

KALiNA POWER LIMITED
ACN 000 090 997

SUPPLEMENTARY PROSPECTUS

Important Information

This is a supplementary prospectus (**Supplementary Prospectus**) intended to be read together with the prospectus dated 3 August 2020 (**Prospectus**) issued by KALiNA Power Limited ACN 000 090 997(**Company**) which was lodged with the Australian Securities and Investments Commission (**ASIC**) on that date.

This Supplementary Prospectus is dated 10 August 2020 and was lodged with ASIC on that date under section 719 of the Corporations Act. ASIC and ASX, and their respective officers take no responsibility for the contents of this Supplementary Prospectus.

This Supplementary Prospectus should be read together with the Prospectus. Other than as set out below, all details in relation to the Prospectus remain unchanged. Terms and abbreviations defined in the Prospectus have the same meanings in this Supplementary Prospectus. If there is a conflict between the Prospectus and this Supplementary Prospectus, this Supplementary Prospectus prevails.

The Company has issued both a printed and electronic version of this Supplementary Prospectus and the Prospectus.

This is an important document and should be read in its entirety. If you do not understand it, you should consult your professional advisers without delay.

1. Reasons for Supplementary Prospectus

The Company has issued this Supplementary Prospectus for the purpose of updating the Prospectus regarding updates which are not materially adverse from the point of view of an investor, which are set out section 2 of this Supplementary Prospectus below.

2. Amendments to the Prospectus

The Prospectus is amended as follows:

2.1 Tim Horgan's sub-underwriting commitment

Tim Horgan's sub-underwriting commitment has been reduced to \$50,000 on the basis that additional sub-underwriting commitments were received from other third parties. Accordingly the tables in Sections 4.6 and 9.8(c) of the Prospectus are deleted and replaced with the following:

Director	Sub-underwritten Amount	Sub-underwriting Fee
Malcolm Jacques	\$80,000	\$4,000.00
John Ross MacLachlan	\$100,000	\$5,000.00

Jeffrey Michael Myers	\$100,000	\$5,000.00
Peter Albert Littlewood	\$80,000	\$4,000.00
Timothy David Horgan	\$50,000	\$2,500.00
Total	\$410,000	\$20,500.00

The total sub-underwritten commitment is unchanged and therefore the aggregate amount underwritten under the Offer, including the Minimum Underwriting, remains at approximately \$6.8 million.

5.2 Effect on option capital structure

The table in Section 5.2 of the Prospectus providing disclosure of the effect of the Offer on the options capital structure of the Company is updated to include 2.8 million existing unquoted Options already on issue and provide further disclosure on the additional ~82 million Options that the Board has resolved to issue. Accordingly the relevant table in Section 5.2 of the Prospectus is deleted and replaced with the following:

Exercise Price	Expiry Date	Number
<i>Quoted Options</i> (exercisable at \$0.044 and expiring on 27 August 2022)		
Attaching Options ¹		273,511,169
Underwriter Options ¹		10,000,000
<i>Unquoted Options</i>		
Management incentive options		
\$0.06	30 November 2020	16,600,000
\$0.023	19 June 2022	16,400,000
\$0.023	30 November 2022	30,000,000
\$0.038	30 November 2022	2,800,000
\$0.035	18 months from the date of issue	41,063,000 ²
\$0.044	48 months from the date of issue	41,063,000 ³
Finance related options		
\$0.013	26 May 2022	2,250,000
\$0.018	26 May 2022	2,250,000

\$0.023	26 May 2022	2,250,000
\$0.028	26 May 2022	2,250,000
\$0.044	6 July 2023	600,000
Options on issue after completion of the Offer		441,037,169⁴
<p><i>Notes:</i></p> <ol style="list-style-type: none"> 1. While the Company will apply for Official Quotation of the Attaching Options and the Underwriter Options within 7 days of this Prospectus, Official Quotation of the Attaching Options and Underwriter Options is subject to satisfaction of the Quotation Conditions (please refer to section 4.10 for more information). 2. Notwithstanding that the Board has resolved on 9 August 2020 to issue these Options, the issue of such Options will be subject to the Company obtaining all necessary shareholder approval for the issuance. Please refer to Schedule 1 for a summary of the key terms of these Options. 3. Notwithstanding that the Board has resolved on 9 August 2020 to issue these Options, the issue of such Options will be subject to the Company obtaining all necessary shareholder approval for the issuance. Please refer to Schedule 2 for a summary of the key terms of these Options. 4. This includes approximately 82 million Options that the Board has resolved to issue, however the issue of some or all of such Options will be subject to the Company obtaining all necessary shareholder approval for the issuance. 		

5.3 Pro-forma statement of financial position

The adjustment for the "Total assets" line item in the pro forma statement of financial position contained in Section 6 of the Prospectus is updated to reflect the adjustment as a debit adjustment, accordingly the brackets are deleted and the figure "(4,370,439)" is deleted and replaced with "4,370,439".

5.4 Directors' holdings

The table in Section 9.8(a) of the Prospectus providing disclosure of the Directors' relevant interest in the Company's securities is updated to provide further disclosure on the additional ~82 million Options that the Board is contemplating issuing. Accordingly the relevant table in Section 9.8(a) of the Prospectus is deleted and replaced with the following:

Director	Shares		Unlisted options*	
	Direct	Indirect	Direct	Indirect
John Ross MacLachlan	23,123,405	-	13,000,000	-
Timothy Horgan	7,165,897	-	4,000,000	-
Malcolm Jacques	614,029	5,228	1,000,000	-
Jeffrey Myers	-	10,534,651	8,000,000	-
Peter Littlewood	8,677,508	-	4,000,000	-

**The Board has resolved to issue an additional ~82 million Options to Directors and key management of which ~41 million Options will be exercisable at \$0.035 within 18 months from the date of issue (and otherwise on the terms set out in Schedule 1) and ~41 million Options will be exercisable at \$0.044 within 48 months from the date of issue (and otherwise on the terms set out in Schedule 2). The issue of such Options will be subject to the Company obtaining all necessary shareholder approval, and will bring the total number of Options on issue to approximately 441,037,169 (assuming the full subscription is achieved under the Offer). Any issue of options to directors will be subject to shareholder approval.*

5.5 Option terms

Schedules 1 and 2 of this Supplementary Prospectus are inserted as "Schedule 1" and "Schedule 2" of the Prospectus respectively, to provide disclosure on the key terms applying to the additional ~82 million Options that the Company is contemplating issuing to Directors and key management.

3. Directors' Authorisation

This Supplementary Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors. In accordance with section 720 of the Corporations Act, each Director has authorised and consented to the lodgement of this Supplementary Prospectus with ASIC and has not withdrawn that consent prior to lodgement.

Dated: 10 August 2020

A handwritten signature in dark ink, appearing to read 'T. Horgan', with a horizontal line extending from the end of the signature.

Mr Timothy Horgan
For and on behalf of
KALiNA Power Limited

Schedule 1 – Option Terms

- (a) Each Option entitles the holder to subscribe for one (1) fully paid Ordinary share in the capital of the Company.
- (b) The Options are exercisable before 5.00pm (EST) on the date that is eighteen (18) months after the date of issue of the Options (**Expiry Date**).
- (c) The Options are exercisable at a price of \$0.035 (3.5 cents) each.
- (d) If the holder is no longer a director, officer or employee of the Company for any reason, the Options must be exercised by the holder within three (3) months of the date on which the holder ceased to be a director, officer or employee, 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 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 time at the time of the reorganisation.

Schedule 2 – Option Terms

- (a) Each Option entitles the holder to subscribe for one (1) fully paid Ordinary share in the capital of the Company.
- (b) The Options are exercisable before 5.00pm (EST) on the date that is forty eight (48) months after the date of issue of the Options (**Expiry Date**).
- (c) The Options are exercisable at a price of \$0.044 (4.4 cents) each.
- (d) If the holder is no longer a director, officer or employee of the Company for any reason, the Options must be exercised by the holder within three (3) months of the date on which the holder ceased to be a director, officer or employee, 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 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 time at the time of the reorganisation.