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KALINA POWER LIMITED

AND ITS CONTROLLED ENTITIES

ACN 000 090 997

Annual report to Shareholders for the year ended 30 June 2026

CORPORATE DIRECTORY

Directors:		
	Mr Stephen White	Chairman
	Mr Ross MacLachlan	CEO
	Mr Tim Horgan	Executive Director
	Mr Matthew Jenkins	Executive Director
	Dr Malcolm Jacques	Non-executive Director
	Mr Peter Littlewood	Non-executive Director
Company Secretary:	Mr Kesh Thurairasa	

Registered Office and Principal Place of Business

Suite 6, 795 Glenferrie Road
Hawthorn VIC 3122
Telephone: + 61 3 9236 2800
Facsimile: + 61 38 9818 3656

Share Registry:

Computershare Registry Services Pty Limited
Yarra Falls, 452 Johnston Street,
Abbotsford, Vic, Australia, 3067
Telephone: + 61 3 9415 5000

Bankers:

Commonwealth Bank of Australia
385 Bourke Street
Melbourne VIC 3000

Auditors:

HLB Mann Judd (VIC) Partnership
Level 9, 550 Bourke Street
Melbourne VIC 3000
Telephone: + 61 3 9606 3888
Facsimile: + 61 3 9606 3800

Solicitors:

Gadens Lawyers
Level 13 Collins Arch
447 Collins Street
Melbourne VIC 3000

Stock Exchange:

The Company is listed in the Australian Stock Exchange. ASX code: KPO

Other Information:

KALINA POWER LIMITED, incorporated and domiciled in Australia, is a publicly listed company limited by shares.

Corporate Governance:

The Company's Corporate Governance Statement was released to the ASX on 24 September 2026 and can be found on the Company's website at

www.kalinapower.com

Our Mission

Our mission is to deliver cost effective power projects that address burgeoning AI Data Centre demand for reliable and affordable electricity. Our projects are all developed with the option to incorporate technologies to generate electricity with a low carbon footprint.

To achieve this mission the Company's 100% owned Canadian subsidiary, KALiNA Distributed Power ("KDP") is developing a portfolio of multiple, natural gas-fired combined cycle power plants that have the option to incorporate Carbon Capture and Sequestration ("Power-CCS") in Alberta, Canada.

Our Values

Our values form the foundation of our culture and guide us in achieving our vision and delivering on our strategy.

Safety – We put Safety First.

Responsibility – We take responsibility for how we operate, the projects we deliver, and the impact we have on customers, communities and the environment.

Integrity – We act with integrity in every decision and interaction, earning trust through honesty, transparency and respect.

Chairman's Letter

Dear Fellow Shareholders,

I am pleased to present the Annual Report for KALiNA Power Limited for the year ended 30 June 2026.

2026 has been a very important year where we continued to develop our power projects in Alberta, Canada. Alberta is actively positioning itself as a leader in AI and Data Centre projects. This is creating a dramatic surge in demand for power which can only be satisfied through the development of significant new power generation projects. KALiNA believes it is one of the best positioned companies in Alberta to capitalise on this unique opportunity.

Against this backdrop, the recent fiscal year began very well with our July 2025 announcement of a transaction through which KALiNA would receive CAD18 million from the sale of its 2027/28 on-grid load allocation of 180 MW that would ultimately involve Meta. This sale did not in any way impact the development timelines for our portfolio while providing a very substantial improvement to our cash balance.

KALiNA's MW sale transaction closed in October 2025 and helped facilitate one of the largest private-sector and technology investments in Canadian history, with Meta announcing on 8 July 2026 that it would build a new CAD13 billion artificial intelligence Data Centre. This Data Centre is to be powered by the Greenlight Electricity Centre, a separate CADCAD, 932-megawatt combined-cycle natural gas power plant.

The significance of these investments and the regulatory framework that has been established in Alberta cannot be overstated. This has drawn increased attention and interest in the quality of our portfolio and the high regard for our project development team.

With our development portfolio of strategically located natural gas-fired projects, KALiNA is well positioned to capitalize on the current demands for power. With recent large load applications, primarily from AI related entities, now over 16 gigawatts ("GW"), the demand exceeds the total current peak load capacity of the Alberta grid of ~12GW. Any meaningful level of this additional demand can only be met with the development of significant new power generation facilities.

All of KALiNA's projects are being developed in proximity to infrastructure including gas pipelines and access to the electrical grid. Our four primary projects are located with proximity to carbon capture sequestration hubs should CCS be required in the future.

The four primary projects are being designed to generate ~200 MW each. Several of these locations have the physical footprint and supporting infrastructure to eventually build additional power plants. Given the recent regulatory changes, KALiNA's Saddle Hills project is being reactivated and is in the process of amending its 64 MW permit to ~100 MW.

Collectively, the current portfolio has the potential to initially install ~900 MW and over time, possibly build out an installed capacity of over 1.5 GW.

Beyond this current portfolio, KALiNA is investigating two additional larger-scale project locations for development in the future.

To take advantage of our early mover advantage, it is essential that we are adequately capitalised and ensure our capital requirements are achieved in the most accretive manner for shareholders.

To this end, our investment bankers co-ordinated presentations with well qualified major investors, most notably after the 8 July 2026 announcement from META confirming its CAD13 billion investment into Alberta. With this activity, KALiNA is confident in its ability to secure near-term funding to advance our portfolio of projects through the pre-FEED and FEED stages. The successful funding of our capital requirements will govern the number and timing of projects that will be developed to reach FID and ultimately proceed to construction.

Our team is confident in the value being created for the portfolio and anticipate FY 2027 will be a year of continued positive project and corporate development. We hold an enviable portfolio of projects in Alberta and have a significant early mover advantage that we are driven to maintain. The Company is in a healthy financial position with cash of A$12.3 million, no debt and a relatively low cash burn rate. We believe that a number of important near-term value catalysts will occur during the remainder of 2026 and beyond that will deliver significant value for our shareholders.

I would like to take this opportunity to thank our shareholders for their ongoing support of KALiNA's strategic objective to deliver energy solutions to address the burgeoning AI Data Centre demand for reliable and affordable electricity in Alberta. As well as developing an attractive portfolio of projects, your Company has the added advantage of having arguably one of the best power project development teams in Alberta, and I commend them on their efforts this year. KALiNA is indeed in the box seat.

Yours Faithfully,

Stephen White

Chairman

Directors' report

The directors of KALiNA Power Limited ('the Company') present their annual financial report of the Company and its controlled entities ('the Group' or 'the Consolidated Entity') for the year ended 30 June 2026. All figures are quoted in Australian dollars unless stated otherwise.

Review of Operations

KALiNA Power Limited is pleased to provide its operational summary for the year ended 30 June 2026, a period in which it successfully achieved a number of key operational objectives.

The total profit of the consolidated entity attributable to the owners of the Company for the year ended 30 June 2026 was $15.838m (2025: loss of $4.673m). This equates to a basic profit per share of 0.5 cents for the year ended 30 June 2026 (2025: loss of 0.2 cents).

During the year the Group's receipts from other income amounted to $18.545m and payments to suppliers employees amounted to $5.489m. Of these payments $3.650m was related to Alberta project development and $0.094m related to non-Alberta project development and international technology development. The remaining was comprised of $0.096m for project and corporate financing and $1.649m for General & Administration.

During the year the Company engaged in several important strategic initiatives:

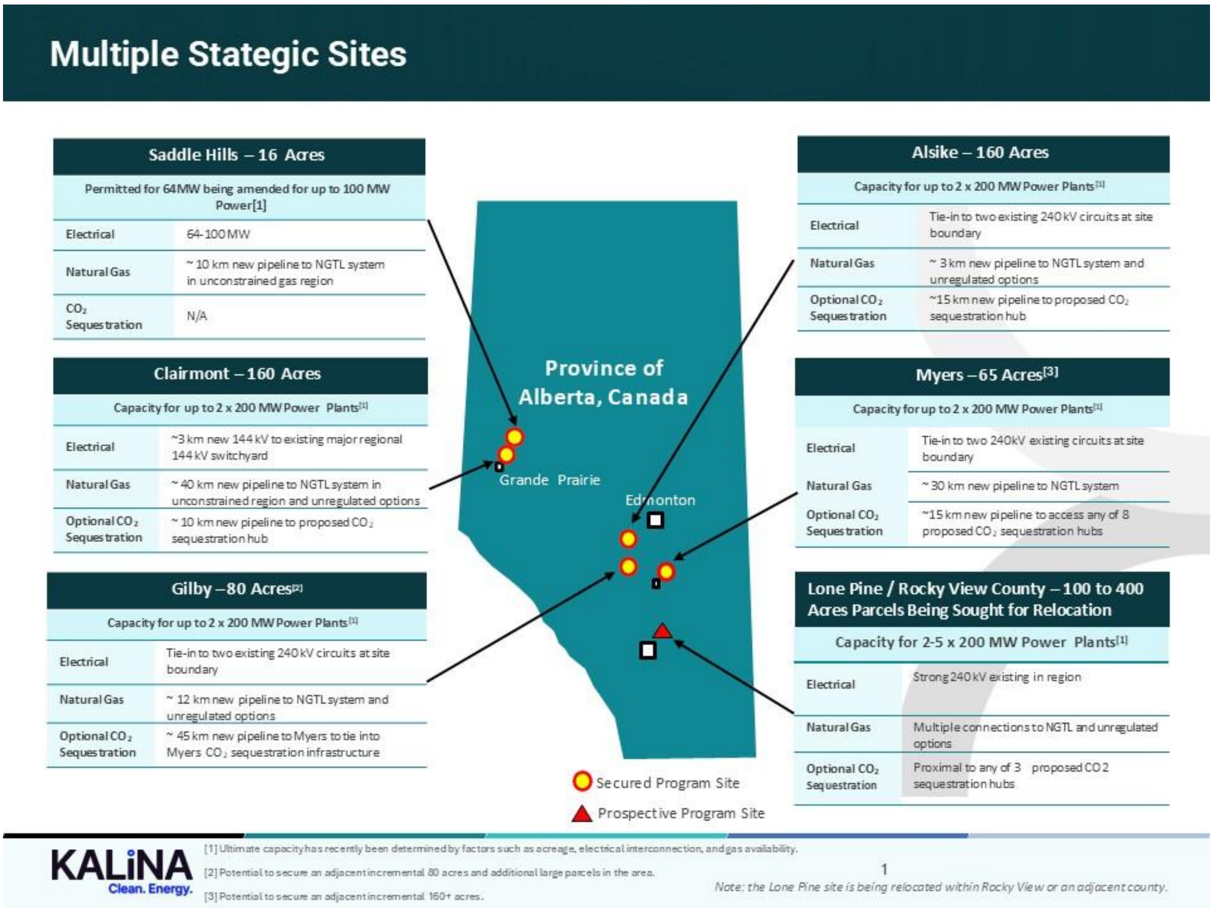
- Continued development of KDP project portfolio.
- Progress towards securing gas supply for KALiNA's portfolio from both regulated and unregulated sources of supply.
- Participant in the Alberta Electricity System Operator's Large Load Allocation Process.
- Engagement to seek pre-Financial Investment Decision ("FID") development funding for KDP.
- Transfer and sale of KDP's allocated megawatts to META under AESO's Limit Assignment Process.
- Commercial negotiations with data centre companies
- Investigations of additional new site locations

Project Portfolio Development

During the year, the Company continued to advance its portfolio of projects being developed to address AI Data Centre demand for reliable and affordable electricity planned for Alberta. The projects are being developed by the Company's 100%-owned Canadian subsidiary, KALiNA Distributed Power Limited ("KDP") .

KDP has a robust portfolio of projects spread out in different areas of the province. This has been a deliberate strategy to mitigate risks associated with access to gas supply, congestion of electrical capacity, regional zoning, regulatory considerations and public engagement. The projects are currently in various stages of development, and the company is also investigating opportunities for two additional new locations. During the period, work focussed on key activities and maintaining a focus on prudent cash expenditure whilst the regulations and the LLAP were finalised. This has resulted in KPO having a healthy cash position of approximately $12.3 million at the end of the period.

Looking forward to FY 2027, we intend to continue to advance the development of our portfolio. The pace and scope of such development is fully dependent on the level of capital raised, the confirmation of regulatory certainty and success in various commercial negotiations. The capital raised will be deployed to support remaining Pre-FEED development costs, SG&A, equipment deposits and gas interconnection fees.



Regulatory Landscape

Canada and Alberta have established new regulatory frameworks to position Alberta as a top North American hub for hyperscale data centres, including an agreement allowing gas-fired generators to pay carbon taxes rather than requiring physical emissions abatement by 2035. Furthermore, new "tethering" rules requiring data centres to partner with power providers now enhance KALiNA's position as a key infrastructure partner

KALiNA played an active role during the period in the AESO Large Load Allocation Process as one of nine industry stakeholders appointed to the official working group, directly influencing guidelines for large scale load applications

Electrical Interconnection

KDP's four ~ 200 MW projects all progressed through the AESO process and the Company elected to maintain Clairmont in cluster 2 with the remaining projects being migrated into cluster 3. It is worth noting that all four projects have retained their original in-service dates of mid-2029. The formal paperwork for all of this has now been filed including the posting of ~CAD2.6m letter of credit with the AESO for Clairmont.

In addition, a cluster 3 application has been filed for the Saddle Hills project representing 100 MW of electrical interconnection.

The Company decided to withdraw from the rezoning of its Lone Pine project in Rocky View County and continues to consider other locations in the area. In the meantime, the company has cancelled its AESO interconnection and will seek to reapply should it successfully secure an alternative site.

As part of the AESO's overall planning, all outstanding large load applications will only be governed or considered as a priority with a "tethering" agreement. There is no longer any priority or advantage in having an outstanding large load application unless it is accompanied by a "tethering" agreement. Should projects involve a load application they will also require payment of a substantial interconnection charge. To fast track each of our projects the company elected to proceed without its load applications at this time. Should any project proceed in the future with a load component the additional electrical interconnection charge can be paid for at that time.

Gas Supply

The Company continued to engage with both "regulated sources" and "unregulated sources" of gas supply. Subsequent to the period, the company is evaluating how best to participate in an upcoming NOVA Gas Transmission Ltd ("NGTL") bidding process for gas supply at its Alsike, Myers and Gilby projects. It is worth noting that the Saddle Hills and Clairmont projects are in unconstrained areas of the province and, as such, can apply for gas at any time.

Pre-Financial Investment Decision development funding for KDP

KALiNA continued to engage in high-level conversations with local and international institutional and infrastructure investors who recognise the fundamental value of Alberta's energy resources.

Looking forward to FY 2027, we are well-placed to further advance our portfolio of sites and add considerable value to them. Secured investor capital will be deployed to support remaining Pre-FEED and FEED work, SG&A and equipment deposits. The number of projects being developed and the timing of the Pre-FEED and FEED work completed will largely be determined by the amount of capital secured.

Transfer of assigned megawatts allocated to KDP to META under AESO's Limit Assignment Process

In one of the largest private-sector and technology investments in Canadian history, Meta announced on July 8 2026 that it would build a new CAD13 billion artificial intelligence Data Centre to be powered by the Greenlight Electricity Centre a separate CAD5.3 billion, 932-megawatt combined-cycle natural gas power plant. KALiNA assisted and benefited from this transaction in 2025 with the CAD18 million sale to Meta of KDP's 180-megawatt 2027 load allocation.

<u>Corporate</u>

Profit for the year attributed to owners of the parent was $15.838m (2025: loss $4.673m).

Directors' report (cont'd)

The names and particulars of the directors of the Company during or since the end of the financial year and up to the date of this report are:

Name, qualifications	Particulars
Mr Stephen White Executive Management Program - Queens University Wintec	Mr White was co-founder, President and Chief Financial Officer of Veresen Inc from 1997 to 2002 and its President and Chief Executive Officer until 2012. Under his leadership, Veresen grew to a 200+ employee business engaged in pipeline transportation, an ownership interest in a world-class natural gas liquids extraction facility near Chicago and a successful power business in Canada and the United States. Veresen was sold in 2017 to Pembina Pipeline Corp for ~A$10.8 billion. He was also Co-Founder, Vice President Finance and Chief Financial Officer of Western Oilsands Inc from 1999 to 2000 which was subsequently sold in 2007 to Marathon Oil for ~A$9 billion. Mr White was a director of Petrus Resources Ltd from 2015 to 2021 and an advisory board member to a Multinational Investment Bank sponsored Private Equity Fund from 2015 until late 2025. Mr White has been directly engaged with the Group's seasoned project development team regarding project structure and execution as well as tolling and project financing.
Mr Ross MacLachlan	Mr. MacLachlan has been involved in technology development and commercialization as an active venture capital investor and executive for over 40 years. He has worked and invested with technology companies in a range of industries especially those in the conventional and alternative energy sectors. He has a strong competency in corporate finance, business development and the strategic management of developing companies; including intellectual property management and technology commercialization. Mr. MacLachlan has been a speaker and panel participant relating to public policy, providing advice to provincial and federal governments in Canada. Mr. MacLachlan was an early investor and became an independent director of Canadian independent power producers, Pristine Power and Swift Power where he also played an important role in the sale of each company to Veresen in 2010 and 2011. As KALiNA's managing director and CEO since 2015 he has assembled a team of power professionals with over 20 gigawatts of international power generation development experience.
Mr Timothy Horgan *BA (Hons), L.L.B*	Mr. Horgan is a qualified lawyer and business executive with over 22 years experience in Europe, Africa, Asia and Australia. Mr. Horgan practiced law with Minter Ellison in Australia before moving to London where he acted as Counsel for S & P 100 Company, The Gillette Company. He sat on Gillette's Africa, Middle East and Europe Operational Committee overseeing annual sales in excess of USD 1.2 Billion. Mr. Horgan also has extensive licensing experience having overseen licensing of the 2002 and 2006 FIFA world cup broadcast rights. Mr Horgan has acted as founder, director and advisor to numerous Mining and Energy Companies. His recent experience includes listing South African Coal Company Universal Coal Plc on the ASX and Hungarian Energy Company Wildhorse Energy PLC on AIM.
Mr Peter Littlewood *MA in Engineering, Cambridge University*	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 40 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. Littlewood was a member of the Advisory Board for Bloomberg New Energy Finance. He holds a Master's Degree in Engineering (first class honours) from the University of Cambridge and has completed the Harvard Business School Advanced Management Program.
Mr. Matthew Jenkins Bachelor of Commerce	Mr Jenkins was CEO, Macquarie Capital Markets Canada Ltd and has 20 years of experience as a corporate finance and investment banker, principal investor, and power developer. Mr Jenkins has advised within Canada and internationally for over C$10Billion in mergers, acquisitions and divestitures and C$10Billion of equity; all within the power, energy infrastructure, natural gas, oil, and midstream sectors.
Dr. Malcolm Jacques *Ph.D. Chemical Engineering*	Dr. Jacques is an independent energy consultant, focusing on the Renewable and Clean Energy sectors, with special emphasis on technical and regulatory issues associated with the integration of distributed and renewable energy sources into existing power grids. Dr Jacques maintains close working relationships with policy makers, regulators, financial organisations and consultants in the energy sectors in Europe and the USA. Dr. Jacques' international career has embraced research, development and implementation of numerous energy technologies in both the public and private sectors. He has worked with several well-known companies and organisations including BP Ventures (UK), The Energy Laboratory, MIT (Cambridge, USA), Strategic Research Foundation (Australia) and has played key roles in the establishment and management of public and private energy technology companies in Australia and North America.

Directorships of other listed companies

Directorships of other listed companies held by directors in the 3 years immediately before the end of the financial year are as follows:

Name	Company	Period of directorship
Ross MacLachlan	Lions Bay Capital Inc (Canada)	2010 – Present

Shareholdings

The following table sets out key management personnel's relevant interests in shares and options of the Company as at the date of this report.

Directors and senior management	Fully paid ordinary shares Number	Options Number
Directors		
Stephen White	36,757,903	26,475,000
Ross MacLachlan	129,584,874	52,450,000
Tim Horgan	16,081,581	39,000,000
Matthew Jenkins	8,740,640	28,125,000
Peter Littlewood	21,575,309	15,337,500
Malcolm Jacques	12,234,846	15,337,500

Directors' report (cont'd)

Since the end of the financial year nil share options (2025: nil) were granted to Directors and officers of the company as part of their remuneration.

Directors' meetings

The number of Directors' meetings and resolution (including meetings of Committees of Directors) and the number of meetings attended by each of the Directors of the Company held during the financial year are shown below. During the financial year, 12 Board meetings, 3 Audit and Finance Committee meetings and 2 Remuneration Committee meeting were held.

	Board of Directors		Audit and Finance Committee		Remuneration Committee	
Name	**Held**	**Attended**	**Held**	**Attended**	**Held**	**Attended**
Stephen White	12	12	3	3	2	2
Ross MacLachlan	12	12	-	-	-	-
Tim Horgan	12	11	-	-	-	-
Malcolm Jacques	12	11	3	1	2	2
Matthew Jenkins	12	11	-	-	-	-
Peter Littlewood	12	11	3	3	2	2

Company secretary

The name and particulars of the Company secretary during or since the end of the financial year are:

Name	
Kesh Thurairasa	Mr Kesh Thurairasa was appointed to the position of Company Secretary on 11 October 2019. Mr Thurairasa has experience in listed companies over 34 years both in energy and mining. Mr Thurairasa holds an MBA and is a member of CPA Australia and a Fellow member of the Governance Institute of Australia.

Directors' report (cont'd)

Principal activities

The principal activity of the consolidated entity during the year was the continued management of its projects and investments.

Business Risks

The following is a summary of material business risks that could adversely affect our financial performance and growth potential in future years and how we propose to mitigate such risks.

The Group monitors risks and uncertainties on an ongoing basis in relation to its business objectives and operating environment. The following are deemed material risks to the business:

Future capital requirements and Subsidiary or Associate Business Model. The Group's strategy of developing relationships with major industry partners will reduce its future need for capital. The Group will seek to meet the reduced future funding requirements through the delivery of services to customers and equity and debt financing. However, if the services of the Group and the Group's ability to secure equity or debt financing are not sufficient for the capital which will still be required, the Group may not be able to implement its business plan. The Group has currently established, or may in the future establish, subsidiaries or associates to further the business of the KALiNA Group. Regulatory, commercial, environmental or political risks may impact on the ability of the Group to establish and/or continue to operate subsidiaries or associates in various global jurisdictions. These factors may also impact on the ability of the subsidiary or associate companies to raise or generate capital on their own account. While the Group will seek to continue to operate existing subsidiaries or associates and to form new subsidiaries or associates, there is a risk that if those subsidiaries or associates fail to become self-funding or cannot secure the necessary capital which will still be required, the Group may not be able to implement its business plan.

Project Development, Technology and Trade Risks

All development stage projects contain regulatory, financing and supply and demand risks which can impact the financial returns, timelines or ability to proceed with a particular project. These factors may include ability to obtain gas, electrical interconnections and many other regulatory and supply issues. Technology factors such as disruptive advances in Artificial Intelligence Processing may also impact demand for Electricity from end users in the Provence of Alberta. Trade disputes with foreign jurisdictions may impact the ability and demand from foreign companies to establish operation in Alberta.

Foreign Exchange: Foreign exchange risk is relatively high due to the global nature of the Group's core business. Foreign exchange risk arises as it is likely to receive payment for services in currencies other that the Group's functional currency. In addition, the value of its investments, assets and liabilities in foreign jurisdictions will be affected by currency movements.

Significant changes in state of affairs

There have not been any significant changes in the affairs of the consolidated entity during or since the year end.

- During the year the Company issued 193,740,000 options exercisable at $0.022. Fifty percent of the options amounting to 96,870,000 lapsed on 31 March 2026 due to vesting conditions not being met.
- Furthermore 221,774,875 options expired during the year.

Directors' report (cont'd)

Subsequent events

Except as noted below there has not been any matter or circumstance that has arisen since the end of the financial period, that has significantly affected, or may significantly affect, the operations of the company, the results of those operations, or the state of affairs of the company in future financial periods.

On 23 September 2026, the Company announced options amounting to 37.8m issued to management at 1 cent were exercised in full

Likely developments and expected results of operations

Disclosure of information regarding likely developments in the operations of the consolidated entity in future years and the expected results of those operations may result in unreasonable prejudice to the consolidated entity and therefore have not been disclosed in this report.

Environmental issues

The consolidated entity's operations are subject to environmental regulation under both Commonwealth, State and various country legislation. There have been no significant known breaches of these regulations by the consolidated entity.

Dividends

No dividends have been paid or declared since the start of the year (2025: Nil).

Shares under option or issued on exercise of options

Details of unissued shares or interest under option as at the date of this report:

Issuing Entity	Number of shares under option	Class of shares	Exercise price of option	Expiry date of options
KALiNA Power Limited	96,462,020	Ordinary	2.0 cents	9 October 2026
KALiNA Power Limited	10,000,000	Ordinary	2.0 cents	22 October 2026
KALiNA Power Limited	85,000,000	Ordinary	1.0 cent	12 November 2026
KALiNA Power Limited	18,270,000	Ordinary	2.2 cents	29 September 2029
KALiNA Power Limited	78,600,000	Ordinary	2.2 cents	29 September 2029

Details of shares issued during or since the end of the financial year as a result of exercise of an option.

Issuing Entity	Number of shares	Class of shares	Exercise price of option	Expiry date of options
KALiNA Power Limited	1,092,003	Ordinary	2 cents	9 October 2026
KALiNA Power Limited	37,800,000	Ordinary	1 cent	19 September 2026

Directors' report (cont'd)

Proceedings on behalf of the company

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

Indemnification of officers and auditors

The Company has entered into agreements to indemnify all the Directors and Officers named in this report against all liabilities to persons (other than the Company), which arise out of the Directors and Officers conduct unless the liability relates to conduct involving a lack of good faith or is otherwise prohibited by law. The Company has agreed to indemnify the Directors and Officers against all costs and expenses incurred in defending an action that falls within the scope of the indemnity and any resulting payments.

In accordance with common commercial practice, the insurance policy prohibits disclosure of the nature of the liability insured against and the amount of the premium.

The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.
During the financial year, the company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

Non-audit services

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 25 to the financial statements.

Auditors' independence declaration

The auditors' independence declaration is included on page 18 of the annual report.

The directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*.
The directors are of the opinion that the services as disclosed in note 24 to the financial statements do not compromise the external auditor's independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risks and rewards.

Directors' report (cont'd)

Remuneration report – audited

This remuneration report, which forms part of the directors' report, sets out information about the remuneration of KALiNA Power Limited's directors and its senior management for the financial years ended 30 June 2026 and 2025. The prescribed details for each person covered by this report are detailed below under the following headings:

- directors and senior management personnel
- remuneration policy
- relationship between the remuneration policy and Company performance
- remuneration of directors and senior management
- key terms of employment contracts.

Directors and senior management personnel

The following persons acted as directors of the Company during or since the end of the financial year:

Executive Directors

Ross MacLachlan
Tim Horgan
Matthew Jenkins

Non-executive Directors

Stephen White
Malcolm Jacques
Peter Littlewood

The term 'senior management' is used in this remuneration report to refer to the following key management personnel. Except as noted, the named key management personnel held their current position during or since the end of the financial year:

Robert Rosine (General Manager – KALiNA Distributed Power Limited)
Kesh Thurairasa (Company Secretary and Financial Controller – KALiNA Power Limited)

Remuneration policy

The Board's policy for determining the nature and amount of key management personnel and other remuneration is agreed by the Board of Directors.

The terms 'remuneration' and 'compensation' are used interchangeably throughout this report.

Key management personnel have authority and responsibility for planning, directing and controlling the activities of the Company. Key management personnel comprise the directors of the Group and senior management of the Group.

Compensation levels for key management personnel and other employees of the Company are competitively set to attract and retain appropriately qualified and experienced directors and senior management.

The compensation structures explained below are designed to attract and retain suitably qualified candidates, reward the achievement of strategic objectives, and achieve the broader outcome of creation of value for shareholders. The compensation structures take into account:

- the capability and experience of key management personnel and other employees; and
- the ability of key management personnel and other employees to control areas of their respective responsibilities

Senior Executive Remuneration

Compensation packages for the Executive Directors and senior management include a mix of fixed and incentive based compensation.

The Board regularly reviews the policy regarding the appropriate mix of fixed and incentive based compensation for senior executives, having regard to industry practice to ensure the Group attracts and retains the best people.

Fixed compensation

Fixed compensation consists of base compensation (which is calculated on a total cost basis and includes any FBT charges related to employee benefits including motor vehicles if any), as well as employer contributions to superannuation funds.

Fixed compensation levels are reviewed annually by the Board through a process that considers individual contributions and overall performance of the Group, as well as market relativity. A senior executive's compensation is also reviewed on promotion.

Directors' report (cont'd)

Remuneration report – audited (cont'd)

Incentive based compensation

The Group does not currently operate a short-term incentive scheme and, in 2026, no cash awards were made to the executives apart from those disclosed in the remuneration report. The Board did not operate a short-term incentive scheme for the 2026 financial year, however, it will review this in the context of the formal review of the group's broader executive remuneration policy to be undertaken during the 2027 financial year.

In the 2026 financial year, 193,740,000 (2025: 180,000,000) options were granted to directors, employees and third parties. In the current period, the Board introduced vesting conditions in two tranches for the options issued to directors and employees. 96,870,000 options expired on 31 March 2026 as the first hurdle was not achieved. Current approach of not having time-based vesting is considered appropriate due to the size of the Company. The Board will continue to review the appropriateness of the time-based vesting conditions for future grants of options. There is no condition other than the period of service for granting options. The company considers the issue of options sufficiently aligns the interest of the entity with the incentive given to key management personnel.

All options expire at the earlier of their expiry date or termination of the individual's employment.

Non-Executive Director Remuneration

Non-Executive Director fees are paid within an aggregate limit which must not exceed $250,000 (excluding mandatory superannuation) per annum or such other maximum as determined by the Company in a general meeting.

The cash fees paid to each Independent Non-executive Director, excluding the Chairman, for the 2026 financial year were $55,000 (2025: $40,000) to M Jacques and $40,000 (2025: $40,000) to P Littlewood per annum, plus statutory superannuation if applicable. The cash fees paid to the independent non-executive Chairman was C$96,000 (2025: C$96,000).

All Non-Executive Directors are eligible to participate in the options granted.

All Non-Executive Directors are also entitled to be reimbursed for all reasonable travel, accommodation and other expenses incurred in attending meetings of the Board, committees or shareholders or while engaged on other KALiNA Power Limited business.

All remuneration paid/payable to key management personnel is valued at the cost to the company and expensed. Key management personnel or closely related partners of key management personnel are prohibited from entering into hedging arrangements that would have the effect of limiting the risk exposure relating to their remuneration.

In addition, the Board's remuneration policy prohibits key management personnel from using the company's shares as collateral in any financial transactions, including margin loan arrangements.

Relationship between the remuneration policy and Group performance

The achievement of Group strategic objectives is the key focus of the efforts of the Group, and it is the leadership of the directors and senior management which makes the achievement of this aim possible. As indicated above, over the course of the 2026 financial year, the Board reviewed the Group's executive remuneration policy to ensure the remuneration framework remained focused on driving and rewarding executive performance, while being closely aligned to the achievement of Group strategic objectives and the creation of shareholder value.

Shareholder returns are primarily measured by the movement in share price from the start to the end of each financial year. No dividends have been declared in the past five financial years or the current financial year. As the Group remains in the growth phase of its life cycle, shareholder returns do not correlate with revenues and losses reported in any of the recent financial years. Shareholder returns are more dependent on the future expectation of Group performance rather than Group earnings.

Directors' report (cont'd)

Remuneration report – audited (cont'd)

The table below sets out summary information about the consolidated entity's earnings and movement in shareholder wealth for the five years to 30 June 2026.

	30 June 2026	30 June 2025	30 June 2024	30 June 2023	30 June 2022
Revenue	-	-	-	-	-
Net profit/(loss) before tax	15,801,052	(4,703,048)	(4,146,846)	(4,923,689)	(5,062,804)
Net profit/(loss) after tax	15,801,052	(4,703,048)	(4,146,846)	(4,923,689)	(5,062,804)
Share price at start of year ($)	0.005	0.003	0.009	0.018	0.031
Share price at end of year ($)	0.013	0.005	0.003	0.009	0.018
Dividends paid (cents)	-	-	-	-	-
Basic (loss)/profit per share (cents)	0.5	(0.2)	(0.2)	(0.3)	(0.3)
Diluted (loss)/profit per share (cents)	0.5	(0.2)	(0.2)	(0.3)	(0.3)

Remuneration of directors and senior management – audited.

		Short-term employment benefits			Post-employ ment		Share-based payment		
		Salary & Fees	Other payments	Non-monetary	Superannuation	Other long-term benefits	Options and rights	Value of options as proportion of total remuneration	Total
Executive Directors		$	$	$	$	$	$	%	$
Ross MacLachlan	2026	280,000	-	9,256	33,600	4,666	-	-	327,522
	2025	280,000	-	9,138	32,200	4,666	-	-	-326,044
Tim Horgan	2026	200,000	-	-	24,250	3,333	-	-	227,583
	2025	200,000	-	-	23,000	3,333	-	-	226,333
Matthew Jenkins	2026	184,009	266,680	-	-	-	-	-	450,689
	2025	135,428	-	-	-	-	-	-	135,428
Non-executive directors									
Stephen White	2026	101,996	-	-	-	-	-	-	101,996
	2025	105,751	-	-	-	-	-	-	105,751
Malcolm Jacques	2026	55,000	-	-	-	-	-	-	55,000
	2025	40,000	-	-	-	-	-	-	40,000
Peter Littlewood	2026	40,000	-	-	-	-	-	-	40,000
	2025	40,000	-	-	-	-	-	-	40,000
Senior Management									
Robert Rosine	2026	296,927	-	-	-	-	-	-	296,927
	2025	298,216	-	-	-	-	-	-	298,216
Kesh Thurairasa	2026	180,000	-	-	21,600	6,792	-	-	208,392
	2025	161,000	-	-	28,550	2,833	-	-	192,383
TOTAL	**2026**	**1,337,932**	**266,680**	**9,256**	**79,450**	**14,791**	**-**	**-**	**1,708,109**
TOTAL	**2025**	**1,260,395**	**-**	**9,138**	**83,750**	**10,832**	**-**	**-**	**1,364,115**

- Other payment to M Jenkins relates to performance payment in line with the employment contract

None of the key management personnel remuneration in the current year or in previous year was linked to performance.

Directors' report (cont'd)

Remuneration report – audited (cont'd)

Equity instruments

Options

During the financial year 193,740,000 options were granted to Directors and key management personnel.

Modification of terms of equity-settled share-based payment transactions

No terms of equity-settled share-based payment transactions (including options granted as compensation to key management personnel) have been altered or modified by the issuing entity during the reporting period or prior period.

Analysis of options over equity instruments granted as compensation

Directors received 157,000,000 options and 36,540,000 options were granted to key management personnel as part of remuneration provided certain vesting conditions were met. However, 96,870,000 of these options lapsed during the year due to vesting conditions not being met.
Apart from the above, during the financial year there were no other share-based payment arrangements in existence.

Key management personnel equity holdings

Fully paid ordinary shares of KALiNA Power Limited

	Balance at 1 July 2025 No.	Granted as compensation No.	Received on exercise of options No.	Net other change No.	Bal at 30 June 2026 No.	Balance held nominally No.
2026 Directors						
S White	36,757,903	-	-	-	36,757,903	-
R MacLachlan	129,584,874	-	-	-	129,584,874	-
T Horgan	16,081,581	-	-	-	16,081,581	-
M. Jacques	12,234,846	-	-	-	12,234,846	-
M Jenkins	8,740,640	-	-	-	8,740,640	-
P Littlewood	21,575,309	-	-	-	21,575,309	-
Senior Management						
Robert Rosine	-	-	-	-	-	-
K. Thurairasa	3,500,000	-	-	-	3,500,000	-

Share options of KALiNA Power Limited

	Balance at 1 July 2025 No.	Granted as compensation No.	Value $	Exercised/ Expired No.	Net other change No.	Bal at 30 June 2026 No.	Bal vested at 30 June 2026 No.	Vested but not exercisable No.	Vested and exercisable No.	Rights vested during year No.
2026										
Directors										
S White	23,125,000	19,200,000	-	(15,850,000)	-	26,475,000	16,875,000	-	16,875,000	-
R. MacLachlan	45,500,000	38,400,000	-	(31,450,000)	-	52,450,000	33,250,000	-	33,250,000	-
T. Horgan	34,010,417	32,000,000	-	(27,010,417)	-	39,000,000	23,000,000	-	23,000,000	-
M. Jacques	15,014,113	8,800,000	-	(8,476,613)	-	15,337,500	10,937,500	-	10,937,500	-
M Jenkins	29,370,320	50,000,000	-	(51,245,320)	-	28,125,000	3,125,000	-	3,125,000	-
P Littlewood	14,687,500	8,800,000	-	(8,150,000)	-	15,337,500	10,937,500	-	10,937,500	-
Senior Management										
Robert Rosine	14,000,000	12,000,000	-	(10,000,000)	-	16,000,000	10,000,000	-	10,000,000	-
K. Thurairasa	5,701,526	4,800,000	-	(4,601,526)	-	5,900,000	3,500,000	-	3,500,000	-

Directors' report (cont'd)
Remuneration report – audited (cont'd)

Other transactions with key management personnel of the Group

Details of key management personnel compensation are disclosed in note 23 to the financial statements.

i. Loans to key management personnel

No loans were granted to key management personnel during the year.

ii. Other transactions with key management personnel of the Group and/or their related entities

During the year there were no other transactions that took place between the group and key management personnel.

Key terms of employment contracts

The remuneration and other terms of employment for the Executive Directors and Senior Management are set out in service letters. These letters make provision for a fixed remuneration component, and options as a long-term incentive. The material terms of the service letters are set out below.

Term	Conditions	Position
Duration of contract	Ongoing until notice is given by either party	Executive Directors/Company Secretary/Senior Management
Voluntary termination (i.e. termination by executive by giving notice)	6 months' notice	Executive Directors/Company Secretary/Senior Management
Termination by Company without cause	12 months' fixed compensation or payment in lieu	Executive Directors
Termination by Company without cause	6 months' fixed compensation or payment in lieu	Company Secretary
Termination by Company for cause	Employment may be terminated immediately without notice if the executive commits any act or omission justifying summary dismissal at common law.	Executive Directors/Company Secretary/Senior Management

During the year the Company did not engage the services of a remuneration consultant.

End of Remuneration report.

Signed in accordance with a resolution of the directors made pursuant to section 298(2)(a) of the *Corporations Act 2001*.

On behalf of the Directors

Timothy Horgan
Executive Director
Melbourne, 24 September 2026

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the consolidated financial report of Kalina Power Limited for the year ended 30 June 2026, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

(a) the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

(b) any applicable code of professional conduct in relation to the audit.

This declaration is in relation to the Kalina Power Limited and the entities it controlled during the period.

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

Nick Walker
Partner

Melbourne
24 September 2026

HLB Mann Judd (VIC) Partnership ABN 20 696 861 713
Level 9, 550Bourke Street, Melbourne VIC 3000 | GPO Box 2850, Melbourne VIC 3001
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Consolidated statement of profit and loss and other comprehensive income
for the financial year ended 30 June 2026

	Note	Consolidated 2026 $	Consolidated 2025 $
Revenue		-	-
Cost of Sales		-	-
Gross profit/(loss)		-	-
Other income	5(a)	19,628,893	36,143
Finance income	5(a)	291,394	6,250
Employee benefits expenses	5(b)	(1,657,259)	(1,281,467)
Administration expenses		(310,481)	(273,045)
Depreciation and amortisation expenses	5(b)	(5,286)	(5,173)
Travel expenses		(124,012)	(69,729)
Engineering and professional fees		(1,745,476)	(2,397,454)
Fair value of equity investment impaired		-	(9,200)
Legal fees		(93,392)	(235,938)
Loss of control of subsidiary		-	(324,851)
Patent costs		-	(131)
Foreign exchange gain/(loss)	5(a)	(54,098)	(7,415)
Finance costs	4	(129,231)	(141,038)
Profit/(Loss) before tax		15,801,052	(4,703,048)
Income tax benefit/(expense)	6	-	-
Profit/(Loss) for the year		15,801,052	(4,703,048)
Attributed to:			
Owners of the parent	18	15,838,225	(4,673,227)
Non-controlling interest	17.5	(37,173)	(29,821)
		15,801,052	(4,703,048)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Exchange reserve arising on translation of foreign operations		(905,002)	(44,073)
Other comprehensive income for the period net of tax		(905,002)	(44,073)
Total comprehensive income/(loss) for the period		14,896,050	(4,747,121)
Total comprehensive income/(loss) attributable to:			
Owners of the parent		14,905,321	(4,708,376)
Non-controlling interest		(9,271)	(38,745)
		14,896,050	(4,747,121)
Profit/(loss) per share			
From continuing and discontinued operations:			
Basic (cents per share)	26	0.5	(0.2)
Diluted (cents per share)	26	0.5	(0.2)

The financial statements should be read in conjunction with the accompanying notes.

	Note	2026 $	2025 $
Current assets			
Cash and cash equivalents	20	12,331,095	1,523,927
Other receivables	7	159,157	153,069
Prepayment-Project development	8	554,837	-
Total current assets		**13,045,089**	**1,676,996**
Non-current assets			
Financial assets	9	1,907,055	-
Property, plant and equipment	10	8,619	9,172
Total non-current assets		**1,915,674**	**9,172**
Total assets		**14,960,763**	**1,686,168**
Current liabilities			
Trade and other payables	11	471,550	1,058,823
Other liabilities	12	-	1,118,217
Provisions	13	372,710	333,199
Total current liabilities		**844,260**	**2,510,239**
Non-current liabilities			
Other payables	14	2,651,017	2,606,993
Total non-current liabilities		**2,651,017**	**2,606,993**
Total liabilities		**3,495,277**	**5,117,232**
Net assets/(liabilities)		**11,465,486**	**(3,431,064)**
Equity/(net deficiency)			
Issued capital	15	132,677,061	132,676,369
Reserves	17	8,904,705	9,837,801
Accumulated losses	18	(118,751,539)	(134,589,764)
Total equity attributable to equity holders of the company		22,830,227	7,924,406
Non-controlling interest	17.5	(11,364,741)	(11,355,470)
Total equity/(net deficiency)		**11,465,486**	**(3,431,064)**

The financial statements should be read in conjunction with the accompanying notes.

	Issued capital and contributed equity	Foreign currency translation reserve	Share based payments reserve	Other reserves	Treasury Shares	Accumulated losses	Attributable to owners of the parent	Non-controlling interest	Total
	$	$	$	$	$	$	$	$	$
Balance at 1 July 2024	**130,719,800**	**3,448,322**	**15,064,422**	**(9,939,836)**	**(450,800)**	**(129,916,537)**	**8,925,371**	**(11,640,765)**	**(2,715,394)**
Profit/(loss) for the year	-	-	-	-	-	(4,673,227)	(4,673,227)	(29,821)	(4,703,048)
Movement in foreign exchange values	-	(35,149)	-	-	-	-	(35,149)	(8,924)	(44,073)
Total comprehensive income for the period	-	(35,149)	-	-	-	(4,673,227)	(4,708,376)	(38,745)	(4,747,121)
Issue of shares (note 15.1)	4,079,805	-	-	-	-	-	4,079,805	-	4,079,805
Value of options issued	(1,473,493)	-	1,750,145	-	-	-	276,652	-	276,652
Options Exercised	519	-	-	-	-	-	519	-	519
Value of options exercised	114	-	(114)	-	-	-	-	-	-
Loss of control of a subsidiary	-	811	-	-	-	-	811	324,040	324,851
Share issue cost (note 15.1)	(650,376)	-	-	-	-	-	(650,376)	-	(650,376)
Balance at 30 June 2025	**132,676,369**	**3,413,984**	**16,814,453**	**(9,939,836)**	**(450,800)**	**(134,589,764)**	**7,924,406**	**(11,355,470)**	**(3,431,064)**
Balance at 1 July 2025	**132,676,369**	**3,413,984**	**16,814,453**	**(9,939,836)**	**(450,800)**	**(134,589,764)**	**7,924,406**	**(11,355,470)**	**(3,431,064)**
Profit/(loss) for the year	-	-	-	-	-	15,838,225	15,838,225	(37,173)	15,801,052
Movement in foreign exchange values	-	(932,904)	-	-	-	-	(932,904)	27,902	(905,002)
Total comprehensive income for the period	-	(932,904)	-	-	-	15,838,225	14,905,321	(9,271)	14,896,050
Options Exercised	500	-	-	-	-	-	500	-	500
Value of options exercised	192	-	(192)	-	-	-	-	-	-
Balance at 30 June 2026	**132,677,061**	**2,481,080**	**16,814,261**	**(9,939,836)**	**(450,800)**	**(118,751,539)**	**22,830,227**	**(11,364,741)**	**11,465,486**

The financial statements should be read in conjunction with the accompanying notes.

	Note	Consolidated 2026 $	Consolidated 2025 $
Cash flows from operating activities			
Receipts from other income		18,545,591	74,755
Payments to suppliers and employees		(5,489,176)	(3,529,959)
Interest paid		(1,464)	(8,383)
Net cash provided by/(used in) operating activities	21(i)	13,054,951	(3,463,587)
Cash flows from investing activities			
Interest received		244,865	6,243
Payment for plant and equipment		(4,733)	(3,364)
Payment for deposits		(581,361)	-
Payment for financial assets		(1,907,055)	-
Non-refundable deposit received		-	1,107,340
Net cash provided by/(used in) investing activities		(2,248,284)	1,110,219
Cash flows from financing activities			
Proceeds from issue of shares and options before costs		501	4,080,323
Capital raising costs		-	(458,237)
Net cash provided by financing activities		501	3,622,086
Net increase in cash and cash equivalents		10,807,168	1,268,718
Cash and cash equivalents at the beginning of the financial year		1,523,927	255,209
Cash and cash equivalents at the end of the financial year	21	12,331,095	1,523,927

The financial statements should be read in conjunction with the accompanying notes.

Notes to the financial statements
for the financial year ended 30 June 2026

1. General information

KALiNA Power Limited (KPL) is a company limited by shares, incorporated and domiciled in Australia. The principal activities of the company and its subsidiaries ('the Group or the consolidated entity') is the deployment of the KALiNA Cycle technology internationally and the continued management of their projects and investments. KPL's registered office and its principal place of business are as follows:

Registered office	Principal place of business
Suite 6, 795 Glenferrie Road	Suite 6, 795 Glenferrie Road
Hawthorn VIC 3122	Hawthorn VIC 3122

2. Material accounting policy information

Basis of preparation

The financial report is a general purpose financial report which has been prepared in accordance with the *Corporations Act* 2001, Australian Accounting Standards and Interpretations, and complies with other requirements of the law.

The financial statements comprise the consolidated financial statements of the Group. For the purposes of preparing the consolidated financial statements, the company is a for-profit entity.

Accounting Standards include Australian Accounting Standards. Compliance with Australian Accounting Standards ensures that the financial statements and notes of the company and the Group comply with International Financial Reporting Standards ('IFRS').

Historical cost convention

The financial report has been prepared on the basis of historical cost, except for where appropriate the revaluation of certain non-current assets and financial instruments that are measured at revalued amounts or fair values as explained in the accounting policies below. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The financial statements were authorised for issue by the directors on 24 September 2026.

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Critical accounting estimates and judgements

In the application of the Group's accounting policies, management is required to make judgments, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Consolidated Entity.

The key critical accounting estimates and judgments are:

- The fair value of share options granted by the Company have been valued using a Black-Scholes pricing model (Note 17.3 & 27) which takes into account the terms and conditions upon which the options are granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity. Refer to note 27 for further information.

- *Lease term*
  The Consolidated Entity has lease arrangements in place that qualify for the short-term lease exemption under AASB 16. As such, no right of use asset or lease liabilities are recognised on the consolidated statement of financial position. These arrangements include extension options, that are not yet probable to be exercised.
  The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when

2. Material accounting policy information (cont'd)

ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the consolidated entity's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. The consolidated entity reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

Standards and interpretation adopted with no effect in the financial statements

New Accounting Standards and Interpretations not yet mandatory or early adopted

The Australian Accounting Standards Board ('AASB') has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods. The directors have decided against early adoption of these Standards but does not expect the adoption of these standards to have any material impact on the reported position or performance of the Consolidated Entity.

Adoption of new and revised accounting standards

The Consolidated Entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the AASB that are mandatory for the current reporting period. There were no significant impact to the consolidated entity.

(a) Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of KALiNA Power Limited ('company' or 'parent entity') as at 30 June 2026 and the results of all subsidiaries for the year then ended. KALiNA Power Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity 'or "the Group".

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity of the consolidated entity. Losses incurred by the consolidated entity are attributed to the non-controlling interest in full, even if that results in a deficit balance.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

(b) Borrowing costs

All borrowing costs, except to the extent that they are directly attributable to the acquisition, construction or production of qualifying assets, are recognised in profit or loss in the period in which they are incurred.

(c) Cash and cash equivalents

Cash comprises cash on hand, cash at call and short-term deposits with maturity periods less than 90 days. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

2. Material accounting policy information (cont'd)

(d) Investments and other financial assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless, an accounting mismatch is being avoided.

Financial assets at fair value through profit or loss

Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

Financial assets at fair value through other comprehensive income

The consolidated entity recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the consolidated entity's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets measured at fair value through other comprehensive income, the loss allowance is recognised within other comprehensive income. In all other cases, the loss allowance is recognised in profit or loss.

Impairment of financial assets

The Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 21 details how the group determines whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by AASB 9, which requires expected lifetime losses to be recognised from initial recognition receivables.

Financial assets at fair value through other comprehensive income include equity investments which the consolidated entity intends to hold for the foreseeable future and has irrevocably elected to classify them as such upon initial recognition.

Interest and dividends

Interest and dividends are classified as expenses or as distributions of profit consistent with the Statement of Financial Position classification of the related debt or equity instruments. Borrowings are classified as financial liabilities, which are measured at amortised cost.

2. Material accounting policy information (cont'd)

(e) Financial liabilities and equity instruments issued by the Company

Trade and other payables

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Issued capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(f) Foreign currency

For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in Australian dollars ("$"), which is the functional currency of KALiNA Power Limited, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each Statement of Financial Position date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the Statement of Financial Position date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise. For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into Australian dollars using exchange rates prevailing at the end of the reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (attributed to non-controlling interests as appropriate).

(g) Impairment of tangible assets

At each reporting date, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication of impairment exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of the asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount and an impairment loss is recognised in the profit or loss statement.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash generating unit) in prior years. A reversal of an impairment loss is recognised in profit or loss statement.

2. Material accounting policy information (cont'd)

(h) Income taxes

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

Deferred tax

Deferred tax is accounted for using the Statement of Financial Position liability method. Temporary differences are differences between the tax base of an asset or liability and its carrying amount in the Statement of Financial Position. The tax base of an asset or liability is the amount attributed to that asset or liability for tax purposes.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit. Furthermore, a deferred tax liability is not recognised in relation to taxable temporary differences arising from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, branches and associates, and interests in joint ventures except where the Group is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with these investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Company/Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the period

Current and deferred tax is recognised as an expense or income in the income statement, except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognised directly in equity, or where it arises from the initial accounting for a business combination, in which case it is taken into account in the determination of goodwill or excess.

(i) Property, plant and equipment

Plant and equipment

Plant and equipment are stated at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the item. In the event that settlement of all or part of the purchase consideration is deferred, cost is determined by discounting the amounts payable in the future to their present value as at the date of acquisition.

Depreciation

Depreciation is provided on property, plant and equipment. Depreciation is calculated on a straight line basis so as to write off the net cost of each asset over its expected useful life to its estimated residual value. The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period, with the effect of any changes recognised on a prospective basis.

The useful lives used for each class of depreciable assets are:

Plant and equipment	4-12 years

2. Material accounting policy information (cont'd)

(j) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

(k) Revenue

Sale of goods
Revenue from the sale of goods is recognised at the point in time when the customer obtains control of the goods, which is generally at the time of delivery.

Rendering of services
Revenue from a contract to provide services is recognised over time as the services are rendered based on either a fixed price or an hourly rate.

Interest
Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue
Other revenue is recognised when it is received or when the right to receive payment is established.

2. Material accounting policy information (cont'd)

(l) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax ('GST'), except:

i. where the amount of GST incurred is not recoverable from the Australian Taxation Office, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
ii. for receivables and payables with are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the Australian Taxation Office is included as part of receivables or payables.

Cash flows are included in the cash flow statement on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the Australian Taxation Office is classified as operating cash flows.

(m) Investments in associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with AASB 5 'Non-current Assets Held for Sale and Discontinued Operations'. Under the equity method, investments in associates are carried in the consolidated Statement of Financial Position at cost as adjusted for post-acquisition changes in the Group's share of the profit or loss and other comprehensive income of the associate, less any impairment in the value of individual investments.

Losses of an associate in excess of the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate) are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of the acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of that investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of the acquisition, after reassessment, is recognised immediately in profit or loss.

Where a group entity transacts with an associate of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant associate.

(n) Share-based payments

Equity-settled share-based payments with employees and others providing similar services are measured at the fair value of the equity instrument at the grant date. Fair value is measured by use of Black-Scholes model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest.

At each reporting date, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss over the remaining vesting period, with corresponding adjustment to the equity-settled employee benefits reserve.

Equity-settled share-based payment transactions with other parties are measured at the fair value of the goods and services received, except where the fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

For cash-settled share-based payments, a liability equal to the portion of the goods or services received is recognised at the current fair value determined at each reporting date.

(o) Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

2. Material accounting policy information (cont'd)

(p) Lease liabilities

The Consolidated Entity has lease arrangements in place that qualify for the short-term lease exemption under AASB 16. As such, no right of use asset or lease liabilities are recognised on the consolidated statement of financial position. These arrangements include extension options, that are not yet probable to be exercised. A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the consolidated entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

(q) Employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave when it is probable that settlement will be required and they are capable of being measured reliably.

Liabilities recognised in respect of employee benefits expected to be settled within 12 months, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Liabilities recognised in respect of employee benefits which are not expected to be settled within 12 months are measured as the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees up to reporting date.

(r) Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

3. Operating segment information

AASB 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance.

Information reported to the Group's Executive Chairman for the purposes of resource allocation and assessment of performance is focused on key business segments. The Group's reportable segments under AASB 8 are therefore as follows:

- Investments
- Power and technology development business

The Investments segment provides administration support and is responsible for the investment activities of the group. The power business segment located in the US, Canada and UK manages the power business of the group.

Information regarding these segments is presented below.

(i) The following is an analysis of the Group's revenue and results by reportable operating segments:

	Segment other income		Segment profit/(loss)	
	2026	**2025**	**2026**	**2025**
	$	**$**	**$**	**$**
Continuing operations				
Investments	32,610	40,689	(980,129)	(1,791,944)
Power and technology development business	19,887,677	1,704	16,781,181	(2,911,104)
Total of all Segments	19,920,287	42,393	15,801,052	(4,703,048)
Exchange reserve arising on translation of foreign operations			(905,002)	(44,073)
Company tax			-	-
Total comprehensive income/(loss) for the period			**14,896,050**	**(4,747,121)**

The segment income reported above represents other income recognised during the period. There were no intersegment sales in the current year (2025: nil).

The accounting policies of the reportable segments are the same as the Group's accounting policies described in note 2. Segment loss represents the loss incurred by each segment without the allocation of share of losses of associate. This is the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

(ii) Segment assets

	2026	2025
	$	$
Investments	233,316	491,686
Power and technology development business	14,727,447	1,194,482
Total assets	14,960,763	1,686,168

(iii) Segment liabilities

Investments	623,741	732,228
Power and technology development business	2,871,536	4,385,004
Total liabilities	3,495,277	5,117,232

3. Operating segment information (cont'd)

(iv) Geographical information

The group operates in these principal geographical areas. Australia (country of domicile), Canada and the USA.

	Non-current assets	
	2026	**2025**
	$	**$**
Australia	8,619	8,311
Canada	-	861
USA	-	-
	8,619	**9,172**

(v) Other segment information

	Depreciation and amortisation	
	2026	**2025**
	$	**$**
Investments	4,425	3,370
Power business development	861	1,803
	5,286	**5,173**

4. Finance costs

	Consolidated	
	2026	**2025**
	$	**$**
Interest –other payables	129,231	141,038
	129,231	**141,038**

Weighted average rate of funds borrowed is 10% (2025 – 10%)

5. Profit/(loss) for the year

(a) Gains and losses

Loss for the year has been arrived at after crediting/(charging) the following gains and losses:

	Consolidated	
	2026 $	2025 $
Management fee	31,958	21,875
Income from sale of MW allocation	19,596,935	-
Gain on creditors no longer payable	-	14,268
Other income	19,628,893	36,143
Interest income	291,394	6,250
Net foreign exchange gains/(losses)	(54,098)	(7,415)

(b) Other expenses

Profit/(loss) for the year includes the following expenses:

	Consolidated	
	2026 $	2025 $
Operating lease charges	58,739	56,458
Depreciation of plant and equipment	5,286	5,173
Employee benefit expense:		
Defined contribution plans	95,185	87,092
Salaries and wages	1,562,074	1,194,375
	1,657,259	1,281,467

6. Income taxes

The prima facie income tax expense on pre-tax accounting profit/(loss) from operations reconciles to the income tax expense in the financial statements as follows:

	Consolidated	
	2026	**2025**
	$	**$**
Profit/(Loss) before tax from continuing operations	15,801,052	(4,703,048)
Income tax (benefit) calculated at 30%	4,740,315	(1,410,914)
Effect of expenses that are not deductible in determining taxable income	4,776	104,930
Effect of temporary differences	461,197	(51,903)
Effect of tax rates in foreign jurisdiction	(461,463)	98,655
Effect of deferred tax losses brought to account	(4,744,825)	1,259,232
Income tax expense recognised in profit or loss	-	-

The tax rate used in the above reconciliation is the corporate tax rate of 30% payable by Australian corporate entities on taxable profits under Australian tax law. There has been no change in the corporate tax rate when compared with the previous reporting period.

Unrecognised deferred tax balances	Consolidated	
	2026	**2025**
	$	**$**
The following deferred tax assets have not been brought to account:		
- tax losses – revenue	21,965,891	27,754,305
- tax losses - capital	6,552,578	6,552,578
- temporary differences	1,666,014	1,664,661
	30,184,483	**35,971,544**

The deductible temporary differences and tax losses do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not yet probable that future tax profit will be available against which the group can utilise the benefits there from.

The following deferred tax balances have not been brought to account	Consolidated	
	2026	**2025**
	$	**$**
Deferred tax assets		
- Investments	1,533,243	1,533,243
- Provisions	115,413	99,960
- Provision for bad debts and accrued expenses	17,358	31,458
	1,666,014	**1,664,661**

7. Other receivables: current

	Consolidated	
	2026	**2025**
	$	**$**
Trade receivables	14,929	23,528
Goods and services tax recoverable	35,623	47,518
Other receivables	108,605	82,023
	159,157	**153,069**

The average credit period for trade receivables is 30 days after the end of the month in which the invoice is raised.

8. Prepayment – project development

	Consolidated	
	2026	**2025**
	$	**$**
Prepayment - ATCO (i)	554,837	-
	554,837	**-**

(i) Payment made to ATCO for preparation and support for submission and approval of a proposal to provide service, participant involvement program and facilities application for Clairmont Energy Park site in Alberta, Canada

9. Financial assets – non-current

	Consolidated	
	2026	**2025**
	$	**$**
Term deposits (i)	1.907,055	-
	1,907,055	**-**

(i) Relates to cash held on call deposits with maturity terms greater than 3 months. The above term deposit has been used as collateral for a letter of credit and is not accessible by the company unless the letter of credit is cancelled

10. Property, plant and equipment

	Consolidated	
	Plant and equipment at cost	**Total**
	$	$
Gross carrying amount		
Balance at 1 July 2024	62,845	62,845
Assets written off	(4,351)	(4,351)
Additions	3,364	3,364
Balance at 30 June 2025	61,858	61,858
Additions	4,733	4,733
Balance at 30 June 2026	66,591	66,591
Accumulated depreciation		
Balance at 1 July 2024	51,864	51,864
Assets written off	(4,351)	(4,351)
Depreciation expenses	5,173	5,173
Balance at 30 June 2025	52,686	52,686
Depreciation expense	5,286	5,286
Balance at 30 June 2026	57,972	57,972
Net book value		
As at 30 June 2025	**9,172**	**9,172**
As at 30 June 2026	**8,619**	**8,619**

11. Trade and other payables – current

	Consolidated	
	2026	**2025**
	$	**$**
Unsecured:		
Trade payables (i)	471,550	1,058,823
	471,550	**1,058,823**

(i) Payment terms for the Group during the current year and comparative period is an average of 30 days.

12. Other liabilities – current

	Consolidated	
	2026	**2025**
	$	**$**
Unsecured:		
Deposit received (i)	-	1,118,217
	-	**1,118,217**

(i) Relates to deposit received which became non refundable on 3 July 2025 after all conditions were fulfilled on account of transfer of 180MW assigned to Kalina Distributed Power Ltd.

13. Provisions: current

	Consolidated	
	2026	**2025**
	$	**$**
Employee benefits (i)	**372,710**	**333,199**
	372,710	**333,199**

(ii) Relate to accrued annual and long service leave payable.

14. Other payables: non-current

	Consolidated	
	2026	**2025**
	$	**$**
Other payables - unsecured (i)	2,651,017	2,606,993
	2,651,017	**2,606,993**

(i) Relates to amounts owing to key outside shareholders of New Energy Asia (NEA), on account of expenses incurred and payable under the loan agreement only when NEA has adequate funds to meet one year's working capital requirements after payment of this amount. The Company has no intention of providing any working capital to NEA. Interest accrues at 10% per annum on the original principal amount.

15. Issued capital

	Consolidated 2026 $	Consolidated 2025 $
Fully paid ordinary shares	**132,677,061**	**132,676,369**

	2026 No.	2026 $	2025 No.	2025 $
15.1 Ordinary shares				
Balance at beginning of year	2,932,995,699	132,676,369	2,486,394,012	130,719,800
Exercise of options	25,003	692	25,971	633
Issue of shares	-	-	446,575,716	2,606,312
Share issue costs	-	-	-	(650,376)
Balance at end of financial year	**2,933,020,702**	**132,677,061**	**2,932,995,699**	**132,676,369**

The ordinary shares carry one vote per share and carry the right to dividends.

Movements in ordinary share capital
2026

Details	**Date**	**Shares**	**Issue Price**	**$**
Balance	1 July 2025	2,932,995,699		132,676,369
Options exercised	20 November 2025	3	2.0 cents	-
Options exercised	29 January 2026	25,000	2.0 cents	692
Balance	30 June 2026	2,933,020,702		132,677,061

Movements in ordinary share capital
2025

Details	**Date**	**Shares**	**Issue Price**	**$**
Balance	1 July 2024	2,486,394,012		130,719,800
Issue of shares	8 October 2024	150,000,000	1.0 cent	788,856
Issue of shares	6 November 2024	103,599,750	1.0 cent	637,388
Issue of shares	12 March 2025	148,750,000	0.8 cent	904,906
Issue of shares	10 April 2025	5,475,966	0.8 cent	31,773
Issue of shares	7 May 2025	38,750,000	0.8 cent	243,389
Options exercised	18 June 2025	25,971	2.0 cents	633
Share issue costs		-		(650,376)
Balance	30 June 2025	2,932,995,699		132,676,369

Capital Management
The Management controls the capital of the Group in order to ensure that the Group can fund its operations and continue as a going concern. Management manages the Group's capital by assessing the Group's financial risks and adjusting the capital structure in response to changes in these risks and in the market.

16. Options

	2026 No	2025 No
Balance at beginning of the year	451,061,898	162,107,000
Grant of options	193,740,000	403,287,869
Exercise of options	(25,003)	(25,971)
Options lapsed	(171,870,000)	(75,000,000)
Options expired	(146,774,875)	(39,307,000)
Balance at end of financial year	**326,132,020**	**451,061,898**

The following Options were on issue at 30 June 2026:

Tranche	Number	Exercise Price	Expiry Date
Tranche 1 (granted on 20 September 2023)	37,800,000	1.0 cents	19 September 2026
Tranche 2 (granted on 13 November 2023)	85,000,000	1.0 cents	12 November 2026
Tranche 3 (granted on 23 October 2024)	10,000,000	2.0 cents	22 October 2026
Tranche 4 (granted on 12 March 2025)	74,349,026	2.0 cents	9 October 2026
Tranche 5 (granted on 10 April 2025)	2,737,994	2.0 cents	9 October 2026
Tranche 6 (granted on 7 May 2025)	19,375,000	2.0 cents	9 October 2026
Tranche 7 (granted on 21 October 2025)	18,270,000	2.2 cents	3 years from vesting
Tranche 8 (granted on 28 November 2025)	78,600,000	2.2 cents	3 years from vesting
Total	326,132,020		

The following Options were on issue at 30 June 2025:

Tranche	Number	Exercise Price	Expiry Date
Tranche 1 (granted on 20 September 2023)	37,800,000	1.0 cents	19 September 2026
Tranche 2 (granted on 13 November 2023)	85,000,000	1.0 cents	12 November 2026
Tranche 3 (granted on 8 October 2024)	95,000,000	2.0 cents	7 April 2026
Tranche 4 (granted on 23 October 2024)	10,000,000	2.0 cents	22 October 2026
Tranche 5 (granted on 6 November 2024)	51,799,875	2.0 cents	5 May 2026
Tranche 6 (granted on 23 October 2024)	13,000,000	2.0 cents	22 October 2027
Tranche 7 (granted on 29 November 2024)	62,000,000	2.0 cents	28 November 2027
Tranche 8 (granted on 12 March 2025)	74,349,029	2.0 cents	9 October 2026
Tranche 9 (granted on 10 April 2025)	2,737,994	2.0 cents	9 October 2026
Tranche 10 (granted on 7 May 2025)	19,375,000	2.0 cents	9 October 2026
Total	451,061,898		

17. Reserves

	Consolidated 2026 $	2025 $
Treasury shares	(450,800)	(450,800)
Foreign currency translation reserve	2,481,080	3,413,984
Share based payment reserve	16,814,261	16,814,453
Other reserve	(9,939,836)	(9,939,836)
	8,904,705	**9,837,801**

17. Reserves (cont'd)

17.1 Treasury shares

	Consolidated	
	2026 $	2025 $
Value of shares in KALiNA Power Limited (i)	(450,800)	(450,800)
	(450,800)	**(450,800)**

(i) The above represents the value of KALiNA Power Limited shares held by Exergy Inc an associate.

17.2 Foreign currency translation reserve

	Consolidated	
	2026 $	2025 $
Balance at beginning of year	3,413,984	3,448,322
Exchange differences arising on translating the net assets of foreign operations (i)	(932,904)	(34,338)
Balance at end of year	**2,481,080**	**3,413,984**

(i) Exchange differences relating to the translation of the net assets of the Group's foreign operations from their functional currencies to the Group's presentation currency (i.e. Australian dollars) are recognised directly in other comprehensive income and accumulated in the foreign currency translation reserve. Exchange differences previously accumulated in the foreign currency translation reserve are reclassified to profit or loss on the disposal or partial disposal of the foreign operation.

17.3 Share based payments reserve

	Consolidated	
	2026 $	2025 $
Balance at beginning of year	16,814,453	15,064,422
Value of options granted (i)	-	1,750,145
Value of options exercised	(192)	(114)
Balance at end of year	**16,814,261**	**16,814,453**

(i) The options are valued using Black-Scholes method

The share based payments reserve arises on the grant of options to directors, employees and consultants under the share plan. Amounts are recognised in accordance with note 2(n). Additionally, value of free options and warrants issued with shares and convertible notes are accounted for in this account. Amounts are transferred out of the reserve and into issued capital when the options are exercised. Further information about share based payment to employees is made in note 26 to the financial statements.

17.4 Other reserve

	Consolidated	
	2026 $	2025 $
Balance at beginning of year	(9,939,836)	(9,939,836)
Movements during the year	-	-
Balance at end of year	**(9,939,836)**	**(9,939,836)**

The other reserves represent excess consideration paid in a previous year over the value of the non-controlling interest of KCT Power Ltd and the Company's share holding in New Energy Asia Ltd decreasing by 5.10% in prior years.

17. Reserves (cont'd)

17.5 Non-controlling interest

	Consolidated	
	2026	**2025**
	$	**$**
Balance at beginning of year	(11,355,470)	(11,640,765)
Share of profit/(loss) for the year	(37,173)	(29,821)
Movement in foreign exchange values	27,902	(8,924)
Loss of control of subsidiary	-	324,040
Balance at end of year	**(11,364,741)**	**(11,355,470)**

18. Accumulated losses

	Consolidated	
	2026	**2025**
	$	**$**
Balance at beginning of year	(134,589,764)	(129,916,537)
Net profit/(loss) attributable to members of the parent entity	15,838,225	(4,673,227)
Balance at end of year	**(118,751,539)**	**(134,589,764)**

19. Commitments

Capital commitments

Commitments on account of various site option payments in the next twelve months amounted to $403,043 and over twelve months $25,509 (2025 $1,517,599). The Company had no capital commitments as at 30 June 2026 (2025: None).

20. Subsidiaries

		Ownership interest	
		2026	**2025**
Name of entity	**Country of incorporation**	**%**	**%**
Parent entity			
KALiNA Power Limited	Australia		
Subsidiaries			
Enhanced Power Technologies Pty Limited (i)	Australia	100	100
Evolution Energy Pty Limited (i)	Australia	50	50
New Energy Asia Limited (i)	Cayman Island	78.9	78.9
Pacific Dynasty Limited (i) (ii)	Hong Kong	49.9	49.9
AWO (Shanghai) New Energy Technology Development Co Ltd (i)	China	100	100
KCT Power Limited (i)	United Kingdom	100	100
KALiNA Power North America LLC (i)	USA	100	100
Wasabi Investments UK Limited (i)	United Kingdom	100	100
KALiNA Distributed Power Limited	Canada	100	100
KALiNA Saddle Hills GP Inc. (i)	Canada	100	100
KALiNA Saddle Hills LP (i)	Canada	100	100
Gilby Power ParkInc Inc (i)	Canada	100	100
Lone Pine Energy and Data Park Inc (i)	Canada	100	100
Clairmont Energy Park Inc (i)	Canada	100	100
Myers Energy Park Inc (i)	Canada	100	100
Alsike Energy Park Inc (i)	Canada	100	100
Imparator Green Energy Ltd (i)	United Kingdom	100	100
Imparator Enerji Limited (i)	Turkey	100	100
Imparator Tuzla Jeotermal Enerji Uretim AS (i)	Turkey	100	100

(i) None of these entities are part of the tax consolidation group.

(ii) Despite holding less than 50% ownership, as NEA controls the board of Pacific Dynasty, NEA therefore controls the operations and dividend distribution of the company. Hence, Pacific Dynasty is considered a subsidiary and accordingly has been consolidated with the group.

21. Cash and cash equivalents

	Consolidated	
	2026	**2025**
	$	**$**
Cash and bank balances	**12,331,095**	**1,523,927**

(i) Reconciliation of (loss)/profit for the period to net cash flows from operating activities

	Consolidated	
	2026	**2025**
	$	**$**
Profit/(loss) for the year	**15,801,052**	**(4,703,048)**
Equity settled share based payment	-	87,013
Depreciation of property, plant and equipment	5,286	5,175
Foreign exchange (gains)/losses	(1,583,261)	12,398
Interest income received and receivable	(291,394)	(6,250)
Fair value of equity investment impaired	-	9,200
Loss/(gain) from loss of control of subsidiary	-	324,851
Changes in net assets and liabilities:		
(Increase) / decrease in assets:		
Trade and other receivables	23,030	34,607
Increase / (decrease) in liabilities:		
Trade and other payables	(939,273)	742,819
Provisions	39,511	29,648
Net cash from/(used in) operating activities	**13,054,951**	**(3,463,587)**

22. Financial instruments

Details of the material accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 2 to the financial statements.

The Group's capital structure consists of deposits with banks and loans from related parties or other entities.

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern, by maintaining a strong capital base sufficient to maintain future exploration and development of its projects. In order to maintain or adjust the capital structure, the Group may return capital to shareholders, issue new shares, re-negotiate intercompany loan arrangements with its parent or sell assets to provide cash flow.

The Group monitors capital on the basis of the gearing ratio. Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

Risk management policies and procedures are established with regular monitoring and reporting.

22. Financial instruments (Cont'd)

(a) Financial Risk Management

The Group has exposure to various risks from the use of financial instruments. The Group's principal financial instruments comprise cash, receivables, payables and borrowings. This note presents information about the Group's exposure to risk from the use of financial instruments. Further quantitative disclosures are included throughout this financial report.

Financial risks including credit risk, liquidity risk, and market risk (interest rate risk, commodity risk and foreign currency risk) are managed such to maintain an optimal capital structure. The Group does not enter into derivative transactions to manage financial risks.

(b) Credit risk management

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with credit worthy counterparties and obtaining sufficient collateral, where appropriate. The Group's exposure to credit risk at balance date in relation to each class of financial assets is the carrying amount of the assets net of any impairment provision for those assets as indicated in the Statement of Financial Position. Cash and term deposits are only made with selected counterparties with a strong Standard & Poors long term rating. Adherence to the treasury policy is monitored on a monthly basis.

(c) Liquidity risk management

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity involves monthly cash flow forecasting such to ensure that sufficient funds are always available to undertake planned activities.

Maturity profile of financial instruments

The following tables detail the Company and Group's contractual maturity for its non-derivative financial assets and liabilities. The tables have been drawn up based on the undiscounted cash flows of financial assets and liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

Group

	Weighted Average Effective Interest Rate	Less than 1 month $	1 – 3 months $	3 months to 1 year $	1 -5 years $	5+ years $
2026						
Financial assets						
Other receivables	-	77,255	5,006	4,925	36,347	-
Financial liabilities						
Trade payables		366,189	-	-	165,361	-
Other payables-non-current	10%	-	-	-	-	2,651,017
2025						
Financial assets						
Other receivables	-	3,689	-	52,675	49,187	-
Financial liabilities						
Trade payables		747,198	128,842	39,715	143,068	-
Other payables		1,118,217	-	-	-	-
Other payables-non-current	10%	-	-	-	-	2,606,993

22. Financial instruments (cont'd)

(e) Fair value of financial instruments carried at amortised cost

The directors consider that the carrying amounts of financial assets and financial liabilities recognised at amortised cost in the financial statements approximate their fair values.

Interest rate sensitivity analysis

Financial assets

As at 30 June 2026, the Group held $12,331,095 (2025: $1,523,927) in cash, cash equivalents and term deposits with interest revenue of $291,394 (2025: $6,250) for the year then ended. A sensitivity of 1% (2025: 1%) has been selected as this is considered reasonable given the current interest rate and prior year movements of interest rate in the market. A 1% (2025: 1%) increase in the cash rate would have resulted in a $69,275 (2025: $8,896) increase in interest revenue and equity. A 1% (2025: 1%) decrease in the cash rate would have resulted in a $69,275 (2025: $8,896) decrease in interest revenue and equity.

Financial liabilities

As at 30 June 2026, the Group's interest bearing other payables amounted to $2,651,017 (2025: $2,606,993). No sensitivity analysis is analyzed as all interest bearing payables carry fixed rate interest.

(f) Foreign currency risk management.

Foreign exchange risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the entity's functional currency. The consolidated entity manages foreign currency risk by minimising the amounts of foreign currency required and buying foreign currency only at the time it is required. Trade payables and trade receivables, unsecured secured borrowings listed below are denominated in United States Dollars (USD) British Pounds (GBP) and Canadian Dollars (CAD). Average rate applied during the year $0.679 (2025: $0.647) and reporting date spot rate $0.689 (2025: $0.655) for USD and average rate applied during the year £0.506 (2025: £0.500) and reporting date spot rate £0.520 (2025: £0.478) for GBP, and average rate applied during the year $0.937 (2025: $0.903) and reporting date spot rate $0.980 (2025: $0. 894) for CAD.

Amounts of foreign currency in creditors and debtors	Consolidated	
	2026	**2025**
	$	**$**
Trade Payables (USD)	(3,627)	(4,485)
Other Payables (USD)	(2,651,017)	(2,606,989)
Trade Payable (GBP)	(12,572)	(13,704)
Trade and Other Payable (CAD)	(204,315)	(1,759,821)
Other Receivables (CAD)	44,498	56,786

Movement in USD, CAD and GBP against AUD	**-10%**	**-10%**	**+10%**	**+10%**
	2026	**2025**	**2026**	**2025**
	$	**$**	**$**	**$**
Change in gain/(loss) -USD	(294,959)	(290,165)	241,332	237,406
Change in gain/(loss) -GBP	(1,406)	(1,531)	1,136	1,238
Change in gain/(loss) -CAD	(17,757)	(189,225)	14,529	154,822

The sensitivity of 10% (2025-10%) has been selected as this considered reasonable given the current level of both short term and long term exchange movement for these currencies and the above analysis assumes all other variables remain constant.

23. Key management personnel compensation

Details of Key management personnel

Key management is defined as directors and senior management as referred to in the remuneration report.

i. Key management personnel compensation
The aggregate compensation made to directors and other members of key management personnel of the company and the Group is set out below:

	Consolidated	
	2026	**2025**
	$	**$**
Short-term employee benefits	1,604,612	1,260,395
Post-employment benefits	103,497	103,720
	1,708,109	**1,364,115**

24. Related party transactions

(a) Equity interests in subsidiaries

Details of the percentage of ordinary shares held in subsidiaries are disclosed in note 19 to the financial statements.

(b) Equity interests in associates

Details of interests in associates are disclosed in note 8 to the financial statements.

(c) Transactions with key management personnel

i. Key management personnel compensation

Details of key management personnel compensation are disclosed in note 23 to the financial statements.

(d) Transactions with other related parties

Transactions between the Group and its related parties

During the financial year, the following transactions occurred between the Company and its other related parties:

- Mr Yu who is a director of New Energy Asia was owed $941,378 (2025: $941,553). Interest charged at 10% for the year amounted to $47,418 (2025: $48,293). (Note: 13)

(e) Parent entity

The parent entity in the Group is KALiNA Power Limited.

25 Remuneration of auditors

	Consolidated	
	2026	**2025**
	$	**$**
Audit and review of the financial report HLB Mann Judd	96,800	93,080
Review and lodgment of tax return	10,815	10,815
	107,615	**103,895**

26. Earnings per share

	Consolidated	
	2026 **Cents per share**	**2025** **Cents per share**
Basic earnings (loss) per share	0.5	(0.2)
Diluted earnings (loss) per share	0.5	(0.2)

Basic earnings per share
The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

	2026 **$**	**2025** **$**
Net profit/(loss) (i)	15,838,225	(4,673,227)

(i) Net profit/(loss) is the same amount as profit/(loss) after tax in the statement of comprehensive income attributable to owners of the parent.

	2026 **No.**	**2025** **No.**
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share	2,933,006,112	2,714,060,877

Diluted Earnings (Loss) Per Share
The options held by option holders have not been included in the weighted average number of ordinary shares for the purposes of calculating diluted EPS as they do not meet the requirements for inclusion in AASB 133 “Earnings per Share”. The options are non-dilutive as they do not reduce loss per share from continuing operations.

27. Share-based payments

The options were granted during the year and measured at grant date fair value in accordance with AASB 2. As the options are subject to non-market vesting conditions, management assessed at grant date and at reporting date that no options were expected to vest. Accordingly, no share-based payment expense has been recognised.

The following reconciles the outstanding options granted to employees at the beginning and end of the financial year:

	2026		2025	
	Number of rights	**Weighted average exercise price**	**Number of rights**	**Weighted average exercise price**
		cents		**cents**
Balance at beginning of the financial year	197,800,000	1.4	162,107,000	1.0
Expired during the year	-	-	(39,307,000)	4.5
Lapsed during the year	(171,870,000)	2.0	(75,000,000)	2.0
Granted during the financial year	193,740,000	2.2	150,000,000	2.0
Balance at end of the financial year (i)	219,670,000	1.5	197,800,000	1.4
Exercisable at end of the financial year	122,800,000	1.0	122,800,000	1.0

(i) Balance at end of the financial year

The share options outstanding at the end of the financial year had an average exercise price of 1.0 cents (2025: 1.4 cents) and average remaining contractual life of 118 days (2025: 632 days).

28. Subsequent Events

Except as noted below there has not been any matter or circumstance that has arisen since the end of the financial period, that has significantly affected, or may significantly affect, the operations of the company, the results of those operations, or the state of affairs of the company in future financial periods.

On 23 September 2026, the Company announced options amounting to 37.8m issued to management at 1 cent were exercised in full

29. Contingent liabilities

The Company supported New Energy Asia Ltd (NEA) by way of financial guarantees of certain liabilities amounting to approximately RMB5,500,000 including in part those related to the building of the Sinopec Hainan plant. The Company has been advised that the Bank of East Asia has obtained a judgement against Shanghai Shenghe New Energy Resources Science and Technology Co. Ltd (SSNE) through proceedings in China for repayment of the Loan. The Company is not a party to these proceedings. It has been agreed with SSNE that the Bank of East Asia loan will be repaid from the payments anticipated to be made by Sinopec. If there are delays in this payment being made to Bank of East Asia the Company may be required to respond to potential proceedings. The directors believe they have grounds to defend possible claims under the guarantees provided and will contest any claim made.

30. Parent entity information

The accounting policies of the parent entity, which have been applied in determining the financial information shown below, are the same as those applied in the consolidated financial statements.
Refer to note 2 for a summary of the material accounting policies relating to the Group.

Financial position

	2026	2025
	$	$
Assets		
Current assets	224,696	483,375
Non-current assets (i)	32,726,141	33,625,016
Total assets	32,950,837	34,108,391
Liabilities		
Current liabilities	623,741	732,228
Non-current liabilities	-	-
Total liabilities	623,741	732,228
Equity		
Issued capital	132,677,062	132,676,369
Accumulated losses	(116,175,621)	(115,126,052)
Reserves		
Equity settled benefits	15,825,654	15,825,846
Total equity	**32,327,095**	**33,376,163**

Financial performance

	Year ended 2026	Year ended 2025
	$	$
(Loss)/Profit for the year	(1,049,569)	1,970,044
Other comprehensive income	-	-
Total comprehensive income	**(1,049,569)**	**1,970,044**

(i) Relate to investment in and receivables from subsidiaries.

Contingent liabilities of the parent entity

The Company supported New Energy Asia Ltd (NEA) by way of financial guarantees of certain liabilities amounting to approximately RMB5,500,000 including in part those related to the building of the Sinopec Hainan plant. The Company has been advised that the Bank of East Asia has obtained a judgement against Shanghai Shenghe New Energy Resources Science and Technology Co. Ltd (SSNE) through proceedings in China for repayment of the Loan. The Company is not a party to these proceedings. It has been agreed with SSNE that the Bank of East Asia loan will be repaid from the payments anticipated to be made by Sinopec. If there are delays in this payment being made to Bank of East Asia the Company may be required to respond to potential proceedings. The directors believe they have grounds to defend possible claims under the guarantees provided and will contest any claim made.

Commitments for the acquisition of property, plant and equipment by the parent entity

There were no commitments to acquire any property, plant and equipment by the parent at the end of the financial year.

Kalina Power Limited

Consolidated entity disclosure statement as at 30 June 2026

Basis of preparation

This consolidated entity disclosure statement has been prepared in accordance with the s295(3A) of the *Corporations Act 2001* and includes the required information of Kalina Power Limited and the entities it controls in accordance with AASB 10 *Consolidated Financial Statements.*

Tax residency

S295(3A)(vi) of the *Corporations Act 2001* defines tax residency as having the meaning in the *Income Tax Assessment Act 1997*. The determination of tax residency may involve judgement as there are different interpretations that could be adopted and which could give rise to different conclusions regarding residency.

In determining tax residency, the consolidated entity has applied the following interpretations.

Australian tax residency

Current legislation and judicial precedent have been applied, including having regard to the Tax Commissioner's public guidance tax ruling TR 2018/15.

Foreign tax residency

Where appropriate, independent tax advisors have been engaged to assist in the determination of tax residency to ensure applicable foreign tax legislation has been complied with.

Trusts and partnerships

Australian tax law generally does not contain residency test for trusts and partnerships and these entities are typically taxed on a flow-through basis. Additional disclosures regarding the tax status of trusts and partnerships have been included where relevant.

Name of entity	Entity type	Trustee, partner, or participant in joint venture	Country of incorporation	% of share capital	Australian or foreign tax resident	Foreign jurisdiction of foreign residents
KALiNA Power Ltd	Body Corporate	n/a	Australia		Australian	n/a
Enhanced Power Technologies Pty Ltd	Body Corporate	n/a	Australia	100	Australian	n/a
Evolution Energy Pty Ltd	Body Corporate	n/a	Australia	50	Australian	n/a
New Energy Asia Ltd	Body Corporate	n/a	Cayman Island	78.9	Foreign	Cayman Island
Pacific Dynasty Ltd	Body Corporate	n/a	Hong Kong	49.9	Foreign	Hong Kong
AWO (Shanghai) New Energy Technology Development Co Ltd	Body Corporate	n/a	China	100	Foreign	China
KCT Power Ltd	Body Corporate	n/a	United Kingdom	100	Foreign	United Kingdom
KALiNA Power North America LLC	Body Corporate	n/a	USA	100	Foreign	USA
Wasabi Investments UK Ltd	Body Corporate	n/a	United Kingdom	100	Foreign	United Kingdom
KALiNA Distributed Power Ltd	Body Corporate	n/a	Canada	100	Foreign	Canada
KALiNA Saddle Hills GP Inc.	Body Corporate	n/a	Canada	100	Foreign	Canada
KALiNA Saddle Hills Limited Partnership	Partnership	Participant in JV	Canada	100	Foreign	Canada
Gilby Power ParkInc Inc (i)	Body Corporate	n/a	Canada	100	Foreign	Canada
Lone Pine Energy and Data Park Inc (i)	Body Corporate	n/a	Canada	100	Foreign	Canada
Clairmont Energy Park Inc (i)	Body Corporate	n/a	Canada	100	Foreign	Canada
Myers Energy Park Inc (i)	Body Corporate	n/a	Canada	100	Foreign	Canada
Alsike Energy Park Inc (i)	Body Corporate	n/a	Canada	100	Foreign	Canada
Imparator Green Energy Ltd	Body Corporate	n/a	United Kingdom	100	Foreign	United Kingdom
Imparator Enerji Ltd	Body Corporate	n/a	Turkey	100	Foreign	Turkey
Imparator Tuzla Jeotermal Enerji Uretim AS	Body Corporate	n/a	Turkey	100	Foreign	Turkey

Directors' declaration

The directors declare that:

(a) in the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

(b) in the directors' opinion, the attached financial statements are in compliance with International Financial Reporting Standards, as stated in note 2 to the financial statements.

(c) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including compliance with Australian Accounting Standards and giving a true and fair view of the financial position as at 30 June 2026, and performance of the consolidated entity for the year then ended, and

(d) the directors have been given the declarations required by s.295A of the *Corporations Act 2001* from the Chief Executive Officer and Chief Financial Officer.

(e) in the directors' opinion, the attached consolidated entity disclosure statement required by Section 295 (3A) of the *Corporations Act 2001* is true and correct.

Signed in accordance with a resolution of the directors made pursuant to s.295 (5)(a) of the *Corporations Act 2001*.

On behalf of the Directors

Timothy Horgan
Executive Director

Melbourne 24 September 2026

Independent Auditor's Report to the Members of Kalina Power Limited

REPORT ON THE AUDIT OF THE FINANCIAL REPORT

Opinion

We have audited the financial report of Kalina Power Limited ("the Company") and its controlled entities ("the Group"), which comprises the consolidated statement of financial position as at 30 June 2026, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information, the consolidated entity disclosure statement and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Group's financial position as at 30 June 2026 and of its financial performance for the year then ended; and

(b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* ("the Code") that are relevant to our audits of the financial report of public interest entities in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our audit addressed the key audit matter
Disposal of assigned megawatts (MW) from Alberta Electric System Operator (AESO) Refer to Note 5 *Profit/(loss) for the year*	
During the year, the Group completed the disposal of its rights relating to a 180 MW allocation previously assigned to its Canadian subsidiary, KALiNA Distributed Power Limited (KDP), under the Alberta	Our procedures included, amongst others: • obtained and reviewed all agreements with the third party, term sheets, assignment agreements, and any AESO correspondence.

Electric System Operator's Limit Assignment Process. As a result of the disposal, the Group recognised income of CAD18.0 million or AUD 19.5 million during the year. Management concluded that the transaction had been completed, all associated rights and obligations relating to the allocation had been transferred to the purchaser, and no further performance obligations remained with the Group. The matter was considered significant to our audit due to the materiality of the amount recognised and the judgement involved in assessing whether the disposal had been completed and whether recognition of the full amount of income in the current year was appropriate. Significant audit attention was also required to evaluate whether the Group retained any ongoing commitments or financial obligations arising from the arrangement, including contingent obligations, that may have affected the timing or amount of income recognised.	• evaluated any obligations retained by KDP at year-end and whether control or risks/rewards had transferred by that date. • confirmed the amount received through bank statements and settlement documentation.

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2026 but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Group are responsible for the preparation of:

(a) the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001*; and
(b) the consolidated entity disclosure statement that is true and correct in accordance with the *Corporations Act 2001*, and

for such internal control as the directors determine is necessary to enable the preparation of:

(i) the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
(ii) the consolidated entity disclosure statement that is true and correct and is free of misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON THE REMUNERATION REPORT

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 13 to 17 of the directors' report for the year ended 30 June 2026.

In our opinion, the Remuneration Report of the Group for the year ended 30 June 2026 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

Nick Walker
Partner

Melbourne
24 September 2026

Additional information required by the Australian Stock Exchange Listing Rules and not disclosed elsewhere in this report as at 18 September 2026.

Twenty largest Shareholders

	Shareholder		% of Issued Capital
1	SINALUNGA PTY LTD <THE SINALUNGA A/C>	*	16.05
2	MR JOHN ROSS MACLACHLAN		4.42
3	H & C WELLBEING PTY LTD <H & C PROPERTY A/C>		4.25
4	CARPE DIEM ASSET MANAGEMENT PTY LTD <LOWE FAMILY A/C>		2.25
5	CAVE GLEN PTY LTD <SANDRA WISE SUPER FUND A/C>		2.14
6	SASSEY PTY LTD <AVAGO SUPER FUND A/C>		1.72
7	INVIA CUSTODIAN PTY LIMITED <C J B & C HORGAN A/C>		1.70
8	INVIA CUSTODIAN PTY LIMITED <CORNELIUS J B HORGAN A/C>		1.63
9	THIRTY SIXTH VILMAR PTY LTD		1.61
10	MR TIMOTHY PATRICK KEOGH + MRS LILIAN MAY KEOGH <KEOGH FAMILY A/C>		1.48
11	MR BORIS PATKIN		1.41
12	KEO PROJECTS PTY LTD <SUPERANNUATION FUND A/C>		1.35
13	BEAUMAX PTY LTD <PALOMA INVESTMENTS A/C>		1.31
14	SASSEY PTY LTD <SASSEY A/C>		1.27
15	MR STEPHEN WHITE		1.25
16	CITICORP NOMINEES PTY LIMITED		1.05
17	COVE STREET PTY LTD <THE COVE STREET A/C>		1.02
18	MR PATRICK ROMAN GALICKI		0.97
19	GINGA PTY LTD <TG KLINGER S/F A/C>		0.90
20	FARNETA PTY LTD <MECCA COSMETICA S/F A/C>		0.90

* Significant Shareholder of the Company

Distribution of shareholdings

Range	Total holders	Units	% Units
1 - 1,000	1,901	290,656	0.01
1,001 - 5,000	169	353,602	0.01
5,001 - 10,000	39	298,630	0.01
10,001 - 50,000	346	9,451,059	0.32
50,001 - 100,000	167	12,921,099	0.44
100,001 Over	719	2,910,772,656	99.21
Total	**3,341**	**2,934,087,702**	**100.00**

The number of shareholders holding less than a marketable parcel is 2,272

Voting Rights

All shares carry one vote per share without restriction

On Market Buy-back

There is no current on market buy-back

Restricted Securities

The Company does not have any restricted securities on issue.