

KALiNA POWER LIMITED

ACN 000 090 997

PROSPECTUS

for

the placement of up to 123,300,000 Shares at a price of 5 cents per Ordinary Share, with, for each two new Ordinary Shares issued, an Option to acquire a further Ordinary Share exercisable at 5 cents on or before 30 August 2017.

THE OFFER CLOSSES AT 5.00 pm MELBOURNE TIME ON

14 DECEMBER 2016

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

Contents

	CORPORATE DIRECTORY	3
	IMPORTANT INFORMATION.....	4
1	BACKGROUND TO THE OFFER	5
2	DETAILS OF THE ISSUE	9
3	CAPITAL STRUCTURE & EFFECT OF THE ISSUE	12
4	PRO FORMA STATEMENT OF FINANCIAL POSITION.....	14
5	RIGHTS ATTACHING TO ORDINARY SHARES.....	15
6	TERMS OF OPTIONS.....	17
7	ADDITIONAL INFORMATION	18
8	DIRECTORS AUTHORISATION AND CONSENT	20

KALiNA POWER LIMITED

Corporate Directory

Directors:

John Byrne (Chairman)

(John) Ross MacLachlan

Malcolm Jacques

Timothy Horgan

Jeffrey Myers (Proposed)

Secretary:

Alwyn Davey

Registered and Principal Office:

Level 1, 114-116 Auburn Road

Hawthorn, Vic, 3122

Tel: +61 (03) 9236 2800

Fax: +61 (03) 9818 3656

Share Registry:

Computershare Investor Services Pty Limited

452 Johnston Street, Abbotsford, Victoria
3067

Tel: 1300 787 272

UK Depositary:

Computershare Company Nominees Limited

The Pavilions, Bridgwater Road, Bristol BS99
6ZZ

Stock Exchange Listing:

Australian Securities Exchange (ASX)

Code: KPO

For more information regarding this Offer please contact:

Alwyn Davey, Company Secretary on +61 (03) 9236 2800

IMPORTANT INFORMATION

This Prospectus is dated 8 September 2016 and a copy of this Prospectus was lodged with the Australian Securities & Investments Commission (ASIC) on that date. ASIC takes no responsibility for the content of this document.

No securities will be allotted or issued on the basis of this Prospectus later than 13 months after the date of the Prospectus.

How to Invest

Applications for Shares under the Offer can only be made by completing and lodging the Application Form attached to this Prospectus.

1 BACKGROUND TO THE OFFER

On 1 August 2016 the Company announced its intention to place up to \$1,800,000 worth of Shares (the 'Placement') to be conducted alongside a Rights Issue. The Company has utilised its permitted placing capacity to make an initial \$750,000 of the Placement through the issue of 15,000,000 Shares to sophisticated and professional investor clients of Hartleys Limited at 5 cents per Share each with a 1:2 free attaching Option (in total 7,500,000 Options exercisable at 5 cents until 30 August 2017), being the same terms as the Rights Issue.

The Rights Issue closed on 1 September 2016. The Shortfall under the Rights Issue was 94,547,265 Shortfall Shares.

On 8 September 2016 the Company obtained approval pursuant to the ASX Listing Rules, to place up to a further 30 million Shares and 20 million Options, to complete the balance (\$1,050,000) of the Placement of Shares on the same terms and to provide further capacity if required. The Company has decided to increase the size of the Placement by a further 22,500,000 Shares (\$1,125,000) utilising its approved and permitted placing capacity.

The securities offered by this Prospectus comprise the 43,752,735 Shares to be issued for the increased Placement and 79,547,265 Shortfall Shares from the Rights Issue, at an issue price of 5 cents for every fully paid Share, with an accompanying Option exercisable at 5 cents per Share on or before 30 August 2017 for every two new Shares issued (the Offer).

This Prospectus has been prepared to satisfy section 708A(II)(b)(ii) of the Corporations Act.

Continuous Disclosure Obligations

This document is issued pursuant to section 713 of the Corporations Act in accordance with the special prospectus content rules for offers of continuously quoted securities and options to acquire continuously quoted securities. The Company is a disclosing entity under the Corporations Act and, as such, is subject to regular reporting and disclosure requirements. As a listed company, the Company is subject to the Listing Rules that require it to immediately notify ASX of any information concerning the Company of which it is or becomes aware and which a reasonable person would expect to have a material effect on the price or value of the Company's Shares.

Information that is already in the public domain has not been repeated in this document, other than that which is considered necessary to make this document complete for its intended readers.

Copies of documents lodged in relation to the Company with ASIC may be obtained from or inspected at any office of ASIC.

The Company will provide a copy of each of the following documents free of charge, to any person on request during the application period in relation to this document:

- the Annual Financial Report of the Company most recently lodged with ASIC;
- 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
- 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 Annual Report refer to the table set out below:

Date	Headline
29 October 2015	Notice of Annual General Meeting/Proxy form
29 October 2015	Annual General Meeting
10 November 2015	Response to ASX aware query
11 November 2015	Canadian Patent Grant
30 November 2015	Results of Meeting
4 December 2015	Appendix 3B
7 December 2015	Appendix 3B – 14 October 2015
7 December 2015	Appendix 3B – Corrected Securities Quoted Number
23 December 2015	603 and 605 Substantial shareholding announcement
6 January 2016	Funding and proposed Rights Issue
28 January 2016	Appendix 4C – Quarterly
26 February 2016	Half Year Accounts
26 February 2016	Appendix 4D
5 April 2016	Update on Operations in China
18 April 2016	Appointment of Chief Operating Officer in China
19 April 2016	Jeffry Myers to be appointed as a Non-Executive Director
28 April 2016	Appendix 4C – Quarterly
4 May 2016	Corporate Presentation
12 May 2016	Non-Renounceable Rights Issue
12 May 2016	Appendix 3B – Non-Renounceable Rights Issue
12 May 2016	Prospectus for Non-Renounceable Rights Issue
20 May 2016	Posting of Prospectus
30 May 2016	Research Report
3 June 2016	Extension of Closing Date of Rights Issue
9 June 2016	Change of Directors Interest Notice
10 June 2016	Clarification in relation to Research Report
15 June 2016	International Joint Marketing MOU with Cryostar

16 June 2016	Becoming a Substantial Shareholder
20 June 2016	Change of Rights Issue Offer terms and Updated Timetable
20 June 2016	Clarification of proposed new rights issue and withdrawal of current Rights Issue
21 June 2016	Supplementary Prospectus withdrawing Rights Issue.
8 July 2016	Becoming a Substantial Shareholder – Updated
18 July 2016	Change of Directors Interest Notice
28 July 2016	Trading Halt
1 August 2016	Private Placement and Rights Issue
3 August 2016	Appendix 3B
3 August 2016	Non-Renounceable Rights Issue
3 August 2016	Rights Issue Prospectus
5 August 2016	Cleansing Notice
8 August 2016	Notice of General Meeting/Proxy Form
8 August 2016	Letter re Notice of General Meeting
11 August 2016	Posting of Prospectus and Entitlement Form
16 August 2016	Proposed Grant of Options
23 August 2016	Proposed Grant of Options
24 August 2016	Updated Timetable for Rights Issue
24 August 2016	Supplementary Disclosure Document
29 August 2016	Tri-party agreement for completion of Sinopec Hainan plant
29 August 2016	Corporate Presentation
29 August 2016	Becoming a substantial holder
31 August 2016	Preliminary Final Report
5 September 2016	Shortfall under the Rights Issue

No information has been excluded from a continuous disclosure notice in accordance with the Listing Rules which investors and their professional advisers would reasonably require for the purpose of making an informed assessment of:

- i) the assets and liabilities, financial position and performance, profits and losses and prospects of the company; and
- ii) the rights and liabilities attaching to the Shares and Options being offered.

2 DETAILS OF THE ISSUE

2.1 The Offer

The Company is inviting investors to subscribe for new Shares at an issue price of 5 cents, with an accompanying Option exercisable at 5 cents per Share on or before 30 August 2017 for every two new Shares issued. If fully subscribed, the Offer will raise \$6,165,000 (gross). If the Options are fully exercised, a further \$3,082,500 will be raised.

2.2 Offer period

Applications for Shares may be lodged at any time after the receipt of this Prospectus.

The Prospectus will remain open and application for Shares may be lodged with the Company at any time up to 14 December 2016.

The Company reserves the right to extend the closing date of this Offer or to withdraw the Offer.

2.3 How to Apply

You should complete and lodge the Application Form with the Company. Application Forms must be completed in accordance with the instructions set out on the Application Form. Applications for Shares may only be made on an Application Form attached to or accompanying this Prospectus.

By making an Application, you declare that you were given access to this Prospectus (and any supplementary or replacement prospectus), together with an Application Form. The Corporations Act prohibits any person from passing an Application Form to another person unless it is attached to, or accompanied by, a copy of this Prospectus.

The Company may elect to close the Offer or any part of its early, extend the Offer or any part of it, or accept late Applications either generally or in particular cases. The Offer or any part of it may be closed at any earlier time and date, without further notice.

2.4 Payment for Offer Shares

The issue price of each Share is 5 cents, payable in full on acceptance. Payment from Eligible Applicants will only be accepted in Australian currency as follows:

- (a) cheque or money order drawn on and payable at any Australian bank,
- (b) bank draft drawn on and payable at any Australian bank, or

Your cheque, money order, bank draft must be made in Australian currency and where applicable drawn on an Australian branch of a financial institution. Such payment must be made payable to KALiNA Power Limited and crossed "Not Negotiable".

Please ensure that you make arrangements so that your cheque, money order or bank draft is received at the below address by the end of the offer period.

Kalina Power Limited
Level 1, 114-116 Auburn Road
Hawthorn Victoria 3122, Australia

Please do not to forward cash. Receipts for payment will not be issued. Post dated cheques will not be accepted.

This Prospectus and the Application 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 residents outside Australia 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.

Applicants are responsible for ensuring that making an application does not breach the laws of the relevant overseas jurisdiction. The return of a duly completed Application Form and payment will constitute a representation by the Applicant that there has been no breach of any such laws.

2.5 Allotment

In accordance with the Corporations Act, all subscription monies, before the allotment and issue of Shares and Options, will be held by the Company in trust in a bank account established solely for the purpose of depositing application monies received. Any interest earned will be for the Company's account.

2.6 Applications for Listing on the ASX, Settlement and Dealings

Application has been made to ASX by the Company for the Shares and Options offered by this Prospectus to be quoted on ASX.

The Company will not be issuing share certificates. The Company participates in CHESS, the electronic transfer system operated by the ASX. Because the sub-registers are electronic, ownership of securities can be transferred without having to rely upon paper documentation. Electronic registers mean that the Company will not be issuing certificates to investors. Instead, investors will be provided with a statement (similar to a bank account statement) that sets out the number of Shares and Options allotted to them under this Prospectus. The notice will also advise holders of their Holder Identification Number (HIN) and explain, for future reference, the sale and purchase procedures under CHESS and issuer sponsorship.

Further monthly statements will be provided to holders in circumstances in which there have been any changes in their security holding in the Company during the preceding month.

The Shares will remain listed and traded on the ASX, with trades settled electronically on the Australian registry through the CHESS system.

If permission for official quotation of the Shares and Options is not granted by ASX within 3 months after the Closing Date, the Company, in accordance with the Corporations Act, will either:

- (a) repay all Application Moneys; or
- (b) issue a supplementary Prospectus advising that the Shares and Options will not be listed on ASX and give applicants one month to withdraw their application and be repaid in full.

No interest will be paid on any monies repaid.

2.7 Dividend Policy on Increased Capital

The Shares offered by this document will be entitled to any dividend declared on Ordinary 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.

2.8 Underwriting

The Offer is not Underwritten.

2.9 Taxation

The potential tax effects relating to the Offer will vary between each investor. Investors are advised to consider the possible tax consequences of participating in the Offer or to consult a professional tax adviser.

2.10 Minimum Subscription

There is no minimum amount to be raised under the Offer.

2.11 Speculative Investment

There are risks associated with an investment in the Company and the Shares and 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 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.

2.12 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 on page 3 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.

3 CAPITAL STRUCTURE & EFFECT OF THE ISSUE

3.1 Capital Structure

Issued Capital as at date of Prospectus

Number of Securities	Class
148,335,253	Ordinary fully paid
31,704,175	Shares applied for by Eligible Shareholders and Underwriter
21,928,767	Options at \$0.10
140,000	Options at \$0.075
7,500,000	Options at \$0.05
15,852,087	Options at \$0.05 attached to the Shares applied for by Eligible Shareholders and Underwriter
21,600,000	Options at \$0.11

Securities offered by this Prospectus

123,300,000 Ordinary shares at 5 cents per share which represents 45.5% of the share capital of the Company post Offer as set out below along with 61,650,000 Options.

Capital Structure Post Offer

Number of Shares	Class
303,339,428*	Ordinary fully paid

Options (quoted on ASX)

85,002,087[#] exercisable at 5 cents each until 30 August 2017

Options (unquoted)

21,928,767 exercisable at 10 cents each until 30 September 2016

21,600,000 exercisable at 11 cents each until 30 June 2018

140,000 exercisable at 7.5 cents each until 15 June 2017

45,405,000 exercisable at 5.5 cents each until 30 November 2019[^]

17,500,000 exercisable at 5 cent each until 28 April 2017[^]

#A further 10,000,000 Options may be issued to Hartleys Limited upon the successful completion of the Placement and their placement of any Shortfall.

*For the purpose of calculating this figure it is assumed that the shares applied for by Eligible Shareholders are issued and that the Offer will be fully subscribed.

^Subject to Shareholder approval

3.2 Effect of the Offer

Assuming the Offer is fully taken up by investors, \$6.15 million less expenses of the Offer, which are estimated to be \$242,000, will be raised. The funds raised will be used as set out in the Use of Proceeds paragraph on page 8.

If the Offer is fully subscribed, a further 123,300,000 Ordinary Shares will be issued, increasing the Company's issued capital by 68%, and 61,650,000 Options will be issued.

If the Options are all exercised, the Company will raise a further \$3.08 million and the Company's issued capital will increase to 364,989,428 Ordinary Shares. Funds raised as a result of the exercise of Options will increase the Company's working capital.

The effect of the Offer on the financial position of the Company is shown on the Pro Forma Statement of Financial Position in section 4.

4 PRO FORMA STATEMENT OF FINANCIAL POSITION

KALINA POWER LIMITED Balance Sheet at 30 June 2016	Preliminary Accounts at Jun-16	Placement	Placement	Rights Issue	Loan repaid	Pro-Forma Accounts at Jun-16
Current assets	\$					\$
Cash	755,861	705,000	2,047,598	5,352,572	(2,672,806)	6,188,225
Trade and other receivables	1,235,057					1,235,057
Other financial assets	71					71
Total current assets	1,990,989	705,000	2,047,598	5,352,572	(2,672,806)	7,423,353
Non-current assets						
Trade and other receivable	932,334					932,334
Investments accounted for using the equity method	9,200					9,200
Property, plant and equipment	14,658					14,658
Intangible	4,204,008					4,204,008
Total non-current assets	5,160,200	0	0	0	0	5,160,200
Total assets	7,151,189	705,000	2,047,598	5,352,572	(2,672,806)	12,583,553
Current liabilities						
Trade and other payables	986,646					986,646
Borrowings	2,620,548				(2,620,548)	0
AL-Provision	110,329					110,329
Total current liabilities	3,717,523	0	0	0	(2,620,548)	1,096,975
Non current liabilities						
Trade and other payables	1,301,263					1,301,263
LSL-Provision	70,255					70,255
Total non-current liabilities	1,371,518	0	0	0	0	1,371,518
Total liabilities	5,089,041	0	0	0	(2,620,548)	2,468,493
Net assets	2,062,148	705,000	2,047,598	5,352,572	(52,258)	10,115,060
Shareholders' equity						
Share capital	91,632,654	705,000	2,047,598	5,352,572		99,737,824
Reserves	809,990					809,990
Accumulated losses	(90,761,712)				(52,258)	(90,813,970)
Total equity attributable to equity holders of the company	1,680,932	705,000	2,047,598	5,352,572	(52,258)	9,733,844
Non-controlling interest	381,216					381,216
Total Equity	2,062,148	705,000	2,047,598	5,352,572	(52,258)	10,115,060

This pro forma statement of financial position set out above reflects the Company's financial position as at 30 June 2016 adjusted to show the effect of the Rights Issue and Placement Offer (assuming full subscription) and the adjustments made to reflect the repayment of the Harrington loan as a result of the issue.

5 RIGHTS ATTACHING TO ORDINARY SHARES

The following is a summary of the more significant rights attaching to Ordinary 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 Ordinary 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.

5.1 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.

5.2 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:

- each shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- 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
- 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).

5.3 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 Clause 134 of the Company's Constitution 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.

5.4 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.

5.5 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.

5.6 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.

5.7 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 within 2 months of the date of the meeting.

6 TERMS OF OPTIONS

The Options granted pursuant to this Prospectus will entitle the holder to subscribe for and be allotted Ordinary 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 5 cents;
- (b) the Options are exercisable, at any time prior to 5.00pm Melbourne time on 30 August 2017 (**Expiry Date**). Options not exercised on or before the Expiry Date will automatically lapse;
- (c) 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;
- (d) upon the exercise of the Options and receipt of all relevant documents and payment, Shares will be issued ranking pari passu with the then issued Shares;
- (e) The Company will apply to ASX to have the Shares issued pursuant to the exercise of Options granted official quotation;
- (f) a summary of the terms and conditions of the Options including the Notice of Exercise will be sent to all holders of Options when the initial holding statement is sent;
- (g) 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;
- (h) 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. Prior to any new pro rata issue of securities to Shareholders, holders of Options will be notified by the Company and will be afforded 10 Business Days before the record date (to determine entitlements to the issue), to exercise Options;
- (i) 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 ASX Listing Rules applying to a reorganisation of capital at the time of the reorganisation;
- (j) Subject to the Corporations Law, the ASX Listing Rules and the Company's Constitution, the Options may be transferred at any time prior to the Expiry Date;
- (k) Shares issued pursuant to the exercise of an Option will be issued not more than 14 days after the date of Notice of Exercise.
- (l) An Option holder will be entitled to nominate the Share issued pursuant to the exercise of an Option to be issued by way of a Depository Interest to them.

7 ADDITIONAL INFORMATION

Directors' Interests and Remuneration of Directors

Other than as set out below or elsewhere in this Prospectus, no Director, including the proposed Director, nor any firm in which such a Director is a partner, has or had within 2 years before the lodgement of this Prospectus with ASIC, any interest in:

1. the promotion or formation of the Company;
2. property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the offer of securities pursuant to this Prospectus; or
3. the offer of securities pursuant to this Prospectus,

and 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 Directors' interests in Shares and Options at the date of this Prospectus are:

Director	Shares	Unlisted options
John Byrne	28,143,043	2,000,000
John Ross MacLachlan	nil	10,000,000
Timothy Horgan	919	5,000,000
Malcolm Jacques	415,082	Nil

The Directors may not participate in the Offer.

The Constitution of the Company provides that the Directors may be paid for their services as Directors, a sum not exceeding such fixed sum per annum as may be determined by the Company in general meeting or until so determined as the Directors resolve (currently set at \$200,000), to be divided among the Directors and in default of agreement then in equal shares.

Directors, companies associated with the Directors or their associates are also reimbursed for all reasonable expenses incurred in the course of conducting their duties which include, but are not in any way limited to, out of pocket expenses, travelling expenses, disbursements made on behalf of the Company and other miscellaneous expenses.

No non-executive Director shall be paid as part or whole of his remuneration a commission on or a percentage of profits or operating revenue.

If any of the Directors are called upon to perform extra services or make any special exertions on behalf of the Company or its business, the Directors may remunerate that Director in accordance with such services or exertions, and this remuneration may be either in addition to or in substitution for the remuneration provided in the form of directors fees.

The executive directors, Mr Ross MacLachlan and Mr Tim Horgan are anticipated to receive revised employment contracts and increased remuneration after the Offer is successfully completed. Such increases will be determined by the board and will be in line with industry standard remuneration, taking into account the size and stage of development of the Company.

As announced to the market on 16 August, 2016, it is also anticipated that 45,405,000 new options will be issued to the Directors, proposed director and senior management of the Company as part of an employee incentive scheme pursuant to shareholder approval to be sought at the AGM of the Company in November 2016.

Expenses of the Offer

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

ASIC fees	\$2,320
ASX fees	\$16,115
Legal fees	\$15,000
Placement fee	\$207,826*
Miscellaneous	\$739
Total	\$242,000

* A placement fee of 6% will be paid to Hartleys Limited on funds raised through Hartleys.

8 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 and the proposed director has consented to the lodgement of this Prospectus with ASIC.

Mr Timothy Horgan
For and on behalf of
KALiNA Power Limited

GLOSSARY

Application Form means the application form accompanying this Prospectus;

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;

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

Closing Date means the closing date of the Offer, being 5pm (Melbourne time) on 14 December 2016 (unless varied by the Directors);

Company 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 Applicant means a person whose registered address is in Australia;

Eligible Shareholder means a person who was a Shareholder eligible to participate in the Rights Issue as at 8 August 2016.

KALiNA Group means KALiNA and each of its Subsidiaries;

Listing Rules or **ASX Listing Rules** means the Listing Rules of ASX;

Offer means the offer of 79,547,265 Shortfall Shares and up to 43,752,735 Shares along with attaching Options;

Option means an option to acquire an Ordinary Share;

Prospectus means this prospectus dated 8 September 2016;

Rights Issue means the non-renounceable rights issue pursuant to a Prospectus dated 2 August 2016 and made to eligible shareholders;

Share means a fully paid ordinary share in the capital of the Company;

Share Registry means Computershare Investor Services Pty Limited ABN 710 054 858 25;

Shareholder means a shareholder of the Company;

Shortfall means the ordinary Shares not taken up under the Rights Issue;