

ASX ANNOUNCEMENT

25 November 2020

Chairman's Address at 2020 Annual General Meeting

On behalf of the Carnegie Clean Energy team and my fellow directors, I would like to welcome you all to our Annual General Meeting.

Over the past year, our team at Carnegie have made good progress while also overcoming significant challenges. I am pleased this morning to provide a brief overview of the past year. Our CEO, Jonathan Fievez, will provide a more detailed presentation and update following the formal business.

Last year, Jonathan and I presented Carnegie's new strategy for success including our plan, key goals and critical milestones for the year. We also committed to keep you informed on our progress and have provided updates to shareholders throughout the year. As you may have noted in the various ASX releases, Jonathan and the team have delivered significant progress along the Digital Development Pathway objectives, all while managing the negative impacts related to COVID. Most notably, the team celebrates the successful completion of the Wave Predictor and Generator Study. Great progress was made over the past 12 months and delivering on the milestones for the past year has hopefully demonstrated to our funding and technology partners, our future customers, and to our valued shareholders, that the company is delivering on our commitments.

As highlighted in previous updates, one of the most significant challenges to commercializing Wave Energy is achieving a an LCOE (Levelized Cost of Energy) that is sufficiently low to address a large portion of the market. Wind and Solar have experienced significant growth and innovations over the past years and created a very competitive environment for new sources of renewable energy that plan to enter the market, like Wave. A large percentage of the projected cost of a CETO unit is the Power Take Off (PTO). So this is why finding innovative ways to reduce the cost of the PTO is a primary focus for the team and good progress has been made. The recently completed Generator Study provides significant learning and new ideas and insights for cost reduction options.

Carnegie is now a lean and more efficient company and continues to maintain a simplified and easy to manage balance sheet, enabled by our new more cost-effective Digital Development Pathway and we are currently under budget. The team has frugally managed shareholder funds through the year and today the company has approximately A\$2.9m cash in the bank. This funding is projected to last us into 2021, which is better than our projections from the beginning of the year. Carnegie also has around \$2.8m in debt in the form of convertible notes. These notes mature in March next year and we will be working with the note holders to find the best outcome for Carnegie.

Even with our more efficient and cost-effective structure, additional funds may be required to support development activities and to address outstanding debt obligations. The team has been successfully identifying, developing and securing sources of non-debt funding over the past year, and targeting new sources for the coming calendar year. Carnegie plans to continue to win and deploy appropriate Government and other funding to support the future development and commercialisation of the CETO

21 North Mole Drive, North Fremantle WA 6159 PO Box 39, North Fremantle WA 6159 +61 8 6168 8400 www.carnegiece.com



technology. Carnegie's key asset, the Garden Island Microgrid is also an option to offset the requirement to raise funds from shareholders or can be used to reduce debt as required in the future.

Carnegie is making great strides toward meeting our full potential. COVID-19 has impacted our Digital Development Plan and all future key milestones have been pushed out by a quarter. The team are working hard to try and recover lost time and are focused on achieving the milestones outlined in our original two-year plan. Jonathan will cover our status, progress and projections in more detail in his presentation. Carnegie's ten years plus of investment in intellectual property and know-how, combined with our new and significant learnings, are all focused on deriving future revenue from wave energy related licensing and royalty activities.

Over the past year, Carnegie's CEO, Jonathan Fiévez, provided great motivation for the team and technical and commercial leadership. Carnegie's driving goal is to continue to achieve more for less, operating the business under a very high-tech, frugal and efficient culture. The Carnegie team and board continue to be committed to delivering on Carnegie's full potential. My fellow directors, Anthony Shields, Mike Fitzpatrick, and Grant Mooney are all committed to success, are all very involved in the business and have made significant financial investments in Carnegie's future.

Countries and companies around the world have renewable energy on their agendas as a key deliverable. As we meet today, I am personally involved in these very positive environmental initiatives, especially in Europe working on clean energy initiatives with other businesses and governments. For example, in the UK, government is pushing to pull back the date for all passenger road vehicle transport to be electric by 2030, an incredibly aggressive goal. To feed all the new electric machines with clean electricity, new sources of renewable energy will be required. The past year's achievements have reinforced our belief that the CETO technology can be a major contributor to supplying this renewable energy and making our planet a cleaner and better place to live.

On behalf of my fellow directors and all the Carnegie team, please accept our gratitude for your continued support.

Terry Stinson

Chairman, Carnegie Clean Energy

Authorised for release to the ASX by Terry Stinson, Chairman

- ENDS -

For more information: Carnegie Clean Energy Limited +61 8 6168 8400 enquiries@carnegiece.com www.carnegiece.com *OUR PURPOSE* We harness ocean energy to make the world more sustainable

CLEAN ENERGY

To be the most successful ocean energy technology company on Earth

AGM November 2020

use

Year in review – July 2019 → March 2020





- Recapitalisation, restructure
- C 28 October 2019 Administrators retired
- Secured close-out CETO-6 funds
- Clean-up post restructure
- Challenging recruitment environment
- Broad survey of global EV suppliers looking for PTO generators
- C Wave Predictor developed
- COVID-19
- Strategy refreshed with Churchill Consulting



Year in review – April 2020 \rightarrow Now



C Wave Predictor tested in Spain

Apr | 2020

Juk

Nov

- C Large knowledge base of PTO tech and providers
- Simulation tools extended
- New team building around core people and key focus areas
- C Awarded funding for \$1.6m Tensioner project
- C Microsoft AI for Earth support awarded
- Significant progress on Intelligent Controller
- C Partners new and old engaged
- Garden Island power supply restored



Carnegie Today

- An innovative technology company specialising in wave energy Valuable assets:
 - **C** Leading position in wave energy and CETO technology
 - Garden Island Microgrid 2MW solar-battery, desalination plant and wave-ready grid connection
 - C Three Australian wave sites Fremantle, Garden Island and Albany
- New low risk, highly flexible digital development pathway incorporating
 - key innovations before next large-scale deployment
- New licencing/royalty based **commercialisation model**
- C Demonstrated value focussed, lean operation
- Current available cash position = ~\$2.9m



AFFORDABLE AN Clean Energy 13 CLIMATE ACTION



> 6 CLEAN WATER AND SANITATION

14 LIFE BELOW WATER

Macro Situation



- C PM Johnson UK carbon neutral by 2050
- President Elect Biden US rejoining Paris Agreement
- European new ocean energy strategy min 1GW by
- 2030 unlocking 60 GW by 2050. Requires additional
- funding/investment, support to follow
- R&D tax caps shelved, improvement of rate
- ARENA given 10 years further funding
- Corporations increasingly investing in renewables



AUSTRALIAN RENEWABLE ENERGY AGENCY ARENA welcomes new funding

September 17, 2020

Joe Biden says the US will rejoin the Paris Agreement in 77 days. Then Australia will really feel the heat

Australia

Boris Johnson urges major economies to go carbon neutral by 2050

PM calls for biggest emitters to join up with pledge to go net zero and says ban on diesel and petrol cars will be brought forward to 2035



Macro Situation cont'd



C Growing recognition of "blue economy"

- Aquaculture industry growing quickly, embracing technology such as offshore generation
- Booming Electrical Vehicle industry driving
- electrical machine (PTO) improvements
- Growing computational capacity = faster
- simulations and neural net training
- Al tools improving with purpose built processors
- COVID-19 constraints diminishing

HPE to build Australia's No. 1 Supercomputer at Pawsey Supercomputing Centre

Posted on October 19, 2020 (October 26, 2020) by Wendy Jazxhi

PAWSEY





Look Ahead



- C Garden Island re-start imminent
- Microsoft AI for Earth kick-off
- Technical team capacity recently tripled = development speed-up
- Substantial Intelligent Controller progress
- New partnerships to support the development and pathways to commercialisation
 - Controller testing in tank mid 2021

Build of PTO and Tensioner test-rig due in 2021

AI for Earth

Al for Earth puts Microsoft cloud and Al tools in the hands of those working to solve global environmental challenges.

Outpr



1 Create unique competitive products

2 Build a market for wave energy

(3) Foster the partner

ecosystem

Gr

Australian Government

Department of Defence

Microsoft

Cultivate high performing team

OCEANTERA

PAWSEY

CSIRO

AREN

GROUP

of ADELAIDE

😿 UWA

wave energy SCOTLAND

BLUE C

Executing Strategy

Secure financial sustainability