

KALiNa Power Limited

ACN 000 090 997

Entitlement Offer

For a non-renounceable entitlement issue of 1 Share for every 3 Shares held by Eligible Shareholders registered at the Record Date at an issue price of \$0.004 (0.4 cents) per Share to raise up to approximately \$2 million.

The Entitlement Offer is fully underwritten by the Underwriter.

This offer closes at 5.00pm (AEDT) on 28 November 2023 (unless extended at the discretion of the Company).

IMPORTANT INFORMATION

This is an important document which is accompanied by an Entitlement and Acceptance Form. Both documents should be read in their entirety. This Offer Booklet is provided for information purposes only and is not a prospectus, product disclosure statement or other form of disclosure document. This Offer Booklet is dated 8 November 2023. This Offer Booklet does not contain all the information that an investor would find in a prospectus or which may be required in order to make an informed investment decision regarding, or about the rights attaching to, Shares offered under this Offer Booklet. This Offer Booklet is issued pursuant to section 708AA of the Corporations Act and applicable *ASIC Corporations (Non-Traditional Rights Issue) Instrument 2016/84* for the offer of shares without disclosure to investors under Part 6D.2 of the Corporations Act.

If you have any questions please contact your professional adviser or KPO on +61 (03) 9236 2800 (within Australia) from 8.30am to 5.30pm (AEDT) during the offer period.

NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS

Important Notice

This Offer Booklet is dated 8 November 2023. This Offer Booklet is not a prospectus, product disclosure statement or other form of disclosure document under the Corporations Act and has not been lodged with ASIC. The Offer Booklet is for information purposes only. The information in this Offer Booklet is not intended to be comprehensive and should be read in conjunction with the more detailed information released by KPO under its continuous disclosure obligations.

1. Jurisdiction

This Offer Booklet, the Chairman's Letter and the Entitlement and Acceptance Form, do not constitute an offer in any jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer. In particular, this Offer Booklet and anything contained in it does not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States or to, or for the account or benefit of, any "US Persons" (as defined in Regulation S under the US Securities Act of 1933, as amended (**the Securities Act**) (**U.S. Persons**)). None of this Offer Booklet, the Chairman's letter, nor the Entitlement and Acceptance Form may be distributed to or released in the United States. The New Shares (and Additional New Shares) offered in the Entitlement Offer have not been, and will not be, registered under the Securities Act or the securities laws of any state or other jurisdiction of the United States. The New Shares (and Additional New Shares) may not be offered, or sold, or resold, in the United States or to, or for the account or benefit of, any U.S. Persons, except in transactions exempt from, or not subject to, the registration requirements of the U.S. Securities Act and any applicable securities laws of any state or other jurisdiction of the United States. The New Shares (and Additional New Shares) may not be deposited in any existing unrestricted American Depository Receipt Facility or such future program with respect to the securities of KALiNa Power Limited that has been or may be established until 40 days following the completion of the Entitlement Offer.

The Entitlement Offer to New Zealand investors is made pursuant to the New Zealand Securities Act (Overseas Companies) Exemption Notice 2013. Pursuant to this Act, the only members of the public to whom the Shares are offered in New Zealand under the Entitlement Offer are those who, at the Record Date, are holders of Shares in KPO. As ASX does not operate in New Zealand, the way in which the market operates, the regulation of participants in that market, and the information available to you about the securities and trading may differ from securities markets that operate in New Zealand.

2. Investment decisions

The information contained in this Offer Booklet is not intended to be relied on as advice. Before deciding to invest in KPO, potential investors should read the entire Offer Booklet and in particular the technical information and risk factors that could affect the future operations and activities of KPO and consult their professional advisers. The Entitlement Offer contained in this Offer Booklet does not take into account the investment objectives, financial situation and particular needs of any investor.

3. Risk factors

Potential investors should be aware that subscribing for Shares in KPO involves a number of risks. The key risk factors of

which investors should be aware are set out in sections 3.28 and 3.29 of this Offer Booklet. Investors should carefully consider the risk factors that affect KPO specifically and the human resources technology and human resources industries in which it operates.

4. Forward looking information

Forward looking statements, opinion, estimates provided in this Offer Booklet are based on assumptions and contingencies which are subject to change without notice, as are statements about market and industry trends, which are based on the interpretations of current market conditions.

Forward looking statement including forecasts, projections, guidance on future revenues, earnings and estimates are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance. Such forward-looking statements only speak as to the date of this Offer Booklet and KALiNa Power Limited assumes no obligation to update such information. They are subject to known and unknown risks, uncertainties and assumptions, many of which are outside the control of KALiNa Power Limited and its Directors, which could cause actual results, performance or achievements to differ materially from future results, performance or achievements expressed or implied by any forward-looking statements in this Offer Booklet.

You should also refer to sections 3.28 and 3.29 of this Offer Booklet for a list of the key risks.

Summary of the Entitlement Offer

Issue Price	\$0.004
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Your entitlement	1 New Share for every 3 Shares held on the Record Date
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Key Dates (2023)*

Record Date for the Entitlement Offer	7:00 pm (AEDT) on 13 November 2023
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Offer Booklet is dispatched	16 November 2023
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Entitlement Offer opens	16 November 2023
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Entitlement Offer closes	5:00 pm (AEDT) on 28 November 2023
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Issue of New Shares under the Entitlement Offer	5 December 2023
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Normal trading of New Shares issued under the Entitlement Offer expected to commence on ASX	5 December 2023
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*Dates and times are indicative only and subject to change. All times refer to Australian Eastern Standard Time (AEDT).

KALiNa Power Limited reserves the right to vary these dates without prior notice subject to the Corporations Act, ASX Listing Rules and other applicable laws, including extending the Entitlement Offer or accepting late Applications, either generally or in particular cases, without notice. Any extension of the Entitlement Offer will have a consequential effect on the issue date of the New Shares. Commencement of quotation of New Shares is subject to approval by ASX.

Enquiries

For any enquiries please call KPO on +61 (03) 9236 2800 or contact your stockbroker, accountant or other professional adviser.

Chairman's Letter

8 November 2023

Dear Shareholder

On behalf of KALiNa Power Limited ("**KPO**" or "**Company**"), I am pleased to invite you to participate in a 1 for 3 non-renounceable entitlement offer for new fully paid ordinary shares in KPO (**New Shares**) at an issue price of \$0.004 per New Share (**Entitlement Offer**).

Company strategy

Over the past financial year, we have taken important steps to advance our commercial mission to deliver innovative and sustainable energy solutions that are fundamental to the Green Energy Transition to a Net-Zero Economy. We have positioned our Company to exploit opportunities in the burgeoning power, carbon capture and sequestration market as well as better capitalize on commercial opportunities with the KALiNA Cycle Technology.

KALiNA has engaged PricewaterhouseCoopers Corporate Finance Inc. ("PwC CF") to advise on the funding of our Alberta project development program and subsequent long-term funding mechanisms for the debt and equity of its projects.

A considerable number of strategic and financial investors have engaged and continue to conduct active diligence on the assets. Discussions around potential tolling agreements, EPC contracting and financial participation in the projects are ongoing. As well as engaging on KDP's ~200MW projects deploying natural gas-fired Combined Cycle Power Plants integrated with Carbon Capture and Sequestration ('CC-CCS') diligence is also being conducted on potential investment at KDP's Saddle Hills project to initially deploy gas turbines in Simple Cycle Peaker mode.

We anticipate reporting on progress in due course.

Entitlement Offer

This information booklet (**Offer Booklet**) relates to the Entitlement Offer. I am pleased to invite you to participate in the Entitlement Offer.

Under the Entitlement Offer, eligible shareholders have the opportunity to invest at the price of \$0.004 per New Share (**Entitlement**). Your Entitlement is set out in your personalised Entitlement and Acceptance Form that is enclosed with this Offer Booklet.

If you take up your Entitlement in full, you can also apply for additional shares under a "Shortfall Facility" (refer to section 1 of this Offer Booklet for more information). I encourage you to read the Offer Booklet carefully before deciding whether or not to participate in the Entitlement Offer.

Please note that to participate in the Entitlement Offer you must apply and pay for your New Shares before 5pm (AEDT) on 28 November 2023. Further information about how to apply for New Shares is set out in Section 2.

The Issue Price of \$0.004 represents a discount of approximately 20% to the closing price of KPO shares on 31 October 2023 (being the last trading day before the Entitlement Offer was announced).

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

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.

Eligible Shareholders who take up their full Entitlement may also apply for Additional New Shares under the Shortfall Facility. Further information about how to apply for Additional New Shares is set out in Section 2.

The Entitlement Offer closes at 5:00 pm AEDT on 28 November 2023.

If you have any questions about the Entitlement Offer please call KPO on +61 (03) 9236 2800 from 8.30am to 5pm (AEDT) Monday to Friday during the Entitlement Offer Period.

Other Information

This Offer Booklet contains important information, including:

- instructions on how to apply, detailing how to participate in the Entitlement Offer if you choose to do so, and a timetable of key dates; and
- instructions on how to take up all or part of your Entitlement.

A personalised Entitlement and Acceptance Form which details your Entitlement, to be completed in accordance with the instructions contained therein, accompanies this Offer Booklet.

You should also consult your stockbroker, solicitor, accountant or other professional adviser to evaluate whether or not to participate in the Entitlement Offer.

On behalf of the Board of KPO, I encourage you to consider this investment opportunity and thank you for your continued support as we execute KPO's revised strategy.

Yours sincerely

Stephen White

Chairman

1. THE ENTITLEMENT OFFER

KALiNa Power Limited (ASX Code: KPO) proposes to raise up to approximately \$2 million under the Entitlement Offer through the issue of up to 505,065,262 New Shares.

Where fractions arise in the calculation of an Entitlement, they have been rounded up to the next whole number of New Shares.

Eligible Shareholders (as defined in Section 3 below) are being offered the opportunity to subscribe for 1 New Share for every 3 Existing Shares in KPO (**Existing Shares**) held at 7.00pm (AEDT) on 13 November 2023 (**Entitlement**), at the issue price of \$0.004 per New Share.

Eligible Shareholders may also apply for New Shares in excess of their Entitlement (**Additional New Shares**). Please note that New Shares in excess of Entitlements will only be allocated to Eligible Shareholders if, and to the extent that KPO determines in its absolute discretion but subject to its shortfall allocation policy and having regard to the circumstances as at the time of the close of the Entitlement Offer. The shortfall allocation policy is described in more detail in the below section.

Any New Shares in excess of Entitlements will be limited to the extent that there are sufficient New Shares due to Eligible Shareholders who do not take up their full Entitlements or from New Shares that would have been offered to Ineligible Shareholders if they had been entitled to participate in the Entitlement Offer. KPO may apply any scale-back (in its absolute discretion).

The Entitlement Offer is being made pursuant to provisions of the Corporations Act which allow rights issues to be offered without a prospectus. As a result, it is important for Eligible Shareholders to read and understand the information on KPO and the Entitlement Offer made publicly available, prior to accepting all or part of their Entitlement or applying for Additional New Shares. In particular, please refer to this Offer Booklet, KPO's other periodic and continuous disclosure announcements to the ASX available at www.asx.com.au.

Your Entitlement is set out on the accompanying personalised Entitlement and Acceptance Form and has been calculated as 1 New Share for every 3 Existing Shares you held as at the Record Date of 7.00pm (AEDT) on 13 November 2023 rounded up to the nearest whole New Share. If you have more than one holding of Existing Shares, you will be sent more than one personalised Entitlement and Acceptance Form and you will have separate Entitlements for each separate holding. New Shares issued pursuant to the Entitlement Offer will be fully paid and rank equally with existing KPO ordinary shares on issue.

Your Entitlement is non-renounceable. This means that your Entitlements are personal and cannot be traded, transferred, assigned or otherwise dealt with, whether on the ASX or privately. If you do not take up your Entitlement, it will lapse and you will not receive any New Shares under the Entitlement Offer. New Shares of an equivalent number to your Entitlement not taken up under the Entitlement Offer will be offered for subscription under Shortfall Facility. If you choose not to accept your entitlement under the Entitlement Offer, your shareholding in KPO will be diluted.

Note: The Entitlement stated on your personalised Entitlement and Acceptance Form may be in excess of the actual Entitlement you may be permitted to take up where, for example, you are holding Existing Shares on behalf of a U.S. Person.

Shortfall Facility

Any New Shares not applied for under the Entitlement Offer will become Additional New Shares and form part of the Shortfall Facility.

The Shortfall Facility allows Eligible Shareholders who have subscribed for their Entitlements under the Entitlement Offer to subscribe for Additional New Shares in accordance with the accompanying Entitlement and Acceptance Form.

The Directors reserve the right to issue any Additional New Shares at their discretion, and subject to the Corporations Act and Listing Rules, within 3 months after the Closing Date.

If Eligible Shareholders seek to subscribe for more Additional New Shares than are available under the Shortfall Facility, KPO may apply a policy to issue Additional New Shares in a manner that is in KPO's best interest and may apply a scale-back procedure to ensure a fair allocation of the Additional New Shares.

It is an express term of the Shortfall Facility that Eligible Shareholders subscribing for Additional New Shares will be bound to accept a lesser number of Additional New Shares allocated to them than applied for. If a lesser number is allocated, excess application moneys will be refunded without interest as soon as practicable after the Closing Date.

Ineligible Shareholders

In determining eligibility, pursuant to Listing Rule 7.7.1(a) and section 9A(3) of the Corporations Act, KPO has regard to the legal and regulatory requirements of making offers of securities in certain countries, the number of shareholders in those countries and the number of shares they hold, the value of New Shares to which those shareholders would otherwise be entitled to and the cost of complying with the legal and regulatory requirement in those countries.

KPO has determined, pursuant to Listing Rule 7.7.1(a) and section 9A(3) of the Corporations Act, that it would be unreasonable to make offers under the Entitlement Offer to all shareholders with addresses outside of Australia and New Zealand, or such other persons not otherwise elected at the Company's discretion (**Ineligible Shareholders**) having regard to KPO's current shareholding and the costs of complying with legal and regulatory requirements in those jurisdictions.

Accordingly, the Entitlement Offer is not being extended to Ineligible Shareholders. Any entitlements to such shares will lapse and the relevant shares will form part of the additional shares and shortfall under the Entitlement Offer.

Nominees

The Entitlement Offer is being made to all shareholders on the register of KPO at 7:00pm (AEDT) on 13 November 2023 with an address in Australia or New Zealand, or such persons otherwise elected at the Company's discretion, and that are not in the United States and are neither a U.S. Person nor acting for the account or benefit of a U.S. Person. KPO is not required to determine whether or not any registered holder is acting as a nominee or the identity or residence of any beneficial owners of Existing Shares.

Nominees and custodians may not distribute this document, and may not permit any beneficial shareholder to participate in the Entitlement Offer, in any country outside Australia and New Zealand except, with the consent of KPO, to beneficial shareholders resident in certain other countries where KPO may determine it is lawful and practical to make the Entitlement Offer.

Where any holder is acting as a nominee for a foreign person, that holder, in dealing with its beneficiary, will need to assess whether indirect participation by the beneficiary in the Entitlement Offer is compatible with applicable foreign laws. Any person in the United States or any person that is or is acting for the account or benefit of a U.S. Person with a holding through a nominee may not participate in the Entitlement Offer and the nominee must not take up any Entitlement or send any materials into the United States or to any person it knows to be a U.S. Person. KPO is not able to advise on foreign laws.

2. HOW TO APPLY

If you wish to take up all or part of your Entitlement, or you wish to apply for Additional New Shares, you can do either of the following:

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:

- 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;
- 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
- If you do pay for more than your full Entitlement, you are deemed to have applied for as many Additional New Shares 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 28 November 2023. 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 Additional New Shares) 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.

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.

Representations, allotment and refunds

If you take no action, you will not be allocated New Shares and your Entitlement will lapse. Your Entitlement to participate in the Entitlement Offer is non-renounceable and will not be tradeable or otherwise transferable. Shareholders who do not take up their Entitlements in full will not receive any payment or value for those Entitlements they do not take up.

By making a payment by BPAY® or EFT, you will be deemed to have:

- (a) made the Eligible Shareholder declarations set out in section 5 of this Offer Booklet; and
- (b) represented that you are an Eligible Shareholder as defined in Section 3.2 below.

If you take up and pay for all or part of your Entitlement before the close of the Entitlement Offer at 5.00pm (AEDT) on 28 November 2023, you will be allotted your New Shares on 5 December 2023. If you apply for Additional New Shares then, subject to KPO's absolute discretion to scale-back your application for Additional New Shares (in whole or part), you will be issued these on 5 December 2023.

KPO's decision on the number of Additional New Shares to be allocated to you will be final. KPO also reserves the right (in its absolute discretion) to reduce the number of New Shares (and if applicable, Additional New Shares) allocated to Eligible Shareholders, or persons claiming to be Eligible Shareholders, if their claims prove to be overstated or otherwise incorrect or if they fail to provide information to substantiate their claims. KPO also reserves the right to place the Additional New Shares at its discretion.

Cash payments will not be accepted. Receipts for payment will not be issued.

Any application monies received for more than your final allocation of New Shares and Additional New Shares that are greater than the cost of one New Share will be refunded to you as soon as practicable. No interest will be paid to applicants on any application monies received or refunded.

Applicants with queries on how to complete the Entitlement and Acceptance Form should contact KPO on +61 (03) 9236 2800.

3. IMPORTANT INFORMATION

This Offer Booklet and accompanying personalised Entitlement and Acceptance Form have been prepared by KPO. The information in this Offer Booklet is dated 8 November 2023.

This Offer Booklet should be read in conjunction with KPO's other periodic and continuous disclosure announcements to the ASX available at www.asx.com.au.

No party other than KPO has authorised or caused the issue of the information in this Offer Booklet, or takes any responsibility for, or makes, any statements, representations or undertakings in this Offer Booklet.

This information is important and requires your immediate attention.

You should read the information in this Offer Booklet carefully and in its entirety before deciding whether to invest in New Shares (and Additional New Shares). In particular, you should consider the risk factors outlined in sections 3.28 and 3.29 of the Offer Booklet, any of which could affect the operating and financial performance of KPO or the value of an investment in KPO.

You should consult your stockbroker, accountant, solicitor or other independent professional adviser to evaluate whether or not to participate in the Entitlement Offer.

3.1 This document is not a prospectus

This Offer Booklet and the Entitlement and Acceptance Form are important documents and require your immediate attention. You should read these documents carefully before deciding whether or not to participate in the Entitlement Offer.

This Offer Booklet is issued pursuant to section 708AA of the Corporations Act and applicable *ASIC Corporations (Non-Traditional Rights Issue) Instrument 2016/84* without disclosure to investors under Part 6D.2 of the Corporations Act.

Accordingly, neither this Offer Booklet nor the Entitlement and Acceptance Form are required to be lodged with ASIC and no prospectus for the offer will be prepared. In general terms, section 708AA permits certain companies to undertake rights issues without being required to use or provide to shareholders a prospectus or other disclosure document. Accordingly, the level of disclosure in this Offer Booklet is significantly less than the level of disclosure required in, and what you would ordinarily expect in, a prospectus.

In accordance with the conditions imposed on KPO by section 708AA of the Corporations Act, KPO provided ASX with a notice that complied with the requirements of section 708AA(7) on 8 November 2023. The notice was required to:

- (a) set out information that had been excluded from a continuous disclosure notice in accordance with the ASX Listing Rules and that Investors and their professional advisers would reasonably require, and would reasonably expect to find in a disclosure document, for the purpose of making an informed assessment of:
 - (i) assets and liabilities, financial position and performance, profits and losses and prospects of KPO; or
 - (ii) the rights and liabilities attaching to the Shares offered under this Offer Booklet; and
- (b) state the potential effect of the issue of Shares under the Entitlement Offer on the control of KPO and the consequences of that effect.

3.2 Eligible Shareholders

The Entitlement Offer in this Offer Booklet contains an offer of New Shares to Eligible Shareholders in Australia or New Zealand, or such persons as otherwise elected at the Company's discretion, and has been prepared in accordance with section 708AA of the Corporations Act.

Eligible Shareholders are those holders of Existing Shares who:

- (a) are registered as holders of Existing Shares as at 7:00pm (AEDT) on 13 November 2023;
- (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**).

3.3 Ineligible Shareholders

KPO has decided that it is unreasonable to make offers under the Entitlement Offer to holders of Existing Shares who have registered addresses outside Australia or New Zealand, or such persons not otherwise elected at the Company's discretion, having regard to the number of such holders in those places, the number and value of the New Shares which they would be offered and the cost of complying with the relevant legal and regulatory requirements in those places. The Entitlement Offer is not being made in the United States or to, or for the account or benefit of, U.S. Persons.

3.4 Minimum subscription

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

3.5 Underwriting

The Underwriter has agreed to manage and underwrite the subscription of any Additional New Shares, to the extent that the Underwriter has entered into a sub-underwriting agreement with Sub-underwriters (**Underwritten Amount**). Accordingly, the Underwriter's obligation to underwrite the Entitlement Offer is subject to the Underwriter securing sufficient commitments from the Sub-underwriters and there not being any default under any of the Sub-underwriting Agreements (or such Sub-underwriting Agreements otherwise being terminated).

As at the date of this Offer Booklet, the Underwriter has secured sub-underwriting commitments totalling approximately \$2 million. Accordingly, the Company anticipates that the Entitlement Offer will be fully underwritten. However as noted above, the Underwritten Amount is subject to there not being any default under any of the Sub-underwriting Agreements and accordingly notwithstanding the sub-underwriting commitments secured as at the date of this Offer Booklet, there is no guarantee that the Entitlement Offer will be underwritten by the Underwritten Amount.

The Underwriting Agreement is subject to standard terms and conditions which are summarised in section 3.30. All valid applications for Shares pursuant to this Offer Booklet 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 3.30 below 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. Given that the Underwriter's exposure to subscribe for Shares is subject to entering into of Sub-underwriting Agreements, 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 \$355,000. 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
Ross MacLachlan	\$300,000.00	\$15,000.00
Stephen White	\$50,000.00	\$2,500.00
Malcolm Jacques	\$5,000.00	\$250.00
Total	\$355,000.00	\$17,750.00

In addition to the Directors, the Underwriter has also entered into Sub-underwriting Agreement with various other parties for sub-underwriting commitments totalling, in aggregate \$1,665,261, details of which are set out in section 3.31. The Company will pay a sub-underwriting fee to all Sub-underwriters equal to 5% (excl GST) of the amount sub-underwritten by them. This means the Directors will be paid the sub-underwriting fees as set out in the table above, which will be satisfied by Company.

The Sub-underwriters may be allocated Shares which become available pursuant to the Shortfall Facility and will be dealt with in accordance with the Underwriting Agreement and relevant Sub-underwriting Agreements. Except as noted above, the Sub-underwriters are not related parties of the Company and will not be substantial shareholders of the Company on completion of the Entitlement Offer.

Please refer to sections 3.30 and 3.31 for more information on the underwriting arrangements for with respect to the Offer.

3.6 Effect of the Entitlement Offer

If all Entitlements are accepted by Shareholders to the full extent, then the Entitlement Offer will not result in any change to the control of KPO (other than to the Ineligible Shareholders whose holdings will be diluted). If all Entitlements under the Entitlement Offer are not accepted to the full extent, then the shareholding interest of non-participating shareholders will be diluted.

The effect of the Entitlement Offer on the capital structure of KPO, assuming all Shares offered under the Offer Booklet are issued, is set out below.

Fully Paid Shares	Number
Ordinary fully paid shares on issue as at date of Offer Booklet	1,515,195,786
Ordinary fully paid shares offered pursuant to the Entitlement Offer	505,065,262
Ordinary fully paid shares on conversion of convertible notes ¹	183,823,530
Total Shares on issue after completion of the Entitlement Offer	2,204,084,578

Notes:

- As announced on 7 August 2023, the Company conducted a capital raise of \$625,000 by way of convertible notes. Pursuant to the terms of the convertible note deed poll, the convertible notes will automatically convert when the Company conducts a capital raise of at least \$1 million, with a conversion price of 15% discount to the price in the next capital raise (ie \$0.0034). It is noted that \$182,500 of convertible notes were to be issued to Directors of the Company, as such, their issue (and subsequent issue of converted Shares) remain subject to Shareholder approval.

This figure assumes that all convertible notes are converted into Shares.

Other securities	Number
Other securities at the date of Offer Booklet	93,094,500
<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>83,652,000</i>
<i>KPOAK : OPTION EXPIRING 25-FEB-2025 EX \$0.05</i>	<i>5,000,000</i>
<i>KPOAD : CONVERTIBLE NOTES</i>	<i>442,500</i>
Total other securities after completion of Entitlement Offer	92,652,000¹

Notes:

- Per the Company's Appendix 3G filed on 18 August 2023, the Company had 442,500 convertible notes. However, as noted above, following completion of the Entitlement Offer, such convertible notes will automatically convert into Shares of the Company.

3.7 Effect on control of KPO

Shareholders should note that if they do not participate in the Entitlement Offer, and the Entitlement Offer and any Shortfall is fully subscribed, their holdings could be diluted by up to approximately 30%.

Examples of how the dilution may impact Shareholders are set out in the table below:

Holder	Holding as at Record date	% at Record Date	Entitlements under the Entitlement Offer	Holdings if Entitlement Offer not taken up	% post Entitlement Offer
Shareholder 1	20,000,000	1.32%	6,666,667	20,000,000	0.91%
Shareholder 2	10,000,000	0.66%	3,333,334	10,000,000	0.45%
Shareholder 3	5,000,000	0.33%	1,666,667	5,000,000	0.23%

Notes:

- The table assumes that the Entitlement Offer, and any Shortfall, is fully subscribed (other than by the participation of the relevant Shareholder).
- The table assumes that KPO's other existing securities, referred to in section 3.4, are not exercised (other than the convertible notes).

3.8 Details of substantial holders

Based on publicly available information as at the close of trading on 31 October 2023, those persons which (together with their associates) have a relevant interest in 5% or more of the Shares on issue are set out below:

Substantial holders of relevant interest	Total number of votes attached to all voting shares that the substantial holder has a relevant interest in	Voting power as at the date of this Offer Booklet (%)	Entitlements under offer	Votes if all Entitlements are accepted	% Voting power after Entitlement Offer if all Entitlements taken
Singalunga Pty Ltd	95,911,893	6.33%	31,970,632	127,882,525	5.80%

Notes:

1. The table assumes that the Entitlement Offer is fully subscribed by the relevant substantial holder, and no other person participates in the Entitlement Offer.
2. The table assumes that the relevant substantial holder does not participate in the Shortfall.
3. The table assumes that KPO's other existing securities, referred to in section 3.4, are not exercised (other than the convertible notes).

3.9 Implications of Chapter 6 of the Corporations Act

Shareholders may be prevented from acquiring Shares under the Entitlement Offer where to do so would contravene the takeovers prohibition in section 606 of the Corporations Act. Section 606 prohibits a person from acquiring a "relevant interest" (as defined in the Corporations Act) in issued voting shares in a listed company if, because of the transaction, that person's or someone else's voting power in the listed company increases from 20% or below to more than 20% or from a starting point that is above 20% and below 90%, unless an exception applies. There are various exceptions to the general prohibition. However, there is no guarantee that an exception would be available in the relevant circumstances and, even if an exception was potentially available, there is a risk that the exception could not be relied upon without significant cost or delay.

3.10 Allocation policy and scale-back

If there are excess oversubscription applications, KPO reserves the right to scale back applications for Additional New Shares on an equitable basis at its discretion and will administer this scale back process in compliance with the takeover provisions in Chapter 6 of the Corporations Act.

In the event of a scale-back, the difference between the application monies received, and the number of Additional New Shares allocated to you multiplied by the issue price of \$0.004 will be refunded following allotment. No interest will be paid on any application monies received and returned.

3.11 Continuous disclosure

KPO is a disclosing entity for the purposes of the Corporations Act. As such, it is subject to regular reporting and disclosure obligations including an obligation under the ASX Listing Rules (subject to certain exceptions) to disclose to ASX any information of which it is or becomes aware concerning KPO and which a reasonable person would expect to have a material effect on the price or the value of shares. All such disclosures are available at www.asx.com.au.

This Offer Booklet is issued pursuant to section 708AA of the Corporations Act without disclosure to investors under Part 6D.2 of the Corporations Act. This Offer Booklet is intended to be read in conjunction with the publicly available information in relation to KPO which has been notified to ASX and does not include all of the information that would be included in a prospectus or other disclosure document that is required to satisfy the Corporations Act. Shareholders should therefore have regard to the other publicly available information in relation to KPO before making a decision whether or not to invest.

You have the opportunity to access any information about KPO which has previously been disclosed to ASX. In particular, please refer to KPO's Annual Report for the year ended 30 June 2023. You should also have regard to any further announcements which may be made by KPO to ASX after the date of this Offer Booklet.

3.12 No Entitlements trading

Entitlements are non-renounceable and will not be tradeable on the ASX or otherwise transferable.

3.13 Notice to nominees and custodians

Nominees and custodians which hold Shares as nominees or custodians will have received, or will shortly receive, a letter in respect of the Entitlement Offer. Nominees and custodians should consider carefully the contents of that letter.

KPO is not required to determine whether or not any registered holder of Existing Shares is acting as nominee or the identity or residence of any beneficial owner of Shares. Where any registered holder of Existing Shares is acting as a nominee of a foreign person, that holder, in dealing with its beneficiary, will need to assess whether the indirect participation in the Entitlement Offer is compatible with applicable foreign laws.

Nominees and custodians may not distribute this document, and may not permit any beneficial shareholder to participate in the Entitlement Offer, in any country outside Australia and New Zealand except, with the consent of KPO, to beneficial shareholders resident in certain other countries where KPO may determine it is lawful and practical to make the Entitlement Offer.

KPO is not able to advise on any foreign laws. However any person in the United States or any person that is, or is acting for the account or benefit of, a U.S. Person with a holding through a nominee may not participate in the Entitlement Offer, and such a nominee must not take up any Entitlement on behalf of such a person or send any material relating to the Entitlement Offer into the United States or to any person that is, or is acting for the account or benefit of, a U.S. Person.

3.14 Withdrawal

KPO reserves the right to withdraw the Entitlement Offer at any time before the issue of New Shares under the Entitlement Offer, in which case KPO will refund any Application Monies received.

3.15 Taxation

You should be aware that there may be taxation implications associated with participating in the Entitlement Offer and receiving New Shares (and Additional New Shares).

KPO does not consider it appropriate to give shareholders advice regarding the taxation consequences of subscribing for New Shares (and Additional New Shares) under the Entitlement Offer. KPO, its advisers and its officers do not accept any responsibility or liability for any such taxation consequences to shareholders.

Shareholders should consult their professional tax adviser in connection with subscribing for New Shares (and Additional New Shares) under this Offer Booklet.

3.16 Rounding of Entitlements

Where fractions arise in the calculation of Entitlements, they will be rounded up to the nearest whole number of New Shares.

3.17 Ranking of New Shares (and Additional New Shares)

The New Shares (and Additional New Shares) will be issued on a fully paid basis and will rank equally in all respects with Existing Shares. The rights and liabilities attaching to the New Shares (and Additional New Shares) are set out in KPO's constitution, a copy of which is available at www.asx.com.au.

3.18 Quotation and trading

KPO will apply to ASX for the official quotation of the New Shares in accordance with the Listing Rules. Subject to approval being granted, it is expected that New Shares allotted under the Entitlement Offer will be quoted on ASX from 5 December 2023.

3.19 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 New Shares issued under this Offer Booklet. If an investor is broker sponsored, ASPL will send a CHESS statement.

The CHESS statement will set out the number of New Shares issued under this Offer Booklet, 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 New Shares 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.

3.20 Future performance and forward-looking statements

Neither KPO nor any other person warrants or guarantees the future performance of the New Shares (and Additional New Shares) or any return on any investment made pursuant to the Entitlement Offer. This Offer Booklet contains certain "forward-looking statements". Forward-looking words such as, "expect", "should", "could", "may", "predict", "plan", "will", "believe", "forecast", "estimate", "target" and other similar expressions are intended to identify forward-looking statements within the meaning of securities laws of applicable jurisdictions. Indications of, and guidance on, future earnings and financial position and performance are also forward-looking statements. Forward-looking statements, opinions and estimates provided in this Offer Booklet are based on assumptions and contingencies which are subject to change without notice, as are statements about market and industry trends, which are based on interpretations of current market conditions.

Forward-looking statements including forecasts, projections, guidance on future earnings and estimates are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance. Such forward-looking statements only speak as to the date of this Offer Booklet and KPO assumes no obligation to update such information. They are subject to known and unknown risks, uncertainties and assumptions, many of which are outside the control of KPO and its Directors, which could cause actual results, performance or achievements to differ materially from future results, performance or achievements expressed or implied by any forward-looking statements in this Offer Booklet.

3.21 Past performance

Investors should note that the past share price performance of KPO's shares provides no guidance as to future share price performance. For further information, please see past announcements released to the ASX.

3.22 No cooling off rights

Cooling off rights do not apply to an investment in New Shares (and Additional New Shares). You cannot withdraw your application once it has been accepted.

3.23 Not investment or financial product advice

This booklet is not a prospectus under the Corporations Act and has not been lodged with ASIC. It is also not financial product advice and has been prepared without taking into account your investment objectives, financial circumstances or particular needs. KPO is not licensed to provide financial product advice in respect of the New Shares (and Additional New Shares). The Information does not purport to contain all the information that you may require to evaluate a possible application for New Shares (and Additional New Shares).

Before deciding whether to apply for New Shares (and Additional New Shares), you should consider whether they are a suitable investment for you in light of your own investment objectives and financial circumstances and having regard to the merits or risks involved. If, after reading the Information, you have any questions about the Entitlement Offer, you should contact your stockbroker, accountant, solicitor or other independent professional adviser.

3.24 Governing law

This Information, the Entitlement Offer and the contracts formed on acceptance of the Entitlement and Acceptance Forms are governed by the laws applicable in Victoria, Australia. Each applicant for New Shares (and Additional New Shares) submits to the non-exclusive jurisdiction of the courts of Victoria, Australia.

3.25 Optionholders

Existing optionholders will not be entitled to participate in the Entitlement Offer unless they:

- (a) have become entitled to exercise their existing options under the terms of their issue and do so, so that they are registered as holders of shares prior to 7.00pm (AEDT) on 13 November 2023; and
- (b) participate in the Entitlement Offer as a result of being a holder of Existing Shares registered on the register of KPO at 7.00pm (AEDT) on 13 November 2023.

3.26 Foreign jurisdictions

This Offer Booklet has been prepared to comply with the requirements of the securities laws of Australia.

The New Shares (and Additional New Shares) under the Entitlement Offer are not being offered or sold to the public other than to existing shareholders with registered addresses in Australia and New Zealand.

The Entitlement Offer to New Zealand investors is made pursuant to the New Zealand Securities Act (Overseas Companies) Exemption Notice 2013. Pursuant to this Act, the only members of the public to whom the Shares are offered in New Zealand under the Entitlement Offer are those who, at the Record Date, are holders of Shares in KPO.

This Offer Booklet has not been registered, filed or approved by any regulatory authority in countries outside Australia. This Offer Booklet is not an investment statement or prospectus under laws outside of Australia and is not required to, and may not, contain all the information that an investment statement or prospectus under New Zealand, Hong Kong, US, Canada, European Union, Singapore or United Kingdom law is required to contain.

This Offer Booklet does not constitute an offer in any jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer. No action has been taken to register or qualify the Entitlement Offer, the Entitlements or the New Shares (and Additional New Shares), or otherwise permit the public offering of the New Shares (and Additional New Shares), in any jurisdiction other than Australia and New Zealand.

The distribution of this Offer Booklet (including an electronic copy) outside Australia and New Zealand is restricted by law. If you come into possession of this Information, you should observe such restrictions and should seek your own advice on such restrictions. Any non-compliance with these restrictions may contravene applicable securities laws.

WARNING

The Entitlements and the New Shares (and Additional New Shares) have not been, nor will be, registered under the Securities Act or the securities laws of any state or other jurisdiction of the United States. The Entitlements may not be taken up by persons in the United States, persons who are U.S. persons, or persons who are acting for the account or benefit of a U.S. Person, and the New Shares (and Additional New Shares) may not be offered, sold or resold in the United States or for the account or benefit of, a U.S. Person, except in a transaction exempt from, or not subject to, the registration requirements of the Securities Act and applicable U.S. state securities laws.

3.27 Disclaimers

No person is authorised to give any information, or to make any representation, in connection with the Entitlement Offer that is not contained in this Offer Booklet.

Any information or representation that is not in this Offer Booklet may not be relied on as having been authorised by KPO, or its related bodies corporate in connection with the Entitlement Offer. Except as required by law, and only to the extent so required, none of KPO, or any other person, warrants or guarantees the future performance of KPO or any return on any investment made pursuant to this Offer Booklet.

This Offer Booklet is issued by, and is the sole responsibility of, KPO.

None of the parties referred to in the Corporate Directory of this Offer Booklet (other than KPO) has:

- (a) authorised or caused the issue of this Offer Booklet;
- (b) made or authorised the making of any statement that is included in this Offer Booklet or any statement on which a statement in this Offer Booklet is based.

To the maximum extent permitted by law, each of the persons referred to in the Corporate Directory of this Offer Booklet (other than KPO) expressly disclaims and takes no responsibility for any statements in or omissions from this Offer Booklet.

The information contained in this Offer Booklet is of general nature and has been prepared by KPO in good faith and with due care but no representation or warranty, express or implied, is provided in relation to the accuracy or completeness of the information. No person is authorised to give any information or make any representation in connection with the Entitlement Offer which is not contained in this Offer Booklet. Any information or representation not so contained may not be relied upon as being authorised by KPO or any person associated with it in connection with the Entitlement Offer.

3.28 Specific Investment Risks

This section and section 3.29 details important factors and risks that could affect the financial and operating performance of KPO. 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.

(a) **Future capital requirements and Subsidiary or Associate Business Model.**

The Group's strategy of developing relationships with major industry partners will reduce its future need for capital. The Group will seek to meet the reduced future funding requirements through the delivery of services to customers and the licensing of its core KALiNA Cycle technology to projects. However, if the services and licensing revenues of the Group and the Group's ability to secure equity or debt financing are not sufficient for the capital which will still be required, the Group may not be able to implement its business plan.

The Group has currently established, or may in the future establish, subsidiaries or associates to further the business of the KALiNA Group. 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 relies on a combination of patents, copyrights, **trade** secrets and non-disclosure agreements to protect its KALiNA Cycle technology. 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 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 3.7 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 royalties and income earned from the operation of power plants in Alberta and internationally. Power plant projects entail political and financial risks (including uncertainties associated with first-time 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 operation of power plants is subject to extensive environmental laws and regulations and owners may be required to obtain a licence to operate in a manner designed to promote safety and to prevent the release of hazardous substances from the plants. Violations of these requirements could result in liabilities that affect the operator's financial condition.

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, a renewable energy business or clean technology 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 production, 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.

3.29 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. KPO's future revenues and Securities price may be affected by these factors, which are beyond KPO's control.

(b) **Changes in legislation and government regulation**

Government legislation in Australia, or any other relevant jurisdiction, including changes to the taxation system, may affect future earnings and relative attractiveness of investing in KPO. Changes in government policy or statutory changes may affect KPO 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 KPO 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 KPO's Shares trade regardless of operating performance and affect KPO'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 KPO'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 Offer Booklet which may impact on KPO, its operations and/or the valuation and performance of KPO's Shares.

(f) **Combination of risks**

KPO 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 KPO.

(g) **Unforeseen expenditure risk**

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

(h) **Share market conditions**

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

3.30 Summary of Underwriting Agreement

Pursuant to an underwriting agreement dated on or around 7 November 2023 between the Company and Harshell Investments Pty Ltd ACN 111 491 555, trading as Plutus Capital Advisory (**Underwriter**), the Underwriter has agreed to manage and underwrite the Entitlement Offer (**Underwriting Agreement**) to the extent that there is any Shortfall Facility, being the sub-underwritten amount, 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 Offer Booklet, the Underwriter has secured sub-underwriting commitments totalling approximately \$2 million, and therefore, the Company anticipates that the Entitlement Offer will be fully underwritten. Please see section 3.31 for more information on the sub-underwriting commitments secured by the Underwriter as at the date of this Offer Booklet.

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 Offer Booklet 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 New 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 New Shares 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 3.30 and 3.31 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 the 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 New Shares 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 6 December 2023;

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.

3.31 Sub-Underwriting Agreement

As at the date of this Offer Booklet, the Underwriter has entered into Sub-underwriting Agreements with the Sub-underwriters to sub-underwrite their respective sub-underwritten amounts referred to in the table below. Certain Directors have also participated in the sub-underwriting.

The Company will accept sub-underwritings in compliance with the Corporations Act and does not anticipate that any Sub-underwriter will increase its relevant interest in Shares to 20% or more.

Sub-underwriter	Sub-underwritten Amount
Sinalunga Pty Ltd	\$880,261.00

Sub-underwriter	Sub-underwritten Amount
Ross MacLachlan ¹	\$300,000.00
Boston Road Capital	\$250,000.00
Sassey Pty Ltd	\$200,000.00
CJB & Cate Horgan ¹	\$100,000.00
Arcourt Resources Pty Ltd	\$80,000.00
Snowy Plains Pty Ltd	\$80,000.00
Red Leaf Securities Pty Ltd	\$50,000.00
Stephen White ¹	\$50,000.00
Jo May Horgan	\$20,000.00
Malcolm Jacques ¹	\$5,000.00
Kesh Thurairasa	\$5,000.00
Total	\$2,020,261.00

Note:

1. These Sub-underwriters are related parties of the Company.

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-underwriters' 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 New 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 New Shares 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 if in the reasonable opinion of the sub-underwriter the occurrence of a termination event is likely to have a Material Adverse Effect or give rise to a liability of the Underwriter under the Corporations Act or otherwise.

Set-Off

On or around 3 November 2023 the Company entered into an unsecured loan agreement (**Loan Agreement**) with Sinalunga Pty Ltd (**Sinalunga**) whereby Sinalunga agreed to loan the Company an amount of \$250,000 (**Loan**) with the proceeds to be used for the Company's working capital requirements. The Loan Agreement is to be repaid by 1 January 2024, with a default interest rate of 10% per annum.

The Loan Agreement contains a right for Sinalunga to set-off principal and interest payable by the Company to Sinalunga under the Loan Agreement against Sinalunga's obligation to pay subscription moneys under a capital raise by the Company.

The Company intends to exercise its discretion with respect to the allocation of Additional New Shares under the Shortfall Facility among the Sub-underwriters to allocate, at minimum, that number of Additional New Shares to Sinalunga so as to fully set-off and discharge the Company's obligation to repay principal and interest for the Loan under the Loan Agreement.

3.32 Privacy

If you complete an Entitlement and Acceptance Form and apply for New Shares (and Additional New Shares), you will be providing personal information to KPO, its agents, contractors and third party services providers. KPO, its agents, contractors and third party service providers will collect, hold, and use that information to assess your Application, carry out the administration of your Shareholding, service your needs as a Shareholder of KPO and facilitate corporate communications.

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, print service providers, mail houses and the Share Registry.

Failure to provide the required personal information may mean that your Application is not able to be processed efficiently, if at all. You may request access to your personal information held by or on behalf of KPO and by the Share Registry. You may also request the correction of your personal information by contacting KPO or the Share Registry by emailing privacy.officer@computershare.com.au, or by using the details in the Corporate Directory at the back of this Offer Booklet.

4. GLOSSARY

In this Offer Booklet, the following terms have the following meanings unless the context required otherwise:

\$ or A\$ or dollars means Australian dollars;

Additional New Shares means New Shares not subscribed for under the Entitlement Offer and offered to Eligible Shareholders under the Shortfall Facility;

AEDT means Australian Eastern Standard Time;

AFSL means Australian financial services licence;

Applicant means a person who has delivered an Application;

Application means an application to subscribe for New Shares under the Entitlement Offer by completing the Entitlement and Acceptance Form and returning it together with the application monies;

ASIC means Australian Securities and Investments Commission;

ASX means ASX Limited (ACN 008 624 691) or the financial products market operated by that entity known as the Australian Securities Exchange;

Business Day means a day that is not a Saturday, Sunday or a public holiday in Melbourne, Australia;

Closing Date means the last date for Eligible Shareholders to lodge an Application, being 5pm (AEDT) on 28 November 2023 (subject to change);

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

Directors means the directors of KPO;

Eligible Shareholder has the meaning given to that term in Section 3.2 of this Offer Booklet;

Entitlement means the entitlement of an Eligible Shareholder to subscribe for 1 New Share for every 3 Existing Shares held at the Record Date;

Entitlement and Acceptance Form means the entitlement and acceptance form accompanying this Offer Booklet upon which an Application can be made;

Entitlement Offer means the pro rata non-renounceable offer to Eligible Shareholders to subscribe for their Entitlement;

Entitlement Shares means the New Shares to be offered, or allotted and issued to Shareholders, at the Issue Price under the Entitlement Offer;

Existing Share means a Share on issue immediately before the Record Date;

GST means Australian Goods and Services Tax (currently 10%);

Group means KPO and each Subsidiary of KPO (and Group Member means any one or more of them).

Ineligible Shareholder means a Shareholder that is not an Eligible Shareholder;

Issue Price means \$0.004 per New Share;

KPO or the **Company** means KALiNa Power Limited;

Listing Rules means the official listing rules of ASX, as amended or replaced from time to time and as waived in respect of KPO by ASX;

New Shares means the Shares offered under the Entitlement Offer;

Offer Booklet means this booklet dated 8 November 2023;

Record Date means the time and date for determining which Shareholders are entitled to an Entitlement under the Entitlement Offer, being 7pm (AEDT) on 13 November 2023;

Section means a section of this Offer Booklet;

Share means a fully paid ordinary share in KPO;

Shareholder means the registered holder of an Existing Share;

Shareholding means the shares held by a Shareholder;

Share Registry means Computershare Investor Services Pty Limited;

Shortfall Facility means the offer of Additional New Shares to Eligible Shareholders that have fully subscribed to the Entitlement Offer as described in Section 1 of this Offer Booklet;

Subsidiary has the meaning given to that term in section 9 of the Corporations Act;

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 3.31;

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 3.31;

Underwriter means Harshell Investments Pty Ltd ACN 111 491 555 (trading as Plutus Capital Advisory);

Underwritten Amount has the meaning given to that term in section 3.30;

Underwriting Agreement means the underwriting agreement entered into between the Company and the Underwriter, the key terms of which are summarised in section 3.30;

US or **United States** means United States of America, its territories and possessions, any state of the United States and the District of Columbia;

US Persons has the meaning given in Rule 902(k) of Regulation S under the US Securities Act; and

US Securities Act means U.S. Securities Act of 1933, as amended.

5. ELIGIBLE SHAREHOLDER DECLARATIONS

By paying any application monies for New Shares via BPAY®, EFT or other method approved by KPO under Section 2 of this Offer Booklet, you will be deemed to have made the following declarations to KPO namely, that you:

- (a) acknowledge that you have read this Offer Booklet and the accompanying Entitlement and Acceptance Form in their entirety;
- (b) agree to be bound by the terms of the Entitlement Offer;
- (c) authorise KPO to register you as the holder of the New Shares allotted to you;
- (d) declare that all details and statements in the Entitlement and Acceptance Form are complete and accurate;
- (e) declare you are over 18 years of age and have full legal capacity and power to perform all your rights and obligations under the Entitlement and Acceptance Form;
- (f) acknowledge that once KPO receives the Entitlement and Acceptance Form or any payment of Application Moneys, you may not withdraw it;
- (g) apply for the number of New Shares specified in the Entitlement and Acceptance Form, or for which you have submitted payment of any Application Moneys, at the Issue Price per New Share;
- (h) agree to be issued the number of New Shares that you apply for;
- (i) authorise KPO, the Share Registry and their respective officers or agents to do anything on your behalf necessary for the New Shares to be issued to you, including to act on instructions of the Share Registry upon using the contact details set out in the Entitlement and Acceptance Form;
- (j) declare that you are the current registered holder of Existing Shares and are a resident of Australia or New Zealand;
- (k) acknowledge that the information contained in this Offer Booklet and the Entitlement and Acceptance Form is not investment advice nor a recommendation that New Shares are suitable for you given your investment objectives, financial situation or particular needs, and is not a prospectus, does not contain all of the information that you may require in order to assess an investment in KPO and is given in the context of KPO's past and ongoing continuous disclosure announcements to ASX;
- (l) represent and warrant that the law of any other place does not prohibit you from being given this Offer Booklet and the Entitlement and Acceptance Form, nor does it prohibit you from making an Application for, and being issued, New Shares;
- (m) acknowledge the statement of risks in sections 3.28 and 3.29 in this Offer Booklet and that investments in KPO are subject to investment risk;
- (n) acknowledge that none of KPO and its respective related bodies corporate and affiliates and their respective directors, officers, employees, agents, consultants, advisors, guarantees the performance of KPO, nor do they guarantee the repayment of capital;
- (o) acknowledge that, if you act as a nominee or custodian for a beneficial shareholder that you will not distribute this document, and will not permit any beneficial shareholder to participate in the Entitlement Offer, in any country outside Australia and New Zealand except, with the consent of KPO, to beneficial shareholders resident in certain other countries where KPO may determine it is lawful and practical to make the Entitlement Offer.

- (p) represent and warrant (for the benefit of KPO and its related bodies corporate and affiliates) that you are eligible to participate in the Entitlement Offer;
- (q) represent and warrant that you are not in the United States and are not a US Person and are not acting for the account or benefit of a US Person;
- (r) acknowledge that the Entitlements and the New Shares have not been, and will not be, registered under the US Securities Act or the securities laws of any state or other jurisdictions of the United States, or in any other jurisdiction outside Australia and New Zealand and, accordingly, the Entitlements may not be taken up by persons in the United States or by persons who are, or are acting for the account or benefit of a US Person, and the New Shares may not be offered, sold or resold in the United States or to, or for the account or benefit of, any US Person;
- (s) agree not to send this Offer Booklet, the Entitlement and Acceptance Form or any other material relating to the Entitlement Offer to any person in the United States or that is a US Person or is acting for the account or benefit of a US Person;
- (t) agree that if in the future you decide to sell or otherwise transfer the New Shares you will only do so in regular way transactions on ASX where neither you nor any person acting on your behalf knows, or has reason to know, that the sale has been pre-arranged with, or that the purchaser is, in the United States or a US Person; and
- (u) agree to provide (and direct your nominee or custodian to provide) any requested substantiation of your eligibility to participate in the Entitlement Offer and of your holding of Shares on the Record Date.

CORPORATE DIRECTORY

Executive Directors:

Stephen White – Chairman
Ross MacLachlan – CEO
Timothy Horgan – Executive Director
Jeffrey Myers – Executive Director

Underwriter:

Harshell Investments Pty Ltd ACN 111 491 555
(trading as Plutus Capital Advisory)
46 Teak Street
Caulfield South VIC 3162

Non-Executive Directors:

Peter Littlewood
Malcolm Jacques

Auditor:

HLB Mann Judd (Vic) Partnership
Level 9, 550 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 Investor Services Pty Limited
Yarra Falls, 452 Johnston Street
Abbotsford VIC 3067
Tel: 1300 850 505

Stock Exchange Listing:

Australian Securities Exchange (ASX)
Code: KPO

For more information regarding this Entitlement Offer please contact:

Kesh Thurairasa, 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 Offer Booklet.*