

**KALINA POWER LIMITED  
AND ITS CONTROLLED ENTITIES  
ABN 24 000 090 997  
APPENDIX 4E  
PRELIMINARY FINAL REPORT  
FINANCIAL YEAR ENDED 30 JUNE 2022**

**Results for Announcement to the Market**

**26 August 2022**

**Current Period:**

**1 July 2021 to 30 June 2022**

**Previous corresponding period:**

**1 July 2020 to 30 June 2021**

<b>Results</b>	AUD\$		
Revenues from ordinary activities		0%	to nil
Loss from ordinary activities after tax attributable to members *	Down	40.7%	to 4,664,179
Net loss for the period attributable to members	Down	40.7%	to 4,664,179

<b>Dividends</b>	Amount per security	Franked amount per security
Final dividend – no dividend is proposed	n/a	n/a
Previous corresponding period – no dividend declared	n/a	n/a

Dividend reinvestment plan	n/a	n/a
†Record date for determining entitlements to the dividend, (in the case of a trust, distribution) (see item 15.2)	n/a	

<b>Net Tangible Assets per security</b>	Current Period	Previous Period
Net tangible asset backing per ordinary security	0.17 cents	(0.14) cents

<b>Control gained over entities</b>	Current Period	Previous Period
N/A		

Associates and Joint venture entities	n/a	n/a
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**Audit of Financial Report**

This Appendix 4E is based on audited annual accounts attached to this announcement.

This announcement was approved for release by Ross MacLachlan, CEO



**KALINA POWER LIMITED  
AND ITS CONTROLLED ENTITIES**

**ACN 000 090 997**

**Annual report to Shareholders for the year ended 30 June 2022**

## CORPORATE DIRECTORY

### Directors:

Mr Ross MacLachlan	CEO and current acting Chairman
Mr Tim Horgan	Executive Director
Mr Jeffrey Myers	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  
 Level 9, 575 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 26 August 2022 and can be found on the Company's website at

[www.kalinapower.com](http://www.kalinapower.com)

### ***Our Mission***

Our mission is to be a global leader in generating zero-emissions electricity from industrial waste heat and geothermal resources. With one of the largest intellectual property portfolios in the industry, we are establishing supply chain and execution partners to deploy across a range of large-scale, addressable market applications that can immediately reduce the carbon footprint of global economies.

### ***Our Vision***

To see global economies, utilise industrial waste heat and geothermal resources to immediately reduce emissions and empower local communities with increased energy diversification and security.

### ***Our Values and Principles***

By providing a strong foundation for how we operate, engage and unite in our work.

### ***Our ESG Values***

We are proud to be utilising the technologies from our intellectual property portfolio that is contributing to the global shift away from the reliance on carbon intensive energy production. Our zero emissions processes includes the recycling of energy and the creation of renewable energy, both fundamentally important activities in addressing climate change on our planet. Our electricity is generated from the capture of discarded industrial waste heat that would otherwise be lost and also through harnessing the earth's geothermal sources of energy.

We are deeply committed to the principles of environmental, social and governance in our operations. Our processes contribute to the reduction of emissions by displacing less efficient and more carbon intensive generation. We take care of the environment in which we operate through applying best in class waste heat to power technology that reduces our carbon footprint. Our saddle Hills Project is the model for application of these principles. Where our power generation also enables market integration of renewables in the areas in which we operate.

On a social level, we focus on regions where rising electricity prices and energy security issues are evident, thereby providing energy access to underserved areas and communities. Our investment in these areas also leads to job creation and diversification of the local economy, as well as the leveraging of energy infrastructure.

Our governance is maintained through clearly defined project execution plans and effective risk management strategies. We also manage our supply chains in a highly strategic manner in order to minimise both costs and risks. Our focus on regions where governments mandate for energy efficiency further reduces our risks of operation.

We are committed to undertaking our activities in a sustainable manner, and caring for our environment, ourselves, and the communities in which we operate. These principles are foundational to what we do and will therefore continue to guide us as we move forward into the next stage of development and expansion in 2023.

## Chairman's Letter

Dear Shareholders,

I am pleased to present KALiNA Power Limited's Annual Report and financial statements for the year ended 30 June 2022. The past year marked a period in which the Group was able to achieve another round of critical objectives in its long-term strategy and mission to deploy applications of its high-efficiency Kalina Cycle® technology at an industrial scale for major international markets.

Heading into the 2023 financial year, the Board and management team are confident that KALiNA has established a strong platform for long-term growth. Significant progress was achieved in the Group's strategy to establish a profitable business in Alberta that will serve as a platform to deploy the KALiNA Cycle® to international markets and become a major player in the global Geothermal and industrial Waste Heat to Power markets.

Achievements with the Group's operations in Alberta continue to validate its strategic decision to focus on a jurisdiction with the appropriate combination of energy demand and regulatory support, as the province transitions to major reductions in emissions. That was clearly reflected by the group's key operational developments in FY22, which were a direct result of the relationships KALiNA has established with commercial partners, community stakeholders, legislative policy makers and regulatory authorities.

The 2022 financial year marked a major step forward for KALiNA with respect to its technology partnering and supply chain development strategy. Progress in Alberta has raised the profile of the KALiNA Cycle® and attracted the attention of major companies, as evidenced by KALiNA's recent MoU with US\$25bn engineering multinational Baker Hughes. The MoU provides a framework by which the parties can provide modularized packaged solutions of the KALiNA Cycle® for markets that are in transition to zero-emissions and energy efficient power. While integrating the Baker Hughes vapor turbine at KALiNA's Saddle Hills project is a logical starting point for both parties, we are also assessing small-scale combined cycle opportunities across the globe.

Last October, the KALiNA Saddle Hills Energy Centre was successful in its application to the Alberta Utilities Commission, which provided regulatory approval to construct and operate the project. Following an extensive application process, the Group then announced a landmark regulatory achievement in June, with confirmation it had received an environmental permit from the Alberta Ministry of Environment & Parks.

Rigorous compliance pathways are an imperative part of the application process for major energy projects. With the Alberta team's successful procurement of development approvals in a sector with high regulatory barriers to entry, the Group is well positioned to efficiently develop additional projects going forward.

The favourable legislative backdrop in Alberta is also another clear, leading indicator that geothermal power and industrial waste heat to power are being prioritised by policy makers in the allocation of fiscal resources towards the clean energy transition. Energy solutions that help accelerate the shift to zero-emissions power are being supported across the relevant stakeholder base.

Viewed more broadly, these regulatory and policy developments also form a positive backdrop in the negotiations with major partners, gas producers and related stakeholders as the Group structures the financing for the Saddle Hills Energy Centre heading into the new financial year.

With the Baker Hughes engagement now in place, efforts are underway on modifications to improve cost efficiencies for the Saddle Hills project. The Group is also considering changes to configuration and construction timelines that will enhance overall returns. Negotiations are also continuing to secure gas reserves to mitigate risk and provide secure, attractive margins. The successful implementation of these initiatives is expected to deliver project financing on attractive terms for the Group and its shareholders.

In January, KALiNA reported the untimely passing of the Company's Chief Technology officer, Mark Mirolli. This came at a time when Mark was leading a process of migrating the engineering and modelling software to a new platform along with a new data base of historical records.

The Group's technology platform represents more than seven KALiNA Cycle® system designs for various geothermal and industrial waste heat to power applications across varying types of heat, ranges of temperatures and at various scales.

The Group was fortunate to contract with Kevin Wallace as our new Head of Technology Development and Commercialization. Kevin worked with Power Engineers for over 20 years with involvement in over 850MW of geothermal projects worldwide and was actively engaged in several projects and proposals involving the KALiNA Cycle®. Kevin is now leading the effort in completing the work initiated by Mark and is overseeing the technical developments and commercial priorities for applications of the KALiNA Cycle®. This work will be essential as the Group works with supply chain partners such as Baker Hughes in the development of packaged designs for applications that have significant addressable markets.

In addition, the Group was pleased to engage Stephen White as its Senior Industry advisor. Stephen is the former CEO of Veresen Inc; a major developer of pipeline, midstream & gas processing assets which was sold to Pembina in 2017 for CAD \$9.7 billion. Stephen has been directly engaged with the Group's seasoned project development team regarding project structure and execution as well as tolling and project financing.

During the period, KALiNA also continued to prepare for an anticipated dual listing on a North American exchange once appropriate business milestones have been achieved. In anticipation of this, positive discussions remain ongoing with several highly qualified power industry professionals with extensive experience in North American financial markets to serve on the Company's board, upon the completion of such a dual listing.

The Group and its investors have plenty to be excited about for the year ahead, with a technology that is market-ready and fit for purpose to meet the industrial cleantech transition. Heading into the new financial year, KALiNA continues to expand its dedicated team of project partners and key stakeholders, supported by a strong Board and management team of leading energy industry executives who are focused on matching the Group's near-term operational targets with its broader strategic goals.

I thank the Group's shareholders for their ongoing support and look forward to providing more updates as the Group executes on its commercial objectives in the year ahead.

Yours Faithfully,

Ross MacLachlan  
CEO and Interim 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 2022.

### Review of Operations (in \$'000)

KALiNA Power Limited is pleased to provide its operational summary for the year ended 30 June 2022, a period in which it successfully achieved a number of key operational objectives.

The total loss of the consolidated entity attributable to the owners of the parent for the year ended 30 June 2022 was \$4,664 (2021: loss of \$7,865). This equates to a basic loss per share of 0.3 cents for the year ended 30 June 2022 (2021: loss of 0.7 cents).

During the year the Group's operating cash outflow amounted to \$5,026. Of this \$2,754 was related to Alberta project development and \$301 related to non-Alberta project development, \$477 related to patent maintenance, \$272 related to project and corporate financing and \$1,222 for administration.

In October 2021, the Group strengthened its balance sheet with the successful completion of a strategic \$9,940 capital raise through the issue of 368 million fully paid ordinary shares at \$0.027 per share, in a placement that was strongly supported by new institutional and sophisticated investors.

The Group is progressing a multi-channel approach to access major market opportunities as part of the global clean energy transition. KALiNA's IP portfolio now contains more than 300 patents in various jurisdictions throughout the world and the Company is positioning itself with supply chain partners to address global markets.

During FY22, KALiNA achieved a major strategic distribution breakthrough via the execution of a Memorandum of Understanding (MoU) with global engineering conglomerate Baker Hughes. The agreement followed an extensive period of co-development between the two parties, in order to establish a mutually beneficial framework for the broader deployment of the technology across international markets.

The MoU followed a competitive evaluation and bidding process, in which Baker Hughes' vapor (steam) turbines and turbo-expander generators were assessed by the Group as being the most suitably aligned with the KALiNA Cycle® for small-scale combined cycle projects as well as other geothermal and waste heat to power applications.

Under the terms of the MoU, Baker Hughes will be a preferred vendor of gas turbines in the development of the Group's small-scale, combined-cycle packages (7-24MW), configured with the Baker Hughes NovaLT line of gas turbines. KALiNA will also award Baker Hughes with the initial vapor turbine contract for its Saddle Hills project, along with the initial turboexpander contract at its 10MW geothermal project in Klamath Hills, Oregon.

The Group's operational developments in FY22 place it on track for a particularly exciting year in FY23, with a technology that is market-ready and fit for purpose to meet the broader requirements of the industrial cleantech transition. Along with favourable regulatory tailwinds, KALiNA is aiming to capitalise on a commercial strategy that ensures its technology is complemented by a global distribution footprint.

### Western Canada

The Group's Canadian subsidiary, KALiNA Distributed Power Ltd ('KDP') is located in Calgary Alberta, Canada. Alberta is a strategically important jurisdiction for commercial opportunities, underpinned by a regulatory framework where policymakers have prioritised the importance of new technologies to lower carbon emissions and accelerate the shift away from coal-fired power generation. KDP is positioned to benefit from the ongoing shutdown of +5GW coal-fired power plants in Alberta together with growing demand for transition technologies that reduce emissions.

At its flagship Saddle Hills asset, the Group achieved a number of operational breakthroughs during the financial year that have successfully de-risked the project and set up the framework for major funding and development.

The Saddle Hills project is located in an area of high electrical demand with favourable grid interconnection capacity, along with the requisite gas supply and infrastructure to support KDP's initial 64MW combined cycle project. The planned site will accommodate two 32MW combined cycle power plants; each configured with a 22MW natural gas turbine and a KALiNA Cycle® module that will generate 10MW of zero-emissions power from the gas turbine's waste heat.

In October 2021, the Group received regulatory approval from the Alberta Utilities Commission (AUC), following its submission in accordance with Rule 007: Applications for Power Plants, Substations, Transmission Lines, Industrial System Designations, Hydro Developments and Gas Utility Pipelines.

The AUC approval granted the Group permission to construct and operate the Saddle Hills project; a 64 MW gas-fired combined cycle facility utilising the KALiNA Cycle® technology.

Later in FY22, the Saddle Hills project achieved another key regulatory breakthrough with the receipt of its environmental permit, which was granted approval under the Environmental Protection and Enhancement Act ("EPEA Approval") from Alberta Environment & Parks.

Together with the successful Rule 007 Application, the two permits formally grant KALiNA with the authorisation to construct and operate the KALiNA Energy Centre – Saddle Hills facility, securing its regulatory pathway and providing a sound basis for ongoing project financing negotiations.

KALiNA also advanced the contracting framework of agreements with primary equipment vendors for the Saddle Hills project, along extensive project financing discussions that remain ongoing. The Group is also considering changes in the configuration, and construction timelines that will enhance overall returns. Negotiations are also continuing to secure gas reserves to mitigate risk and provide secure, attractive margins. These initiatives are expected to deliver project financing on attractive terms for the Group and its shareholders.

#### China and Asia

The Group's activities in China have been put on hold pending the outcome of international developments and the Group's priorities of resource allocation in the year ahead. Corporate filings for the related companies in the Asian group structure continue to be kept up to date.

#### Intellectual Property (IP)

The Group has 337 International patents. This represents a comprehensive Intellectual Property portfolio across applications, processes and designs.

The IP patent portfolio operates in combination with KALiNA's extensive technical know-how, proprietary process knowledge and trade secrets to provide comprehensive protection and added value to the Group's technology platform. The Group is constantly seeking to add to its intellectual property portfolio with new inventions and documentation of its tremendous body of proprietary know-how and process knowledge. The Group is continuing with its overall IP strategy, of assessing maintenance of existing patents and technical know-how and trade secrets being documented in such a way as to afford comprehensive protection and maximum effect in aggressively staking the Group's claims in the sector.

#### COVID-19

The Covid-19 pandemic has caused a number of challenges in the funding process undertaken by the Group, including restrictions on travel and meetings which would have otherwise taken place. Working together with various capital providers and engineering partners, management and its advisors have adapted to the situation and continued to be constructively engaged in moving the projects forward.

Whilst Covid-19 has not materially impacted the project development or funding process to date, there is continued uncertainty as to the duration of and further impact of Covid-19 including (but not limited to) in relation to government, regulatory or health authority actions, work stoppages, lockdowns, quarantines, travel restrictions and the impact on the Australian, Canadian and global economy. There is a risk that if the spread of Covid-19 continues, and/or the actions taken to combat Covid-19 persist, the Group's operational and financial performance could deteriorate. This could also affect delivery of equipment where suppliers and their supply chains are adversely impacted by Covid-19, site specific activities related to site preparation and construction or a drop in demand for electricity due to economic impacts of Canadian and International responses to Covid-19.

#### Corporate

Loss for the year attributed to owners of the parent was \$4,664 (2021: loss \$7,865).



**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 Ross MacLachlan	<p>Mr. MacLachlan has been involved in technology development and commercialization as an active venture capital investor and executive for over 30 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.</p> <p>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.</p> <p>Mr. MacLachlan has been a speaker and panel participant relating to public policy and development of the cleantech industry, providing advice to provincial and federal governments in Canada.</p>
Mr Jeff Myers <i>BA (Hons), MBA</i>	<p>Mr. Myers is one of North America's leading power generation sector professionals, with over 40 years of experience in the downstream energy sector. He has led the development, financing, execution, and operation of over 5 GWe of independent power projects. Mr. Myers continues to be involved in the development of independent power projects through his position on the Boards of a number of private, clean technology companies and as an Operating Partner at Stonepeak Infrastructure Partners (a US\$46bn infrastructure fund manager).</p> <p>Mr. Myers was a co-founder, Chairman, President and Chief Executive Officer of Pristine Power (a developer, builder, and operator of independent power plants that produced and sold electricity for industrial users in Canada). Mr. Myers oversaw Pristine Power's foundation in 2002, public listing in 2008, and successful sale to Veresen (TSE: VSN, c.), for US\$300m, in late 2010. KALINA Power's CEO, Mr. Ross MacLachlan, served as a director with Mr. Myers at Pristine Power from 2002 to 2010.</p>
Mr Peter Littlewood <i>MA in Engineering, Cambridge University</i>	<p>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.</p> <p>Over a 36 year career with China Light and Power in Hong Kong, Mr. Littlewood was responsible for engineering, project management, construction, operations and fuel supply for the entire power generation portfolio with Mr. Littlewood being instrumental in the development of multiple projects using coal, natural gas, nuclear, hydro, wind, solar and biomass technologies. During his tenure, China Light and Power became the largest international investor in the Asia-Pacific power market and is the largest external investor in the mainland China power market. It is a significant international investor in the conventional and renewable power sectors and holds significant investments, joint ventures and operations across China, Hong Kong, India, Thailand, Taiwan, and Australia including 100% ownership of Australian subsidiary, Energy Australia.</p> <p>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.</p>

**Directors' report (cont'd)**

Mr Timothy Horgan  
BA (Hons), L.L.B

Mr. Horgan is a qualified lawyer and business executive with over 20 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.

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 organizations 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
<b>Directors</b>		
Ross MacLachlan	27,123,405	23,537,500
Tim Horgan	9,166,815	14,854,999
Malcolm Jacques	3,819,257	5,017,500
Jeffry Myers	14,534,651	18,945,000
Peter Littlewood	11,877,508	9,652,500
<b>Senior Management</b>		
Nigel Chea	13,000,000	2,317,500
Raymond McKay	213,160	3,481,660
Kesh Thurairasa	2,327,999	2,455,499

**Directors' report (cont'd)**

Since the end of the financial year nil share options (2021: nil) were granted to Directors and officers of the company as part of their remuneration.

**Directors' meetings**

The number of Directors' meetings (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, 6 Board meetings, 2 Audit and Finance Committee meetings and nil Remuneration Committee meeting were held.

Name	Board of Directors		Audit and Finance Committee		Remuneration Committee	
	Held	Attended	Held	Attended	Held	Attended
Tim Horgan	6	6	-	-	-	-
Ross MacLachlan	6	6	-	-	-	-
Malcolm Jacques	6	6	2	2	-	-
Jeffry Myers	6	6	2	2	-	-
Peter Littlewood	6	6	2	2	-	-

**Company secretary**

The name(s) 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 28 years both in energy and mining. Mr Thurairasa holds an MBA and is a member of Certified Practising Accountants and Fellow member of 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

Aside from the Coronavirus (COVID-19) pandemic mentioned above, 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 the licensing of its core KALiNA Cycle technology to projects. However, if the services and licensing revenues 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.

*Dependence on Proprietary Technology:* The Group relies on a combination of patents, copyrights, trade secrets and non-disclosure agreements to protect its KALiNA Cycle technology. The Group enters into confidentiality or licence agreements with its employees, licensees and others and limits access to its documentation, software and other proprietary information. There can be no assurance that steps taken by the Group will be adequate to prevent misappropriation of its technology or that KALiNA's competitors will not independently develop technologies that are substantially equivalent or superior to KALiNA's technology. In addition, the laws of some foreign countries may not protect KALiNA's proprietary rights against others.

*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 than 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

The significant changes in the affairs of the consolidated entity during or since the year end are:

- During the year the company issued 368,148,153 ordinary shares at 2.7 cents each raising \$9,940,000 before costs.
- The Company issued 8,000,000 options exercisable at 4.4 cents. These options expire on 11 December 2023.
- During the year 3,375,000 options were exercised raising \$52,313

**Directors' report (cont'd)****Subsequent events**

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.

Even though Covid-19 has brought in unexpected challenges particularly in the movement of staff, the Group has quickly adapted to these new conditions and does not expect any material changes in the outcome of the Alberta project development which is expected to reach Full Notice to Proceed (FNTP) stage by end of the current financial year.

**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 (2021: 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	30,000,000	Ordinary	2.3 cents	30 November 2022
KALiNA Power Limited	2,800,000	Ordinary	3.8 cents	30 November 2022
KALiNA Power Limited	600,000	Ordinary	4.4 cents	6 July 2023
KALiNA Power Limited	16,955,500	Ordinary	4.4 cents	9 August 2024
KALiNA Power Limited	25,607,500	Ordinary	4.4 cents	26 November 2024
KALiNA Power Limited	331,408,825	Ordinary	4.4 cents	27 August 2022
KALiNA Power Limited	5,000,000	Ordinary	5.0 cents	25 February 2025
KALiNA Power Limited	4,000,000	Ordinary	5.0 cents	4 May 2025
KALiNA Power Limited	8,000,000	Ordinary	4.4 cents	11 December 2023

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	Class of shares	Exercise price of option	Expiry date of options
KALiNA Power Limited	1,687,500	Ordinary	1.3 cents	26 May 2022
KALiNA Power Limited	1,687,500	Ordinary	1.8 cents	26 May 2022
KALiNA Power Limited	21,230	Ordinary	4.4 cents	27 August 2022

**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 24 to the financial statements.

**Auditor's independence declaration**

The auditors' independence declaration is included on page 19 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 2022 and 2021. 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  
Jeffrey Myers  
Tim Horgan

#### Non-executive Directors

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:

Nigel Chea (President Greater China – KALiNA Power Limited)  
Ray McKay (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 2022, no cash awards were made to the executives apart from disclosed in the remuneration report. The Board did not operate a short-term incentive scheme for the 2022 financial year, however, will review this in the context of the formal review of the group's broader executive remuneration policy to be undertaken during the 2023 financial year.

In the 2022 financial year, no options were issued to directors. During the period 8,000,000 options were issued to third party consultants. The 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 period of service for granting of 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 on 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 for the 2022 financial year were \$40,000 (2021: \$40,000) per annum, plus statutory superannuation if applicable.

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 2022 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 2022.

	30 June 2022	30 June 2021	30 June 2020	30 June 2019	30 June 2018
Revenue	-	-	-	-	98,740
Net profit/(loss) before tax	(5,062,804)	(8,069,370)	(4,714,632)	(5,167,996)	(5,022,985)
Net profit/(loss) after tax	(5,062,804)	(8,069,370)	(4,714,632)	(5,167,996)	(5,022,985)
Share price at start of year (\$)	0.031	0.029	0.022	0.017	0.056
Share price at end of year (\$)	0.018	0.031	0.029	0.022	0.017
Dividends paid (cents)	-	-	-	-	-
Basic (loss)/profit per share (cents)	(0.3)	(0.7)	(0.6)	(1.0)	(1.1)
Diluted (loss)/profit per share (cents)	(0.3)	(0.7)	(0.6)	(1.0)	(1.1)

## Remuneration of directors and senior management – audited

		Short-term employment benefits			Post-employment	Other long-term benefits	Share-based payment	Value of options as proportion of total remuneration	Total
		Salary & Fees	Other payments	Non-monetary	Superannuation		Options and rights		
		\$	\$	\$	\$	\$	%	\$	
<b>Executive Directors</b>									
Ross MacLachlan	2022	280,000	-	13,576	28,000	-	-	-	321,576
	2021	280,000	-	7,758	26,600	-	244,433	44	558,791
Tim Horgan	2022	200,000	-	-	20,000	-	-	-	220,000
	2021	200,000	-	-	19,000	-	331,083	60	550,083
Jeffry Myers	2022	121,000	-	-	-	-	-	-	121,000
	2021	121,000	-	-	-	-	259,669	68	380,669
<b>Non-executive directors</b>									
Malcolm Jacques	2022	40,000	-	-	-	-	-	-	40,000
	2021	49,000	-	-	-	-	30,566	38	79,566
Peter Littlewood	2022	40,000	-	-	-	-	-	-	40,000
	2021	40,000	-	-	-	-	91,697	70	131,697
<b>Senior Management</b>									
Nigel Chea	2022	16,692	-	-	-	-	-	-	16,692
	2021	34,459	-	-	-	-	17,643	34	52,102
Ray McKay	2022	116,860	-	-	-	-	-	-	116,860
	2021	170,102	-	-	-	-	70,540	29	240,642
Kesh Thurairasa	2022	162,000	-	-	25,000	-	-	-	187,000
	2021	161,000	-	-	25,150	-	17,643	9	203,793
<b>TOTAL</b>	<b>2022</b>	<b>976,552</b>	<b>-</b>	<b>13,576</b>	<b>73,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,063,128</b>
<b>TOTAL</b>	<b>2021</b>	<b>1,055,561</b>	<b>-</b>	<b>7,758</b>	<b>70,750</b>	<b>-</b>	<b>1,063,274</b>	<b>48</b>	<b>2,197,343</b>

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 the shareholders approved the issue of nil options to directors and the board approved the issue of 8,000,000 options to consultants.

**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 nil options and 8,000,000 options were granted to consultants as part of remuneration. 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 2021 No.	Granted as compensation No.	Received on exercise of options No.	Net other change No.	Bal at 30 June 2022 No.	Balance held nominally No.
<b>2022</b>						
<b>Directors</b>						
R MacLachlan	27,123,405	-	-	-	27,123,405	-
T Horgan	9,166,815	-	-	-	9,166,815	-
M. Jacques	3,819,257	-	-	-	3,819,257	-
J Myers	14,534,651	-	-	-	14,534,651	-
P Littlewood	11,877,508	-	-	-	11,877,508	-
<b>Senior Management</b>						
Raymond McKay	213,160	-	-	-	213,160	-
K. Thurairasa	2,327,999	-	-	-	2,327,999	-
N Chea	13,000,000	-	-	-	13,000,000	-

	Balance at 1 July 2020 No.	Granted as compensation No.	Received on exercise of options No.	Net other change No. (i)	Bal at 30 June 2021 No.	Balance held nominally No.
<b>2021</b>						
<b>Directors</b>						
R MacLachlan	23,123,405	-	-	4,000,000	27,123,405	-
T Horgan	7,166,816	-	-	1,999,999	9,166,815	-
M. Jacques	619,257	-	-	3,200,000	3,819,257	-
J Myers	10,534,651	-	-	4,000,000	14,534,651	-
P Littlewood	8,677,508	-	-	3,200,000	11,877,508	-
<b>Senior Management</b>						
Raymond McKay	-	-	-	213,160	213,160	-
K. Thurairasa	700,000	-	-	1,627,999	2,327,999	-
N Chea	11,500,000	-	-	1,500,000	13,000,000	-

(i) Participation in rights issue following shareholder approval in November 2020

## Directors' report (cont'd)

## Remuneration report – audited (cont'd)

## Share options of KALiNA Power Limited

	Balance at 1 July 2021 No.	Granted as compensation No.	Value \$	Exercised/ Expired No.	Net other change No.	Bal at 30 June 2022 No.	Bal vested at 30 June 2022 No.	Vested but not exercisable No.	Vested and exercisable No.	Rights vested during year No.
<b>2022</b>										
<b>Directors</b>										
R. MacLachlan	30,075,000	-	-	(6,537,500)	-	23,537,500	23,537,500	-	23,537,500	-
T. Horgan	23,709,999	-	-	(8,855,000)	-	14,854,999	14,854,999	-	14,854,999	-
M. Jacques	5,835,000	-	-	(817,500)	-	5,017,500	5,017,500	-	5,017,500	-
J Myers	25,890,000	-	-	(6,945,000)	-	18,945,000	18,945,000	-	18,945,000	-
P Littlewood	12,105,000	-	-	(2,452,500)	-	9,652,500	9,652,500	-	9,652,500	-
<b>Senior Management</b>										
Nigel Chea	6,635,000	-	-	(4,317,500)	-	2,317,500	2,317,500	-	2,317,500	-
Ray McKay	6,750,160	-	-	(3,268,500)	-	3,481,660	3,481,660	-	3,481,660	-
K. Thurairasa	4,262,999	-	-	(1,817,500)	-	2,445,499	2,445,499	-	2,445,499	-

	Balance at 1 July 2020 No.	Granted as compensation No.	Value \$	Exercised/ Expired No.	Net other change (i) No.	Bal at 30 June 2021 No.	Bal vested at 30 June 2021 No.	Vested but not exercisable No.	Vested and exercisable No.	Rights vested during year No.
<b>2021</b>										
<b>Directors</b>										
R. MacLachlan	13,000,000	13,075,000	244,433	-	4,000,000	30,075,000	30,075,000	-	30,075,000	17,075,000
T. Horgan	4,000,000	17,710,000	331,083	-	1,999,999	23,709,999	23,709,999	-	23,709,999	19,709,999
M. Jacques	1,000,000	1,635,000	30,566	-	3,200,000	5,835,000	5,835,000	-	5,835,000	4,835,000
J Myers	8,000,000	13,890,000	259,669	-	4,000,000	25,890,000	25,890,000	-	25,890,000	17,890,000
P Littlewood	9,200,000	4,905,000	91,697	(5,200,000)	3,200,000	12,105,000	12,105,000	-	12,105,000	8,105,000
<b>Senior Management</b>										
Nigel Chea	8,700,000	1,635,000	17,643	(5,200,000)	1,500,000	6,635,000	6,635,000	-	6,635,000	3,135,000
Ray McKay	-	6,537,000	70,540	-	213,160	6,750,160	6,750,160	-	6,750,160	6,750,160
K Thurairasa	2,600,000	1,635,000	17,643	(1,600,000)	1,627,999	4,262,999	4,262,999	-	4,262,999	3,262,999

(i) Participation in rights issue following shareholder approval in November 2020

## Options

No options were granted to directors and senior management during the year

**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

There were no other transactions with key management personnel.

**ii. Transactions with key management personnel of KALiNA Power Limited.**

R. MacLachlan, T Horgan, M. Jacques, J Myers, P Littlewood, Ray McKay, K. Thurairasa and Nigel Chea are key management personnel of the Company. Information regarding the individual key management personnel compensation is provided in the remuneration report section of the directors' report.

**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/Senior Management
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, 26 August 2022

## 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 2022, 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 Kalina Power Limited and the entities it controlled during the period.

HLB Mann Judd

**HLB Mann Judd**  
**Chartered Accountants**

Melbourne  
26 August 2022



**Michael Gummery**  
**Partner**

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**KALINA POWER LIMITED AND ITS CONTROLLED ENTITIES**

 Consolidated statement of profit and loss and other comprehensive income  
 for the financial year ended 30 June 2022

	<u>Note</u>	<b>Consolidated</b>	
		<b>2022</b>	<b>2021</b>
		<b>\$</b>	<b>\$</b>
Revenue		-	-
Cost of Sales		-	-
Gross profit/(loss)		-	-
Other income	5(a)	340,073	220,915
Finance income	5(a)	8,564	3,637
Employee benefits expenses	5(b)	(1,369,910)	(1,514,939)
Share-based payments	26	(40,714)	(1,548,675)
Administration expenses		(399,723)	(336,289)
Depreciation and amortisation expenses	5(b)	(9,658)	(6,594)
Travel expenses		(36,435)	(36,181)
Engineering and professional fees		(2,690,320)	(3,805,414)
Legal fees		(310,000)	(225,641)
Patent costs		(473,995)	(636,250)
Foreign exchange gain/(loss)	5(b)	41,487	(59,112)
Finance costs	4	(122,173)	(124,827)
Loss before tax		(5,062,804)	(8,069,370)
Income tax benefit/(expense)	6	-	-
Loss for the year		(5,062,804)	(8,069,370)
Attributed to:			
Owners of the parent	17	(4,664,179)	(7,865,582)
Non-controlling interest	16.5	(398,625)	(203,788)
		(5,062,804)	(8,069,370)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Exchange reserve arising on translation of foreign operations		(205,710)	159,978
Other comprehensive income for the period net of tax		(205,710)	159,978
Total comprehensive income/(loss) for the period		(5,268,514)	(7,909,392)
Total comprehensive income/(loss) attributable to:			
Owners of the parent		(4,842,177)	(7,741,917)
Non-controlling interest		(426,337)	(167,475)
		(5,268,514)	(7,909,392)
(Loss) per share			
From continuing and discontinued operations:			
Basic (cents per share)	25	(0.3)	(0.7)
Diluted (cents per share)	25	(0.3)	(0.7)

The financial statements should be read in conjunction with the notes included on pages 24 to 50.

**KALINA POWER LIMITED AND ITS CONTROLLED ENTITIES**

Consolidated statement of financial position as at 30 June 2022

	<u>Note</u>	<u>2022</u>	<u>2021</u>
		<u>\$</u>	<u>\$</u>
<b>Current assets</b>			
Cash and cash equivalents	20	2,948,798	1,093,470
Financial assets	7	2,400,000	-
Trade and other receivables	8	110,788	121,397
<b>Total current assets</b>		<b>5,459,586</b>	<b>1,214,867</b>
<b>Non-current assets</b>			
Investments accounted for using the equity method	9	9,200	9,200
Property, plant and equipment	10	20,275	25,095
<b>Total non-current assets</b>		<b>29,475</b>	<b>34,295</b>
<b>Total assets</b>		<b>5,489,061</b>	<b>1,249,162</b>
<b>Current liabilities</b>			
Trade and other payables	11	536,988	663,625
Provisions	12	230,043	190,252
<b>Total current liabilities</b>		<b>767,031</b>	<b>853,877</b>
<b>Non-current liabilities</b>			
Other payables	13	2,155,489	1,900,294
Provision	12	42,543	39,583
<b>Total non-current liabilities</b>		<b>2,198,032</b>	<b>1,939,877</b>
<b>Total liabilities</b>		<b>2,965,063</b>	<b>2,793,754</b>
<b>Net assets/(liabilities)</b>		<b>2,523,998</b>	<b>(1,544,592)</b>
<b>Equity/(net deficiency)</b>			
Issued capital	14	127,279,244	117,937,371
Reserves	16	7,706,445	7,889,212
Accumulated losses	17	(121,180,013)	(116,515,834)
Total equity attributable to equity holders of the company		13,805,676	9,310,749
Non-controlling interest	16.5	(11,281,678)	(10,855,341)
<b>Total equity/(net deficiency)</b>		<b>2,523,998</b>	<b>(1,544,592)</b>

The financial statements should be read in conjunction with the notes included on pages 24 to 50.

**KALINA POWER LIMITED AND ITS CONTROLLED ENTITIES**  
Consolidated statement of changes in equity for the financial year ended 30 June 2022

	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
	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Balance at 1 July 2020</b>	<b>113,804,238</b>	<b>3,509,070</b>	<b>9,800,008</b>	<b>(9,939,836)</b>	<b>(450,800)</b>	<b>(108,650,252)</b>	<b>8,072,428</b>	<b>(10,687,866)</b>	<b>(2,615,438)</b>
Profit/(loss) for the year	-	-	-	-	-	(7,865,582)	(7,865,582)	(203,788)	(8,069,370)
Movement in foreign exchange values	-	123,665	-	-	-	-	123,665	36,313	159,978
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>123,665</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(7,865,582)</b>	<b>(7,741,917)</b>	<b>(167,475)</b>	<b>(7,909,392)</b>
Value of options issued (note 16.3)	-	-	4,869,345	-	-	-	4,869,345	-	4,869,345
Value of options exercised (note 16.3)	22,240	-	(22,240)	-	-	-	-	-	-
Issue of shares (note 14.1)	4,985,775	-	-	-	-	-	4,985,775	-	4,985,775
Share issue cost (note 14.1)	(874,882)	-	-	-	-	-	(874,882)	-	(874,882)
<b>Balance at 30 June 2021</b>	<b>117,937,371</b>	<b>3,632,735</b>	<b>14,647,113</b>	<b>(9,939,836)</b>	<b>(450,800)</b>	<b>(116,515,834)</b>	<b>9,310,749</b>	<b>(10,855,341)</b>	<b>(1,544,592)</b>
<b>Balance at 1 July 2021</b>	<b>117,937,371</b>	<b>3,632,735</b>	<b>14,647,113</b>	<b>(9,939,836)</b>	<b>(450,800)</b>	<b>(116,515,834)</b>	<b>9,310,749</b>	<b>(10,855,341)</b>	<b>(1,544,592)</b>
Profit/(loss) for the year	-	-	-	-	-	(4,664,179)	(4,664,179)	(398,625)	(5,062,804)
Movement in foreign exchange values	-	(177,998)	-	-	-	-	(177,998)	(27,712)	(205,710)
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>(177,998)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(4,664,179)</b>	<b>(4,842,177)</b>	<b>(426,337)</b>	<b>(5,268,514)</b>
Value of options issued (note 16.3)	-	-	40,714	-	-	-	40,714	-	40,714
Value of options exercised (note 16.3)	45,483	-	(45,483)	-	-	-	-	-	-
Issue of shares (note 14.1)	9,940,000	-	-	-	-	-	9,940,000	-	9,940,000
Options exercised	52,313	-	-	-	-	-	52,313	-	52,313
Share issue cost (note 14.1)	(695,923)	-	-	-	-	-	(695,923)	-	(695,923)
<b>Balance at 30 June 2022</b>	<b>127,279,244</b>	<b>3,454,737</b>	<b>14,642,344</b>	<b>(9,939,836)</b>	<b>(450,800)</b>	<b>121,180,013</b>	<b>13,805,676</b>	<b>(11,281,678)</b>	<b>2,523,998</b>

The financial statements should be read in conjunction with the notes included on pages 24 to 50.



**KALINA POWER LIMITED AND ITS CONTROLLED ENTITIES**  
Consolidated cashflow statement for the financial year ended 30 June 2022

	<u>Note</u>	<b>Consolidated</b>	
		<b>2022</b>	<b>2021</b>
		<b>\$</b>	<b>\$</b>
<b>Cash flows from operating activities</b>			
Receipts from management fees		317,376	56,391
Interest and finance costs paid		-	(5,890)
Payments to suppliers and employees		(5,343,321)	(6,592,188)
Government cash assistance		-	149,600
Net cash provided by/(used in) operating activities	20(i)	(5,025,945)	(6,392,087)
<b>Cash flows from investing activities</b>			
Interest received		5,123	3,637
Payment for plant and equipment		(4,839)	(12,035)
Payment for financial assets		(2,400,000)	-
Proceeds from investment held for trade		-	9,552
Receipts/(payment) for deposits		(15,400)	(16,586)
Net cash provided by/(used in) investing activities		(2,415,116)	(15,432)
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares and options		9,992,312	7,673,851
Capital raising costs		(695,923)	(613,462)
Net cash provided by/(used in) financing activities		9,296,389	7,060,389
<b>Net (decrease) / increase in cash and cash equivalents</b>		<b>1,855,328</b>	<b>652,870</b>
<b>Cash and cash equivalents at the beginning of the financial year</b>		<b>1,093,470</b>	<b>440,600</b>
<b>Cash and cash equivalents at the end of the financial year</b>	20	<b>2,948,798</b>	<b>1,093,470</b>

The financial statements should be read in conjunction with the notes included on pages 24 to 50.

**Notes to the financial statements  
for the financial year ended 30 June 2022**

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## 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**

Suite 6, 795 Glenferrie Road  
Hawthorn VIC 3122

**Principal place of business**

Suite 6, 795 Glenferrie Road  
Hawthorn VIC 3122

## 2. Summary of accounting policies

### Statement of compliance

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').

### Basis of preparation

The financial report has been prepared on the basis of historical cost, except for 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 August 2022.

### Going concern

As at 30 June 2022, the Group has cash reserves of \$5,348,798, of which \$2,400,000 is held in term deposits, and an excess of current assets over current liabilities of \$4,692,555. The consolidated entity incurred an operating loss for the year ended 30 June 2022 of \$5,062,804 (30 June 2021: loss of \$8,069,370) and incurred an operating cash outflow of \$5,025,945 (30 June 2021: \$6,392,087).

Management have prepared a 14 months cash flow forecast to the period ending 31 August 2023 which indicates that the Group has sufficient cash to fund its planned level of operations and meet its debts as and when they fall due for that period.

Based on the above, the Directors believe that the Group will be able to continue as a going concern. The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that would be necessary should the Group not continue as a going concern.

## 2. Summary of accounting policies (cont'd)

### 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:

- Financial assets, including investments in associates, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after initial recognition of the financial asset, the estimated future cash flows of the investment have been affected (Note 2(d), 7 and 8).
- The fair value of share options issued by the Company have been valued using a Black-Scholes pricing model (Note 16.3 & 26) 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 26 for further information.
- The Consolidated Entity assesses impairment at the end of each reporting period by evaluating conditions and events specific to the Consolidated Entity that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.
- **Coronavirus (Covid-19) pandemic**  
Judgement has been exercised in considering the impacts that the Coronavirus (Covid-19) pandemic has had, or may have, on the consolidated entity based on known information. Whilst Covid-19 has not materially impacted the project development or funding process to date, there is continued uncertainty as to the duration of and further impact of Covid-19 including (but not limited to) in relation to government, regulatory or health authority actions, work stoppages, lockdowns, quarantines, travel restrictions and the impact on the Australian, Canadian and global economy. There is a risk that if the spread of Covid-19 continues, and/or the actions taken to combat Covid-19 persist, the Company's operational and financial performance could deteriorate. This may also affect delivery of equipment where suppliers and their supply chains are adversely impacted by Covid-19, site specific activities related to site preparation and construction or a drop in demand for electricity due to economic impacts of Canadian and International responses to Covid-19.
- **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 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.
- **Revenue from contracts with customers involving sale of goods**  
When recognising revenue in relation to the sale of goods to customers, the key performance obligation of the

consolidated entity is considered to be the point of delivery of the goods to the customer, as this is deemed to be the time that the customer obtains control of the promised goods and therefore the benefits of unimpeded access.

## **2. Summary of accounting policies (cont'd)**

### **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 2022 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. Summary of accounting policies (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 balance sheet classification of the related debt or equity instruments. Borrowings are classified as financial liabilities, which are measured at amortised cost.

## **2. Summary of accounting policies (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 ("A\$"), 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 balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet 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 and intangible assets**

At each reporting date, the Group reviews the carrying amounts of its tangible and intangible 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.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually and whenever there is an indication that the asset may be impaired.

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. Summary of accounting policies (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 balance sheet liability method. Temporary differences are differences between the tax base of an asset or liability and its carrying amount in the balance sheet. 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
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## 2. Summary of accounting policies (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

#### Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the consolidated entity is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the consolidated entity: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are initially recognised as deferred revenue in the form of a separate refund liability.

#### 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. Summary of accounting policies (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 which 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 balance sheet 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. Summary of accounting policies (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. 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 business development

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)	
	2022	2021	2022	2021
	\$	\$	\$	\$
<b>Continuing operations</b>				
Investments	326,777	223,355	(1,038,711)	(2,542,980)
Power business	21,860		(4,024,093)	(5,526,390)
<b>Total of all Segments</b>	348,637	223,355	(5,062,804)	(8,069,370)
<b>Unallocated items</b>				
Share of loss of associate			-	-
<b>Total loss before tax</b>			(5,062,804)	(8,069,370)
Exchange reserve arising on translation of foreign operations			(205,710)	159,978
Company tax			-	-
<b>Total comprehensive income/(loss) for the period</b>			<b>(5,268,514)</b>	<b>(7,909,392)</b>

The segment income reported above represents other income recognised during the period. There were no intersegment sales in the current year (2021: 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**

	2022	2021
	\$	\$
Investments	5,378,604	1,144,574
Power business	110,457	104,588
Total segment assets	5,489,061	1,249,162
Unallocated assets	-	-
Total assets	5,489,061	1,249,162

**(iii) Segment liabilities**

Investments	454,730	398,984
Power business development	2,510,333	2,394,770
Total liabilities	2,965,063	2,793,754

**3. Segment information (cont'd)**

**(iv) Geographical information**

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

	<b>Non-current assets</b>	
	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Australia	22,157	25,666
China	-	-
Canada	5,516	8,629
USA	1,802	-
	<b>29,475</b>	<b>34,295</b>

**(v) Other segment information**

	<b>Depreciation and amortisation</b>	
	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Investments	6,293	5,886
Power business development	3,366	708
	<b>9,659</b>	<b>6,594</b>

**4. Finance costs**

	<b>Consolidated</b>	
	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Interest and expenses – related parties	-	-
Interest –other payables	122,173	124,827
	<b>122,173</b>	<b>124,827</b>

Weighted average rate of funds borrowed is 10% (2021 – 10%)

**5. Loss for the year**

**(a) Gains and losses**

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

	<b>Consolidated</b>	
	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Management fee	40,629	70,118
Government cashflow boost/job keeper	-	149,600
Relinquishment of part land rights	273,743	-
Gain on creditors no longer payable	25,130	-
Sundry income	571	1,197
Other income	340,073	220,915
Interest income	8,564	3,637
Net foreign exchange gains	41,487	-

**(b) Other expenses**

Loss for the year includes the following expenses:

	<b>Consolidated</b>	
	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Net foreign exchange losses	-	59,112
Operating lease charges	77,252	30,682
Depreciation of plant and equipment	9,658	6,594
Share based payments	40,714	1,548,675
Employee benefit expense:		
Defined contribution plans	75,680	71,930
Salaries and wages	1,294,230	1,443,009
	1,369,910	1,514,939

## 6. Income taxes

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

	Consolidated	
	2022	2021
	\$	\$
(Loss) before tax from continuing operations	(5,062,804)	(8,069,370)
Income tax (benefit) calculated at 30%	(1,518,841)	(2,420,811)
Effect of expenses that are not deductible in determining taxable income	13,474	476,096
Effect of temporary differences	130,045	(27,613)
Effect of deferred tax losses not brought to account	1,375,322	1,972,328
<b>Income tax expense recognised in profit or loss</b>	<b>-</b>	<b>-</b>

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	
	2022	2021
	\$	\$
The following deferred tax assets have not been brought to account:		
- tax losses – revenue	14,922,308	13,798,437
- tax losses - capital	6,552,578	6,552,578
- temporary differences	1,641,797	1,632,092
	<b>23,116,683</b>	<b>21,983,107</b>

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	
	2022	2021
	\$	\$
Deferred tax assets		
- Investments	1,530,483	1,530,483
- Provisions	93,956	84,251
- Provision for bad debt	17,358	17,358
	<b>1,641,797</b>	<b>1,632,092</b>

## 7. Financial assets – current

	Consolidated	
	2022	2021
	\$	\$
Term deposits (i)	2,400,000	-
	<b>2,400,000</b>	<b>-</b>

(i) Relates to cash held on call deposits with maturity terms greater than 3 months.

**8. Trade and other receivables: current**

	Consolidated	
	2022	2021
	\$	\$
Trade receivables	17,818	16,408
Goods and services tax recoverable	41,320	58,111
Receivable from key management personnel	-	13,602
Other receivables	51,650	33,276
	<b>110,788</b>	<b>121,397</b>

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

**Credit risk**

The group has no significant concentration of credit risk with respect to any single counterparty or group of counterparties.

**9. Investments accounted for using the equity method**

	Consolidated	
	2022	2021
	\$	\$
a)		
b)		
Reconciliation of movement in investments accounted for using the equity method:		
Balance at 1 July	9,200	9,200
Balance at 30 June	<b>9,200</b>	<b>9,200</b>

Name of entity	Country of incorporation	Principal activity	Ownership interest	
			2022	2021
			%	%
<b>Associates</b>				
Exergy Inc	USA	Investment	46.0%	46.0%

**Dividends received from associates**

No dividends were received during the year (2021: Nil) from its associate.

**10. Property, plant and equipment**

	Consolidated	
	Plant and equipment at cost	Total
	\$	\$
<b>Gross carrying amount</b>		
Balance at 1 July 2020	54,238	54,238
Assets written off	(14,849)	(14,849)
Additions	11,982	11,982
Balance at 30 June 2021	51,371	51,371
Assets written off	-	-
Additions	4,837	4,837
<b>Balance at 30 June 2022</b>	<b>56,208</b>	<b>56,208</b>
<b>Accumulated depreciation</b>		
Balance at 1 July 2020	34,531	34,531
	(14,849)	(14,849)
Depreciation expenses	6,594	6,594
Balance at 30 June 2021	26,276	26,276
Assets written off	-	-
Depreciation expense	9,658	9,658
<b>Balance at 30 June 2022</b>	<b>35,934</b>	<b>35,934</b>
<b>Net book value</b>		
As at 30 June 2021	<b>25,095</b>	<b>25,095</b>
As at 30 June 2022	<b>20,275</b>	<b>20,275</b>



**11. Trade and other payables – current**

	<b>Consolidated</b>	
	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Unsecured:		
Trade payables (i)	536,988	663,625
	<b>536,988</b>	<b>663,625</b>

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

**12. Provisions:**

	<b>Consolidated</b>	
	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Employee benefits (i)	272,586	229,835
	<b>272,586</b>	<b>229,835</b>
Disclosed as current	230,043	190,252
Disclosed as non-current	42,543	39,583
	<b>272,586</b>	<b>229,835</b>

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

**13. Trade and other payables: non-current**

	<b>Consolidated</b>	
	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Other payables - unsecured (i)	2,155,489	1,900,294
	<b>2,155,489</b>	<b>1,900,294</b>

(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 years working capital requirements after payment of this amount. Interest accrues at 10% per annum.

**14. Issued capital**

Fully paid ordinary shares  
30 June 2022: 1,515,152,985  
(30 June 2021: 1,143,629,832)

<b>Consolidated</b>	
<b>2022</b>	<b>2021</b>
<b>\$</b>	<b>\$</b>
<b>127,279,244</b>	<b>117,937,371</b>

	<b>2022</b>		<b>2021</b>	
	<b>No.</b>	<b>\$</b>	<b>No.</b>	<b>\$</b>
<b>14.1 Ordinary shares</b>				
Balance at beginning of year	1,143,629,832	117,937,371	819,200,174	113,804,238
Exercise of options	3,375,000	97,796	1,687,500	54,021
Issue of shares	368,148,153	9,940,000	322,742,158	4,953,994
Share issue costs		(695,923)		(874,882)
Balance at end of financial year	<b>1,515,152,985</b>	<b>127,279,244</b>	<b>1,143,629,832</b>	<b>117,937,371</b>

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

**Movements in ordinary share capital**

<b>Details</b>	<b>Date</b>	<b>Shares</b>	<b>Issue Price</b>	<b>\$</b>
Balance	1 July 2021	1,143,629,832		117,937,371
New Issue	26 October 2021	266,222,223	2.7 cents	7,188,000
New Issue	16 December 2021	101,925,930	2.7 cents	2,752,000
Options exercised	30 May 2022	1,687,500	1.3 cents	45,126
Options exercised	30 May 2022	1,687,500	1.8 cents	52,670
Capital raising costs				(695,923)
Balance	30 June 2022	<b>1,515,152,985</b>		<b>127,279,244</b>

**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.

## 15. Options

	<b>2022</b>	<b>2021</b>
	<b>No</b>	<b>No</b>
Balance at beginning of the year	482,647,325	74,800,000
Issue of options	8,000,000	426,134,825
Exercise of options	(3,375,000)	(1,687,500)
Options expired	(62,900,500)	(16,600,000)
Balance at end of financial year	<b>424,371,825</b>	<b>482,647,325</b>

The following Options were on issue at 30 June 2022:

<b>Tranche</b>	<b>Number</b>	<b>Exercise Price</b>	<b>Expiry Date</b>
Tranche 1 (granted on 28 November 2019)	30,000,000	2.3 cents	30 November 2022
Tranche 2 (granted on 2 December 2019)	2,800,000	3.8 cents	30 November 2022
Tranche 3 (granted on 7 July 2020)	600,000	4.4 cents	6 July 2023
Tranche 4 (granted on 10 August 2020)	16,955,500	4.4 cents	9 August 2024
Tranche 5 (granted on 9 September 2020)	300,167,890	4.4 cents	27 August 2022
Tranche 6 (granted on 27 November 2020)	20,940,935	4.4 cents	27 August 2022
Tranche 7 (granted on 27 November 2020)	25,607,500	4.4 cents	26 November 2024
Tranche 8 (granted on 10 December 2020)	10,300,000	4.4 cents	27 August 2022
Tranche 9 (granted on 26 February 2020)	5,000,000	5.0 cents	25 February 2025
Tranche 10 (granted on 5 May 2020)	4,000,000	5.0 cents	4 May 2025
Tranche 11 (granted on 10 December 2021)	8,000,000	4.4 cents	11 December 2023
Total	<b>424,371,825</b>		

## 16. Reserves

	<b>Consolidated</b>	
	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Treasury shares	(450,800)	(450,800)
Foreign currency translation reserve	3,454,737	3,632,735
Share based payment reserve	14,642,344	14,647,113
Other reserve	(9,939,836)	(9,939,836)
	<b>7,706,445</b>	<b>7,889,212</b>

**16. Reserves (cont'd)**

**16.1 Treasury shares**

	<b>Consolidated</b>	
	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Value of shares in KALiNA Power Limited (i)	(450,800)	(450,800)
	<b>(450,800)</b>	<b>(450,800)</b>

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

**16.2 Foreign currency translation reserve**

	<b>Consolidated</b>	
	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Balance at beginning of year	3,632,735	3,509,070
Exchange differences arising on translating the net assets of foreign operations (i)	(177,998)	123,665
Balance at end of year	<b>3,454,737</b>	<b>3,632,735</b>

(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.

**16.3 Share based payments reserve**

	<b>Consolidated</b>	
	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Balance at beginning of year	14,647,113	9,800,008
Value of options issued (i)	40,714	4,869,345
Value of options exercised	(45,483)	(22,240)
Balance at end of year	<b>14,642,344</b>	<b>14,647,113</b>

(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.

**16.4 Other reserve**

	<b>Consolidated</b>	
	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Balance at beginning of year	(9,939,836)	(9,939,836)
Movements during the year	-	-
Balance at end of year	<b>(9,939,836)</b>	<b>(9,939,836)</b>

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.

**16. Reserves (cont'd)**

**16.5 Non-controlling interest**

	<b>Consolidated</b>	
	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Balance at beginning of year	(10,855,341)	(10,687,866)
Share of profit/(loss) for the year	(398,625)	(203,788)
Movement in foreign exchange values	(27,712)	36,313
Balance at end of year	<b>(11,281,678)</b>	<b>(10,855,341)</b>

**17. Accumulated losses**

	<b>Consolidated</b>	
	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Balance at beginning of year	(116,515,834)	(108,650,252)
Net profit/(loss) attributable to members of the parent entity	(4,664,179)	(7,865,582)
Balance at end of year	<b>(121,180,013)</b>	<b>(116,515,834)</b>

**18. Commitments**

**Capital commitments**

The Company had no capital commitments as at 30 June 2022 (2021: None).

**19. Subsidiaries**

<b>Name of entity</b>	<b>Country of incorporation</b>	<b>Ownership interest</b>	
		<b>2022</b>	<b>2021</b>
		<b>%</b>	<b>%</b>
<b>Parent entity</b>			
KALiNA Power Limited	Australia		
<b>Subsidiaries</b>			
Enhanced Power Technologies Pty Limited (i)	Australia	100	100
Evolution Energy Pty Limited (i)	Australia	50	50
Klamath Hills Geothermal LLC	USA	50.1	50.1
New Energy Asia Limited (i)	Cayman Island	75.6	75.6
It's group entity being			
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
It's wholly owned group entity being			
KALiNA Power North America LLC (formerly Recurrent Engineering LLC) (i)	USA	100	100
Wasabi Investments UK Limited (i)	United Kingdom	100	100
Its wholly owned group entity being			
KALiNA Distributed Power Limited	Canada	100	100
Imparator Green Energy Plc (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.

## 20. Cash and cash equivalents

	Consolidated	
	2022	2021
	\$	\$
Cash and bank balances	<b>2,948,798</b>	<b>1,093,470</b>

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

	Consolidated	
	2022	2021
	\$	\$
Profit/(loss) for the year	<b>(5,062,804)</b>	<b>(8,069,370)</b>
Equity settled share based payment	40,714	1,548,675
Depreciation of property, plant and equipment	9,658	6,594
Foreign exchange (gains)/losses	28,096	(2,342)
Interest income received and receivable	(8,564)	(3,637)
Changes in net assets and liabilities:		
(Increase) / decrease in assets:		
Trade and other receivables	33,521	4,705
Increase / (decrease) in liabilities:		
Trade and other payables	(109,317)	223,830
Provisions	42,751	(100,542)
Net cash from/(used in) operating activities	<b>(5,025,945)</b>	<b>(6,392,087)</b>

### (ii) Non-cash investing/financing transactions

There were no non-cash investing or financing activities during the year.

## 21. Financial instruments

### (a) Significant accounting policies

Details of the significant 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.

## 21. Financial instruments (Cont'd)

### (b) 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.

### (c) 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.

### (d) 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 Company'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 \$
<b>2022</b>						
<b><u>Financial assets</u></b>						
Trade and other receivables	-	8,892	2,864	6,062	-	-
Other receivables	-	1,266	58,894	-	32,810	-
<b><u>Financial liabilities</u></b>						
Trade payables		509,472	27,516	-	-	-
Other payables	10%	-	-	-	-	2,155,489
<hr/>						
<b>2021</b>						
<b><u>Financial assets</u></b>						
Trade and other receivables	-	8,511	3,383	4,514	-	-
Trade and other receivables – Related party	-	-	-	13,602	-	-
Other receivables	-	1,288	-	31,988	-	-
<b><u>Financial liabilities</u></b>						
Trade payables		603,002	4,388	33,000	23,235	-
Other payables	10%	-	-	-	1,900,294	-
<hr/>						

## 21. 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 2022, the Group held \$5,348,801 (2021: \$1,093,470) in cash, cash equivalents and term deposits with interest revenue of \$8,564 (2021: \$3,637) for the year then ended. A sensitivity of 2% (2021: 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 2% (2021: 1%) increase in the cash rate would have resulted in a \$64,423 (2021: \$7,670) increase in interest revenue and equity. A 2% (2021: 1%) decrease in the cash rate would have resulted in a \$64,423 (2021: \$7,670) decrease in interest revenue and equity.

##### Financial liabilities

As at 30 June 2022, the Group's interest bearing other payables amounted to \$2,155,489 (2021: \$1,900,294). 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 \$0.725 (2021: \$0.647) and reporting date spot rate \$0.689 (2021: \$0.751) for USD and average rate applied during the year £0.545 (2021: £0.554) and reporting date spot rate £0.567 (2021: £0.542) for GBP, and average rate applied during the year \$0.918 (2021: \$0.957) and reporting date spot rate \$0.888 (2021: \$0.930) for CAD.

Amounts of foreign currency in creditors and debtors

	<b>Consolidated</b>	
	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Trade Payables (USD)	(32,631)	(50,349)
Other Payables (USD)	(2,155,489)	(1,900,294)
Trade Payable (GBP)	(4,342)	(21,522)
Trade Payable (CAD)	(317,866)	(422,605)
Trade Receivables (CAD)	47,370	48,905

#### Movement in USD, CAD and GBP against AUD

	<b>-20%</b>	<b>-20%</b>	<b>+20%</b>	<b>+20%</b>
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Change in gain/(loss) -USD	(547,034)	(487,665)	364,684	325,105
Change in gain/(loss) -GBP	(1,089)	(5,384)	721	3,585
Change in gain/(loss) -CAD	(67,624)	(93,425)	45,083	62,283

The sensitivity of 20% 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.



## 22. 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:

	<b>Consolidated</b>	
	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Short-term employee benefits	990,128	1,063,319
Share based payment benefits	-	1,063,274
Post-employment benefits	73,000	70,750
	<b>1,063,128</b>	<b>2,197,343</b>

## 23. 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 9 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 22 to the financial statements.

#### ii. Other transactions with key management personnel of the Group

R MacLachlan, T Horgan, M. Jacques, J Myers, P Littlewood, N Chea, R McKay, K. Thurairasa, are key management personnel of KALiNA Power Ltd. Information regarding the individual key management personnel compensation is provided in the remuneration report section of the directors' report.

### (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:

- The following loans were advanced by the company during the year to Imparator Green Energy Plc \$45,151 (2021: \$20,265), KCT Power Limited \$19,294 (2021: \$nil), New Energy Asia Limited \$58,583 (2021: \$25,131) KALiNA Power North America LLC \$282,144 (2021: \$399,785) and KALiNA Distributed Power Limited \$2,564,067 (2021: \$3,511,640).
- Interest charged on loan to New Energy Asia Limited at 10% amounted to \$255,190 (2021: \$251,364) and on loan to KCT Power Limited at 3.25% amounted to \$108,337 (2021: \$104,852) and on loan to KALiNA Power North America LLC at 5% amounted to \$292,094 (2021: \$532,756). Further interest charged on Loan to KALiNA Distributed Power Limited at 5% amounted to \$334,472 (2021: \$341,910).

**23. Related party transactions (cont'd)**

**(e) Parent entity**

The parent entity in the Group is KALiNA Power Limited.

**24 Remuneration of auditors**

	<b>Consolidated</b>	
	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Audit and review of the financial report HLB Mann Judd	87,000	84,000
Review and lodgment of tax return	12,250	13,000
	<b>99,250</b>	<b>97,000</b>

**25. Earnings per share**

	<b>Consolidated</b>	
	<b>2022</b>	<b>2021</b>
	<b>Cents per share</b>	<b>Cents per share</b>
<b>Basic earnings (loss) per share</b>	(0.3)	(0.7)
<b>Diluted earnings (loss) per share</b>	(0.3)	(0.7)

**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:

	<b>Consolidated</b>	
	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Net (loss)/profit (i)	(4,664,179)	(7,865,582)

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

	<b>Consolidated</b>	
	<b>2022</b>	<b>2021</b>
	<b>No.</b>	<b>No.</b>
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share	1,378,811,411	1,079,495,616

**Diluted Earnings (Loss) Per Share**

The options held by rights 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 rights are non-dilutive as they do not increase loss per share from continuing operations.

## 26. Share-based payments

For the unlisted options granted during the current financial year, the valuation model inputs used to determine the fair value at the grant date, are as follows:

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk free interest rate	Fair value at grant date \$
10/12/2021	11/12/2023	2.0cents	4.4cents	101%	Nil	0.54%	40,714

During the financial year nil options were issued to Directors and 8,000,000 options were issued to consultants as share based payments.

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

	2022		2021	
	Number of rights	Weighted average exercise price cents	Number of rights	Weighted average exercise price cents
Balance at beginning of the financial year	150,638,500	3.4	74,800,000	3.1
Expired during the year	(62,300,500)	3.1	(16,600,000)	6.0
Granted during the financial year	8,000,000	4.4	94,126,000	4.1
Exercised during the year (i)	(3,375,000)	1.6	(1,687,500)	1.9
Balance at end of the financial year (ii)	92,963,000	3.8	150,638,500	3.4
Exercisable at end of the financial year	92,963,000	3.8	150,638,500	3.4

### (i) Exercised during the financial year

During the financial year 3,375,000 (2021: 1,687,500) options granted under the employee share option plan were exercised.

### (ii) Balance at end of the financial year

The share options outstanding at the end of the financial year had an average exercise price of 3.8 cents (2021: 3.4 cents) and average remaining contractual life of 582 days (2021: 670 days).

## 27. Subsequent Events

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.

## 28. 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 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.

## 29. 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 significant accounting policies relating to the Group.

### Financial position

	<b>2022</b>	<b>2021</b>
	\$	\$
<b>Assets</b>		
Current assets	5,356,446	1,118,908
Non-current assets (i)	23,306,414	20,411,383
<b>Total assets</b>	<b>28,662,860</b>	<b>21,530,291</b>
<b>Liabilities</b>		
Current liabilities	412,187	359,398
Non-current liabilities	42,543	39,583
<b>Total liabilities</b>	<b>454,730</b>	<b>398,981</b>
<b>Equity</b>		
Issued capital	127,279,244	117,937,371
Accumulated losses	(112,724,851)	(110,464,568)
Reserves		
Equity settled benefits	13,653,737	13,658,507
<b>Total equity</b>	<b>28,208,130</b>	<b>21,131,310</b>

### Financial performance

	<b>Year ended</b>	<b>Year ended</b>
	<b>2022</b>	<b>2021</b>
	\$	\$
(Loss)/Profit for the year	(2,260,285)	(3,812,522)
Other comprehensive income	-	-
<b>Total comprehensive income</b>	<b>(2,260,285)</b>	<b>(3,812,522)</b>

(ii) 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 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.

## 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 2022, 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.

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, 26 August 2022

## **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 statement of financial position as at 30 June 2022, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, 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 2022 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* ("the Code") that are relevant to our audit of the financial report 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.

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#### **HLB Mann Judd (VIC Partnership) ABN 20 696 861 713**

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Key Audit Matter	How our audit addressed the key audit matter
<p data-bbox="226 436 893 504"><b>Going Concern</b> Note 2 – Going Concern</p> <p data-bbox="226 515 893 616">The financial statements have been prepared on a going concern basis as outlined in Note 2 Going Concern.</p> <p data-bbox="226 638 893 739">Historically the Group has been loss making and has obtained required funds through capital raising activities.</p> <p data-bbox="226 761 893 952">For the year ended 30 June 2022 the Group incurred a loss of \$5,062,804 (2021: loss of \$8,069,370) and net cash outflows from operating activities of \$5,025,945 (2021: outflow of \$6,392,087). As at 30 June 2022 the Group had total cash and term deposits totalling \$5,348,798.</p> <p data-bbox="226 974 893 1108">We included going concern as a key audit matter as it is reliant on the accuracy of the Group’s cashflow forecasts which are subject to a heightened degree of estimate and judgment.</p>	<p data-bbox="893 515 1434 638">In assessing the appropriateness of the going concern assumption used in preparing the financial statements, our procedures included, amongst others:</p> <ul data-bbox="893 660 1434 1153" style="list-style-type: none"> <li>• Assessing the cash flow requirements of the group for the 14-month period ending 31 August 2023 based on the Group’s budgets and forecasts.</li> <li>• Assessing the reasonableness of assumptions made in the Group’s cash flow forecast including the level of committed and discretionary expenditure.</li> <li>• Considering the liquidity of existing assets in the statement of financial position.</li> <li>• Considering possible responses to downside scenarios such as the ability to raise additional capital or reduce discretionary expenditure.</li> </ul>

### 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 2022, 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 Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material 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 in order 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 Company's or 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 Company or 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 18 of the directors' report for the year ended 30 June 2022.

In our opinion, the Remuneration Report of the Group for the year ended 30 June 2022 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**

Melbourne  
26 August 2022



**Michael Gummery**  
**Partner**

Additional information required by the Australian Stock Exchange Listing Rules and not disclosed elsewhere in this report as at 25 August 2022.

**Twenty largest Shareholders**

	Shareholder	% of Issued Capital
1	SINALUNGA PTY LTD <THE SINALUNGA A/C>	* 6.33
2	CARPE DIEM ASSET MANAGEMENT PTY LTD <LOWE FAMILY A/C>	4.36
3	LIGHTGLOW ENTERPRISES PTY LTD <PALOMA INVESTMENTS A/C>	3.16
4	KEO PROJECTS PTY LTD <SUPERANNUATION FUND A/C>	2.37
5	PAN ANDEAN CAPITAL PTY LTD	2.28
6	MR ROSS MACLACHLAN	1.79
7	INVIA CUSTODIAN PTY LIMITED <KENNETH EVERETT PROD LTD A/C>	1.62
8	SASSEY PTY LTD <AVAGO SUPER FUND A/C>	1.36
9	FARNETA PTY LTD <MECCA COSMETICA SUPER A/C>	1.31
10	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	1.14
11	BLACKCOURT (NSW) PTY LIMITED <LAWSAM SUPER FUND A/C>	1.12
12	SASSEY PTY LTD <AVAGO SUPER FUND A/C>	1.11
13	ALTOR CAPITAL MANAGEMENT PTY LTD <ALTOR ALPHA FUND A/C>	1.07
14	MOMENTUM NORTH PTY LTD <HALLILEY S/F A/C>	1.03
15	THIRTY SIXTH VILMAR PTY LTD	0.99
16	MYERS DEVELOPMENT CORPORATION	0.96
17	MR TIMOTHY NICHOLAS WISE	0.95
18	MR BORIS PATKIN	0.93
19	STARBLEND NOMINEES PTY LTD <THE INNIS SUPER FUND A/C>	0.92
20	FLUE HOLDINGS PTY LTD <BROMLEY SUPERANNUATION A/C>	0.89
	* Significant Shareholder of the Company	

**Distribution of shareholdings**

Range	Total holders	Units	% Units
1 - 1,000	1,901	287,830	0.02
1,001 - 5,000	171	353,872	0.02
5,001 - 10,000	43	340,886	0.02
10,001 - 100,000	572	24,575,717	1.62
100,001 Over	779	1,489,615,910	98.31
<b>Total</b>	<b>3,466</b>	<b>1,515,174,215</b>	<b>100.00</b>

The number of shareholders holding less than a marketable parcel is 2,326

**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.