

APPENDIX 4D

Australian Securities Exchange Half-Year Report

Name of Entity	Carnegie Clean Energy Limited
ABN	69 009 237 736
Reporting Period	31 December 2019
Previous Corresponding Reporting Period	31 December 2018

Results for Announcement to the Market

	\$	Percentage increase / (decrease) over previous corresponding period
Revenue from Ordinary activities	137,781	(13.4%)
Profit / (loss) from ordinary activities after tax attributable to members	(906,877)	(97.7%)
Net profit / (loss) for the period attributable to members	654,258	(101.5%)
Dividends (distributions)	Amount per security	Franked amount per security
Final Dividend	nil	n/a
Interim Dividend	nil	n/a
Record date for determining entitlements to the dividends (if any)	n/a	
Brief explanation of any of the figures reported above necessary to enable the figures to be understood:		
<p>The Group recorded a modest profit due the resultant gain from discontinued operations (EMC), being the liabilities which exceeded the creditors trust pursuant to the Deed of Company Arrangement (DoCA). The net loss from ordinary activities excluded the impact of these discontinued operations.</p> <p>This is contrasted against the previous reporting period ended 31 December 2018 which included substantial losses from the former EMC business (in liquidation) and CETO technology writedowns.</p>		

Dividends

Date the dividend is payable	n/a
Record date to determine entitlement to the dividend	n/a
Amount per security	n/a
Total Dividend	nil
Amount per security of foreign sourced dividend or distribution	n/a
Details of any dividend reinvestment plans in operation	There is no dividend reinvestment plan.
The last date for receipt of an election notice for participation in any dividend reinvestment plans	n/a

Net Tangible Asset Backing

	Current Period	Previous Corresponding Period
Net tangible asset backing per ordinary security (cents per share)	0.04 cent	0.04 cent

Control Gained over Entities having a Material Effect

Name of Entity (or group of entities)	n/a
---------------------------------------	-----

Gain of Control of Entities having a Material Effect

Name of Entity (or group of entities)	n/a
Date of the gain of control	n/a
The contribution of such entities to the reporting entity's profit from ordinary activities during the period and the profit or loss of such entities during the whole of the previous corresponding period	
n/a	

Details of Associates and Joint Venture Entities

Name of Entity	Percentage Held		Share of Net Profit/(Loss)	
	Current Period	Previous Period	Current Period	Previous Period

Foreign Entities Accounting Framework

n/a

Audit/Review Status

This report is based on accounts to which one of the following applies: (Mark with "YES" or "NO")			
The accounts have been audited	No	The accounts have been subject to review	Yes
If the accounts have been audited or subject to review and are subject to dispute or qualification, a description of the dispute or qualification:			
Not Applicable			

Print name: Grant Mooney
Company Secretary
Date: 28 February 2020

CARNEGIE CLEAN ENERGY LIMITED
ABN 69 009 237 736
AND CONTROLLED ENTITIES

INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED
31 DECEMBER 2019

CONTENTS

Page No.

DIRECTORS' REPORT	3
AUDITOR'S INDEPENDENCE DECLARATION	5
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME.....	6
STATEMENT OF FINANCIAL POSITION.....	7
STATEMENT OF CHANGES IN EQUITY.....	8
STATEMENT OF CASH FLOWS	9
NOTES TO THE FINANCIAL STATEMENTS.....	10
DIRECTORS' DECLARATION	17
INDEPENDENT AUDITOR'S REVIEW REPORT	18

CARNEGIE CLEAN ENERGY LIMITED

ABN 69 009 237 736

AND CONTROLLED ENTITIES

DIRECTORS' REPORT

31 DECEMBER 2019

The Directors present their report together with the interim condensed consolidated financial statements on Carnegie Clean Energy Limited ("the Company", or "Carnegie") and its controlled entities, ("the Consolidated Group", or "Group") for the half-year ended 31 December 2019.

DIRECTORS

The names of Directors who held office during or since the end of the half-year:

Mr Terry D Stinson	(Chairman)
Mr Michael Fitzpatrick	(Non-Executive Director)
Mr Grant Jonathan Mooney	(Non-Executive Director)
Mr Anthony Shields	(Non-Executive Director) appointed 25 November 2019

Directors were in office for the entire period and up to the date of this report unless otherwise stated.

PRINCIPAL ACTIVITIES

The principal activities of the Consolidated Group during the period were the development of the CETO Wave Energy Technology.

OPERATING RESULTS

The net profit after tax of the Consolidated Group for the half year ended 31 December 2019 amounted to \$654,268 (2018: net loss \$45,038,755). The net profit after tax includes a credit for the impact of the effectuation of the DoCA in October 2019 of \$1,561,145 (2018: net loss included Impairment of assets \$37,030,669).

REVIEW OF OPERATIONS

During the period to 31 December 2019, the Consolidated Group's activities included the following:

CETO Wave Energy Technology

- Carnegie continued to progress the development of the CETO 6 technology along the CETO technology pathway outlined in the Prospectus Recapitalisation Plan, including advancing 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.
- Carnegie made significant advancements in the development of the machine learning based Wave Predictor, the first step towards the creation of a new Intelligent Control System for the CETO technology and with potential for applications beyond the CETO technology.
- Carnegie received a final milestone payment of \$865,000 under the ARENA CETO 6 Funding Agreement in December 2019 and the Funding Agreement was mutually terminated.

Garden Island Microgrid

- Garden Island Microgrid commenced operations in August 2019. Under the Company's Power Supply Agreement, the Department of Defence is purchasing all of the power produced by the plant.

CARNEGIE CLEAN ENERGY LIMITED
ABN 69 009 237 736
AND CONTROLLED ENTITIES

DIRECTORS' REPORT
31 DECEMBER 2019

Corporate

- Carnegie successfully completed its Recapitalisation, raising \$5.5 million from Shareholders and new third party investors through an Entitlement Offer and Shortfall Offer.
- Carnegie's Deed of Company Arrangement effectuated on 28 October 2019 and KordaMentha resigned as the Deed Administrators.
- The Creditors Trust was established on behalf of Carnegie's creditors with \$1.4 million from Carnegie's Recapitalisation.
- Carnegie was reinstated to official quotation by the ASX on 31 October 2019.
- KordaMentha, acting as Deed Administrators for Carnegie, sold the remaining balance of Carnegie's interests in the Northam Solar Farm to project partner Indigenous Business Australia (IBA), with funds applied towards the Creditors Trust.
- Mr Anthony Shields was appointed as a Director of Carnegie at the Annual General Meeting on 25 November 2019.

SIGNIFICANT EVENTS SUBSEQUENT TO THE HALF-YEAR END

There has been no additional matter or circumstance that has arisen after balance date that has significantly affected or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial periods.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration for the half year ended 31 December 2019 has been received and can be found on page 5.

Signed on 27th February 2020 in accordance with a resolution of the Board of Directors.



JONATHAN FIÉVEZ
Chief Executive Officer



TERRY D STINSON
Chairman

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the consolidated financial report of Carnegie Clean Energy Limited for the half-year ended 31 December 2019, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- a) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b) any applicable code of professional conduct in relation to the review.

Perth, Western Australia
27 February 2020



N G Neill
Partner

hlb.com.au

HLB Mann Judd (WA Partnership) ABN 22 193 232 714

Level 4, 130 Stirling Street, Perth WA 6000 / PO Box 8124 Perth BC WA 6849

T: +61 (0)8 9227 7500 **E:** mailbox@hlbwa.com.au

Liability limited by a scheme approved under Professional Standards Legislation.

HLB Mann Judd (WA Partnership) is a member of HLB International, the global advisory and accounting network.

CARNEGIE CLEAN ENERGY LIMITED
ABN 69 009 237 736
AND CONTROLLED ENTITIES

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE
HALF-YEAR ENDED 31 DECEMBER 2019**

	Note	Consolidated Group	
		31.12.2019	31.12.2018
		\$	\$
Revenue			
Sales revenue	4	106,142	144,988
Cost of Goods Sold			
Cost of sales - solar, battery energy storage systems, & microgrids		(33,970)	(8,355)
Gross Profit		<u>72,172</u>	<u>136,633</u>
Other income			
Net gain on disposal of fixed assets	4	15,040	-
Other income	4	16,599	14,085
		<u>31,639</u>	<u>14,085</u>
Expenses			
Depreciation and amortisation expense	5	(9,426)	(31,401)
Research expenses		-	(142,198)
Doubtful debt expense		(7,800)	(41,310)
Employee and directors' expenses		(382,096)	(1,388,683)
Finance costs		(64,227)	(111,552)
Professional fees		(19,727)	(133,134)
Occupancy and administrative expenses		(490,568)	(820,168)
Net loss on disposal of fixed assets		(7,978)	-
Impairment charge	9	(28,866)	(37,030,669)
Other expenses from ordinary activities		-	(1,271)
Total expenses		<u>(1,010,688)</u>	<u>(39,700,386)</u>
Loss before income tax		(906,877)	(39,549,668)
Income tax benefit/(expense)		-	-
Loss for the period from continuing operations		<u>(906,877)</u>	<u>(39,549,668)</u>
Profit/(Loss) from discontinued operations	16	1,561,145	(5,489,087)
Net Profit/(Loss) for the period		<u>654,268</u>	<u>(45,038,755)</u>
Other comprehensive income			
Exchange differences on translating foreign controlled entities and foreign currencies		25,606	(7,383)
Total comprehensive income/(loss) for the period		<u>679,874</u>	<u>(45,046,138)</u>
<i>Total comprehensive income/(loss) attributable to:</i>			
Members of the parent entity		<u>679,874</u>	<u>(45,046,138)</u>
Earnings per share from continuing operations			
Basic loss per share (cents per share)		(0.02)	(1.38)
Diluted loss per share (cents per share)		(0.02)	(1.38)
Earnings per share from discontinued operations			
Basic loss per share (cents per share)		0.03	(0.19)
Diluted loss per share (cents per share)		0.03	(0.19)

The accompanying notes form part of these financial statements.

CARNEGIE CLEAN ENERGY LIMITED
ABN 69 009 237 736
AND CONTROLLED ENTITIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2019

	Note	Consolidated Group	
		31.12.2019	30.06.2019
		\$	\$
CURRENT ASSETS			
Cash and cash equivalents		4,413,219	255,606
Trade and other receivables	7	39,173	713,291
Assets classified as held for sale		-	200,868
TOTAL CURRENT ASSETS		4,452,392	1,169,765
NON-CURRENT ASSETS			
Trade and other receivables	7	708,159	1,945,306
Other financial assets		12,414	12,414
Right-of-Use assets	6	159,762	-
Property, plant and equipment	8	2,628,128	2,675,949
Intangibles	9b	14,278,489	15,000,000
TOTAL NON-CURRENT ASSETS		17,786,952	19,633,669
TOTAL ASSETS		22,239,344	20,803,434
CURRENT LIABILITIES			
Trade and other payables	10	369,831	5,253,825
Short-term provisions		81,163	69,329
Lease liabilities	11	79,881	-
Short-term borrowings	12	-	6,039,987
TOTAL CURRENT LIABILITIES		530,875	11,363,141
NON-CURRENT LIABILITIES			
Lease liabilities	11	79,881	-
Long-term provision		63,538	49,484
Long-term borrowings	12	2,825,000	-
TOTAL NON-CURRENT LIABILITIES		2,968,419	49,484
TOTAL LIABILITIES		3,499,294	11,412,625
NET ASSETS		18,740,050	9,390,809
EQUITY			
Issued capital	13	203,130,351	194,460,984
Reserves		925,874	900,268
Accumulated losses		(185,316,175)	(185,970,443)
TOTAL EQUITY		18,740,050	9,390,809

The accompanying notes form part of these financial statements.

CARNEGIE CLEAN ENERGY LIMITED
ABN 69 009 237 736
AND CONTROLLED ENTITIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

Consolidated Group	Issued Capital	Accumulated Losses	Foreign Currency Reserve	Option Reserve	Total
Balance at 1.7.2018	194,460,984	(137,809,888)	(35,703)	4,609,958	61,225,351
Comprehensive loss					
Loss for the period	-	(45,038,755)	-	-	(45,038,755)
Other comprehensive income	-	-	(7,383)	-	(7,383)
Total comprehensive loss for the period	-	(45,038,755)	(7,383)	-	(45,046,138)
Transactions with owners					
Share based payment forfeited	871,471	-	-	(871,471)	-
Share based payment expired Unexercised and exercised	3,695,400	-	-	(3,695,400)	-
Total transactions with owners	4,566,871	-	-	(4,566,871)	-
Balance at 31.12.2018	199,027,855	(182,848,643)	(43,086)	43,087	16,179,213
Balance at 1.7.2019	194,460,984	(185,970,443)	50,268	850,000	9,390,809
Comprehensive loss					
Profit for the period	-	654,268	-	-	654,268
Other comprehensive income	-	-	25,606	-	25,606
Total comprehensive income for the period	-	654,268	25,606	-	679,874
Transactions with owners					
Share capital issued during the period	5,500,003	-	-	-	5,500,003
Conversion of loans to equity	1,075,000	-	-	-	1,075,000
Conversion of convertible notes to equity	2,250,000	-	-	-	2,250,000
Capital raising costs	(233,594)	-	-	-	(233,594)
Sale of treasury shares	34,615	-	-	-	34,615
Accrual for share issue from interest on convertible note to 31 Dec 2019	43,343	-	-	-	43,343
Total transactions with owners	8,669,367	-	-	-	8,669,367
Balance at 31.12.2019	203,130,351	(185,316,175)	75,874	850,000	18,740,050

The accompanying notes form part of these financial statements.

CARNEGIE CLEAN ENERGY LIMITED
ABN 69 009 237 736
AND CONTROLLED ENTITIES

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

	Consolidated Group	
	31.12.2019	31.12.2018
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	106,142	1,390,051
Interest received	14,779	14,085
Interest paid	(20,885)	(572,735)
Payments to suppliers and employees	(2,084,271)	(9,256,626)
Net cash (used in) operating activities	<u>(1,984,235)</u>	<u>(8,425,225)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for development of asset	(235,424)	(369,895)
Purchase of property, plant and equipment	(4,285)	(4,430)
Proceeds from disposal of assets	15,040	126,958
Receipts from R&D Tax Rebate	-	2,157,137
Receipts from Government grant funding	1,065,493	2,951,691
Net cash provided by investing activities	<u>840,824</u>	<u>4,861,461</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Net proceeds from issue of shares	5,500,003	-
Net sale of shares	34,615	-
Share issue costs	(233,594)	-
Proceeds from borrowings	-	1,108,380
Repayment of borrowings	-	(1,400,000)
Net cash provided by/(used in) financing activities	<u>5,301,024</u>	<u>(291,620)</u>
Net increase/(decrease) in cash held	4,157,613	(3,855,384)
Cash and cash equivalents at beginning of financial period	255,606	5,615,766
Effect of exchange rate fluctuations on cash held	-	(73,487)
Cash and cash equivalents at end of financial period	<u><u>4,413,219</u></u>	<u><u>1,686,895</u></u>

The accompanying notes form part of these financial statements.

CARNEGIE CLEAN ENERGY LIMITED
ABN 69 009 237 736
AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

a) Statement of Compliance

These condensed interim financial statements are general purpose financial statements prepared in accordance with the requirements of the Corporations Act 2001, applicable accounting standards including AASB 134 'Interim Financial Reporting', Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board ('AASB'). Compliance with AASB 134 ensures compliance with IAS 34 'Interim Financial Reporting'.

This condensed half-year financial statements does not include full disclosures of the type normally included in an annual financial report. Therefore, it cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of the Group as in the full financial report.

It is recommended that these financial statements be read in conjunction with the annual financial report for the year ended 30 June 2019 and any public announcements made by Carnegie Clean Energy Limited during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001 and the ASX Listing Rules.

b) Basis of Preparation

The interim financial statements have been prepared on a historical cost basis, except for the revaluation of certain financial instruments to fair value. Cost is based on the fair value of the consideration given in exchange for assets. The Company is domiciled in Australia and all amounts are presented in Australian dollars, unless otherwise noted.

For the purpose of preparing the interim report, the half-year has been treated as a discrete reporting period.

The accounting policies and methods of computation adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the impact of the new and revised standards effective 1 July 2019 outlined in Note 2 below.

NOTE 2: NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS ADOPTED BY THE GROUP

In the period ended 31 December 2019, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Group and effective for the current reporting period. Those which have a material impact on the Group are set out below.

AASB 16 Leases

AASB 16 replaces AASB 117 Leases. AASB 16 removes the classification of leases as either operating leases or finance leases-for the lessee – effectively treating all leases as finance leases.

The Group has adopted AASB 16 from 1 July 2019.

The Group has applied AASB 16 retrospectively with the effect of initially applying this standard recognised at the date of initial application, being 1 July 2019 and has elected not to restate comparative information. Accordingly, the information presented for 30 June 2019 has not been restated.

The impact on the financial performance and position of the Group from the adoption of this Accounting Standard is detailed in notes 6 and 11. On transition the Group applied the practical expedients available and did not recognise any right of use asset, primarily as the Group was in administration at the time of the transition, During the period the Group entered into a new lease.

Other than the above, there is no material impact of the new and revised Standards and Interpretations on the Company and therefore, no material change is necessary to Group accounting policies.

CARNEGIE CLEAN ENERGY LIMITED
ABN 69 009 237 736
AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

NOTE 3: IMPAIRMENT OF NON-CURRENT ASSETS

No impairment testing was performed during the period, as a review by management did not identify any impairment indicators.

NOTE 4: REVENUE AND OTHER INCOME

	Consolidated Group	
	31.12.2019	31.12.2018
	\$	\$
<i>Sales revenue</i>		
Electricity sales (over time)	106,142	144,998
<hr/>		
<i>Other income</i>		
Interest income	14,783	14,085
Profit on sale of fixed assets	15,040	-
Sundry	1,816	-
	<hr/>	<hr/>
	31,639	14,085
	<hr/>	<hr/>

NOTE 5: DEPRECIATION AND AMORTISATION EXPENSE

	Consolidated Group	
	31.12.2019	31.12.2018
	\$	\$
Depreciation – property, plant and equipment	9,426	31,401
	<hr/>	<hr/>
	9,426	31,401
	<hr/>	<hr/>

NOTE 6: RIGHT-OF-USE ASSETS

	Consolidated Group	
	31.12.2019	30.06.19
	\$	\$
Cost	159,762	-
Accumulated impairment	-	-
Total leased assets	<hr/>	<hr/>
	159,762	-
	<hr/>	<hr/>

AASB 16 has been adopted upon signing a lease in November 2019, refer Note 2 for details.

	Consolidated Group	
	31.12.2019	30.06.19
	\$	\$
Reconciliation - Premises		
Balance at the beginning of period	-	-
Additions	159,762	-
Impairment expense	-	-
Closing Balance at end of the period	<hr/>	<hr/>
	159,762	-
	<hr/>	<hr/>

CARNEGIE CLEAN ENERGY LIMITED
ABN 69 009 237 736
AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

NOTE 7: TRADE AND OTHER RECEIVABLES

	Consolidated Group	
	31.12.2019	30.06.2019
CURRENT	\$	\$
Trade receivables	20,816	142,888
Prepayments	18,357	32,399
Other receivables	-	538,004
	39,173	713,291
 NON-CURRENT		
Security deposits	708,159	1,945,306
	708,159	1,945,306

NOTE 8: PROPERTY, PLANT AND EQUIPMENT

Note

	Consolidated Group	
	31.12.2019	30.06.2019
<i>Movements for the period</i>	\$	\$
Balance at the beginning of period	2,675,949	14,443,068
Additions	1,692	79,714
Disposals	(13,314)	(196,271)
Impairment of Garden Island Microgrid	-	(4,764,782)
Write offs assets no longer held	(26,773)	(195,490)
Depreciation expense	5 (9,426)	(56,772)
Assets no longer held due to loss of control of subsidiaries	-	(6,633,518)
Carrying amount at the end of period	2,628,128	2,675,949

NOTE 9: INTANGIBLE ASSETS

a) *Impairment on assets*

	Consolidated Group	
	31.12.2019	31.12.2018
	\$	\$
CETO Technology	(28,866)	(32,265,887)

CARNEGIE CLEAN ENERGY LIMITED
ABN 69 009 237 736
AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

NOTE 9: INTANGIBLE ASSETS (CONTINUED)

b) Intangibles – CETO technology development asset

Opening Balance	Consolidated Group	
	Half-year to 31.12.2019	Year to 30.06.2019
	\$	\$
Opening Balance at beginning of period	15,000,000	49,000,000
Subsequent development expenditure – CETO Technology	343,982	525,849
Other grants received	(1,065,493)	(1,423,234)
R&D tax incentive	-	(482,982)
Impairment	-	(33,519,633)
Balance as at the end of the period	14,278,489	15,000,000

NOTE 10: TRADE AND OTHER PAYABLES

	Consolidated Group	
	31.12.2019	30.06.2019
	\$	\$
Trade creditors	86,706	142,888
Accruals	218,962	734,640
Other	63,963	4,376,297
	369,631	5,253,825

NOTE 11: LEASES

	Consolidated Group	
	31.12.2019	30.06.2019
	\$	\$
Current lease liability	79,881	-
Non-current lease liability	79,881	-
Total Lease liability	159,762	-

	Consolidated Group	
	31.12.2019	30.06.2019
	\$	\$
Reconciliation		
Opening Balance at beginning of period	-	-
Additions	159,762	-
Impairment	-	-
Closing Balance at end of period	159,762	-

CARNEGIE CLEAN ENERGY LIMITED
ABN 69 009 237 736
AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

NOTE 12: BORROWINGS

a) Convertible notes

	Consolidated Group	
	Half-Year to 31.12.2019	Year to 30.06.2019
	\$	\$
CURRENT		
Convertible notes (existing noteholders)	-	4,389,987
Other convertible notes	-	1,650,000
	-	6,039,987
NON-CURRENT		
Convertible notes	2,825,000	-
	2,825,000	-

	Consolidated Group	
	Half-year to 31.12.19	Year to 30.6.19
	\$	\$
Reconciliation		
Balance at the beginning of the period	6,039,987	4,337,047
Placement of new convertible notes	-	1,650,000
Unwinding of finance costs	110,013	52,940
Conversion to equity during the period	(3,325,000)	-
Cancel convertible notes existing	(2,825,000)	-
Reissue convertible notes	2,825,000	-
	2,825,000	6,039,987

On 22 October 2019, the Company entered into two convertible note facility agreements (**Convertible Note Facility Agreements**) with the following parties:

- i. HFM Investments Pty Ltd (**HFM**) to the value of \$1.15 million; and
- ii. existing noteholders holding convertible notes to the value of \$4.5 million (**CCE Noteholders**).

The Convertible Note Facility Agreements are subject to satisfaction of conditions precedent.

A summary of the material terms of the Convertible Note Facility Agreements is as follows:

- a) HFM and CCE Noteholders subscribe for the 2021 Notes to the value of \$2,825,000. The commitment amount will be utilised in satisfaction of 50% of the debt owing to HFM and the CCE Noteholders;
- b) each 2021 Note will have a face value of A\$25,000;
- c) each 2021 Note will convert into Shares at \$0.00125 per Share, with each Share being issued with one free attaching Option exercisable at \$0.0015 per Option, expiring three years from the date of issue (with both the Shares and Options being subject to voluntary escrow for six months from the date of issue);
- d) the Company shall repay the 2021 Notes on 31 March 2021 (**Repayment Date**);
- e) the Company must pay interest on the 2021 Notes at a rate of 8% per annum (**Coupon Rate**), with an issue price of the greater of \$0.001 or the 90 day VWAP calculated prior to the relevant interest payment date, being the date that is one year from the date of issue of the 2021 Notes, each of 31 March, 30 June, 30 September and 31 December thereafter and on 31 March 2021 (**Interest Payment Dates**);
- f) the Lenders may elect to convert all or part of the 2021 Notes and the accrued interest to Shares any time between one year after the 2021 Notes are issued and prior to the Repayment Date, by providing notice to the Company; and

if at any time after the date of the Convertible Note Facility Agreements there occurs any reconstruction of the issued capital of the Company then the entitlement of the Lenders to convert the 2021 Notes and any amount of interest owing, then unconverted, shall be reconstructed in a manner that is consistent with the ASX Listing Rules and in the same proportion and manner as any reconstruction of the issued capital of the issue.

CARNEGIE CLEAN ENERGY LIMITED
ABN 69 009 237 736
AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

NOTE 13: ISSUED CAPITAL

	Consolidated Group	
	Half-year to 31.12.2019	Year to 30.06.2019
	\$	\$
2,881,452,450 (30 June 2019: 2,881,452,450) fully paid ordinary shares	194,460,984	194,460,984
5,500,000,000 rights issue shares issued @ \$0.001 per share	5,500,003	-
460,000,000 shares issued from conversion of 50% HMF loan to equity @ \$0.00125 per share	575,000	-
1,800,000,000 shares issued from conversion of 50% old convertible Notes to equity @ \$0.00125 per share	2,250,000	-
500,000,000 shares issued from conversion of funding loans to DoCA proponents @ \$0.001 per share	500,000	-
Sale of treasury shares	34,615	-
Interest accrual on convertible notes payable in shares	43,343	-
Share issue costs	(233,594)	-
Closing balance 11,141,452,450 fully paid ordinary shares (30 June 2019: 2,881,452,450)	203,130,351	194,460,984

NOTE 14: RELATED PARTY TRANSACTIONS

Company secretarial services have been provided by Mooney & Partners Pty Ltd, a company associated with Mr Grant Mooney during the period. These transactions were under normal commercial terms and the total fees paid were \$12,387.

NOTE 15: SHARE OPTIONS

2,760,000,000 options were issued during the half year as a result of a convertible note exchange. The options were issued free-attaching. The following options are on issue:

	Consolidated Group	
	31.12.2019	30.06.2019
	\$	\$
Opening balance 45,000,000 (30 June 2019: 100,100,000 options)	850,000	3,099,954
10,000,000 options issued 10/10/2018, exercisable at \$0.016 expiry 10/10/2021	-	10,000
Expiry of 65,100,000 options	-	(2,259,954)
2,260,000,000 free-attaching options issued 28/10/2019, exercisable at \$0.0015 expiry 28/10/2024	-	-
500,000,000 free-attaching options issued 28/10/2019, exercisable at \$0.00125 expiry 28/10/2024	-	-
Closing Balance 2,805,000,000 (30 June 2019: 45,000,000) options	850,000	850,000

CARNEGIE CLEAN ENERGY LIMITED
ABN 69 009 237 736
AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

NOTE 16: DISCONTINUED OPERATIONS

On 14 March 2019 EMC was placed into voluntary administration. After holding meetings with creditors, the Administrators are taking steps to liquidate EMC. In addition, the loss from Northam Solar farm was also classified as a discontinued operation. On 28 October 2019 the Deed of Company Arrangement was effectuated, and debts and asset sales were moved to the creditors trust. The total losses gain/(loss) from discontinued operations are as follows:

	Consolidated Group	
	31.12.2019	31.12.2018
	\$	\$
Cash from sale of Northam Solar Farm	(200,868)	-
Creditors, accruals and other liabilities	3,643,881	-
Payment to Creditor Trust as agreed for delay in relisting	(463,615)	-
KordaMentha administration fee	(1,400,000)	-
Cash transferred to creditors trust	(18,253)	-
Loss for the financial year from discontinued operations	-	(5,489,087)
Gain/(Loss) from discontinued operations	1,561,145	(5,489,087)

NOTE 17: EVENTS AFTER THE REPORTING PERIOD

There has been no additional matter or circumstance that has arisen after balance date that has significantly affected or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial periods.

CARNEGIE CLEAN ENERGY LIMITED
ABN 69 009 237 736
AND CONTROLLED ENTITIES

DIRECTORS' DECLARATION

The Directors of the consolidated Group declare that:

1. The financial statements and notes, as set out on pages 6 to 16, are in accordance with the *Corporations Act 2001* and:
 - a. comply with Accounting Standards AASB 134: Interim Financial Reporting; and
 - b. give a true and fair view of the financial position as at 31 December 2019 and of the performance for the half-year ended on that date of the consolidated Group.
2. 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.

This declaration is made in accordance with a resolution of the Board of Directors.



JONATHAN FIÉVEZ
Chief Executive Officer



TERRY D STINSON
Chairman

Dated this 27th day of February 2020

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Carnegie Clean Energy Limited

Report on the Condensed Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Carnegie Clean Energy Limited ("the company") which comprises the condensed consolidated statement of financial position as at 31 December 2019, the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory notes, and the directors' declaration, for the consolidated group comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Carnegie Clean Energy Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated group's financial position as at 31 December 2019 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Directors' responsibility for the half-year financial report

The directors of the Company are responsible for the preparation of the half-year 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 half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated group's financial position as at 31 December 2019 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

hlb.com.au

HLB Mann Judd (WA Partnership) ABN 22 193 232 714

Level 4, 130 Stirling Street, Perth WA 6000 / PO Box 8124 Perth BC WA 6849

T: +61 (0)8 9227 7500 **E:** mailbox@hlbwa.com.au

Liability limited by a scheme approved under Professional Standards Legislation.

HLB Mann Judd (WA Partnership) is a member of HLB International, the global advisory and accounting network.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

Perth, Western Australia
27 February 2020

Norman Neill

N G Neill
Partner