

Terms of Options

Kalina Power Limited confirms the terms of the 3 classes of Options on issue in the Company are as follows:

- A. The Options will entitle the holder to subscribe for and be allotted Ordinary Shares on the following terms and conditions:
- (a) each Option entitles the holder to subscribe for one Ordinary Share at an exercise price per Option of 10 cents;
 - (b) the Options are exercisable, at any time prior to 5.00pm Melbourne time on 30 November 2015 (**Expiry Date**). Options not exercised on or before the Expiry Date will automatically lapse;
 - (c) the Options may be exercised wholly or in part by completing an application form for Shares (**Notice of Exercise**) delivered to the Company's share registry and received by it any time prior to the Expiry Date;
 - (d) upon the exercise of the Options and receipt of all relevant documents and payment, Ordinary Shares will be issued ranking pari passu with the then issued Ordinary Shares.
 - (e) The Company will apply to ASX to have the Ordinary Shares issued pursuant to the exercise of Options granted official quotation.
 - (f) a summary of the terms and conditions of the Options including the Notice of Exercise will be sent to all holders of Options when the initial holding statement is sent;
 - (g) any Notice of Exercise received by the Company's share registry on or prior to the Expiry Date will be deemed to be a Notice of Exercise as at the last Business Day of the month in which such notice is received;
 - (h) there are no participating entitlements inherent in the Options to participate in new issues of capital which may be offered to Shareholders during the currency of the Options. Prior to any new pro rata issue of securities to Shareholders, holders of Options will be notified by the Company and will be afforded 10 Business Days before the record date (to determine entitlements to the issue), to exercise Options;
 - (i) in the event of any reorganisation of the issued capital of the Company prior to the Expiry Date, the rights of an optionholder will be changed to the extent necessary to comply with the ASX Listing Rules applying to a reorganisation of capital at the time of the reorganisation;
 - (j) Subject to the Corporations Law, the ASX Listing Rules and the Company's Constitution, the Options may be transferred at any time prior to the Expiry Date;
 - (k) Ordinary Shares issued pursuant to the exercise of an Option will be issued not more than 14 days after the date of Notice of Exercise.
 - (l) An Option holder will be entitled to nominate the Ordinary Share issued pursuant to the exercise of an Option to be issued by way of a Depository Interest to them.

B. The New Options to be issued pursuant to this Notice will entitle the holder to subscribe for and be allotted Shares on the following terms and conditions:

- i. the New Options, once issued, are exercisable at any time prior to 5.00 pm AEST on 1 October 2016 (Expiry Date). New Options not exercised on or before the Expiry Date will automatically lapse;
- ii. the New Options may be exercised wholly or in part by completing an application form for Shares (Notice of Exercise) delivered to the Company's share registry and received by it any time prior to the Expiry Date;
- iii. each New Option entitles the holder to subscribe (in respect of each New Option held) for one Share at an exercise price per New Option of 10 cents;
- iv. upon the exercise of an New Option and receipt of all relevant documents and payment, one Share will be issued ranking pari passu with the then issued Shares. The Company will apply to ASX to have the Shares issued on the exercise of New Options granted official quotation;
- v. any Notice of Exercise received by the Company's share registry on or prior to the Expiry Date will be deemed to be a Notice of Exercise as at the last Business Day of the month in which such notice is received;
- vi. there are no participating entitlements inherent in the New Options to participate in new issues of capital which may be offered to Shareholders during the currency of the New Options. Prior to any new pro rata issue of securities to Shareholders, Harrington will be notified by the Company and will be afforded 10 Business Days before the record date (to determine entitlements to the issue), to exercise New Options;
- vii. in the event of any reorganisation of the issued capital of the Company prior to the Expiry Date, the rights of an option holder will be changed to the extent necessary to comply with the ASX Listing Rules applying to a reorganisation of capital at the time of the reorganisation.
- viii. subject to the Corporations Act, the ASX Listing Rules and the Company's Constitution, the New Options may be transferred at any time prior to the Expiry Date; and
- ix. a Share issued pursuant to the exercise of an New Option will be issued not more than 14 days after the date of Notice of Exercise.

C. Terms of the Options:

- a. Each Option entitles the holder to one (1) fully paid ordinary share in the capital of the Company.
- b. The Options are exercisable before 5.00pm (EST) on 30 June 2018 (Expiry Date).
- c. The Options are exercisable at a price of \$0.11 each.
- d. If the Option holder is no longer a director of the Company for any reason, the Options must be exercised by them within 3 months of the date on which they ceased to be a director, after which time they 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 of the Option Holder will be changed to the extent necessary to comply with the Listing Rules applying to a reorganisation of capital at the time of the reorganisation.