the following terms and conditions:

- (a) each Option entitles the holder to subscribe for one Share at an exercise price per Option of 2 cents;
- (b) the Company will not seek official quotation of the Options;
- (c) the Options are exercisable, at any time prior to 5.00pm Sydney Time 18 months from the date of issue (**Expiry Date**). Options not exercised on or before the Expiry Date will automatically lapse;
- (d) the Options may be exercised wholly or in part by completing an application form for Shares (**Notice of Exercise**) delivered to the Company's share registry and received by it any time prior to the Expiry Date;
- (e) the minimum number of Options that may be exercised at any one time is the lower of 100,000 Options or if the remaining balance is less, that remaining balance;
- (f) upon the exercise of the Attaching Options and receipt of all relevant documents and payment, Shares will be issued ranking pari passu with the then issued Shares;
- (g) the Company will apply to ASX to have the Shares issued pursuant to the exercise of Options granted official quotation;
- (h) any Notice of Exercise received by the Company's share registry on or prior to the Expiry Date will be deemed to be a Notice of Exercise as at the last Business Day of the month in which such notice is received;
- (i) holders of the Options are not entitled to any dividends or voting rights at the Company's general meetings;
- (j) there are no participating entitlements inherent in the Options to participate in new issues of capital which may be offered to Shareholders during the currency of the Options;
- (k) in the event of any reorganisation of the issued capital of the Company prior to the Expiry Date, the rights of an option holder will be changed to the extent necessary to comply with the Listing Rules applying to a reorganisation of capital at the time of the reorganisation;
- (l) the holders ability to exercise the Options will be subject to Chapter 6 of the Corporations Act; and
- (m) the Options may not be transferred, sold, mortgaged, charged, hedged or made subject to any margin lending arrangement or otherwise disposed of or dealt with and will lapse immediately if any such thing purports to occur.

10. Additional information

10.1 Continuous disclosure obligations

The Company is a "disclosing entity" (as defined in section 111AC of the Corporations Act) and is subject to the regime of continuous disclosure and periodic reporting requirements. Specifically as a listed company, the Company is subject to the Listing Rules which require continuous disclosure to the market of any information possessed by the Company which a reasonable person would expect to have a material effect on the price or value of its Shares.

10.2 Legal framework of Prospectus

As a "disclosing entity", the Company has issued this Prospectus in accordance with section 713 of the Corporations Act applicable to prospectuses for an offer of securities which are quoted enhanced disclosure (ED) securities and the securities are in a class of securities that were quoted ED securities at all times in the 12 months before the issue of this Prospectus.

This Prospectus is a "transaction specific prospectus". In general terms, a transaction specific prospectus is only required to contain information in relation to the effect of the issue of securities on a company and the rights attaching to the securities. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company.

This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest.

Information that is already in the public domain has not been reported in this Prospectus other than that which is considered necessary to make this Prospectus complete.

ASX maintains files containing publicly disclosed information about all listed companies. The Company's file is available for inspection at ASX in Perth during normal working hours. In addition, copies of documents lodged by, or in relation to, the Company with ASIC may be obtained from, or inspected at, any regional office of ASIC.

10.3 Information available to Shareholders

The Company as a disclosing entity under the Corporations Act:

- (a) is subject to regular reporting and disclosure obligations;
- (b) is required to provide copies of documents lodged with ASIC in relation to the Company to be obtained from, or inspected at, the offices of ASIC; and
- (c) will provide a copy of each of the following documents free of charge, to any person on request during the date of issue of this Prospectus and the Closing Date:
 - (i) the Annual Financial Report of the Company most recently lodged with ASIC;
 - (ii) any half year financial report lodged with ASIC by the Company after the lodgement of the Company's Annual Financial Report and before the lodgement of this Prospectus with ASIC; and

- (iii) any continuous disclosure given by the Company after the lodgement of that Annual Financial Report and before lodgement of this document with ASIC.

For details of documents lodged with the ASX since the date of lodgement of the latest Annual Financial Report refer to the table set out below:

Date	Announcement
30 September 2024	Updated Placement and Fully Underwritten Entitlement Offer
30 September 2024	Update - Proposed issue of securities - KPO
30 September 2024	Full year Statutory Accounts

10.4 Ongoing strategic discussions

The Company wishes to advise that as part of its strategy, it is in discussions with various third parties in connection with funding its project in Alberta. While the Company is in ongoing discussions with such potential third parties, there are no definitive or binding terms or agreements as at the date of this Prospectus.

10.5 Information excluded from continuous disclosure notices

There is no information which has been excluded from a continuous disclosure notice in accordance with the Listing Rules, and which is required to be set out in this Prospectus.

10.6 Market price of Shares

The Company is a disclosing entity for the purposes of the Corporations Act and its Shares are enhanced disclosure securities quoted on the ASX.

The highest, lowest market and last closing prices of the Shares on ASX during the three months immediately preceding the date of lodgement of this Prospectus with ASIC and the respective dates of those sales were:

	Share Price	Date
Highest	\$0.016	27 September 2024
Lowest	\$0.003	30 June 2024
Last	\$0.016	30 September 2024

10.7 Dividend policy

The Directors are not able to say when and if dividends will be paid in the future, as the payment of any dividends will depend on the future profitability, financial position and cash requirements of the Company.

10.8 Lead manager engagement

The Company and BW Equities Pty Ltd (**Lead Manager**) are party to a letter of engagement pursuant to which the Lead Manager has agreed to lead manage the Placement and Entitlement Offer (**Lead Manager Mandate**).

The following is a summary of the principal provisions of the Lead Manager Mandate.

(a) **Term**

The Lead Manager Mandate will continue until the earlier of completion of the Offer and the placement of Shortfall Securities, unless terminated earlier in accordance with the Lead Manager Mandate.

(b) **Retainer**

The Lead Manager will be retained by the Company for a period of 6 months starting from 1 October 2024

(c) **Fees and expenses**

- (i) **Placement:** 6% management and selling fee on proceeds of the Placement;
- (ii) **Entitlement Offer:** 1% underwriting fee on proceeds of the Entitlement Offer (please refer to section 10.9 for details on the Underwriting Agreement);
- (iii) **Broker Options:** 20 million Broker Options;
- (iv) **Retainer fee:** \$6,000

The Company has also agreed to reimburse the Lead Manager for its reasonable out-of-pocket expenses incurred in connection with the Offer.

(d) **Termination**

The Lead Manager Mandate may be terminated by either party at any time by giving 14 days' prior written notice.

10.9 Underwriting Agreement

Pursuant to an underwriting agreement dated on or around 27 September 2024 between the Company and BW Equities Pty Ltd (**Underwriter**), the Underwriter has agreed to manage and fully underwrite the Entitlement Offer (**Underwriting Agreement**). To the extent there is any Shortfall Facility, and the Underwriter has entered into Sub-underwriting Agreements with Sub-underwriters to subscribe for such sub-underwritten amounts (**Underwritten Amount**).

As at the date of this Prospectus, the Underwriter has secured sub-underwriting commitments totalling approximately \$1.03 million, and therefore, the Company anticipates that the Entitlement Offer will be fully underwritten. Please see section 10.10 for more information on the sub-underwriting commitments secured by the Underwriter as at the date of this Prospectus.

Fees

Subject to the Underwriter performing its obligations and 'Completion' under the Underwriting Agreement occurring, the Company has agreed to pay the Underwriter an underwriting fee of 1% (excluding GST) of the Underwritten Amount.

Conditions Precedent

The obligation for the Underwriter to underwrite the Entitlement Offer is subject to several conditions precedent under the Underwriting Agreement. As at the date this Prospectus was sent to Shareholders all conditions precedent have been satisfied.

Warranties

The Company has given warranties to the Underwriter which are usual in an agreement of this nature.

Termination

Although the termination events under the Underwriting Agreement are less extensive than normal market practice, the Underwriter may at any time prior to Completion terminate its obligation under the Underwriting Agreement without costs or liability to the Underwriter if:

- (a) (No Official Quotation): ASX has indicated before the Shortfall Notice Deadline Date that Official Quotation will not be granted for the Entitlement Offer Shares in accordance with the Timetable or will be granted with such conditions attached so as to represent a Material Adverse Effect, having been granted, is subsequently withdrawn, withheld or qualified; or
- (b) (Restriction on allotment): the Company is prevented from allotting the Entitlement Offer Securities within the time required under the Underwriting Agreement, the Corporations Act, the Listing Rules, any statute, regulation or order of a court of competent jurisdiction by ASIC, ASX or any court of competent jurisdiction or any Authority; or
- (c) (ASIC or other prosecution): ASIC gives notice of an intention to hold a hearing, examination or investigation, or it requires information to be disclosed in connection with the Entitlement Offer or the Company; or
- (d) (Authorisation): any Authorisation which is material to anything referred to in the Entitlement Offer is repealed, revoked or terminated or expires, or is modified or amended in a manner unacceptable to the Underwriter; or
- (e) (Indictable offence): a Director or a senior manager of the Company or a Subsidiary is charged with an indictable offence.

Definitions

The following terms used in section 10.9 and 10.10 in respect to the Underwriting Agreement or Sub-underwriting Agreement (as the case may be) are defined in the relevant agreement substantially as follows:

Authority means any national, federal, state, provincial, territory or local government (and all agencies, authorities, departments, ministers or instrumentalities or any of them) or any administrative body, judicial body, public tribunal, commission, authority, agency or instrumentality, which has jurisdiction or authority in respect of this Agreement.

Authorisation includes any consent, authorisation, registration, filing, agreement, notarisation, certificate, permission, licence, approval, authority or exemption from, by or with any Authority;

Certificate means a letter addressed to the Underwriter signed by one Director and the Secretary, or by two Directors in the form set out in the Underwriting Agreement;

Completion means the date on which allotment of the last of the Entitlement Offer Securities occurs in accordance with the Entitlement Offer and in accordance with this Underwriting Agreement;

Event of Insolvency means

- (a) a receiver, manager, receiver and manager, trustee, administrator, Controller or similar officer is appointed in respect of a person or any asset of a person;
- (b) a liquidator or provisional liquidator is appointed in respect of a corporation;

- (c) any application (not being an application withdrawn or dismissed within 7 days) is made to a court for an order, or an order is made, or a meeting is convened, or a resolution is passed, for the purpose of:
 - (i) appointing a person referred to in paragraphs (a) or (b) of this definition;
 - (ii) winding up a corporation; or
 - (iii) proposing or implementing a scheme of arrangement;
- (d) any event or conduct occurs which would enable a court to grant a petition, or an order is made, for the bankruptcy of an individual or his estate under any Insolvency Provision;
- (e) a moratorium of any debts of a person, or an official assignment, or a composition, or an arrangement (formal or informal) with a person's creditors, or any similar proceeding or arrangement by which the assets of a person are subjected conditionally or unconditionally to the control of that person's creditors or a trustee, is ordered, declared, or agreed to, or is applied for and the application is not withdrawn or dismissed within 7 days;
- (f) a person becomes, or admits in writing that it is, is declared to be, or is deemed under any applicable Law to be, insolvent or unable to pay its debts; or
- (g) any writ of execution, garnishee order, mareva injunction or similar order, attachment, distress or other process is made, levied or issued against or in relation to any asset of a person.

Force Majeure means any act of God, war, revolution, or any other unlawful act against public order or authority, an industrial dispute, a governmental restraint, or any other event which is not within the control of the parties;

Law means the common law (including equity), current and future Acts of the Parliament of the Commonwealth of Australia, or of the Parliament of the jurisdiction that is the governing law of this Agreement or of the jurisdiction where any matter or thing is done or to be done under this Agreement, and related regulations, by-laws and other subordinate legislation, and the requirements of Authorities;

Material Adverse Effect means:

- (a) a material adverse effect which is likely to result in the price of Shares on ASX falling by more than 10% during a period of one week; or
- (b) a material adverse effect on the assets, condition, trading or financial position, performance, profits and losses, results, prospects, business or operations of the Company and its Subsidiaries either individually or taken as a whole; or
- (c) a material adverse effect on the tax position of either the Company and its Subsidiaries either individually or taken as a whole.

Prescribed Occurrence means

- (a) the Company or a Subsidiary converting all or any of its Shares into a larger or smaller number of Shares;
- (b) the Company or a Subsidiary resolving to reduce its share capital in any way;
- (c) the Company or a Subsidiary :
 - (i) entering into a buy back agreement or;

- (ii) resolving to approve the terms of a buy back agreement under section 257C or 257D of the Corporations Act;
- (d) the Company or a Subsidiary making an issue of, or granting an option to subscribe for, any of its Shares, or agreeing to make such an issue or grant such an option, other than an issue or agreement to issue in accordance with the Entitlement Offer, the terms of the Underwriting Agreement, as disclosed in the due diligence questionnaire prepared by the Company in respect of the Entitlement Offer or otherwise with the prior written consent of the Underwriter;
- (e) the Company or a Subsidiary issuing, or agreeing to issue, convertible notes;
- (f) the Company or a Subsidiary disposing, or agreeing to dispose, of the whole, or a substantial part, of its business or property;
- (g) the Company or a Subsidiary charging, agreeing to charge, the whole, or a substantial part, of its business or property;
- (h) the Company or a Subsidiary resolving that it be wound up;
- (i) the appointment of a liquidator or provisional liquidator to the Company or a Subsidiary;
- (j) the making of an order by a court for the winding up of the Company or a Subsidiary;
- (k) an administrator of the Company or a Subsidiary, being appointed under section 436A, 436B or 436C of the Corporations Act;
- (l) the Company or a Subsidiary executing a deed of company arrangement; or
- (m) the appointment of a receiver, or a receiver and manager, in relation to the whole, or a substantial part, of the property of the Company or a Subsidiary;

Shortfall Notice Deadline Date means the date referred to as the 'Shortfall Notice Deadline Date' in the Timetable, being the date by which the Company must give the Underwriter written notice of the Shortfall accompanied by a Certificate;

Shortfall Settlement Date means 8 November 2024; and

Subsidiary means each company which at the date of execution of this Underwriting Agreement or at the time of Completion is a 'subsidiary' of the Company within the meaning of the Corporations Act.

10.10 Sub-underwriting Agreement

As at the date of this Prospectus, the Underwriter has entered into Sub-underwriting Agreements with the Sub-underwriters (comprised of existing Shareholders, Directors and management, and other independent third party investors) to sub-underwrite their respective sub-underwritten amounts referred to in the table below. The majority of Directors have also participated in the sub-underwriting.

Each Sub-underwriter will not by its Sub-underwriting Agreement increase its relevant interest in Shares to 20% or more.

Sub-underwriter	Sub-underwritten Amount
Sinalunga Pty Ltd	\$250,000.00

Sassey Pty Ltd	\$200,000.00
Ross MacLachlan ¹	\$100,000.00
Tim Horgan ¹	\$100,000.00
Matthew Jenkins ¹	\$100,000.00
Jo May Horgan ¹	\$50,000.00
Stephen White ¹	\$30,000.00
Malcolm Jacques ¹	\$10,000.00
Kesh Thurairasa	\$60,998.00
Other sub-underwriting parties	\$135,000.00
Total	\$1,035,998.00

Notes:

1. *These Sub-underwriters are related parties of the Company.*
2. *Other than the Directors of the Company, the terms and conditions of each Sub-underwriting Agreement entered into between the Sub-underwriters and the Underwriter are on substantially the same terms. The key terms of the Sub-underwriting Agreements including the 'set-off' mechanism, which applies to the relevant Director's Sub-underwriting Agreement is summarised below.*

Fees

The Company must pay to each Sub-underwriter a sub-underwriting fee of 5% (excluding GST) of their respective sub-underwritten amount.

Obligation to sub-underwrite

Subject to satisfaction of the terms and conditions contained in each Sub-underwriter's respective Sub-underwriting Agreement and the Company's Constitution each Sub-underwriter has agreed to sub-underwrite the Underwriter's obligation to underwrite the Entitlement Offer for an amount equal to each Sub-underwriter's sub-underwritten amount.

Warranties

The Sub-underwriters have given warranties to the Underwriter and the Underwriter has given covenants to the Sub-underwriters which are usual in an agreement of this nature.

Termination

The Sub-underwriters may at any time prior to completion terminate its obligation under its respective Sub-underwriting agreement if:

- (a) (No Official Quotation): ASX has indicated before the Shortfall Notice Deadline Date that Official Quotation will not be granted for the Entitlement Offer Shares in accordance with the Timetable or will be granted with such conditions attached so as to represent a Material Adverse Effect, having been granted, is subsequently withdrawn, withheld or qualified; or
- (b) (Restriction on allotment): the Company is prevented from allotting the Entitlement Offer Securities within the time required by the Underwriting Agreement, the Corporations Act, the Listing Rules, any statute, regulation or order of a court of

competent jurisdiction by ASIC, ASX or any court of competent jurisdiction or any Authority; or

- (c) (ASIC or other prosecution): ASIC gives notice of an intention to hold a hearing, examination or investigation, or it requires information to be disclosed in connection with the Entitlement Offer or the Company; or
- (d) (Authorisation): any Authorisation which is material to anything referred to in the Entitlement Offer is repealed, revoked or terminated or expires, or is modified or amended; or
- (e) (Indictable offence): a Director or a senior manager of the Company or a Subsidiary is charged with an indictable offence; or
- (f) (Termination Events): any of the following events occurs:
 - (i) (Default): default or breach by the Company under the Underwriting Agreement of any material terms, condition, covenant or undertaking;
 - (ii) (Contravention of constitution or Act): a contravention by the Company or a Subsidiary of any provision of its constitution, the Corporations Act, the Listing Rules or any other applicable legislation or any policy or requirement of ASIC or ASX;
 - (iii) (Prescribed Occurrence): a Prescribed Occurrence occurs;
 - (iv) (Event of Insolvency): an Event of Insolvency occurs in respect of the Company or a Subsidiary; and
 - (v) (Force Majeure): a Force Majeure affecting the Company's business or any obligation under the Underwriting Agreement lasting in excess of seven (7) days occurs.

The Sub-underwriters may not exercise their rights to terminate unless if in the reasonable opinion of the sub-underwriter the occurrence of a termination event is likely to have, or two or more termination events together have or are likely to have, a Material Adverse Effect or give rise to a liability of the Underwriter under the Corporations Act or otherwise.

Set-Off

Certain Directors (**Lending Directors**) of the Company have by way of an unsecured loan, advanced in aggregate \$350,000 to the Company on or around 26 August 2024 and 12 September 2024 (**Loan**) with the proceeds to be used for the Company's working capital requirements. The Loan is for a term of 12 months commencing on the date that the Loan was advanced to the Company, with an interest rate of 14% per annum.

The Sub-underwriting Agreement entered into between the Underwriter and those Lending Directors includes a right for to set-off amounts payable by the Lending Director pursuant to the Sub-underwriting Agreement, against the relevant Loan amount owing to that Lending Director.

10.11 Corporate Governance

The Company seeks to ensure that the requirements of good corporate governance are adhered to at all times. It strives to meet and exceed the guidelines set out around the principles of Corporate Governance. A detailed summary of the Company's corporate governance can be found in the Company's 2024 Corporate Governance Statement, lodged with the ASX on 30 September 2024 or on the Company's website.

10.12 Litigation

As noted in the Company's annual report for the financial year ended 30 June 2024, the Company provided New Energy Asia Ltd (**NEA**) (a subsidiary of the Company) with financial guarantees amount to approximately RMB 5.5 million, including in part those related to the building of the Sinopec Hainan plant. The Bank of East Asia has obtained judgement against Shanghai Shenghe New Energy Resources Science and Technology Co. Ltd (a subsidiary of NEA) through proceedings in China for repayment of loan amounts. Whilst the Company is not a party to the proceedings, it may be required to respond to any potential proceedings. The Directors believe that they have grounds to defend possible claims under the guarantees provided. Please refer to the Company's annual report for further information.

Other than as disclosed in this Prospectus, as at the date of this Prospectus, the Company is not involved in any legal proceedings and the Directors are not aware of any legal proceedings pending or threatened against the Company.

10.13 Interests of Directors

(a) Directors' holdings

At the date of this Prospectus the relevant interest of each of the Directors in the securities of the Company are as follows:

Director ¹	Shares	Unlisted options
Stephen White	33,007,903	20,000,000
Ross MacLachlan ²	117,084,874	33,537,500
Timothy Horgan	16,060,747	31,855,000
Malcolm Jacques ²	9,706,620	10,817,500
Peter Littlewood	19,700,307	12,452,500
Matthew Jenkins	-	-

Notes:

1. *The above does not take into account any Shares or Attaching Options the Directors may acquire under the Offer.*
2. *Held directly and indirectly.*

(b) Remuneration of Directors

Please refer to the Remuneration Report which is contained on pages 11 to 16 of the Company's Annual Report for the financial year ended 30 June 2024 for full details of the remuneration of the Company's Directors.

The Annual Report for the financial year ended 30 June 2024 was lodged with ASX on 30 September 2024 and is available on the Company's ASX announcements page at <https://www.kalinapower.com/investors/>.

A hard copy of the Annual Report for the financial year ended 30 June 2024 is also available free of charge until the Closing Date by contacting the Company at its

registered address using the details in the “Corporate Directory” section of this Prospectus.

(c) **Directors interests**

Other than as set out below or elsewhere in this Prospectus, no Director (whether individually or in consequence of a Director's association with any company or firm or in any material contract entered into by the Company) has now, or has had within 2 years before the lodgement of this Prospectus with ASIC, any interest in:

- (i) the promotion or formation of the Company;
- (ii) property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer; or
- (iii) the Offer.

Other than as set out below or elsewhere in this Prospectus, no amounts have been paid or agreed to be paid (in cash or shares or otherwise) and no benefit given or agreed to be given to any Director or to any firm in which any such Director is a partner, either to induce him to become, or to qualify him as, a Director or otherwise for services rendered by him or by the firm in connection with the promotion or formation of the Company or the Offer.

The Company has paid insurance premiums to insure each of the Directors against liabilities for costs and expenses incurred by them in defending any legal proceedings while acting in the capacity of a Director.

10.14 Interests of named persons

Except as disclosed in this Prospectus, no promoter or other person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of the Prospectus, holds, or during the last two years has held, any interest in:

- (a) the formation or promotion of the Company;
- (b) property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer; or
- (c) the Offer,

and no amounts of any kind (whether in cash, Shares, Options or otherwise) have been paid or agreed to be paid to a promoter or any person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of the Prospectus for services rendered by that person in connection with the formation or promotion of the Company or the Offer.

BW Equities Pty Ltd has acted as Lead Manager and Underwriter to the Offer and will be paid 6% (plus GST) on proceeds from the Placement pursuant to the Lead Manager Mandate and 1% (plus GST) on the Underwritten Amount pursuant to the Underwriting Agreement. The Company is responsible for paying the sub-underwriting fees to the Sub-underwriters under the Underwriting Agreements. BW Equities Pty Ltd did not provide other professional services to the Company (or its wholly owned subsidiaries) during the last two years. BW Equities Pty Ltd and its related entities do not hold any Shares or Options beneficially as at the date of this Prospectus. Please refer to section 10.8 for the engagement terms of BW Equities.

Gadens has acted as the Australian legal advisor to the Company in relation to the Offer. The Company has paid or agreed to pay \$10,000 (excluding GST and disbursements) for

these services in connection with the Offer up to the date of the Prospectus. Further amounts may be payable to Gadens in accordance with its time-based charge out rates.

10.15 Consents

Each of the other parties referred to in this section 10.15:

- (a) has not authorised or caused the issue of this Prospectus;
- (b) does not make, or purport to make, any statement in this Prospectus or on which a statement made in the Prospectus is based other than as specified in this section; and
- (c) to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this section.

Each of the following has consented to being named in the Prospectus in the capacity as noted below and have not withdrawn such consent prior to the lodgement of this Prospectus with ASIC:

- (d) BW Equities Pty Ltd, as the Lead Manager and Underwriter to the Offer;
- (e) Gadens, as Australian legal advisor to the Company.

Computershare Registry Services Pty Limited has had no involvement in the preparation of any part of the Prospectus other than being named as Share Registry to the Company. Computershare Registry Services Pty Limited has not authorised or caused the issue of, and expressly disclaims and takes no responsibility for, any part of the Prospectus.

There are a number of persons referred to elsewhere in this Prospectus who are not experts and who have not made statements included in this Prospectus nor are there any statements made in this Prospectus on the basis of any statements made by those persons. These persons did not consent to being named in the Prospectus and did not authorise or cause the issue of the Prospectus.

10.16 Expenses of the Offer

The estimated expenses of the Offer (excluding GST) are as follows:

Expense	Amount
ASIC fees	\$3,206
DVP, printing and registry fees	\$45,197
ASX fees	\$11,597
Legal fees	\$15,000
Underwriting and Placement fees	\$152,160
Total	\$227,160

11. Directors authorisation and consent

This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with section 720 of the Corporations Act, each Director has consented to the lodgement of this Prospectus with ASIC.

Dated: 1 October 2024



Mr Timothy Horgan
For and on behalf of
KALiNA Power Limited

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GLOSSARY

A\$, AUD and \$ means Australian dollars, unless otherwise stated;

AFSL means Australian financial services licence;

Alberta means the Province of Alberta, Canada;

Applicant means a person who submits and Entitlement and Acceptance Form;

Application Monies has the meaning given to that term in “How to Apply?” in section 2;

ASIC means the Australian Securities and Investments Commission;

ASX means, as the context requires, ASX Limited (ACN 008 624 691) or the Australian Securities Exchange operated by ASX Limited;

Attaching Options means a free-attaching Options offered pursuant to the Offer for every 2 Shares subscribed, each exercisable at \$0.02 (2 cents) and expiring 18 months from the date of issue;

Board means the board of Directors;

Broker Option has the meaning given to that term in section 4.1;

Broker Option Offer has the meaning given to that term in section 4.1

Business Day means a day on which trading takes place on the stock market of ASX;

Closing Date means the closing date of the Entitlement Offer, being 5.00pm (Sydney Time) on 30 October 2024 (unless varied by the Directors);

Company, KPO or KALiNA means KALiNA Power Limited (ABN 24 000 090 997);

Constitution means the Company’s Constitution as at the date of this Prospectus;

Corporations Act means the *Corporations Act 2001* (Cth);

Directors means the directors of the Company at the date of this Prospectus;

Dollar or “\$” means Australian dollars;

Eligible Shareholder means a person registered as a Shareholder as at 7.00pm (Sydney Time) on the Record Date whose registered address is in Australia or New Zealand, or such person otherwise elected at the Company’s discretion;

Entitlement has the meaning given to that term in “Entitlement Offer Overview” in section 2;

Entitlement and Acceptance Form means the entitlement and acceptance form accompanying this Prospectus and as described in “How to Apply?” in section 2;

Entitlement Offer means the non-renounceable entitlement offer of one (1) new Share for every twenty four (24) Shares held, together with one (1) free Attaching Options for every 2 Shares subscribed;

Expiry Date has the meaning given to that term in section 9;

Group means KALiNA and each of its Subsidiaries;

Ineligible Shareholders has the meaning given to that term in section 4.13;

KDP means KALiNA Distributed Power Limited;

Lead Manager has the meaning given to that term in section 10.8;

Lead Manager Mandate has the meaning given to that term in section 10.8;

Listing Rules means the Listing Rules of ASX;

Loan has the meaning given to that term in section 10.10;

Offer has the meaning given to that term in section 2;

Offer Price means \$0.01 (1 cent)

Offer Securities means the Securities to be issued pursuant to the Offer in accordance with the Listing Rules.

Official Quotation means the grant by ASX of "Official Quotation" (as that term is used in the Listing Rules) of Securities, which if such quotations is conditional may only be conditional on the allotment of the relevant Securities or otherwise satisfying the 50 holder requirement for a secondary class of security in Chapter 2 of the Listing Rules;

Opening Date means the opening date of the Entitlement Offer, being 9 October 2024;

Option means an option to acquire a Share;

Placement has the meaning given to that term in section 2;

Prospectus means this prospectus dated 1 October 2024;

Record Date means the record date for determining a Shareholder's Entitlement to participate in the Entitlement Offer, being 4 October 2024;

Securities has the meaning given to that term under the Corporations Act;

Share means a fully paid ordinary share in the Company;

Share Registry means Computershare Registry Services Pty Limited ABN 48 078 279 277;

Shareholder means a holder of Shares;

Shortfall Facility has the meaning given to that term in the "Offer Overview" in section 2, further details of which are set out in section 4.9;

Shortfall Securities means the Shares and Attaching Options (if any) not taken up under the Entitlement Offer;

Sub-underwriters means those persons with whom the Underwriter has entered into Sub-underwriting Agreements with for the sub-underwriting commitments referred to in section 10.10;

Sub-underwriting Agreements means the sub-underwriting agreements entered into by the Underwriter with each Sub-underwriter, the key terms of which are summarised in section 10.10;

Underwriter or **BW Equities** means BW Equities Pty Ltd ACN 146 642 462 (AFSL No. 389353);

Underwritten Amount has the meaning given to that term in section 10.9; and

Underwriting Agreement means the underwriting agreement entered into between the Company and the Underwriter, the key terms of which are summarised in section 10.9.

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