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**KALINA POWER LIMITED**

**ACN 000 090 997**

**NOTICE OF ANNUAL GENERAL MEETING**

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**TIME:** 10.30am (AEDST)

**DATE:** 27 November 2020

**PLACE:** Virtual Meeting:

***This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.***

***Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on (03) 9236 2800.***

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**TIME AND PLACE OF MEETING AND HOW TO VOTE**

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**VENUE**

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The Annual General Meeting of the Shareholders of Kalina Power Limited to which this Notice of Meeting relates will be held at 10.30 am (AEDST) on 27 November 2020 via live conference facility.

To join the Meeting via conference facility please register to attend by 5 pm (AEDST) on 20 November 2020 by contacting Debbie Bourke by email to [dbourke@kalinapower.com](mailto:dbourke@kalinapower.com) or by calling (03) 9236 2800. Instructions regarding attending, voting and asking questions at the Meeting will be provided upon registration.

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**YOUR VOTE IS IMPORTANT**

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The business of the Annual General Meeting affects your shareholding and your vote is important.

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**VOTING BY PROXY**

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To vote by proxy, please complete and sign the proxy form enclosed and send the proxy form (and the power of attorney or other authority, if any, under which the proxy form is signed) or a copy which appears on its face to be an authentic copy of the proxy form (and the power of attorney or other authority):

- (a) by mail  
C/- Computershare Investor Services Pty Limited  
GPO Box 242, Melbourne  
Victoria, 3001
- (b) By facsimile  
On 1800 783 447 (within Australia) or  
(61 3) 9473 2555 (outside Australia)
- (c) Online at  
[www.investorvote.com.au](http://www.investorvote.com.au)
- (d) Online at  
[www.intermediaryonline.com.au](http://www.intermediaryonline.com.au)  
(for intermediary Online subscribers only)

so that it is received not later than 10.30am (AEDST) on 25 November 2020.

**Proxy forms received later than this time will be invalid.**

A shareholder entitled to attend and vote at the meeting may appoint one or two proxies to attend and vote on their behalf. Each proxy will have the right to vote on a poll and also to speak at the meeting.

A proxy need not be a member of the Company and a proxy can be either an individual or a body corporate.

The appointment of a proxy may specify the proportion or the number of votes that the proxy may exercise. Where more than one proxy is appointed and the appointment does not specify the proportion or number of the shareholder's votes each proxy may exercise, the votes will be divided equally among the proxies (i.e. where there are two proxies, each proxy may exercise half the votes).

If a proxy is not directed how to vote on an item of business, the proxy may vote or abstain from voting on that resolution as they think fit.

If a proxy is instructed to abstain from voting on an item of business, they are directed not to vote on the shareholder's behalf on the poll and the shares that are the subject of the proxy appointment will not be counted in calculating the required majority.

Shareholders who return their proxy forms with a direction on how to vote but do not nominate the identity of their proxy will be taken to have appointed the Chairman of the meeting as their proxy to vote on their behalf.

If a proxy form is returned but the nominated proxy does not attend the meeting, or does not vote on the resolution, the Chairman of the meeting will act in place of the nominated proxy and vote in accordance with any instructions.

Due to the voting exclusions and requirements referred to in the Explanatory Statement, if you intend to appoint any Director or Key Management Personnel or their closely related parties, other than the Chairman, as your proxy, you should direct your proxy how to vote on Resolution 1 by marking either "For", "Against" or "Abstain" on the proxy form for that relevant item of business. Closely related parties are defined in the Corporations Act to include the spouses, dependents, certain other close family members of the members of Key Management Personnel as well as any companies controlled by such a member. If you do not direct such a proxy how to vote on those Resolutions they will not be able to vote an undirected proxy and your vote will not be counted. This does not apply to the Chairman, who is able to vote undirected proxies.

The Chairman intends to vote any undirected proxy in favour of all Resolutions. You should note that if you appoint the Chairman as your proxy, or the Chairman is appointed your proxy by default, you will be taken to authorise the Chairman to exercise the proxy even if the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

If you wish, you can appoint the Chairman as your proxy and direct the Chairman to cast your votes contrary to the above stated voting intention or to abstain from voting on a Resolution. Simply mark your voting directions on the proxy form before you return it.

The proxy form must be signed by the member or his/her attorney duly authorised in writing or, if the member is a corporation, in a manner permitted by the Corporations Act. A proxy given by a foreign corporation must be executed in accordance with the laws of that corporation's place of incorporation.

A proxy form is attached to this Notice of Annual General Meeting.

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## NOTICE OF ANNUAL GENERAL MEETING

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Notice is given that the Annual General Meeting of Shareholders of Kalina Power Limited will be held, at 10.30 am (AEDST) on 27 November 2020.

The Explanatory Statement to this Notice of Meeting provides additional information on matters to be considered at the Annual General Meeting. The Explanatory Statement and the proxy form are part of this Notice of Meeting.

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Annual General Meeting are those who are registered Shareholders of the Company at 7pm on 25 November 2019.

Terms and abbreviations used in this Notice of Meeting and Explanatory Statement are defined in the Glossary.

## BUSINESS

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### ADOPTION OF THE ANNUAL FINANCIAL REPORT

To receive the Annual Financial Report, including Directors' declarations and accompanying reports of the Directors and auditors for the financial year ended 30 June 2020.

#### 1. RESOLUTION 1- ADOPTION OF THE REMUNERATION REPORT

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

*"That, for the purposes of Section 250R(2) of the Corporations Act and for all other purposes, approval is given to the adoption of the Remuneration Report as contained in the Company's financial report for the year ended 30 June 2020."*

**Short Explanation:** The vote on this resolution is advisory only and does not bind the Directors or the Company.

**Voting Exclusion:**

Resolution 1 is directly connected with the remuneration of members of the key management personnel of the Company. Accordingly, votes must not be cast (in any capacity) on Resolution 1 either:

- by or on behalf of any member of the key management personnel whose remuneration details are included in the Remuneration Report;
- by a closely related party of such key management personnel; and
- by any proxy for a member of the key management personnel or a closely related party of the key management personal.

unless the vote is cast as a proxy for a person entitled to vote:

- in accordance with a direction on the proxy form; or
- by the Chairman of the meeting pursuant to an express authorisation in the proxy form to exercise the proxy as the Chairman sees fit, even though Resolution 1 is connected with the remuneration of a member of the key management personnel.

## 2. RESOLUTION 2 – RE-ELECTION OF DIRECTOR

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

*"That Mr Peter Littlewood a director of the Company who retires by rotation in accordance with clause 75.1 of the Constitution, and being eligible, is re-elected as a director of the Company."*

## 3. RESOLUTION 3A to 3E - GRANT OF OPTIONS TO DIRECTORS

To consider and, if thought fit, to pass, with or without amendment, the following resolutions as **ordinary resolutions**:

- 3.A *"That for the purposes of Chapter 2E of the Corporations Act, ASX Listing Rule 10.11, and for all other purposes, approval is given to the grant to Ross MacLachlan 6,537,500 Options exercisable at 3.5 cents per share on or before 26 May 2022 and 6,537,500 Options exercisable at 4.4 cents per share on or before 26 November 2024 and otherwise on the terms and conditions set out in the Explanatory Statement."*
- 3.B *"That for the purposes of Chapter 2E of the Corporations Act, ASX Listing Rule 10.11, and for all other purposes, approval is given to the grant to Timothy Horgan 8,855,000 Options exercisable at 3.5 cents per share on or before 26 May 2022 and 8,855,000 Options exercisable at 4.4 cents per share on or before 26 November 2024 and otherwise on the terms and conditions set out in the Explanatory Statement."*
- 3.C *"That for the purposes of Chapter 2E of the Corporations Act, ASX Listing Rule 10.11, and for all other purposes, approval is given to the grant to Jeffry Myers 6,975,000 Options exercisable at 3.5 cents per share on or before 26 May 2022 and 6,975,000 Options exercisable at 4.4 cents per share on or before 26 November 2024 and otherwise on the terms and conditions set out in the Explanatory Statement."*
- 3.D *"That for the purposes of Chapter 2E of the Corporations Act, ASX Listing Rule 10.11, and for all other purposes, approval is given to the grant to Peter Littlewood 2,452,500 Options exercisable at 3.5 cents per share on or before 26 May 2022 and 2,452,500 Options exercisable at 4.4 cents per share on or before 26 November 2024 and otherwise on the terms and conditions set out in the Explanatory Statement."*
- 3.E *"That for the purposes of Chapter 2E of the Corporations Act, ASX Listing Rule 10.11, and for all other purposes, approval is given to the grant to Malcolm Jacques 817,500 Options exercisable at 3.5 cents per share on or before 26 May 2022, 817,500 Options exercisable at 4.4 cents per share on or before 26 November 2024 and otherwise on the terms and conditions set out in the Explanatory Statement."*

### **Voting exclusion statement on Resolutions 3A to 3E:**

The Company will disregard any votes cast in favour of Resolutions 3A to 3E by or on behalf of:

- (a) Ross MacLachlan (in respect of 3A), Timothy Horgan (in respect of 3B), Jeffry Myers (in respect of 3C), Peter Littlewood (in respect of 3D), Malcolm Jacques (in respect of 3E) or any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the Company); or
- (b) an Associate of the above persons.

However, this does not apply to a vote cast in favour of a resolution by:

- (c) a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way; or

- (d) the chair of the meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the chair to vote on the resolution as the chair decides; or
- (e) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on a resolution; and
  - the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

#### 4. RESOLUTION 4 – ADDITIONAL PLACEMENT CAPACITY

To consider, and if thought fit, to pass the following resolution as a **special resolution**:

*"That for the purposes of Listing Rule 7.1A, the directors are authorised to issue totalling up to 10% of the issued capital of the Company (at the time of issue calculated over the period prescribed under Listing Rule 7.1A.2) at an issue price, or for non-cash consideration, that is at least 75% of the volume weighted price for the Company's shares calculated over the period prescribed under Listing Rule 7.1A.3, and otherwise on the terms and conditions set out in the Explanatory Statement."*

##### **Voting exclusion statement on Resolution 4:**

The Company will disregard any votes cast in favour of resolution 4 by or on behalf of, if at the time the approval is sought the Company is proposing to make an issue of equity securities under Listing Rule 7.1A.2, a person (or any associates of such a person) who may participate in the issue or who might obtain a material benefit, except a benefit solely in the capacity of a Shareholder if resolution 4 is passed.

However, this does not apply to a vote cast in favour of a resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way; or
- (b) the chair of the meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the chair to vote on the resolution as the chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on a resolution; and
  - the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

#### 5. RESOLUTION 5A, 5B, 5C and 5D – RATIFICATION OF PRIOR ISSUE OF SHARES AND OPTIONS

To consider, and if thought fit, to pass the following resolutions as **ordinary resolutions**:

- 5.A *"That for the purposes of Listing Rule 7.4 and for all other purposes, the shareholders of the Company approve and ratify the previous issue of 2,800,000 new unlisted options over ordinary shares exercisable at \$0.038 per share until 30 November 2022 under Listing Rule 7.1 on 2 December 2019 and otherwise on the terms and conditions set out in the Explanatory Statement attached to this Notice of Meeting."*

- 5.B *"That for the purposes of Listing Rule 7.4 and for all other purposes, the shareholders of the Company approve and ratify the previous issue of 1,333,333 new ordinary shares in the company at a price of A\$0.03 per share and 600,000 new unlisted options over ordinary shares exercisable at \$0.044 per share until 6 July 2023 under Listing Rule 7.1 on 7 July 2020 and otherwise on the terms and conditions set out in the Explanatory Statement attached to this Notice of Meeting."*
- 5.C *"That for the purposes of Listing Rule 7.4 and for all other purposes, the shareholders of the Company approve and ratify the previous issue of 33,911,000 new unlisted options over ordinary shares of which 16,955,500 exercisable at \$0.035 per share until 9 February 2022 and 16,955,000 exercisable at \$0.044 per share until 9 August 2024 under Listing Rule 7.1 on 10 August 2020 and otherwise on the terms and conditions set out in the Explanatory Statement attached to this Notice of Meeting."*
- 5.D *"That for the purposes of Listing Rule 7.4 and for all other purposes, the shareholders of the Company approve and ratify the previous issue of 26,656,721 new ordinary shares in the company at a price of A\$0.025 per share and 26,656,721 new listed options over ordinary shares exercisable at \$0.044 per share until 27 August 2022 under Listing Rule 7.1 on 9 September 2020 and 10 September 2020 and otherwise on the terms and conditions set out in the Explanatory Statement attached to this Notice of Meeting."*

**Voting exclusion statement on Resolutions 5A to 5D:**

The Company will disregard any votes cast in favour of this Resolution by:

- (a) any person who participated in the issue of the Shares including Kenneth Spinner, Peter Myers and Geoff Scott (in respect of 5A), Long State Investments Ltd (in respect of 5B) Kenneth Spinner, Geoff Scott, Julia Ciccaglione, Raymond McKay, Lori English, Nigel Chea, Mark Mirolli and Ramazan Okten (in respect of 5C) ; or
- (b) any Associates of those persons.

However, this does not apply to a vote cast in favour of a resolution by:

- (c) a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way; or
- (d) the chair of the meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the chair to vote on the resolution as the chair decides; or
- (e) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on a resolution; and
  - the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

**6. RESOLUTION 6 – APPROVAL TO ISSUE SHARES AND OPTIONS**

To consider, and if thought fit, to pass the following resolution as an ordinary resolution:

*"That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue and allot up to a maximum of 12,462,114 Shares at an issue price of not less than \$0.025 together with a free attaching listed option exercisable at \$0.044 per share until 27 August 2022 and otherwise on the terms and conditions set out in the Explanatory Statement."*

## Voting exclusion statement on Resolution 6

The Company will disregard any votes cast in favour of this Resolution by:

- (a) any person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the Company); or
- (b) any Associates of those persons.

However, this does not apply to a vote cast in favour of a resolution by:

- (c) a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way; or
- (d) the chair of the meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the chair to vote on the resolution as the chair decides; or
- (e) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on a resolution; and
  - the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

## 7. RESOLUTION 7A to 7E - APPROVAL OF DIRECTORS PARTICIPATION IN THE CAPITAL RAISING

To consider and, if thought fit, to pass the following Resolutions as ordinary resolutions:

- 7A. *"That conditional on the passing of Resolutions 7B, 7C, 7D and 7E, and for the purposes of Listing Rule 10.11 and for all other purposes, approval if given for the issue of up to 2,068,005 Shares to Ross MacLachlan at an issue price of \$0.025 together with a free attaching listed option exercisable at \$0.044 per share until 27 August 2022 and otherwise on the terms and conditions set out in the Explanatory Statement"*
- 7B. *"That conditional on the passing of Resolutions 7A, 7C, 7D and 7E, and for the purposes of Listing Rule 10.11 and for all other purposes, approval if given for the issue of up to 1,034,003 Shares to Timothy Horgan at an issue price of \$0.025 together with a free attaching listed option exercisable at \$0.044 per share until 27 August 2022 and otherwise on the terms and conditions set out in the Explanatory Statement"*
- 7C. *"That conditional on the passing of Resolutions 7A, 7B, 7D and 7E, and for the purposes of Listing Rule 10.11 and for all other purposes, approval if given for the issue of up to 2,068,005 Shares to Jeffry Myers at an issue price of \$0.025 together with a free attaching listed option exercisable at \$0.044 per share until 27 August 2022 and otherwise on the terms and conditions set out in the Explanatory Statement"*
- 7D. *"That conditional on the passing of Resolutions 7A, 7B, 7C and 7E, and for the purposes of Listing Rule 10.11 and for all other purposes, approval if given for the issue of up to 1,654,404 Shares to Peter Littlewood at an issue price of \$0.025 together with a free attaching listed option exercisable at \$0.044 per share until 27 August 2022 and otherwise on the terms and conditions set out in the Explanatory Statement"*
- 7E. *"That conditional on the passing of Resolutions 7A, 7B, 7C, and 7D, and for the purposes of Listing Rule 10.11 and for all other purposes, approval if given for the issue of up to 1,654,404 Shares to Malcolm Jacques at an issue price of \$0.025 together with a free*



attaching listed option exercisable at \$0.044 per share until 27 August 2022 and otherwise on the terms and conditions set out in the Explanatory Statement"

**Voting exclusion statement on Resolutions 7A to 7E:**

The Company will disregard any votes cast in favour of these Resolutions by:

- (a) Ross MacLachlan (in respect of 7A), Timothy Horgan (in respect of 7B), Jeffrey Myers (in respect of 7C); Peter Littlewood (in respect of 7D), Malcolm Jacques (in respect of 7E) or any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the Company); or
- (b) any Associates of those persons.

However, this does not apply to a vote cast in favour of a resolution by:

- (c) a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way; or
- (d) the chair of the meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the chair to vote on the resolution as the chair decides; or
- (e) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on a resolution; and
  - the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

**Important notes to the resolutions**

For further information and explanation on the Resolutions to be put to the Meeting, please refer to the Explanatory Statement which is **enclosed** and forms part of this Notice of Annual General Meeting.

**DATED: 23 OCTOBER 2020**  
**BY ORDER OF THE BOARD**  
**KALINA POWER LIMITED**

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## EXPLANATORY STATEMENT

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This Explanatory Statement has been prepared for the information of the Shareholders of the Company in connection with the business to be conducted at the Annual General Meeting to be on 27 November 2020 at 10.30 am (AEDST).

The purpose of this Explanatory Statement is to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions in the Notice of Meeting.

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### 1. FINANCIAL STATEMENTS AND DIRECTORS' REPORTS

In accordance with the Company's Constitution, the business of the meeting will include receipt and consideration of the Company's Financial Report and reports of Director

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### 2. RESOLUTION 1 – Adoption of Remuneration Report

The Remuneration Report for the financial year ended 30 June 2020 is set out in the Directors' report of the Company's 2020 Annual Report and is available on the Company's website at [www.kalinapower.com](http://www.kalinapower.com). The Remuneration Report sets out the Company's policies and a range of matters relating to the remuneration of Directors and other Key Management Personnel of the Company.

Shareholders attending the Annual General Meeting will be given a reasonable opportunity to ask questions about, or make comments on, the Remuneration Report.

Under the Corporations Act, a listed entity is required to put to the vote a resolution that the Remuneration Report be adopted. Whilst the resolution must be put to a vote, the resolution is advisory only and does not bind the Directors or the Company. However, if at least 25% of votes are cast against the resolution at two consecutive annual general meetings (this did not occur last year), a 'board spill resolution' needs to be put to shareholders. If such a board spill resolution is passed by shareholders, the Company is required to hold a further meeting of shareholders within 90 days to consider replacing those directors (other than the managing director) in office at the time the remuneration report was approved by the board.

The Board will take the outcome of the vote into consideration when reviewing remuneration practices and policies.

#### Recommendation

The Directors unanimously recommend that shareholders vote in favour of this resolution.

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### 3. RESOLUTION 2 – Re-election of Director

Clause 75.1 of the Constitution requires that one third of the Company's Directors must retire at each annual general meeting. Clause 75.4 of the Constitution provides that a retiring Director is eligible for re-election.

As one of Asia-Pacific's leading sector professionals, Mr. Littlewood was formerly the Group Director of Operations at CLP Group ("China Light and Power") and was responsible for developing and implementing power projects across China, Hong Kong, India, and other Asia-Pacific countries. He was a member of the Group Executive Committee and Investment Committee, and a Director for numerous China Light and Power subsidiaries and has over 40 years of experience in the energy and power sector.

Over a 36 year career with China Light and Power in Hong Kong, Mr. Littlewood was responsible for engineering, project management, construction, operations and fuel supply for the entire power generation portfolio with Mr. Littlewood being instrumental in the development of multiple projects using coal, natural gas, nuclear, hydro, wind, solar and biomass technologies. During his tenure, China Light and Power became the largest international investor in the Asia-Pacific power market and is the largest external investor in the mainland China power market. It is a significant international investor in the conventional and renewable power sectors and holds significant investments, joint ventures and operations across China, Hong Kong, India, Thailand, Taiwan, and Australia including 100% ownership of Australian subsidiary, Energy Australia.

Mr Peter Littlewood will retire by rotation in accordance with the Constitution, and seeks re-election.

### **Recommendation**

The Directors (with Peter Littlewood abstaining) unanimously recommend that shareholders vote in favour of this resolution.

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## **4. RESOLUTIONS 3A to 3E – Grant of options to Directors**

The Company proposes to grant Options to the Directors as part of their remuneration packages.

The most recent trading price of the Company's Shares is \$0.028 as at close of trading on 7 October 2020 (being the last practicable date prior to the date of this document). This is lower than the \$0.035 and \$0.044 exercise prices of the Options proposed to be granted to the Directors under Resolution 3A to 3E and as such, based on the current trading price of the Company's Shares, the Options are not in the money.

Listing Rules 10.11 and 7.1

Listing Rule 10.11 requires Shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a related party, or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained unless an exception in Listing Rule 10.12 applies none of which apply here. Accordingly, Shareholders approval is required pursuant to the Listing Rule 10.11 for the proposed grant of the options to the directors, who are related parties of the Company under the listing Rules.

Listing Rule 7.1 requires the prior approval of shareholders in general meeting to issue securities if the number of those securities exceeds 15% of the number of the same class of securities at the commencement of the relevant 12-month period. This rule does not apply in respect of an issue made with the approval of holders of ordinary securities under Listing Rule 10.11.

Accordingly, if approval is given under Listing Rule 10.11, approval is not required under Listing Rule 7.1 (in accordance with Exception 14 of Listing Rule 7.2).

For the purposes of Listing Rule 14.1A, the following is disclosed:

- (a) If Resolutions 3A to 3E are passed, the Company will be able to proceed with the issue of a total of 25,637,500 Options exercisable at 3.5 cents per share on or before 26 May 2022 and 25,637,500 Options exercisable at 4.4 cents per share on or before 26 November 2024 to the Directors, and the issue of such Options will be excluded in calculating the Company's placement capacity in accordance with the Listing Rules.
- (b) If Resolutions 3A to 3E are not passed, the Company will not be able to proceed with the issue of a total of 25,637,500 Options exercisable at 3.5 cents per share on

or before 26 May 2022 and 25,637,500 Options exercisable at 4.4 cents per share on or before 26 November 2024 to the Directors, and the Company may be required to implement alternative arrangements to remunerate its Directors including increasing Directors' fees or providing other forms of cash based remuneration in recognition of the calibre of the Directors thereby reducing the available cash resources of the Company.

The following information is given to Shareholders as required by the Listing Rules:

(a) The related parties to whom the Options will be issued and the respective number of Options proposed to be issued to each Director are as follows:

- a. Mr Ross MacLachlan (or his nominee), 13,075,000 Options
- b. Mr Timothy Horgan (or his nominee), 17,710,000 Options
- c. Mr Jeffrey Myers(or his nominee) , 13,890,000 Options
- d. Mr Peter Littlewood (or his nominee), 4,905,000 Options
- e. Dr Malcolm Jacques(or his nominee), 1,635,000 Options

The Options are proposed to be issued for nil consideration.

The recipients of the Options, being the Directors, are related parties of the Company and accordingly Listing Rule 10.11.1 applies. If the Directors elect to have the relevant Options granted to their nominees, Listing Rule 10.11.4 applies

(b) No funds will be raised by the issue of the Options. If all of the Options are exercised, \$2,022,994 will be received by the Company which will to be used as working capital and to continue the development of the Company's power projects.

(c) Terms of the Options:

- a. Each Option entitles the holder to subscribe for one (1) fully paid Ordinary Share in the capital of the Company.
- b. 50% of the Options issued are exercisable at a price of \$0.035 and the remaining 50% Options are exercisable at \$0.044.
- c. The Options exercisable at \$0.035 will expire at 5.00pm (EST) on 26 May 2022 and the Options exercisable at \$0.044 will expire at 5.00pm (EST) on 26 November 2024 (Expiry Date).
- d. If the holder is no longer a director or officer of the Company for any reason, the Options must be exercised by him within 3 months of the date on which he ceased to be a director or officer, after which time the Options will automatically lapse.
- e. All Shares issued upon exercise of the Options will rank pari passu in all respects with the Company's then issued Shares. The Options will be unlisted. No quotation will be sought from ASX for the Options.
- f. The Options are not transferable
- g. There will be no participation rights inherent in the Options to participate in the new issues of capital by the Company offered to Shareholders during the currency of the Options.

- h. In the event of a reorganisation of the capital of the Company the rights attaching to the Options will be changed to the extent necessary to comply with the Listing Rules applying to a reorganisation of capital at the time of the reorganisation.
- (d) The Options will be issued within 1 month of approval by Shareholders.
- (e) Details of the Directors' total remuneration packages are as follows:
  - a. Mr Ross MacLachlan: \$565,009
  - b. Mr Timothy Horgan : \$295,726
  - c. Mr Jeffry Myers: \$274,452
  - d. Mr Peter Littlewood: \$116,726
  - e. Dr Malcolm Jacques: \$59,181

#### **Other Information**

The directors are remunerated at a level commensurate with the current stage of the Company's development and its financial capacity. Each of the non-executive directors, are paid an annual cash remuneration of \$40,000 with Ross MacLachlan, the CEO being paid \$280,000 per annum and Timothy Horgan being paid \$200,000 per annum.

The Company believes it is appropriate to grant equity options to non-executive directors as well as its key management personnel, including executive directors. Smaller entities often elect to use equity instruments to remunerate key personnel in order to attract and retain high calibre individuals while minimizing the cash cost of engaging those people. In addition, the options also help to create alignment between directors and shareholders. In particular, the Company wishes to grant the Options to the directors under the proposed Resolutions 3A to 3E, rather than other alternatives considered by the Company including increasing Directors' fees or providing other forms of cash based remuneration in recognition of the calibre of the directors. The Company considers the issue of the Options to be preferable to other available alternatives because it provides a means of appropriately remunerating and incentivising the directors while preserving cash resources and also aligns their interests with the interests of shareholders.

The Options, if their issue is approved by shareholders, will be valued at the grant date. However an indicative valuation of the Options as at 10 August 2020 (being the date the Company agreed to issue the options, subject to shareholder approval) and as at 7 October 2020 (being the last practicable date prior to the date of this document) is detailed below:

<u>Option Holder</u>	<u>Number of Options</u>	<u>Exercise Price</u>	<u>Indicative value of Options (10 August 2020)</u>	<u>Indicative value of Options (7 October 2020)</u>
Ross MacLachlan	6,537,500 6,537,500	\$0.035 \$0.044	\$49,567 \$77,761	64,332 95,743
Timothy Horgan	8,855,000 8,855,000	\$0.035 \$0.044	\$67,138 \$105,327	87,137 129,683
Jeffry Myers	6,945,000 6,945,000	\$0.035 \$0.044	\$52,657 \$82,609	68,342 101,711
Peter Littlewood	2,452,500 2,452,500	\$0.035 \$0.044	\$18,595 \$29,172	24,134 35,917
Malcolm Jacques	817,500 817,500	\$0.035 \$0.044	\$6,198 \$9,724	8,045 11,972

The indicative value of the Options is based on a Black Scholes valuation of the Options as at 10 August 2020 and as at 7 October 2020 based on the following inputs:

- Underlying Share Price: \$0.023 per share (closing price of Kalina on 10 August 2020) and \$0.28 per share (closing price of Kalina on 7 October 2020)
- Exercise Price: \$0.035 per share (representing an 52% premium to the closing price on 10 August 2020 and 25% premium to the closing price on 7 October 2020 )
- Exercise Price: \$0.044 per share (representing a 91% premium to the closing price on 10 August 2020 and 57% premium to the closing price on 7 October 2020 )
- Risk free rate: 0.26% and 0.43% (Australian Government 2 and 5 year bond yield)
- Volatility: 116% (Kalina historic 12 month volatility)
- Indicative Grant Date: 10 August 2020
- Expiry: 9 February 2022 and 9 August 2024

In accordance with AASB 2, the value of the options to be granted to the directors will be calculated on the issue date using the Black and Scholes method and expensed in the Statement of Profit & Loss in the year ended 30 June 2021. However, based on the latest indicative valuation set out above as at 7 October 2020, the charge to profit and loss for the year ended 30 June 2021, would be approximately \$627,017.

The number of Options to be issued to the directors if Resolutions 3a to 3E are approved represents, on a fully diluted basis assuming all other options on issue are converted, 3.7% of the Company's issued capital as at the date of this Notice. The directors currently hold 58,042,816 Shares in the Company, if the directors are granted, and subsequently exercises the options the subject of Resolutions 3A to 3E, they will hold an aggregate of 109,257,816 Shares, representing 9.8% of the Company's capital. The issue of the Options and subsequent exercise of the Options will therefore have no effect on the control of the Company.

The issue exercise of the Options will dilute existing Shareholders' interests by 4.6% (assuming no other changes in the Company's capital as at the date of this Notice).

### **Chapter 2E of the Corporations Act**

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

The proposed grant of the Options constitutes giving a financial benefit and each recipient is a related party of the Company by virtue of being a Director.

Shareholder approval is sought for Resolutions 3A to 3E in accordance with Chapter 2E of the Corporations Act. Pursuant to and in accordance with the requirements of section 219 of the Corporations Act, information is set out above and throughout this Explanatory Statement in relation to the proposed issue of Options to the directors.

The directors are to receive the Options under the Resolutions and accordingly make no recommendation and abstains from making a recommendation because of their material personal interest in the Resolutions.

The Board is not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass Resolutions 3A to 3E. The full terms of the Options to be issued to the directors are set out in Section 4 (c) above of this Explanatory Statement.

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## 5. **RESOLUTION 4 – Additional placement capacity**

Broadly speaking, and subject to a number of exceptions, Listing Rule 7.1 limits the amount of Equity Securities that a listed company can issue without the approval of its shareholders over any 12 month period to 15% of the fully paid ordinary securities it had on issue at the start of that period.

Under Listing Rule 7.1A, however, an eligible entity can seek approval from its members, by way of a special resolution passed at its annual general meeting, to increase this 15% limit by an extra 10% to 25% ("10% Placement Facility").

An 'eligible entity' means an entity which is not included in the S&P/ASX 300 Index and which has a market capitalisation of \$300 million or less. The Company is an eligible entity for these purposes.

Resolution 4 seeks shareholder approval by way of a special resolution for the Company to have the 10% Placement Facility provided for in Listing Rule 7.1A to issue Equity Securities without Shareholder approval.

For the purposes of Listing Rule 14.1A, the following is disclosed:

- (a) If Resolution 4 is passed, the Company will be able to issue Equity Securities up to the combined 25% limit in Listing Rules 7.1 and 7.1A without any further Shareholder approval.
- (b) If Resolution 4 is not passed, the Company will not be able to access the 10% Placement Facility to issue Equity Securities without Shareholder approval provided for in Listing Rule 7.1A and will remain subject to the 15% limit on issuing Equity Securities without Shareholder approval set out in Listing Rule 7.1.

The number of shares which may be issued by a company under Listing Rule 7.1A is calculated in accordance with the following formula:

$$(A \times D) - E$$

where

- A** is the number of shares on issue 12 months before the date of issue or agreement:
- plus the number of fully paid shares issued in the 12 months under an exception in Listing Rule 7.2;
  - plus the number of partly paid shares that became fully paid in the 12 months;
  - plus the number of fully paid shares issued in the 12 months with the approval of Shareholders under Listing Rule 7.1 or Listing Rule 7.4;
  - less the number of fully paid ordinary shares cancelled in the 12 months.
- D** is 10%.
- E** is the number of shares issued or agreed to be issued under Listing Rule 7.1A.2 in the 12 months before the date of issue or agreement to issue that are not issued with the approval of Shareholders under Listing Rule 7.1 or Listing Rule 7.4.

The Directors are seeking approval to issue a number of shares representing 10% of the issued share capital of the Company pursuant to Listing Rule 7.1A.

The primary purpose for which shares may be issued pursuant to resolution 4 is to pursue possible further investment opportunities which may arise, for working capital to utilise within the Group for operations and project development, or for further investment opportunities for non-cash consideration.

The shares must be issued at an issue price that is no less than 75% of the volume weighted average market price for securities in that class calculated over the 15 trading days on which trades in that class were recorded immediately before:

- a. The date of which the price at which the equity securities are to be issued is agreed; or
- b. If the equity securities are not issued within 10 Trading Days of the date in paragraph (a) above, the date on which the equity securities are issued.

The Company may issue some of the shares for non-cash consideration, for example, as part of the consideration for an acquisition of assets but the issue price attributable to the shares shall be at least 75% of the volume weighted price as referred to above.

In the event that shares are issued for non-cash consideration, the Company will announce to the market the valuation of the non-cash consideration as required by Listing Rule 7.1A.3.

The Company will comply with the disclosure obligations under Listing Rules 7.1A(4) and 3.10.5A upon issue of any shares.

The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issued pursuant to the 10% placement facility under Listing Rule 7.1A. The identity of the allottees of shares will be determined on a case by case basis having regard to factors including but not limited to the following:

- (i) The methods of raising funds that are available to the Company, including rights issue or other issues in which existing Shareholders can participate;
- (ii) The effect of the issue the shares on the control of the Company;
- (iii) The financial situation of the Company;
- (iv) Advice from corporate, financial and broking advisors; and
- (v) The potential benefits an allottee could provide to the Company as a strategic investor (if applicable).

The allottees under the 10% placement facility have not been determined as at the date of this Notice but may include existing substantial Shareholders and/or new Shareholders who are not related parties or associates of a related party of the Company.



Provided that Shareholder approval is granted for resolution 4, then there is a risk that the share price may be lower on the issue date than on the date on which approval is given to this resolution 4, and the shares may be issued at a discount to the market price for those equity securities. The table below is provided to illustrate the potential voting and economic dilution of existing Shareholders on the basis of the current market price of shares and the current number of shares for variable "A" calculated in accordance with the formula in Listing Rule 7.1A.2 as at 7 October 2020.

Variable "A" in Listing Rule 7.1A.2		Dilution		
		\$0.014 50% decrease in Issue Price	\$0.028 Issue Price	\$0.042 100% Increase in Issue Price
<b>Current Variable A</b> 1,120,701,397 shares	<b>10% dilution</b>	112,070,139	112,070,139	112,070,139
	<b>Funds raised</b>	\$1,568,982	\$3,137,964	\$4,706,946
<b>50% increase in current Variable A</b> 1,681,052,095	<b>10% dilution</b>	168,105,209	168,105,209	168,105,209
	<b>Funds raised</b>	\$2,353,473	\$4,706,946	\$7,060,419
<b>100% increase in current Variable A</b> 2,241,402,794	<b>10% dilution</b>	224,140,279	224,140,279	224,140,279
	<b>Funds raised</b>	\$3,137,964	\$6,275,928	\$9,413,892

The table is prepared on the following assumptions:

- (i) The Company issues the maximum number of shares available under Listing Rule 7.1A;
- (ii) The table shows only the effect of shares issues under Listing Rule 7.1A and does not factor in the Company's ability to issue up to 15% of its issued capital under Listing Rule 7.1;
- (iii) The issue price is \$0.028

The table shows:

- (i) two examples where variable "A" has increased, by 50% and 100%. Variable "A" is based on the number of shares the Company has on issue. The number of shares on issue may increase as a result of issues of shares that do not require approval (for example, a pro rata entitlements issue) or future specific placements under Listing Rule 7.1 that are approved at a future Shareholders' meeting; and
- (ii) two examples of where the issue price of shares has decreased by 50% and increased by 100% as against the current market price.

If Shareholder approval is granted for Resolution 4, then that approval will cease to be valid on the earlier of:

- (i) 26 November 2021 being 12 months from the date of the Meeting; or
- (ii) the Company's next annual general meeting; or
- (ii) the date Shareholder approval is granted to a transaction under Listing Rule 11.1.2 (proposed change to nature and scale of activities) or Listing Rule 11.2 (change involving main undertaking).

The Company has previously obtained Shareholder approval under Listing Rule 7.1A on 28 November 2019.

In the 12 months prior to the date of this notice, the Company issued 314,478,882 ordinary shares which represents 39% of the issued capital of the Company at the commencement of the 12 month period. In addition the Company issued 334,678,894 options, which if converted represents 41% of the issued capital of the Company at the commencement of the 12 month period.

Date of Issue	2 December 2019
Number Issued	2,800,000
Class/Type of Security	Options
Summary of Terms	Exercisable at \$0.038 to 30 November 2022
Name of persons who received securities or basis on which those persons was determined	Kenneth Spinner, Peter Myers and Geoff Scott named consultants engaged on Alberta Project
Valuation*	\$42,895
Discount to market price (if any)	nil
Total consideration received	nil
Amount of cash consideration spent	nil
Use of cash consideration	n/a
Intended use for remaining amount of cash (if any)	Future working capital of the Company

\*Black Scholes valuation

Date of Issue	7 July 2020
Number Issued	1,333,333
Class/Type of Security	Ordinary Shares
Summary of Terms	Fully paid
Name of persons who received securities or basis on which those persons was determined	Long State Investments Ltd
Price	\$0.03
Discount to market price (if any)	3.2%
Total consideration received	\$40,000
Amount of cash consideration spent	\$40,000
Use of cash consideration	Settlement of Financing facility fee t
Intended use for remaining amount of cash (if any)	N/a

Date of Issue	7 July 2020
Number Issued	600,000
Class/Type of Security	Options
Summary of Terms	Exercisable at \$0.044 to 6 July 2023
Name of persons who received securities or basis on which those persons was determined	Long State Investments Ltd
Valuation*	\$8,939
Discount to market price (if any)	nil
Total consideration received	nil
Amount of cash consideration spent	nil
Use of cash consideration	n/a
Intended use for remaining amount of cash (if any)	Future working capital of the Company

\*Black Scholes valuation

Date of Issue	7 July 2020
Number Issued	33,911,000
Class/Type of Security	Options
Summary of Terms	16,955,500 unlisted options exercisable at \$0.035 each until 9 February 2022 16,955,500 unlisted options exercisable at \$0.044 each until 9 August 2024
Name of persons who received securities or basis on which those persons was determined	Employees of the company and Kenneth Spinner, Geoff Scott, Julia Ciccaglione, Raymond McKay, Lori English, Nigel Chea, Mark Mirolli and Ramazan Okten named consultants of the Alberta Project
Valuation*	\$330,044
Discount to market price (if any)	nil
Total consideration received	nil
Amount of cash consideration spent	nil
Use of cash consideration	n/a
Intended use for remaining amount of cash (if any)	Future working capital of the Company

\*Black Scholes valuation

### *Recommendation*

The Directors unanimously recommend that Shareholders vote in favour of this Resolution. A voting exclusion statement is included in the Notice. As at the date of the Notice, the Company has not approached any particular existing Shareholder or security holder or an identifiable class of existing security holder to participate in the issue of the equity securities utilising this 10% Placement Facility following the 2020 Annual General Meeting. No existing Shareholder's votes will therefore be excluded under the voting at the Meeting.

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## **6. Resolution 5A, 5B, 5C and 5D - Ratification of prior issue of Shares and Options**

The Resolutions set out in item 5 of the Notice seeks Shareholder approval for the prior issue of Shares and Options

Listing Rule 7.1 provides that a company must not, subject to specified exceptions under Listing Rule 7.2, issue or agree to issue securities during any 12 month period in excess of 15% of the number of ordinary shares on issue at the commencement of that 12 month period, without shareholder approval.

Listing Rule 7.4 provides that an issue of securities made without approval under Listing Rule 7.1 will be treated as having been made with shareholder approval for the purposes of Listing Rule 7.1 if shareholders subsequently approve it and the issue did not breach Listing Rule 7.1.

Shareholder ratification of the prior issue of Shares is now being sought for the purposes of Listing Rule 7.4.

For the purposes of Listing Rule 14.1A, the following is disclosed:

- (a) If Resolutions 5A to 5D are passed, up to a total of 27,990,054 Shares, 26,656,721 listed options and 37,311,000 unlisted options issued by the Company will be excluded in calculating the Company's placement capacity in accordance with the Listing Rules, thereby increasing the number of Equity Securities the Company can issue without Shareholder approval over the 12 month period following the date of the issue of those Equity Securities.
- (b) If Resolutions 5A to 5D are not passed, up to a total of 27,990,054 Shares, 26,656,721 listed options and 37,311,000 unlisted options issued by the Company will be included in the Company's placement capacity in accordance with the Listing Rules, thereby reducing the number of Equity Securities the Company can issue without Shareholder approval over the 12 month period following the date of the issue of those Equity Securities.

The Directors believe that it is in the best interests of the Company that the Company maintains its ability to issue up to 15% of the issued capital of the Company.

The Directors believe this approval will enhance the Company's flexibility to finance its operations through raising equity capital, should the Directors consider it to be in the best interests of the Company to do so.

In particular, the Directors note that, if this approval is not obtained at the Meeting, the Company may be required to incur additional costs and delays if the Directors subsequently propose to issue securities which do not fall under an exception in Listing Rule 7.2 to the 15% rule in Listing Rule 7.1.

For the purposes of Listing Rule 7.5, which contains the requirements as to the contents of a notice sent to shareholders for the purposes of Listing Rule 7.4, the following information is provided to Shareholders.

Resolution 5A:

<b>Number of securities issued</b>	2,800,000 unlisted Options issued under Listing Rule 7.1. on 2 December 2019
<b>Price</b>	The Options were issued for nil consideration
<b>Terms</b>	<p>A summary of the material terms of the Options is as follows:</p> <ul style="list-style-type: none"> <li>a. Each Option entitles the holder to subscribe for one (1) fully paid Ordinary Share in the capital of the Company.</li> <li>b. The Options issued are exercisable at a price of \$0.038 per Option.</li> <li>c. The Options will expire at 5.00pm (EST) on 30 November 2022.</li> <li>d. All shares issued upon exercise of the Options will rank pari passu in all respects with the Company's then issued shares. The Options will be unlisted. No quotation will be sought from ASX for the Options.</li> <li>e. The Options are not transferable</li> <li>f. There will be no participation rights inherent in the Options to participate in the new issues of capital by the Company offered to Shareholders during the currency of the Options.</li> <li>g. In the event of a reorganisation of the capital of the Company the rights attaching to the Options will be changed to the extent necessary to comply with the Listing Rules applying to a reorganisation of capital at the time of the reorganisation.</li> </ul>
<b>Names of persons to whom securities were issued</b>	The Options were issued Kenneth Spinner, Peter Myers and Geoff Scott being consultants engaged –by the Company in relation to the Alberta project
<b>Use of funds raised</b>	No monies were raised from the issue of the Options, however the Company may receive gross proceeds of up to \$106,400 upon the exercise of the Options, which the Company intends to apply towards the future working capital of the Company .
<b>Voting exclusion statement</b>	A voting exclusion statement has been inserted in respect of this Resolution.

Resolution 5B:

<b>Number of securities issued</b>	1,333,333 Shares and 600,000 unlisted Options were issued under Listing Rule 7.1. on 7 July 2020
<b>Price</b>	The issue price per Share was \$0.03, the options were issued for nil consideration
<b>Terms</b>	<p>The Shares issued rank pari passu with all existing Shares</p> <p>A summary of the material terms of the options is as follows:</p> <ol style="list-style-type: none"> <li>Each Option entitles the holder to subscribe for one (1) fully paid Ordinary Share in the capital of the Company.</li> <li>The Options issued are exercisable at a price of \$0.044 per Option.</li> <li>The Options will expire at 5.00pm (EST) on 6 July 2023.</li> <li>All shares issued upon exercise of the Options will rank pari passu in all respects with the Company's then issued shares. The Options will be unlisted. No quotation will be sought from ASX for the Options.</li> <li>The Options are not transferable</li> <li>There will be no participation rights inherent in the Options to participate in the new issues of capital by the Company offered to Shareholders during the currency of the Options.</li> <li>In the event of a reorganisation of the capital of the Company the rights attaching to the Options will be changed to the extent necessary to comply with the Listing Rules applying to a reorganisation of capital at the time of the reorganisation.</li> </ol>
<b>Names of persons to whom securities were issued</b>	The Shares and Options were issued to Long State Investments Ltd as settlement of financing fee
<b>Use of funds raised</b>	No monies were raised from the issue of the Shares and Options, however the issue was undertaken as settlement of a financing fee in the amount of \$40,000 that would otherwise be payable to Long State Investments Ltd. Furthermore, the Company may receive further gross proceeds of up to \$26,400 upon the exercise of the Options, which the Company intends to apply towards the future working capital of the Company.
<b>Voting exclusion statement</b>	A voting exclusion statement has been inserted in respect of this Resolution.

Resolution 5C:

<b>Number of securities issued</b>	33,911,000 unlisted Options were issued under Listing Rule 7.1. on 10 August 2020
<b>Price</b>	The unlisted Options were issued for nil consideration
<b>Terms</b>	<p>A summary of the material terms of the options is as follows:</p> <ul style="list-style-type: none"> <li>a. Each Option entitles the holder to subscribe for one (1) fully paid Ordinary Share in the capital of the Company.</li> <li>b. 16,955,500 Options issued are exercisable at a price of \$0.035 per Option and 16,955,500 Options issued are exercisable at a price of \$0.044 per Option.</li> <li>c. The Options exercisable at \$0.035 will expire at 5.00pm (EST) on 9 February 2022 and The Options exercisable at \$0.044 will expire at 5.00pm (EST) on 9 August 2024.</li> <li>d. All shares issued upon exercise of the Options will rank pari passu in all respects with the Company's then issued shares. The Options will be unlisted. No quotation will be sought from ASX for the Options.</li> <li>e. The Options are not transferable</li> <li>f. There will be no participation rights inherent in the Options to participate in the new issues of capital by the Company offered to Shareholders during the currency of the Options.</li> <li>g. In the event of a reorganisation of the capital of the Company the rights attaching to the Options will be changed to the extent necessary to comply with the Listing Rules applying to a reorganisation of capital at the time of the reorganisation..</li> </ul>
<b>Names of persons to whom securities were issued</b>	The Options were issued to Employees of the company and Kenneth Spinner, Geoff Scott, Julia Ciccaglione, Raymond McKay, Lori English, Nigel Chea, Mark Mirolli and Ramazan Okten being consultants engaged by the Company in relation to the Alberta project.
<b>Use of funds raised</b>	No monies were raised from the issue of the Options, however the Company may receive gross proceeds of up to \$1,339,484 upon the exercise of the Options, which the Company intends to apply towards the future working capital of the Company
<b>Voting exclusion statement</b>	A voting exclusion statement has been inserted in respect of this Resolution.

Resolution 5D:

<b>Number of securities issued</b>	26,656,721 Shares and 26,656,721 listed Options under Listing Rule 7.1 on 9 September 2020.														
<b>Price</b>	The issue price per Share was \$0.025  The listed Options were issued for nil consideration														
<b>Terms</b>	the Shares issued rank pari passu with all existing Shares on issue  the listed Options are exercisable at \$0.044 each until 27 August 2024 and a summary of material terms of the listed options is contained in Annexure A.														
<b>Names of persons to whom securities were issued</b>	<p>26,656,721 Shares and 26,656,721 listed Options were issued to unrelated Professional and Sophisticated Investors as a placement immediately after the completion of the Rights Issue due to the oversubscription of underwriters to the Rights Issue as announced to the market on 9 September 2020 and 10 September 2020</p> <p>None of the persons to whom the Shares and listed Options were issued to are related parties of the Company, members of the Company's key management personnel, substantial holders of the Company or advisers to the Company except for the following</p> <table><tr><td>Name</td><td>Shares</td><td>Options</td></tr><tr><td>Nigel Chea</td><td>775,502</td><td>775,502</td></tr><tr><td>Kesh Thurairasa</td><td>262,002</td><td>262,002</td></tr><tr><td>Ray McKay</td><td>110,204</td><td>110,204</td></tr></table> <p>.</p>			Name	Shares	Options	Nigel Chea	775,502	775,502	Kesh Thurairasa	262,002	262,002	Ray McKay	110,204	110,204
Name	Shares	Options													
Nigel Chea	775,502	775,502													
Kesh Thurairasa	262,002	262,002													
Ray McKay	110,204	110,204													
<b>Use of funds raised</b>	Gross proceeds of \$666,418 were raised from the issue of the Shares and Company may receive further gross proceeds of up to \$1,172,895 upon the exercise of the Options, which the Company intends to apply towards working Capital for the development of the Company's projects in Alberta Canada and general corporate costs of the Group.														
<b>Voting exclusion statement</b>	A voting exclusion statement has been inserted in respect of this Resolution.														

which do not fall under an exception in Listing Rule 7.2 to the 15% rule in Listing Rule 7.1.

**Recommendation**

The Directors unanimously recommend that Shareholders vote in favour of this Resolutions 5A to 5D.



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## 7. **RESOLUTION 6 – Approval to issue Shares and Options**

Under the placement subsequent to the rights issue announced by the Company on 9 September 2020, the Company has agreed to issue 12,462,114 new Shares and 12,462,114 listed options to complete the placement. The Share and Options will be issued on the same terms and conditions that were issued under the rights issue. The Shares will be issued at \$0.025 per Shares with a free attaching listed Option that can be exercised at \$0.044 for one new share. The options are valid until 27 August 2022.

### **ASX Listing Rule 7.1**

The Company is proposing to issue 12,462,114 new Shares and 12,462,114 listed Options under a follow-up placement following the rights issue announced by the Company on 9 September 2020 ("**Proposed Issue**").

Broadly speaking, and subject to a number of exceptions, Listing Rule 7.1 limits the amount of Equity Securities that a listed company can issue without the approval of its Shareholders over any 12 month period to 15% of the fully paid ordinary shares it had on issue at the start of that period.

The Proposed Issue does not fall within any of these exceptions and exceeds the 15% limit in Listing Rule 7.1. It therefore requires the approval of the Company's Shareholders under Listing Rule 7.1.

Resolution 6 seeks the required Shareholder approval to the Proposed Issue under and for the purposes of Listing Rule 7.1.

For the purposes of Listing Rule 14.1A, the following is disclosed:

- (a) If Resolution 6 is passed, the Company will be able to proceed with the Proposed Issue, and receive proceeds of \$311,553 and further proceeds of up to \$548,333 upon the exercise of the Options. In addition, the Proposed Issue will be excluded from the calculation of the number of Equity Securities that the Company can issue without Shareholder approval under the Listing Rules.
- (b) If Resolution 6 is not passed, the Company will not be able to proceed with the Proposed Issue, accordingly the Company will not receive proceeds of \$311,553 and further proceeds of up to \$548,333 upon the exercise of the Options.

### **Technical information required by ASX Listing Rule 7.3**

Pursuant to and in accordance with Listing Rule 7.3, the following information is provided in relation to the issue of the Shares and free attaching options:

- (a) the maximum number of Shares to be issued under Resolution 6 is 12,462,114 Shares; and 12,462,114 free attaching listed Options;
- (b) the Shares and Options will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules) and it is intended that the issue of all of the Shares and Options will occur on the same day as the Meeting;
- (c) the Shares will be issued at an issue price of \$0.025 per Share, and the Options will be issued for nil consideration;

- (d) the Shares and Options will be issued to sophisticated and institutional investors, none of whom are a related parties of the Company, members of the Company's key management personnel, substantial holders of the Company or advisers to the Company;
- (e) the Shares will be fully paid ordinary shares in the capital of the Company and will be issued on the same terms and conditions as the Company's existing Shares;
- (f) summary of the material terms of the listed Options is contained at Annexure A ;
- (g) up to a total of at least \$311,553 will be raised from the issue of the Shares issued pursuant to Resolution 6, and if exercised a further \$548,333 will be raised from the Options;
- (h) it is intended that the funds raised will be used for advancing the development of the Company's projects and for general working capital purposes;and .
- (i) a voting exclusion statement is included in this document.

### **Recommendation**

The Directors do not have any material personal interest in the outcome of Resolution 6 and unanimously recommend that Shareholders vote in favour of Resolution 6.

To the extent permitted by law, it is the intention of the Chairman of the Meeting to vote all undirected proxies granted to him in favour of Resolution 6.

## **8. Resolutions 7A to 7E - Approval of Director participation in the Capital Raising**

Ross MacLachlan, Timothy Horgan, Jeffry Myers, Peter Littlewood and Malcolm Jacques wish to participate in the placement, subject to Shareholder approval being obtained for Resolutions 7A to 7E. Resolutions 7A to 7E seeks Shareholder approval for the issue of up to a total of 8,478,821 Shares and 8,478,821 free attaching listed Options that can be exercised at \$0.044 for one new Share and exercisable until 27 August 2022 to the Related Party Participants (or their nominees) arising from their potential participation in the Capital Raising. These Resolutions are inter conditional such that if one or more of Resolution 7A, 7B, 7C, 7D and 7E are not passed, then all of Resolutions 7A to 7E will not be passed.

### **Chapter 2E of the Corporations Act**

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of that public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

The Directors (other than the Related Party Participants) consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the Related Party Participants' participation in the Capital Raising as the Shares will be issued to the Related Party Participants on the same terms as non-related party

participants in the Capital Raising and as such, the giving of the financial benefit is on arm's length terms.

### **Listing Rules 10.11 and 7.1**

Listing Rule 10.11 requires Shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a related party, or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained unless an exception in Listing Rule 10.12 applies (none of which apply here).

As any issue of the Equity Securities to Ross MacLachlan, Timothy Horgan, Peter Littlewood, Malcom Jacques and Jeffry Myers (who are directors of the Company) will constitute an issue of securities to a related party of the Company, Shareholder approval will be required for the proposed issue of Shares and free attaching listed Options to the Directors as part of their participation in the Capital Raising, unless an exception applies. It is the view of the Directors that the exceptions set out in Listing Rule 10.12 do not apply to the current circumstances.

Listing Rule 7.1 requires the prior approval of shareholders in general meeting to issue securities if the number of those securities exceeds 15% of the number of the same class of securities at the commencement of the relevant 12-month period. This rule does not apply in respect of an issue made with the approval of holders of ordinary securities under Listing Rule 10.11.

Accordingly, if approval is given under Listing Rule 10.11, approval is not required under Listing Rule 7.1 (in accordance with Exception 14 of Listing Rule 7.2).

For the purposes of Listing Rule 14.1A, the following is disclosed:

- (a) If Resolutions 7A to 7E are passed, the Company will be able to proceed with the issue of a total 8,478,821 Shares and 8,478,821 free attaching listed Options exercisable at \$0.044 for the issue of one new Share on or before 27 August 2022 to the Related Party Participants, and the Company will receive gross proceeds of \$211,970.54 from the issue of such Shares and further gross proceeds of up to \$373,068 upon the exercise of the Options. In addition, the issue of such Shares and Options will be excluded in calculating the Company's placement capacity in accordance with the Listing Rules.
- (b) If Resolutions 7A to 7E are not passed, the Company will not be able to proceed with the issue of a total 8,478,821 Shares and 8,478,821 free attaching listed Options exercisable at \$0.044 for the issue of one new share on or before 27 August 2022 to the Related Party Participants. Accordingly the Company will not receive gross proceeds of \$211,970.54 for the issue of such Shares nor further proceeds of up to \$373,068 upon the exercise of the Options, thereby reducing current and future cash resources available to the Company to develop its projects.

### **Technical information required by ASX Listing Rule 10.13**

Pursuant to and in accordance with ASX Listing Rule 10.13, the following information is provided, if all of Resolutions 7A to 7E are approved:

- (a) the relevant Shares and listed Options will be issued to Directors Ross MacLachlan, Timothy Horgan, Jeffry Myers; Peter Littlewood and Malcolm Jacques (or their nominees)

- (b) the maximum number of Shares and Options to be issued to the Related Party Participants is up to:
- 7A. 2,068,005 Shares and 2,068,005 free attaching listed Options to Shares to Ross MacLachlan;
  - 7B. 1,034,003 Shares and 1,034,003 free attaching listed Options to Timothy Horgan,
  - 7C. 2,068,005 Shares and 2,068,005 free attaching listed Options to Jeffry Myers
  - 7D. 1,654,404 Shares and 1,654,404 free attaching listed Options to Peter Littlewood and
  - 7E. 1,654,404 Shares and 1,654,404 free attaching listed Options to Malcolm Jacques
- (c) the Shares and Options to be issued to the Related Party Participants (or their nominees) will be issued no later than 1 month after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules) and it is intended that issue of all of the Shares and Options will occur on the same day as the Meeting;
- (d) Ross MacLachlan, Timothy Horgan, Jeffry Myers, Peter Littlewood and Malcolm Jacques are current Directors and therefore are related parties of the Company; Accordingly if the Related Party Participants elect to have the relevant Equity Securities granted to them personally Listing Rule 10.11.1 applies, otherwise if the Related Party Participants elect to have the relevant Equity Securities granted to their nominees, Listing Rule 10.11.4 applies;
- (e) the issue price of the Shares will be \$0.025, and nil for the options, being the same issue price as all of the other Shares to be issued under the Capital Raising;
- (f) the Shares issued will be fully paid ordinary shares in the capital of the Company and will be issued on the same terms and conditions as the Company's existing Shares;
- (g) a summary of the material terms of the listed Options is contained at Annexure A;
- (h) up to a total of \$211,970.54 will be raised from the issue of the Shares issued pursuant to Resolutions 7A to 7E and a further \$373,068 if the Options are exercised. It is intended that the funds raised will be used for advancing the development of the Company's projects and for general working capital purposes and;
- (i) a voting exclusion statement is included in the Notice.

#### Recommendation

The directors are to receive the Shares and Options under Resolutions 7A to 7E and accordingly make no recommendation and abstain from making a recommendation because of their material personal interest in the Resolutions.

To the extent permitted by law, it is the intention of the Chairman of the Meeting to vote all undirected proxies granted to him in favour of Resolutions 7A to 7E.

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## **9. ENQUIRIES**

Shareholders are required to contact the Chairman or Company Secretary on +61 (3) 9236 2800 if they have any queries in respect of the matters set out in these documents.

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## GLOSSARY

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**\$** means Australian dollars.

**AEDST** means Australian Eastern Daylight Savings Time.

**ASX** means ASX Limited (ACN 008 624 691).

**Board** means the board of directors of the Company.

**Company or Kalina** means Kalina Power Limited (ACN 000 090 997).

**Constitution** means the Company's constitution.

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

**Directors** mean the current directors of the Company.

**Equity Securities** has the meaning given to that term in the Listing Rules.

**Explanatory Statement** means the explanatory statement which accompanies, and forms part of, the Notice of Meeting.

**Key management personnel** means those persons having authority or responsibility for planning directing and controlling the activities of the Company, directly or indirectly, including any Director (whether executive or otherwise).

**Listing Rules** means the Listing Rules of ASX.

**Meeting** means the meeting convened by the Notice.

**Notice** means the notice of general meeting accompanying this Explanatory Statement.

**Options** means an option to acquire a Share.

**Resolution** means the resolutions set out in the Notice, or any one of them, as the context requires.

**Share** means a fully paid ordinary share in the Company.

**Shareholder** means a holder of a Share.

## Annexure A

### Listed option terms

<b>Issuer</b>	The issuer of these options ( <b>Option</b> ) is Kalina Power Limited ACN 000 090 997 ( <b>Company</b> ).
<b>Issue price</b>	No amount is payable on the issue of an Option.
<b>Entitlement</b>	Each Option entitles the holder ( <b>Optionholder</b> ), on exercise of the Option, to be issue one (1) fully-paid ordinary share in the capital of the Company ( <b>Share</b> ).
<b>Exercise price</b>	\$0.044 (4.4 cents) per Option.
<b>Expiry date</b>	<p>27 August 2022.</p> <p>Any Option not validly exercised prior to 5.00pm (AEST) on the expiry date (<b>Exercise Period</b>) lapses with immediate effect and is no longer capable of exercise.</p>
<b>Exercise method</b>	<p>Each Option may only be exercised by the registered Optionholder by delivering a written exercise notice for the exercise of the Options in the form approved by the Company from time to time (<b>Exercise Notice</b>) to the Company at its registered office specifying the number of Options being exercised.</p> <p>An Exercise Notice may only be delivered at any time during the applicable Exercise Period and may be delivered by email, fax, post, courier, by hand, or by any other method approved by the Company. Once delivered, an Exercise Notice cannot be withdrawn or revoked by the Optionholder.</p> <p>In order for an Exercise Notice to be valid, the Company must receive in cleared funds before the end of the applicable Exercise Period, payment of an amount of money equal to the Exercise Price for the number of Options to which the Exercise Notice relates by way of bank cheque or by other means of payment approved by the Company. If the amount of money paid is less than the Exercise Price for the number of Options to which the Exercise Notice relates, the Company may in its discretion elect to treat the Exercise Notice as an Exercise Notice for such lower amount of Options.</p>
<b>Issue of Shares</b>	<p>Upon receipt of as valid Exercise Notice (accompanied by the applicable Exercise Price monies), the Company must issue the number of Shares equal to the number of Options the subject of valid Exercise Notices.</p> <p>No fraction of a Share will be issued on the exercise of any parcel of Options and no refund will be made to an Optionholder exercising their rights in respect of that part of the Exercise Price, which represents such a fraction.</p> <p>The new Shares issued upon the exercise of an Option will be issued fully paid, will rank equally in all respects with all other issued fully paid Shares from the date of the issue of those new Shares and will only carry an entitlement to receive distributions that have a record date after date</p>

	of issue of those new Shares.
<b>Constitution</b>	Each Optionholder who exercises Options consents to becoming a member of the Company, and agrees to be bound by the constitution of the Company upon the issue of the new Shares.
<b>Quotation</b>	The Company will apply for official quotation on the ASX of all Shares resulting from the exercise of Options on or before the date of issue of the Shares.
<b>Restrictions on transfer</b>	An Option is not capable of being transferred, sold, mortgaged, charged, hedged or made subject to any margin lending arrangement or otherwise disposed of or dealt with or encumbered in any way, and an Option will lapse immediately if any such thing purports to occur.
<b>Dividends and voting</b>	<p>The Options do not provide the Optionholder any entitlement to dividends or other distributions.</p> <p>The Options do not entitle the Optionholder to receive notice of, attend or vote at, any meeting of the Company's shareholders.</p>
<b>Participation rights</b>	The Options do not carry any participation rights in new issues of securities to existing holders of Shares, unless and except to the extent that Optionholders have exercised their Options and been issued new Shares before the record date for determining entitlements to the new issue of securities and are entitled to participate in the new issue as a holder of Shares
<b>Pro rata issues or bonus issues</b>	If there is a pro-rata issue or bonus issue to the holders of Shares (except an issue in lieu of distributions or by way of distribution reinvestment) after the issue of the Options and before the date the relevant Options must be exercised or lapse, the Exercise Price of the relevant Options or the number of Shares to be issued on the exercise of those Options will be adjusted in accordance with the ASX Listing Rules.
<b>Capital reorganisation</b>	In the event of a reorganisation of the issued capital of the Company prior to the Expiry Date, the rights attaching to each Option 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.
<b>Calculations binding</b>	Any calculations or adjustments to these terms and conditions of the Options which are required or permitted to be made under these terms and conditions will be made by the directors of the Company and will, in the absence of manifest error, be final and conclusive and binding on the Company and each Optionholder.
<b>Notifications</b>	The Company must within a reasonable period or, as otherwise required by the ASX Listing Rules if applicable at that time, give to the Optionholder notice of any change to the Exercise Price of any Options held by the Optionholder or the number of Shares to be issued on the exercise of the Option.
<b>Application of ASX Listing Rules</b>	While the Company is admitted to the Official List of ASX, the Options and any Shares issued on exercise of these Options are subject always to the provisions of the constitution of the Company and the ASX Listing Rules and to the extent of any inconsistency between these terms and conditions, the constitution of the Company and the ASX Listing Rules,



	the ASX Listing Rules will prevail.
<b>Corporations Act</b>	The Optionholder's right to exercise an Option is subject to compliance with Chapter 6 of the <i>Corporations Act 2001</i> (Cth). If the exercise of an Option would result in the Optionholder having a relevant interest greater than 20% of the Company's voting Shares on issue, then the Optionholder may be prohibited from exercising its Options.
<b>Governing law</b>	The terms and the rights and obligations of the Optionholders are governed by the laws of Victoria, Australia. Each Optionholder irrevocably and unconditionally submits to the nonexclusive jurisdiction of the courts of Victoria, Australia.

# Kalina Power Limited

ABN 24 000 090 997



KPO

MR SAM SAMPLE  
FLAT 123  
123 SAMPLE STREET  
THE SAMPLE HILL  
SAMPLE ESTATE  
SAMPLEVILLE VIC 3030

## Need assistance?



### Phone:

1300 850 505 (within Australia)  
+61 3 9415 4000 (outside Australia)



### Online:

[www.investorcentre.com/contact](http://www.investorcentre.com/contact)



## YOUR VOTE IS IMPORTANT

For your proxy appointment to be effective it must be received by **10.30am (AEDST)** **Wednesday 25 November 2020**.

# Proxy Form

## How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

### APPOINTMENT OF PROXY

**Voting 100% of your holding:** Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

**Voting a portion of your holding:** Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

**Appointing a second proxy:** You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

**A proxy need not be a securityholder of the Company.**

## SIGNING INSTRUCTIONS FOR POSTAL FORMS

**Individual:** Where the holding is in one name, the securityholder must sign.

**Joint Holding:** Where the holding is in more than one name, all of the securityholders should sign.

**Power of Attorney:** If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

**Companies:** Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

## PARTICIPATING IN THE MEETING

### Corporate Representative

If a representative of a corporate securityholder or proxy is to participate in the meeting you will need to provide the appropriate "Appointment of Corporate Representative". A form may be obtained from Computershare or online at [www.investorcentre.com](http://www.investorcentre.com) under the help tab, "Printable Forms".

## Lodge your Proxy Form:

XX

### Online:

Lodge your vote online at [www.investorvote.com.au](http://www.investorvote.com.au) using your secure access information or use your mobile device to scan the personalised QR code.

Your secure access information is



**Control Number: 999999**

**SRN/HIN: I9999999999**

**PIN: 99999**

For Intermediary Online subscribers (custodians) go to [www.intermediaryonline.com](http://www.intermediaryonline.com)

### By Mail:

Computershare Investor Services Pty Limited  
GPO Box 242  
Melbourne VIC 3001  
Australia

### By Fax:

1800 783 447 within Australia or  
+61 3 9473 2555 outside Australia



**PLEASE NOTE:** For security reasons it is important that you keep your SRN/HIN confidential.

MR SAM SAMPLE  
FLAT 123  
123 SAMPLE STREET  
THE SAMPLE HILL  
SAMPLE ESTATE  
SAMPLEVILLE VIC 3030



**Change of address.** If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.



I 9999999999

I ND

## Proxy Form

Please mark ☒ to indicate your directions

### Step 1 Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of Kalina Power Limited hereby appoint



the Chairman  
of the Meeting

OR

**PLEASE NOTE:** Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of Kalina Power Limited to be held virtually on Friday, 27 November 2020 at 10.30am (AEDST) and at any adjournment or postponement of that meeting.

**Chairman authorised to exercise undirected proxies on remuneration related resolutions:** Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Items 1, 3A to 3E (except where I/we have indicated a different voting intention in step 2) even though Items 1, 3A to 3E are connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

**Important Note:** If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Items 1, 3A to 3E by marking the appropriate box in step 2.

### Step 2 Items of Business

**PLEASE NOTE:** If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

		For	Against	Abstain			For	Against	Abstain
1	Adoption of the Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	5C	Ratification of Prior Issue of 33,911,000 New Options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2	Re-election of a Director - Mr Peter Littlewood	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	5D	Ratification of Prior Issue of 26,656,721 New Ordinary Shares and 26,656,721 New Options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3A	Grant of Options to Director - Mr Ross MacLachlan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	6	Approval of the Issue of Shares for the Purposes of Listing Rule 7.1	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3B	Grant of Options to Director - Mr Timothy Horgan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	7A	Approval of Participation in the Capital Raising by Ross MacLachlan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3C	Grant of Options to Director - Mr Jeffry Myers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	7B	Approval of Participation in the Capital Raising by Timothy Horgan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3D	Grant of Options to Director - Mr Peter Littlewood	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	7C	Approval of Participation in the Capital Raising by Jeffry Myers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3E	Grant of Options to Director - Dr Malcolm Jacques	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	7D	Approval of Participation in the Capital Raising by Peter Littlewood	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4	Additional Placement Capacity	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	7E	Approval of Participation in the Capital Raising by Malcolm Jacques	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5A	Ratification of Prior Issue of 2,800,000 New Options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>					
5B	Ratification of Prior Issue of 1,333,333 New Ordinary Shares and 600,000 New Options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>					

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

### Step 3 Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Securityholder 2

Securityholder 3

Sole Director & Sole Company Secretary

Director

Director/Company Secretary

Date

**Update your communication details** (Optional)

Mobile Number

Email Address

By providing your email address, you consent to receive future Notice of Meeting & Proxy communications electronically

KPO

2 6 9 7 6 3 A



Computershare

