

ASX ANNOUNCEMENT

31 January 2019

Report to Shareholders for the Quarter Ended 31 December 2018

Highlights:

- \$2.6 million Albany Wave Energy Project Milestone payment received
- \$2 million finance facility implemented
- Northam Solar Farm receives Approval to Operate
- Delamere Microgrid achieves Practical Completion

1. CETO Wave Energy

Albany Wave Energy Project (AWEP) Status

In October, Carnegie received a \$2.625 million milestone payment from the WA State Government as part of a variation to the first \$5.25m AWEP project milestone. The remaining procurement activities associated with the balance of the first milestone, and more generally, the timing of the delivery of AWEP is being impacted by the uncertainty associated with the proposed changes to the Federal Government's R&D Tax Incentive scheme. In light of the proposed R&D changes, the Government asked Carnegie to provide a detailed funding plan within nine weeks.

Carnegie subsequently requested that the Department of Primary Industries and Regional Development (DPIRD) consider extending the funding plan submission deadline to allow time for the proposed changes to the Federal Government's Research & development (R&D) tax incentive to be clarified. Given the material impact of the proposed changes on the funding plan for the Project, and the material uncertainty around whether those proposed changes will be implemented (and in what final form), Carnegie wished to incorporate any final decisions on the R&D tax incentive into Carnegie's revised funding plan.

An extension to February 2019 was granted. Whilst unfortunately certainty around R&D Tax changes is unlikely to be reached by this date, Carnegie will present the plan to the Government.

Enel Collaboration Agreement

Carnegie achieved its first milestone under the €1m Enel Green Power Collaboration Agreement and received the associated milestone payment.

CETO Development & Innovations

Carnegie continues to progress the development of the CETO 6 technology, including advancing a number of major innovation opportunities which have potential to improve the performance of CETO through greater energy capture, more efficient conversion into electricity, higher system reliability and reduction in cost.

2. Sale of Energy Made Clean

At the end of November, Carnegie and Tag Pacific Limited (Tag) terminated the Sale and Purchase Agreement for the sale of Energy Made Clean. Carnegie has subsequently been approached by a number of other interested parties and is exploring options for the EMC business.

3. Solar and Microgrid Projects:

During the quarter, a number of projects achieved significant milestones. The Northam Solar farm commenced exporting power to the grid and received Approval to Operate from Western Power. In addition, the solar and battery microgrid at the Delamere Air Weapons Range in the Northern Territory of Australia achieved Practical completion.

Energy Made Clean's Operations and Maintenance team continues monitoring systems across Western Australia.



Northam Solar Farm Aerial (Image by Spectre UAV Concepts)

4. Financial Activities

Partial Equity Sale of Northam Solar Farm to IBA

Carnegie completed the partial sale of its 50% interest in the Northam Solar Farm to Indigenous Business Australia (IBA) for \$2,508,975, with funds being applied towards Carnegie's remaining equity contribution to the Project Partnership. Carnegie retains an 11.33% interest in the Northam Solar Farm.

Funding Facility

In November, Carnegie implemented a \$2 million unsecured finance facility to provide funding for operations while several key projects are completed. The Facility to provide funding has been provided by HFM Investments Pty Ltd, a company controlled by director Mike Fitzpatrick.

Cash Position and Liquidity

At the end of the Quarter, the Group had cash and cash equivalents of approximately \$3.8 million including guarantee facilities of approximately \$1.8 million. In addition, the Company had unused

grants and loan facilities of approximately \$28 million (see Section 8 of Appendix 4C for further details).

5. Corporate Activities

Annual General Meeting

The Annual General Meeting (AGM) was held on November 30th at Carnegie's Research Facility in North Fremantle. The Chairman's address and voting results were released to the ASX the same day.

Board of Director Changes

Non-Executive Director Mark Woodall retired as a Director of Carnegie at the Annual General Meeting on November 30th.

About Carnegie Clean Energy Limited

[Carnegie Clean Energy Limited](#) is an Australian, ASX-listed (ASX: CCE) wave energy technology developer and solar/battery microgrid project developer. Carnegie is the 100% owner and developer of the CETO Wave Energy Technology intellectual property and is also 100% owner of Australian battery/solar microgrid Engineering Procurement and Construction (EPC) company Energy Made Clean (EMC). EMC specialises in the delivery of mixed renewable energy microgrid projects to islands and remote and fringe of grid communities.

About Energy Made Clean

Energy Made Clean is a leading solar and battery microgrid developer providing off-grid power and utility scale solutions. Recently named one of Australia's most innovative companies by the Australian Financial Review, EMC specialises in the delivery of mixed renewable energy microgrid projects, ideally suited to island, remote and fringe of grid communities. EMC offers an end to end renewable energy solution, dedicated to in-house research and development, custom design, construction, operation, maintenance and monitoring.

About Northam Solar Project

The Build, Own and Operate 10MW Solar Power Station in Northam, Western Australia, will consist of approximately 34,000 solar panels constructed on 25 hectares of strategically located land to deliver approximately 24,000MWh of electricity per annum for at least the next 25 years. The system will also be utility scale battery storage ready. This will be the first large scale solar project to be delivered by the EPC Joint Venture between Carnegie Clean Energy's wholly owned subsidiary Energy Made Clean and leading property and infrastructure company Lendlease.

About Indigenous Business Australia

IBA is a commercially focused organisation. Our vision is for a nation in which the First Australians are economically independent and an integral part of the economy.

Economic independence for Aboriginal and Torres Strait Islander peoples is at the heart of what we do. Our programs assist Indigenous Australians to buy their own homes, be successful in business and invest in commercial ventures that provide strong financial returns.

We're deeply invested in the financial success and economic independence of our customers and partners at every step of their journey - it's why we exist.

About Bookitja Pty Ltd

Bookitja Pty Ltd is part of Noongar Property Holdings Pty Ltd (PNF) and aims to provide a sustainable economic base for future generations of Whadjuk people who reside in the Perth region.

About Department of Primary Industries and Regional Development

The Department of Primary Industries and Regional Development (DPIRD) is committed to building vibrant regions with strong economies through jobs growth, economic growth and capable people. The Department is responsible for the effective planning, coordination and delivery of the State Government's regional development agenda. This includes the management of the Royalties for Regions investment program and maintaining effective relationships with key partners across government, industry and the community. The Western Australian State Government, via DPIRD, is investing \$15.75m in grant funding into the Albany Wave Energy Project and a further \$3.75m into the Wave Energy Research Centre via the University of Western Australia.

About ARENA

ARENA was established by the Australian Government to make renewable energy technologies more affordable and increase the supply of renewable energy in Australia. Through the provision of funding coupled with deep commercial and technical expertise, ARENA provides the support needed to accelerate the development of promising new solutions towards commercialisation. ARENA invests in renewable energy projects across the innovation chain and is committed to sharing knowledge and lessons learned from its portfolio of projects and information about renewable energy. ARENA always looks for at least matched funding from the projects it supports and to date has committed \$1.1 billion in funding to more than 270 projects. For more information, visit www.arena.gov.au

For more information

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