



CARNEGIE CLEAN ENERGY LIMITED
(SUBJECT TO DEED OF COMPANY ARRANGEMENT)
ACN 009 237 736

NOTICE OF GENERAL MEETING

For a General Meeting of the Company to be held at the Swan Yacht Club, Riverside Road, East Fremantle Western Australia 6158 on Friday 30 August 2019 at 9.00am (WST).

The Deed Administrators have not independently verified any of the information contained in this Notice and the accompanying Explanatory Memorandum. The Deed Administrators and their employees and agents do not make any representation or warranty (express or implied) as to the accuracy, reasonableness or completeness of the information contained in this Notice and the accompanying Explanatory Memorandum. The Deed Administrators make no recommendations as to how Shareholders should vote on the Resolutions. The Directors take full responsibility for the information contained in this Notice and the accompanying Explanatory Memorandum.

To the extent permissible by law, all such parties and entities expressly disclaim any and all liability for, or based on or relating to, any such information contained in, or errors in or omissions from this Notice and the accompanying Explanatory Memorandum. Notwithstanding this, the Deed Administrators consent to the Meeting being convened and the issue and dispatch of this Notice and the accompanying Explanatory Memorandum.

This Notice and the accompanying Explanatory Memorandum should be read in their entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser prior to voting.

CARNEGIE CLEAN ENERGY LIMITED
(SUBJECT TO DEED OF COMPANY ARRANGEMENT)
ACN 009 237 736

NOTICE OF GENERAL MEETING

Notice is hereby given that a general meeting of shareholders of Carnegie Clean Energy Limited (subject to Deed of Company Arrangement) (**Carnegie** or the **Company**) will be held at the Swan Yacht Club, Riverside Road, East Fremantle Western Australia 6158 on Friday 30 August 2019 at 9.00am (WST) (**Meeting**).

The Explanatory Memorandum provides additional information on matters to be considered at the Meeting. The Explanatory Memorandum, Proxy Form and Schedules form part of this Notice.

The Directors have determined pursuant to regulation 7.11.37 of the *Corporations Regulations 2001* (Cth) that the persons eligible to vote at the Meeting are those who are registered as Shareholders at 9.00am (WST) on Wednesday 28 August 2019.

Terms and abbreviations used in this Notice (including the Explanatory Memorandum) are defined in Schedule 1.

GENERAL INFORMATION

This Notice provides information and seeks approval for, amongst other things, the restructure and recapitalisation of the Company in accordance with the Recapitalisation Proposal.

The implementation of the Recapitalisation Proposal will result in:

- (a) the restructure of the Company's capital and asset base (including the liquidation of the loss making EMC Business);
- (b) the raising of funds for the working capital requirements of the Company;
- (c) effectuation of the DOCA and retirement of the Deed Administrators;
- (d) the discharge of claims of certain creditors; and
- (e) the application for reinstatement of the Shares to trading on the ASX.

Further details of the Recapitalisation Proposal are provided in Section 3.2.

In considering the Resolutions, Shareholders must bear in mind the current financial circumstances of the Company. If Shareholders pass the Resolutions and the Recapitalisation Proposal is implemented, the Company will be in a position to apply to the ASX for reinstatement of the Shares to trading on the ASX. The reinstatement of the Shares to trading on the ASX will be subject to the satisfaction of the ASX conditions to reinstatement detailed in Schedule 5.

If Shareholders do not approve the Resolutions, the Recapitalisation Proposal will not be implemented and this may lead to the Company being placed into liquidation. In those circumstances, it is unlikely that there will be any return to, or any ongoing economic interest remaining for, Shareholders. The Resolutions are therefore important and affect the future of the Company. Shareholders are urged to give careful consideration to this Notice and the contents of the Explanatory Memorandum.

AGENDA

1. Resolution 1 - Issue of Shares under Entitlement Offer

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an ordinary resolution:

"That, subject to each other Resolution being passed, for the purposes of the Entitlement Offer Waiver and for all other purposes, approval is given for the Company to conduct the Entitlement Offer on the terms and conditions detailed in the Explanatory Memorandum."

Voting Exclusion

In accordance with the Entitlement Offer Waiver, the Company will disregard any votes cast on this Resolution by any of its substantial shareholders, any party that underwrites or sub-underwrites the Entitlement Offer (noting that as at the date of this Notice the Entitlement Offer is not underwritten), any brokers or managers of the Entitlement Offer and any of their respective associates.

However, the Company need not disregard a vote on this Resolution if it is cast by:

- (a) a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) a person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

2. Resolution 2 - Issue of CCE Lender Securities - CCE Noteholders

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an ordinary resolution:

"That, subject to each other Resolution being passed, for the purposes of Listing Rule 7.1 and for all other purposes, Shareholders approve the allotment and issue to the CCE Noteholders (and/or their nominees) of an aggregate of:

- (a) 1,200,000,000 Lender Shares;
- (b) 1,200,000,000 Lender Options;
- (c) 60 (sixty) 2021 Notes; and
- (d) up to 190,000,000 Interest Shares,

on the terms and conditions detailed in the Explanatory Memorandum."

Voting Exclusion

The Company will disregard any votes cast in favour of the Resolution by or on behalf of the CCE Noteholders (and/or their nominees) or any of their associates.

However, the Company need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or
- (b) it is cast by the Chairman as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.



3. Resolution 3 - Issue of Fitzpatrick Lender Securities - Fitzpatrick Entities

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an ordinary resolution:

"That, subject to each other Resolution being passed, pursuant to and in accordance with Listing Rule 10.11 and Chapter 2E of the Corporations Act and for all other purposes, Shareholders approve the issue to the Fitzpatrick Entities (and/or their nominees) of:

- (a) 860,000,000 Lender Shares;
- (b) 860,000,000 Lender Options;
- (c) 43 (forty-three) 2021 Notes; and
- (d) up to 136,166,666 Interest Shares,

on the terms and conditions detailed in the Explanatory Memorandum."

Voting Exclusion

The Company will disregard any votes cast in favour of the Resolution by or on behalf of the Fitzpatrick Entities (and/or their nominees) and any of their associates.

The Company need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) it is cast by the Chairman as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

4. Resolution 4 - Issue of Asymmetric Securities - Asymmetric Credit Partners Pty Ltd

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an ordinary resolution:

"That, subject to each other Resolution being passed, pursuant to and in accordance with Listing Rule 7.1 and Chapter 2E of the Corporations Act and for all other purposes, Shareholders approve the issue to Asymmetric Credit Partners Pty Ltd (and/or its nominees) of:

- (a) 250,000,000 Funding Shares;
- (b) 250,000,000 Funding Options;
- (c) 200,000,000 Lender Shares;
- (d) 200,000,000 Lender Options;
- (e) 10 (ten) 2021 Notes; and
- (f) up to 31,666,667 Interest Shares,

on the terms and conditions detailed in the Explanatory Memorandum."

Voting Exclusion

The Company will disregard any votes cast in favour of the Resolution by or on behalf of Asymmetric Credit Partners Pty Ltd (and/or its nominee) and any of its associates.

The Company need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) it is cast by the Chairman as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

5. Resolution 5 - Issue of Mooney Funding Securities - Mooney & Partners Pty Ltd

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an ordinary resolution:

"That, subject to each other Resolution being passed, pursuant to and in accordance with Listing Rule 10.11 and Chapter 2E of the Corporations Act and for all other purposes, Shareholders approve the issue to Mooney & Partners Pty Ltd (and/or its nominees) of:

- (a) 250,000,000 Funding Shares; and
- (b) 250,000,000 Funding Options,

on the terms and conditions detailed in the Explanatory Memorandum."

Voting Exclusion

The Company will disregard any votes cast in favour of the Resolution by or on behalf of Mooney & Partners Pty Ltd (and/or its nominee) and any of its associates.

The Company need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) it is cast by the Chairman as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

6. Resolution 6 - Section 195 Approval

To consider and, if thought fit, to pass with or without amendment, the as an ordinary resolution, the following:

"That, subject to each other Resolutions being passed, pursuant to and in accordance with subsection 195(4) of the Corporations Act and for all other purposes, Shareholders approve the transactions contemplated in Resolutions 1 to 5 (inclusive)."

BY ORDER OF THE BOARD



Grant J Mooney
Company Secretary
30 July 2019

CARNEGIE CLEAN ENERGY LIMITED
(SUBJECT TO DEED OF COMPANY ARRANGEMENT)
ACN 009 237 736

EXPLANATORY MEMORANDUM

1. Introduction

This Explanatory Memorandum has been prepared for the information of Shareholders in connection with the business to be conducted at the Meeting to be held at Swan Yacht Club, Riverside Road, East Fremantle Western Australia 6158 on Friday 30 August 2019 at 9.00am (WST).

This Explanatory Memorandum should be read in conjunction with and forms part of the accompanying Notice. The purpose of this Explanatory Memorandum is to provide information to Shareholders in deciding whether or not to pass the Resolutions.

This Explanatory Memorandum includes the following information to assist Shareholders in deciding how to vote on the Resolutions:

Section 2	Action to be taken by Shareholders
Section 3	Overview
Section 4	Resolution 1 - Issue of Shares under Entitlement Offer
Section 5	Resolution 2 - Issue of CCE Lender Securities - CCE Noteholders
Section 6	Resolution 3 - Issue of Fitzpatrick Lender Securities - Fitzpatrick Entities
Section 7	Resolution 4 - Issue of Asymmetric Securities - Asymmetric Credit Partners Pty Ltd
Section 8	Resolution 5 - Issue of Mooney Funding Securities - Mooney & Partners Pty Ltd
Section 9	Resolution 6 - Section 195 Approval
Schedule 1	Definitions
Schedule 2	2021 Noteholders
Schedule 3	Terms and Conditions of Lender Options and Funding Options
Schedule 4	Terms and conditions of 2021 Notes
Schedule 5	ASX Conditions for Reinstatement
Schedule 6	Pro Forma Statement of Financial Position

A Proxy Form is located at the end of this Explanatory Memorandum.

Capitalised terms in the Notice and this Explanatory Memorandum are defined either in Schedule 1 or where the relevant term is first used.

2. Action to be taken by Shareholders

The business of the Meeting affects your Shareholding and your vote is important.

Shareholders should read the Notice and this Explanatory Memorandum carefully before deciding how to vote on the Resolutions.

A Proxy Form is enclosed with the Notice and this Explanatory Memorandum. This is to be used by Shareholders if they wish to appoint a representative (a **Proxy**) to vote in their place. All Shareholders are invited and encouraged to attend the Meeting or, if they are unable to attend in person, sign and return the Proxy Form to the Company in accordance with the instructions detailed in the Proxy Form. Lodgement of a Proxy Form will not preclude a Shareholder from attending and voting at the Meeting in person.

To vote by proxy, please complete and sign the enclosed Proxy Form and return it to the Share Registry by:

- (a) post to PO BOX 52 Collins Street West VIC 8007; or
- (b) facsimile on +61 8 9315 2233.

so that it is received not later than 9.00am (WST) on Wednesday 28 August 2019. Proxy Forms received later than this time may be invalid.

Please note that:

- (a) a proxy need not be a Shareholder;
- (b) a Shareholder may appoint a body corporate or an individual as its proxy;
- (c) a body corporate appointed as a Shareholder's proxy may appoint an individual as its representative to exercise any of the powers that the body corporate may exercise as the Shareholder's proxy; and
- (d) Shareholders entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise, but where the proportion or number is not specified, each proxy may exercise half of the votes.

If a Shareholder appoints a body corporate as its proxy and the body corporate wishes to appoint an individual as its representative, the body corporate should provide that person with a certificate or letter executed in accordance with the Corporations Act authorising him or her to act as that body corporate's representative. The authority may be sent to the Company or the Share Registry in advance of the Meeting or handed in at the Meeting when registering as a corporate representative.

The Proxy Form provides further details on appointing proxies and lodging Proxy Forms.



3. Overview

3.1 Background

By way of background:

- (a) the Company is an Australian incorporated ASX-listed 100% owner and developer of the CETO wave energy technology intellectual property (**CETO Technology**) which converts ocean wave energy into zero-emission electricity;
- (b) from 2008 to 2016 the Company's sole focus was on developing the CETO Technology, pursuant to which the Company expended approximately \$100 million advancing the CETO Technology and developing site applications both in Australia and internationally. This period culminated in the deployment of the 5th generation of the CETO Unit at Garden Island in Western Australia;
- (c) in April 2016, the Company commenced a diversification of its business with an acquisition of a 35% interest in Energy Made Clean Pty Ltd (**EMC Co**), the holder of the assets and undertakings which comprised the 'EMC Business' (**EMC Business**);
- (d) in December 2016 the Company increased its investment to 100% ownership of EMC Co, with the intention that the EMC Business would deliver profits into the future that could be applied towards ongoing development of the CETO Technology, thereby limiting the need to seek on-going capital from Shareholders and the broader investment market;
- (e) the Company was unable to achieve the desired level of financial performance from the EMC Business due to a combination of factors, including EMC Co's array of challenging projects, onerous joint venture arrangements and legacy contracts. The financial performance of the EMC Business consumed capital that could have been used in pursuing the development of the CETO Technology;
- (f) in 2018 the Company progressed towards a divestment of the EMC Business to MPower Limited (formerly TAG Pacific Limited). However, on 30 November 2018, the agreement to divest the EMC Business was terminated following the counterparty not satisfying key conditions to the transaction;
- (g) the Company continued in its efforts to dispose of the EMC Business. Prior to the appointment of the Administrators (see below), the Company had been conducting a sale process for the EMC Business and held discussions with potential acquirers but had not received any firm proposals. The failure of the EMC Business to deliver profits and the incidence of losses on a number of key projects forced the Company to consider seeking further capital from Shareholders and the investment market in order to fund its overall business operations and corporate overheads;
- (h) in March 2019 the Company engaged with a number of brokers with a view to undertaking an equity capital raising with the intention of raising sufficient working capital to continue operating whilst restructuring or completing the sale process in respect to the EMC Business. However, these engagements did not progress to a level of confidence sufficient to resolve the Company's issues and on 14 March 2019 the Company appointed Richard Tucker and John Bumbak of KordaMentha Restructuring (**Administrators**) as voluntary administrators of the Company and certain subsidiaries, including EMC Co; and
- (i) following the appointment of the Administrators, the Company, together with several supportive stakeholders, has developed a proposal to restructure and recapitalise the Company by way of the Recapitalisation Proposal and the DOCA (refer to Section 3.2 below).

3.2 The Recapitalisation Proposal and DOCA

Following the placement of the Company into administration, Mooney & Partners Pty Ltd (a Shareholder associated with non-executive Director, Mr Grant Mooney) and Asymmetric Credit Partners Pty Ltd (a secured creditor of the Company holding CCE Notes) (together, the **Proponents**):

- (a) presented the Administrators with a proposal to restructure and recapitalise the Company through a deed of company arrangement; and
- (b) provided interim funding of \$500,000 to the Administrators to pursue the restructure and recapitalisation (**Funding Loan**).

At the second meeting of creditors held on 17 April 2019, creditors resolved in favour of the deed of company arrangement proposed by Mooney & Partners and Asymmetric, and on 13 May 2019 the Company and the Administrators executed the deed of company arrangement (and associated documents) (**DOCA**) with the Administrators being appointed joint and several deed administrators (**Deed Administrators**).

The proposal of Mooney & Partners and Asymmetric to restructure and recapitalise the Company and its assets, provides for the following:

- (a) a capital raising by the Company at an issue price of \$0.001 per Share to raise a minimum of \$5,500,000 (before costs) and a maximum of approximately \$11,525,810 (before costs);
- (b) the establishment of a creditors' trust, under which the Company's creditors will become beneficiaries of the trust in exchange for extinguishing their claims against the Company (other than certain creditors mentioned below), allowing the Company to exit administration (**Creditors' Trust**);
- (c) the sale of all assets of the Company, other than the CETO Technology and the Garden Island Microgrid (**GIMG**), the proceeds of which will also be paid into the Creditors' Trust;
- (d) the payment of up to \$1.4 million of the proceeds from the Entitlement Offer (refer below) to the Deed Administrators (to comprise part of the Creditors' Trust) (**Creditors' Trust Payment**);
- (e) 50% of the 450 existing Convertible Notes on issue, each having a face value of \$10,000 (**CCE Notes**) and the bridging loan facility from HFM Investments Pty Ltd (a company associated with non-executive Director Mike Fitzpatrick) (**HFM Bridge Loan**), totalling approximately \$2,825,000, converting 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);

- (f) the remaining 50% of the CCE Notes and the HFM Bridge Loan, totalling approximately \$2,825,000, converting into a new class of Convertible Notes maturing 31 March 2021 with a coupon of 8% per annum payable in Shares at an issue price calculated as the greater of the 90 day VWAP per Share or \$0.001 (**Interest Shares**), with such Convertible Notes restricted from conversion within the first 12 months of issue, following which the notes will be convertible at \$0.00125 per Share and having one free attaching option exercisable at \$0.0015 per option and expiring three years from issue (**2021 Notes**);
- (g) the entry into general security agreements in favour of the holders of the 2021 Notes to secure the amounts owing under the 2021 Notes against the Company's property from time to time;
- (h) the Funding Loan from the Proponents converting into Shares at an issue price of \$0.001 per Share, with each Share being issued with one free attaching Option exercisable at \$0.00125 per Option and expiring five years from the date of issue; and
- (i) the 16 existing convertible notes on issue to the Australian Renewable Energy Agency (**ARENA**) maturing on 24 January 2024 with a face value of \$100,000 (and an aggregate value of \$1.6 million) and a conversion price of \$0.053, will lapse (**ARENA Notes**),

(together the **Recapitalisation Proposal**).

For the purposes of the capital raising and to satisfy the requirements of the DOCA, the Company is undertaking a non-renounceable pro rata entitlement issue of four (4) Shares for every one (1) Share held by Eligible Shareholders at an issue price of \$0.001 per Share to raise a minimum of \$5,500,000 (**Minimum Subscription**) and up to \$11,525,810 (before costs) (**Entitlement Offer**). Refer to Section 4 for further details in respect to the Entitlement Offer.

The Company will enter into General Security Deeds (**GSA**) with the 2021 Noteholders (which includes Asymmetric, an entity associated with Mr Anthony Shields, a proposed Director) and the Fitzpatrick Entities, being entities associated with Mr Mike Fitzpatrick, a Director). The GSA will be granted over all of the assets and undertakings of the Company, save that security over the GIMG asset will only apply following the grant of consent by the Department of Defence but at all times apply to any proceeds from the GIMG asset.

3.3 Conditions Precedent

As at the date of the Notice, effectuation under the DOCA is subject to (amongst other matters) the following conditions precedent being satisfied:

- (a) all conditions to the reinstatement of the Company to trading on the ASX (other than effectuation of the DOCA) being satisfied (refer to Schedule 5); and
- (b) the Company raising the Minimum Subscription.

3.4 Purpose of the Recapitalisation Proposal

The purpose of the Recapitalisation Proposal (including the Entitlement Offer) is to:

- (a) restructure the Company's capital and asset base (including the disposal of the loss making EMC Business);
- (b) raise funds for the working capital requirements of the Company;
- (c) effectuate the DOCA and retire the Deed Administrators;
- (d) discharge the claims of certain creditors; and
- (e) facilitate the reinstatement of the Shares to trading on ASX.

Refer to Section 3.7 for further details of the use of funds.

3.5 Future of the Company

Following completion of the Recapitalisation Proposal, the Company will pursue a revised business strategy focusing on:

- (a) undertaking research and development activities to optimise the CETO Unit design, by applying machine learning (artificial intelligence), new low-cost electrical generators, optimised system configuration and modern hydrodynamic approaches;
- (b) within the next 18 months, constructing a complete virtual prototype CETO Unit incorporating the design improvements detailed in paragraph (a) above;
- (c) over the next two years, pursuing a partnership with an OEM or other commercial partners to contribute funding and expertise to decrease the costs of producing CETO Units to a competitive level and increase market opportunities in the long term;
- (d) in the next two to three years, identifying and engaging with utility scale partners to construct and/or utilise CETO Units on a commercial scale; and
- (e) ultimately generating Shareholder value through royalty or license agreements in respect to the CETO Technology.

The Company will also seek to generate revenue from the GIMG asset via the production and sale of electricity generated at the GIMG to the Department of Defence.

3.6 Indicative Timetable

The expected timing for implementation of the Recapitalisation Proposal is as follows:

Event	Date
Lodgement of Notice of Meeting	30 July 2019
Lodgement of Prospectus	31 July 2019
Company sends letters to Eligible Shareholders and Ineligible Shareholders	1 August 2019
"Ex" Date	5 August 2019
Record Date (at 5:00pm WST)	6 August 2019
Entitlement Offer Opening Date	9 August 2019
General Meeting	30 August 2019
Last day to extend the Offer Closing Date	30 August 2019
Entitlement Offer Closing Date (at 5:00pm WST)	4 September 2019
Securities quoted on a deferred settlement basis	5 September 2019
Notification of Shortfall	6 September 2019
Issue of New Securities	9 September 2019
Creditors Trust Established DOCA Effectuated Company ceases to be subject to DOCA	9 September 2019
Dispatch of holding statements for Shares	10 September 2019
Satisfaction of ASX conditions to reinstatement	11 September 2019
Expected date for Shares to recommence trading on ASX	12 September 2019

The above timetable is indicative only and subject to change. Subject to the Listing Rules, the Directors (in consultation with the Deed Administrators) reserve the right to vary these dates, including the Closing Dates, without prior notice. Any extension of the Closing Date will have a consequential effect on the anticipated date for issue of the Shares. The Directors also reserve the right not to proceed with the whole or part of the Entitlement Offer at any time prior to allotment. In that event, the relevant Application Monies will be returned without interest.

3.7 Expenditure Plans

The Entitlement Offer is intended to raise a minimum of \$5,500,000 (before costs) and a maximum of \$11,525,810 (before costs). The funds raised from the Entitlement Offer are intended to be utilised for:

- CETO Technology development, including PTO development and testing, tank testing, machine learning development and simulations via the Pawsey research supercomputer, system design and optimisation and hydrodynamic development, salary and wages associated with the technical team and the engagement of external consultants/additional technical team members;
- corporate overheads including accounting fees, insurance, office lease payments and audit fees;
- development of GIMG, including additional potential capital costs, annual operational costs and costs associated with the arrangement with the Department of Defence;
- administration costs consisting of the Creditors' Trust Payment, professional fees and disbursements associated with the administration process, which the Company is due to pay to the Creditors' Trust following the sale of available assets. The payment may be reduced to the extent that the proceeds of the sale of assets during the administration process are greater than anticipated;
- costs associated with the Entitlement Offer and the Recapitalisation Proposal; and
- working capital purposes.

If the Company receives subscriptions to the Entitlement Offer in excess of the Minimum Subscription, the Company intends to repay a proportion of the 2021 Notes and increase the funds to be utilised for the development of the CETO Technology, including the judicious expansion of the research team and an increase in use of suppliers to accelerate development.

For further information on the Company's expenditure plans refer to section 5.1 of the Prospectus.

3.8 Indicative Capital Structure

On the basis that the Company completes the Recapitalisation Proposal and the Entitlement Offer, the Company's capital structure will be as follows:

	Shares	Options	CCE Notes ⁽¹⁾	ARENA Notes ⁽²⁾	2021 Notes ⁽³⁾
Balance as at the date of this Notice	2,881,452,450	45,000,000 ⁽⁴⁾	450	16	-
Lapse of ARENA Notes	-	-	-	(16)	-
Conversion of CCE Notes and HFM loan	2,260,000,000	2,260,000,000 ⁽⁵⁾	(450)	-	113
2021 Notes - Interest Shares	357,833,333	-	-	-	-
Conversion of Funding Loan	500,000,000	500,000,000 ⁽⁶⁾	-	-	-
Entitlement Offer - Minimum Subscription	5,500,000,000				
TOTAL- MINIMUM⁷	11,499,285,783	2,805,000,000	-	-	113
Entitlement Offer - Maximum Subscription	6,025,809,800	-	-	-	-
TOTAL- MAXIMUM⁷	17,525,095,583	2,805,000,000	-	-	113
Conversion of 2021 Notes	2,260,000,000	2,260,000,000	-	-	(113)
TOTAL- MINIMUM⁸	13,759,285,783	5,065,000,000	-	-	-
TOTAL- MAXIMUM⁸	19,785,095,583	5,065,000,000	-	-	-

Notes:

1. 450 Convertible Notes each with a face value of \$10,000, a conversion price of \$0.04 and a maturity date of 11 January 2020 (being the CCE Notes).
2. 16 Convertible Notes each with a face value of \$100,000, a conversion price of \$0.053 and a maturity date of 24 January 2024 (being the ARENA Notes).
3. Convertible Notes each with a face value of \$25,000, a conversion price of \$0.00125 and 1 free attaching Option exercisable at \$0.0015 per Option expiring 5 years from the date of issue, a maturity date of 31 March 2021 with a coupon of 8% per annum, payable by way of the issue of Shares at an issue price equal to the 90 day VWAP of Shares, restricted 12 months from issue.
4. 35,000,000 Options each with an exercise price of \$0.06 and an expiry date of 24 January 2024. 10,000,000 Options each with an exercise price of \$0.016 and an expiry date of 10 October 2021.
5. Options free attaching to Shares issued on conversion of CCE Notes and HFM Bridge Loan, exercisable at \$0.0015 per Share expiring 3 years from the date of issue, and subject to voluntary escrow for a period of 6 months from issue. Refer to Schedule 3 for details of the Lender Options.
6. Options free attaching to the Shares issued on conversion of the Funding Loan exercisable at \$0.00125 per share and expiring 5 years from the date of issue. Refer to Schedule 3 for details of the Funding Options.
7. Does not include the conversion of the 2021 Notes (which will be a maximum of 2,260,000,000 Shares and 2,260,000,000 Options).
8. Assuming that all of the 2021 Notes convert into Shares and Options and none of these 2021 Notes are repaid.

3.9 Pro forma Statement of Financial Position

Included in Schedule 6 is the Company's unaudited pro forma consolidated statement of financial information as at 31 December 2018, incorporating the effect of the Recapitalisation Proposal (including completion of the Entitlement Offer) and effectuation of the DOCA (**Pro Forma**).

The Pro Forma is presented in abbreviated form insofar as it does not include all the disclosures that are present in annual financial reports as required by Australian Accounting Standards. The significant accounting policies that underpin the Pro Forma are the same policies as those outlined in the Company's Annual Report for the year ended 30 June 2018.

The Pro Forma has been prepared on the basis that there are no material movements in the assets and liabilities of the Company between 31 December 2018 and the completion of the Offer, except for the Recapitalisation Proposal.

3.10 Board Composition

The Company proposes to retain its existing Board and Chief Executive Officer on completion of the Recapitalisation Proposal, providing the Company with continuity of management who are familiar with the Company's existing business and operations and also proposes to appoint Anthony Shields as a non-executive Director (representing Asymmetric). The Directors, proposed Director, management and technical team of the Company have a complementary balance of skills and experience that will facilitate the Company successfully implementing the business strategy detailed in this Notice and the Prospectus.

3.11 ASX Conditions for Reinstatement

The Company is already admitted to the Official List. However, trading in the Shares has been suspended since 1 March 2019. ASX has confirmed the conditions for reinstatement of the Shares to trading on ASX. The key conditions are as follows:

- (a) the issue of all of the securities required under the Recapitalisation Proposal as approved by the Shareholders at the Meeting; and
- (b) the Company demonstrating compliance with Listing Rules 12.1 to 12.4 inclusive, to the satisfaction of the ASX, as detailed below:
 - (i) the Company's satisfies the requirements of Listing Rule 12.1; and
 - (ii) the Company's financial condition satisfies the requirements of Listing Rule 12.2, including: (A) completion



of the Entitlement Offer and that, after payment of the costs of the Entitlement Offer (if any) and payments to the Deed Administrators and any other parties or entities to satisfy obligations under the DOCA (and any amendments or variations thereto), the Company can demonstrate to ASX that it will have net tangible assets for at least \$4 million and satisfies the requirements of Listing Rule 1.3.2(a); (B) making a 'working capital statement' similar to that required by Listing Rule 1.3.3(a) to the effect that following completion of the Entitlement Offer, the Company will have sufficient working capital at the time of reinstatement to carry out its activities; and (C) satisfying the 'working capital test' pursuant to Listing Rule 1.3.2(b); and

- (c) the Company's level of shareholder spread will satisfy the requirements of Listing Rule 12.4 if there are at least 300 non-affiliated holders each holding at least \$500 worth of Shares (such calculation to be based on the issue price of the Entitlement Offer).

Other conditions ASX requires the Company to satisfy are detailed in Schedule 5.

3.12 Advantages and Disadvantages

The advantages of passing the Resolutions and the subsequent implementation of the Recapitalisation Proposal include:

- (a) addressing of previous issues with the Company's business, being the requirement to fund losses incurred by EMC;
- (b) streamlining the Company's business, allowing the Company to return to its original focus on research, development and commercialisation of the CETO Technology;
- (c) providing the Company with a strengthened balance sheet;
- (d) facilitating the Company's execution of the business strategy (as detailed in Section 3.5 and the Prospectus); and
- (e) assisting the Company's compliance with Listing Rule 12, including having a level of operations, financial condition, proportion of assets in cash, level of spread and appropriate structure and operations appropriate and suitable to facilitate the reinstatement of the Company's securities to trading on ASX.

The principal disadvantage of the Recapitalisation Proposal is that existing Shareholders will have their holdings diluted following the issue of the Shares the subject of Resolutions. However, this must be balanced with the fact that should the Recapitalisation Proposal not proceed, the Company may be placed into liquidation or an alternative recapitalisation proposal may be implemented which results in a greater level of dilution.

If Shareholders do not approve the Recapitalisation Proposal, then the Deed Administrators have advised that they will, in the absence of any other deed of company arrangement proposal or a variation to the terms of the DOCA, have no other option but to recommend to creditors that the Company be put into liquidation.

3.13 Interdependence

The Resolutions are interdependent, meaning that Shareholders must pass each of the Resolutions for the Recapitalisation Proposal to be implemented.

3.14 Recommendation and Intention of Directors

The Directors recommend that, in the context of the Company's current circumstances and given the creditors' approval of the Recapitalisation Proposal, Shareholders accept the Recapitalisation Proposal and approve Resolutions 1 to 6 (inclusive). However, Shareholders must decide for themselves how to vote based on the matters detailed in this Explanatory Memorandum.

Subject to certain voting exclusions (as detailed in this Notice), the Directors intend to cast all of their votes attached to their respective shareholdings in favour of Resolutions 1 to 6 (inclusive).

3.15 Forward Looking Statements

The forward looking statements in this Explanatory Memorandum are based on the Company's current expectations about future events. However, they are subject to known and unknown risks, uncertainties and assumptions, many of which are outside the control of the Company and the Directors, which could cause actual results, performance or achievements to differ materially from future results, performance or achievements expressed or implied by the forward looking statements in this Explanatory Memorandum. Forward looking statements include those containing words such as 'anticipate', 'estimates', 'should', 'will', 'expects', 'plans' or similar expressions.

4. Resolution 1 - Issue of Shares under Entitlement Offer

4.1 Background

As detailed in Section 3.2, the Company is proposing to undertake the Entitlement Offer.

4.2 Listing Rule 7.11.3

Listing Rule 7.11.3 provides that the ratio of securities offered for a pro rata issue (such as the Entitlement Offer) must not be greater than 1 for 1 unless the offer is renounceable and the issue price is not more than the average market price for the securities calculated over the last 5 days on which sales in the securities were recorded before the date on which the pro rata issue was announced.

The Company has obtained a waiver from the requirements of Listing Rule 7.11.3 to enable it to undertake the issue of Shares under the Entitlement Offer (**Entitlement Offer Waiver**). It is a condition of the Entitlement Offer Waiver that Shareholders approve the Entitlement Offer. Resolution 1 seeks this approval.

Resolution 1 is subject to all other Resolutions being approved by Shareholders.

As the Company is currently suspended from trading on ASX, it was not able to make the Entitlement Offer renounceable as it is not possible for Shareholders to trade rights that would be issued under a renounceable offer. As such, the Entitlement Offer is being made on a non-renounceable basis.

4.3 Entitlement Offer Terms

The Entitlement Offer comprises four (4) Shares for every one (1) Share held as at the Record Date.

The Entitlement Offer is being made pursuant to the Prospectus.

An Indicative Timetable for the Entitlement Offer is detailed in Section 3.6.

The proposed use of funds raised under the Entitlement Offer is detailed in Section 3.7 (further details are detailed in section 5.1 of the Prospectus).

The Directors and Deed Administrators are of the view that the Entitlement Offer will provide the most certain outcome for the Company in the present circumstances and it is preferable to allow the Company's existing Shareholders the opportunity to participate in the funding of the Company to minimise the dilution effect following completion of the Recapitalisation Proposal.

The Directors consider that the Entitlement Offer must be on a 4 for 1 basis to enable sufficient funds to be raised to strengthen the Company's financial position, to effect the Recapitalisation Proposal and DOCA, and provide it with funds to continue development of the CETO Technology and the GIMG. Undertaking the Entitlement Offer on a 1 for 1 basis or less will not enable the Company to meet its objectives (refer to Sections 3.5 and 3.7 and the Prospectus for details in respect to the Company's future plans and expenditure plans).

4.4 Condition of the Entitlement Offer

The Entitlement Offer is conditional on Shareholders approving the Entitlement Offer. This is the subject of Resolution 1. In accordance with the Entitlement Offer Waiver, the Company will disregard any votes cast by any of its substantial shareholders, any party that underwrites or sub-underwrites the Entitlement Offer (noting that as at the date of this Notice the Entitlement Offer is not underwritten), any brokers or managers to the Entitlement Offer, and any of their respective associates.

For the Recapitalisation Proposal to be implemented, the Minimum Subscription must be achieved.

If Shareholders do not approve all of the Resolutions, the Entitlement Offer will not proceed and the Company will refund all application money received (without interest) in accordance with the Corporations Act.

4.5 Underwriting

The Entitlement Offer is not underwritten.

4.6 Shortfall Facility

In addition to the Entitlement Offer, there will be a separate and independent offer of any shortfall from the Entitlement Offer made pursuant to the Prospectus (**Shortfall Offer**). Both existing Shareholders and other investors who are not currently shareholders may apply for shortfall shares under the Shortfall Offer.

Further details of the Shortfall Offer (including possible effects on the control of the Company and dilution to Shareholders) are contained in the Prospectus.

4.7 Capital structure

The effect of the Entitlement Offer on the capital structure of the Company is detailed in Section 3.8.

4.8 Timetable

An indicative timetable for the Entitlement Offer is detailed in Section 3.6.

4.9 Issue price of Shares

Shares under the Entitlement Offer will be offered at an issue price of \$0.001 per Share.

4.10 Terms of the Shares

The Shares offered under the Entitlement Offer will be fully paid ordinary shares in the capital of the Company. A summary of the rights and liabilities attaching to the Shares offered under the Entitlement Offer will be detailed in the Prospectus.

4.11 Persons to whom Shares will be issued

Shares under the Entitlement Offer will be issued to:

- (a) Eligible Shareholders who take up their entitlements (either in full or in part);
- (b) Shareholders who apply for additional Shares (in the event of shortfall in application due to other Shareholders not taking up their entitlements); and
- (c) other investors identified by the Company and the Proponents (in the event of a shortfall arising due to Shareholders not taking up their entitlements).

4.12 Possible advantages and disadvantages

The advantages and disadvantages of passing Resolution 1 are detailed in Section 3.12.

4.13 Other material information

Except as detailed in this Notice, in the opinion of the Directors and the Deed Administrators, there is no other information material to the making of a decision in relation to the Entitlement Offer, being information that is within the knowledge of any Director or the Deed Administrators, which has not previously been disclosed to Shareholders.

4.14 Directors' and Deed Administrators' recommendation and intention

Having regard to all the considerations detailed in this Notice, the Directors consider that, in the absence of a superior proposal, the expected advantages of the Entitlement Offer outweigh its potential disadvantages and risks.

After considering all these factors, in the absence of a superior proposal, the Directors recommend that Shareholders vote in favour of Resolution 1 to approve the Entitlement Offer. The recommendations are based on the reasons detailed in Section 4.12.

The Directors have an interest in the Securities as the date of this Notice as detailed in the table above right.

Director	Shares	Options	Convertible Notes
Terry Stinson	-	-	-
Grant Mooney	2,628,278	-	-
Michael Fitzpatrick	125,365,359	-	100

Shareholders should be advised that if Resolution 1 (together with the other Resolutions) is not passed by the required majority and the Entitlement Offer does not proceed, the Recapitalisation Proposal will not proceed and the Deed Administrators will need to investigate other options for the Company, which will include liquidation, in which case it is expected there will be no return.

5. Resolution 2 - Issue of CCE Lender Securities - CCE Noteholders

5.1 General

Resolution 2 seeks Shareholder approval pursuant to Listing Rule 7.1 for the allotment and issue of:

- (a) 1,200,000,000 Lender Shares;
- (b) 1,200,000,000 Lender Options;
- (c) 60 (sixty) 2021 Notes; and
- (d) up to 190,000,000 Interest Shares,

(collectively, **CCE Lender Securities**) to the CCE Noteholders (and/or their nominees).

Resolution 2 is an ordinary resolution. Resolution 2 is subject to the approval of each of the other Resolutions in this Notice.

The Chairman will cast all available undirected proxies in favour of Resolution 2.

5.2 Listing Rule 7.1

Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

The effect of approving Resolution 2 will be to allow the Company to issue the CCE Lender Securities to be offered during the three month period after the Meeting (or a longer period, if allowed by ASX), without utilising the Company's 15% placement capacity under Listing Rule 7.1.

5.3 Specific information required by Listing Rule 7.3

For the purposes of Shareholder approval for the issue of the CCE Lender Securities the subject of Resolution 2 and the requirements of Listing Rule 7.3, the following information is provided:

- (a) The maximum number of CCE Lender Securities to be issued will be:
 - (i) 1,200,000,000 Lender Shares;
 - (ii) 1,200,000,000 Lender Options;
 - (iii) 60 (sixty) 2021 Notes (which would convert into a maximum of 1,200,000,000 Shares and 1,200,000,000 Options); and
 - (iv) up to 190,000,000 Interest Shares.
- (b) The Company will issue the CCE Lender Securities (save for the Interest Shares) on a date that is no later than three months after the date of the Meeting (or such longer period of time as ASX may in its discretion allow). The Company has applied for a waiver of Listing Rule 7.3.2 in respect of the Interest Shares to be issued under Listing Rule 7.1 to allow the Company to issue those Shares on the relevant interest payment dates but in any event, no later than 31 March 2021. If the waiver is not obtained, the Interest Shares will either be issued pursuant to the Company's Listing Rule 7.1 capacity or, if required, the Company will obtain Shareholder approval prior to the issue.
- (c) The CCE Lender Securities will be issued for nil cash consideration.
- (d) The CCE Lender Securities will be issued to:
 - (i) Eminent Holdings Pty Ltd (and/or its nominee);
 - (ii) Dawnray Pty Ltd ATF the HWBL Superannuation Fund (and/or its nominee); and
 - (iii) Richcab Pty Ltd (and/or its nominee);
- (e) The CCE Lender Securities will be:
 - (i) **Lender Shares:** Shares with an issue price of \$0.00125 per Share;
 - (ii) **Lender Options:** Options issued on the terms and conditions contained in Schedule 3;
 - (iii) **2021 Notes:** Convertible Notes issued on the terms and conditions contained in Schedule 4; and
 - (iv) **Interest Shares:** Shares 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) No funds will be raised from the issue of the CCE Lender Securities as they are being issued for nil cash consideration as they are being issued in full and final satisfaction of the debt owed by the Company to the CCE Noteholders under the CCE Notes.

(g) Subject to Section 5.3(b), the allotment and issue of the CCE Lender Securities (save for the Interest Shares) will occur at completion of the Recapitalisation Proposal, which is scheduled to occur on or around September 2019. The Interest Shares will be issued on their respective Interest Payment Dates

(h) A voting exclusion statement is included in the Notice.

5.4 Directors' Recommendation

The Directors recommend that Shareholders approve Resolution 2.

6. Resolution 3 - Issue of Fitzpatrick Lender Securities - Fitzpatrick Entities

6.1 General

Resolution 3 seeks Shareholder approval pursuant to Listing Rule 10.11 and section 208 of the Corporations Act for the allotment and issue of:

- (a) 860,000,000 Lender Shares;
- (b) 860,000,000 Lender Options;
- (c) 43 (forty-three) 2021 Notes; and
- (d) up to 136,166,666 Interest Shares,

(collectively, **Fitzpatrick Lender Securities**) to the Fitzpatrick Entities (and/or their nominees).

The Fitzpatrick Lender Securities will be:

- (a) **Lender Shares:** Shares at an issue price of \$0.00125 per Share;
- (b) **Lender Options:** Options issued on the terms and conditions contained in Schedule 3;
- (c) **2021 Notes:** Convertible Notes issued on the terms and conditions contained in Schedule 4; and
- (d) **Interest Shares:** Shares with an issue price of the greater of \$0.001 or the 90 day VWAP calculated prior to the relevant Interest Payment Date.

Mr Mike Fitzpatrick, a non-executive Director, owns and controls the Fitzpatrick Entities. Accordingly, the Fitzpatrick Entities are related parties of the Company for the purposes of Listing Rule 10.11 and section 208 of the Corporations Act.

Resolution 3 is an ordinary resolution. Resolution 3 is subject to the approval of each of the other Resolutions in this Notice.

The Chairman will cast all available undirected proxies in favour of Resolution 3.

6.2 Section 208 of the Corporations Act

Under section 208 of the Corporations Act, the Company must obtain Shareholder approval to give a financial benefit to a related party of the Company, unless the giving of the financial benefit falls within an exception in sections 210 to 216 of the Corporations Act.

Mr Mike Fitzpatrick, a non-executive Director, owns and controls the Fitzpatrick Entities. Accordingly, the Fitzpatrick Entities are related parties of the Company for the purposes of section 228(4) of the Corporations Act. The issue of Fitzpatrick Lender Securities to the Fitzpatrick Entities (and/or their nominees) constitutes the giving of a financial benefit for the purpose of section 208 of the Corporations Act and the Company will seek Shareholder approval for the purposes of that section.

6.3 Listing Rule 10.1

As detailed in Section 3.2, the Company will enter into GSAs with the 2021 Noteholders (including the Fitzpatrick Entities). Listing Rule 10.1 provides that a company must obtain shareholder approval to acquire a substantial asset from, or dispose of a substantial asset to, a related party of the company (amongst others). Broadly, an asset will be a substantial asset if its value, or the value of the consideration for it is, 5% or more of the equity interests of the company as detailed in the latest accounts given to ASX under the Listing Rules.

Under the Listing Rules, the grant of a security over an asset constitutes disposing of the asset. As the security to be granted to the Fitzpatrick Entities under the GSA may apply to all of the assets and undertakings of the Company, the security would constitute a substantial asset for the purposes of Listing Rule 10.1. Accordingly, the grant of the security by the Company to the Fitzpatrick Entities prima facie requires Shareholder approval under Listing Rule 10.1.

The Company has been granted a waiver of Listing Rule 10.1 to the extent necessary to permit the grant of a security to HFM without Shareholder approval, subject to certain conditions. Refer to the ASX announcement dated 9 July 2019. The Company has also applied for a waiver of Listing Rule 10.1 to the extent necessary to permit the grant of a security to Log Creek Pty Ltd ATF 88 Green Trust without Shareholder approval.

6.4 Listing Rule 10.11

Listing Rule 10.11 requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a related party (such as HFM), or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained unless an exception in Listing Rule 10.12 applies.

Pursuant to Listing Rule 7.2, exception 14, as Shareholder approval is sought under Listing Rule 10.11, approval under Listing Rule 7.1 is not required.

6.5 Specific information required by Listing Rule 10.13 and section 219 of the Corporations Act

For the purposes of Shareholder approval of the issue of the Fitzpatrick Lender Securities the subject of Resolution 3 and the requirements of Listing Rule 10.13 and section 219 of the Corporations Act, the following information is provided:

- (a) **The related parties to whom the proposed resolution would permit financial benefits to be given.**

The Fitzpatrick Lender Securities will be issued to the Fitzpatrick Entities and/or their nominees.

- (b) **The maximum number of securities to be issued.**

The maximum number of Fitzpatrick Lender Securities to be issued will be:

- (i) 860,000,000 Lender Shares;
- (ii) 860,000,000 Lender Options;

- (iii) 43 (forty-three) 2021 Notes (which would convert into a maximum of 860,000,000 Shares and 860,000,000 Options); and
- (iv) up to 136,166,666 Interest Shares.
- (c) **The date of issue.**
The Company will issue the Fitzpatrick Lender Securities (save for the Interest Shares) on a date that is no later than one month after the date of the Meeting (or such longer period of time as ASX may in its discretion allow). The Company has applied for a waiver of Listing Rules 10.13.3 in respect of the Interest Shares to be issued under Listing Rule 10.11 to allow the Company to issue those Shares on the relevant interest payment dates but in any event, no later than 31 March 2021. If the waiver is not obtained, the Interest Shares will either be issued pursuant to the Company's Listing Rule 7.1 capacity or, if required, the Company will obtain Shareholder approval prior to the issue.
- (d) **The intended use of funds and nature of financial benefits.**
No funds will be raised from the issue of the Fitzpatrick Lender Securities as they are being issued for nil cash consideration in full and final satisfaction of the debt owed by the Company to HFM under the HFM Bridge Loan and Log Creek Pty Ltd ATF 88 Green Trust in respect to the CCE Notes.
- (e) **Relationship between Fitzpatrick Entities and the Company.**
Mr Mike Fitzpatrick, a non-executive Director, owns and controls the Fitzpatrick Entities. Accordingly, the Fitzpatrick Entities are related parties of the Company for the purposes of section 228(4) of the Corporations Act.
- (f) **Issue price of Fitzpatrick Lender Securities.**
The issue price of each Lender Share is \$0.00125.
The exercise price of each Lender Option is \$0.0015.
The face value of the 2021 Notes is A\$25,000.
The issue price of each Interest Shares is the greater of \$0.001 or the 90 day VWAP calculated prior to the relevant Interest Payment Date. The Company has applied for a waiver of Listing Rules 10.13.5 in respect of the Interest Shares to be issued under Listing Rule 10.11. If the waiver is not obtained, the Interest Shares will either be issued pursuant to the Company's Listing Rule 7.1 capacity or, if required, the Company will obtain Shareholder approval prior to the issue.
- (g) **The interests of the Directors in Resolution 3.**
Mr Fitzpatrick owns and controls the Fitzpatrick Entities and accordingly has an interest in Resolution 3. No other Directors are associated with the Fitzpatrick Entities and accordingly have no interest in Resolution 3.
- (h) **Valuation of financial benefits.**
The valuation of the Lender Shares and Interest Shares to be issued under Resolution 3, based on the last trading price for the Shares as at the date of this Notice is \$2,988,500. The trading history of the Shares on ASX in the last 12 months before the date of this Notice is detailed below:

Director	Price \$	Date
Highest Closing Price	\$0.020	30 July 2018
Lowest Closing Price	0.0030	7 February 2019
Last Closing Price	0.0030	1 March 2019

The issue of the Lender Shares and Interest Shares to the Fitzpatrick Entities will in aggregate be equal to approximately 34% of the Company's share capital (based on the number of Shares on issue as at the date of this Notice).

The Board has received independent advice on the value of the Lender Options and determined on the basis of the assumptions detailed below the technical value of the Lender Options are as follows:

Number of Lender Options	Value per Lender Option	Total Value \$
860,000,000	\$0.00054	\$464,400

The value may go up or down after the date of valuation as it will depend on the future price of a Share. The Black Scholes Pricing Model has been used to value the Lender Options with the following assumptions:

- (i) Underlying Share price \$0.001
- (ii) Volatility 100%
- (iii) Risk Free Rate 0.98%
- (iv) Time to expiry 3 Years

Under the accounting standard AASB 2 share based payments, the Company will recognise an expense in the income statement based on the fair value of the options over the period from the date of issue to the vesting date. The total of the fair value of the Lender Options to be issued pursuant to this Resolution 3 is \$464,400 at the date of the Notice.

The market price of Shares would normally determine whether or not the Fitzpatrick Entities exercise the Lender Options. If the Lender Options are exercised at a price that is lower than the price at which Shares are trading on ASX, there may be a perceived cost to the Company.

The Company has calculated the value of the 2021 Notes and Interest Shares to be issued to Fitzpatrick Entities as being \$500,622.

The 2012 Notes have been valued in accordance with AASB 9 Financial Instruments. The 2021 Notes have been bifurcated into three elements being the derivative value relating to the conversion of the interest, the attaching options and the liability element. The attaching options have been valued using the Black Scholes model and the interest conversion using a Monte Carlo model which takes into account the conversion terms whereby the shares are issued at the greater of the 90 day VWAP or \$0.001.

The key inputs to both models are as follows

(i)	Underlying Share price	\$0.001
(ii)	Volatility	100%
(iii)	Risk Free Rate	0.98%
(iv)	Time to expiry	19 Months (Interest Shares) 4.58 Years (attaching options)

The resulting values are as follow:

Convertible note liability	\$495,482
Interest Shares	\$5,140
Attaching Options	\$574,378

(i) **Dilution.**

The issue of the Lender Shares to the Fitzpatrick Entities will result in a dilution of all other Shareholders' holdings in the Company of approximately 29% based on issued Shares as at the date of the Notice and approximately 7% of the Company's Share capital following completion of the Recapitalisation Proposal (assuming the Minimum Subscription).

The exercise of the Lender Options by the Fitzpatrick Entities will result in a dilution of all other Shareholders' holdings in the Company of approximately 29% based on issued Shares as at the date of the Notice and approximately 7% of the Company's Share capital following completion of the Recapitalisation Proposal (assuming the Minimum Subscription).

If the 2021 Notes are converted (and the Options exercised) and all of the Interest Shares issued, the issue of Shares will in aggregate be equal to approximately 66% of the Company's Share capital (based on the number of Shares on issue as at the date of this Notice and approximately 16.6% of the Company's Share capital following completion of the Recapitalisation Proposal (assuming the Minimum Subscription).

(j) **Remuneration of Director.**

The total annual remuneration for the financial year ending 30 June 2019 for Mr Mike Fitzpatrick was approximately \$44,598. Following effectuation of the DOCA, Mr Fitzpatrick's remuneration will be approximately \$40,000 (plus superannuation).

(k) **Interests of related party in the Company.**

Mr Mike Fitzpatrick presently holds, through entities associated with Mr Fitzpatrick, 125,365,359 Shares and 100 CCE Notes

(l) **Voting Exclusion.**

A voting exclusion statement is included in the Notice.

(m) **Other information.**

Other than the information above and otherwise detailed in the Notice, the Company believes that there is no other information that would be reasonably required by Shareholders to pass Resolution 3.

6.6 Directors' Recommendation

The Directors (other than Mr Fitzpatrick who has a material personal interest in the outcome of Resolution 3) recommend that Shareholders approve Resolution 3.

7. Resolution 4 - Issue of Asymmetric Funding Securities - Asymmetric Credit Partners Pty Ltd

7.1 General

Resolution 4 seeks Shareholder approval pursuant to Listing Rule 7.1 and section 208 of the Corporations Act for the for the allotment and issue of:

- (a) 250,000,000 Funding Shares;
- (b) 250,000,000 Funding Options,
- (c) 200,000,000 Lender Shares;
- (d) 200,000,000 Lender Options;
- (e) 10 (ten) 2021 Notes; and
- (f) up to 31,666,667 Interest Shares,

(collectively, **Asymmetric Securities**) to Asymmetric (and/or its nominees).

The Asymmetric Securities will be:

- (a) **Funding Shares:** fully paid ordinary shares in the capital of the Company at \$0.001 per Share and will rank equally in all respects with the Company's existing Shares on issue;
- (b) **Funding Options:** Options issued on the terms and conditions contained in Schedule 3;
- (c) **Lender Shares:** fully paid ordinary shares in the capital of the Company at \$0.00125 per Share and will rank equally in all respects with the Company's existing Shares on issue;
- (d) **Lender Options:** Options issued on the terms and conditions contained in Schedule 3;

- (e) **2021 Notes:** Convertible Notes issued on the terms and conditions contained in Schedule 4; and
- (f) **Interest Shares:** Shares with an issue price of the greater of \$0.001 or the 90 day VWAP calculated prior to the relevant Interest Payment Date.

Resolution 4 is an ordinary resolution. Resolution 4 is subject to the approval of each of the other Resolutions in this Notice. The Chairman will cast all available undirected proxies in favour of Resolution 4.

7.2 Listing Rule 7.1

Listing Rule 7.1 provides that a company must not, subject to specified exemptions, issue or agree to issue more equity securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

The effect of Resolution 4 will be to allow the Directors to issue the Asymmetric Securities during the period of 3 months after the Meeting (or such longer period of time as ASX may in its discretion allow), without using the Company's 15% annual placement capacity.

7.3 Section 208 of the Corporations Act

A summary of section 208 is provided in Section 6.4.

Mr Anthony Shields, being a proposed Director, controls Asymmetric. Accordingly, Asymmetric is considered a related party of the Company for the purposes of section 228(6) of the Corporations Act. The issue of the Asymmetric Securities to Asymmetric (and/or its nominee) constitutes the giving of a financial benefit for the purpose of section 208 of the Corporations Act and the Company will seek Shareholder approval for the purposes of that section.

7.4 Listing Rules 10.1 and 10.11

As detailed in:

- (a) Section 6.3, Listing Rule 10.1 provides that a company must obtain shareholder approval to acquire a substantial asset from, or dispose of a substantial asset to, a related party of the company (amongst others), which includes the grant of a security over an asset; and
- (b) Section 6.4, Listing Rule 10.11 requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a related party, or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained unless an exception in Listing Rule 10.12 applies.

The Directors consider that Shareholder approval pursuant to:

- (a) Listing Rule 10.1 is not required in respect to the grant of security to Asymmetric as the exception under Listing Rule 10.3 will apply; and
- (b) Listing Rule 10.11 is not required as the exception under Listing Rule 10.12 Exception 6 will apply,

on the basis that Asymmetric is a related party by reason only of the Recapitalisation Proposal and the application to it of Section 228(6) of the Corporations Act.

Accordingly, the Company seeks Shareholder approval for the issue of the Asymmetric Securities pursuant to Listing Rule 7.1.

7.5 Specific information required by Listing Rule 7.3 and section 219 of the Corporations Act

For the purposes of Shareholder approval of the issue of the Asymmetric Securities the subject of Resolution 4 and the requirements of Listing Rule 7.3 and section 219 of the Corporations Act, the following information is provided:

- (a) **The related parties to whom the proposed resolution would permit financial benefits to be given.**
The Asymmetric Securities will be issued to Asymmetric (and/or its nominees).
- (b) **The maximum number of securities to be issued.**
The maximum number of Asymmetric Securities to be issued will be:
 - (i) 250,000,000 Funding Shares;
 - (ii) 250,000,000 Funding Options;
 - (iii) 200,000,000 Lender Shares;
 - (iv) 200,000,000 Lender Options;
 - (v) 10 (ten) 2021 Notes (which would convert into a maximum of 200,000,000 Shares and 200,000,000 Options); and
 - (vi) up to 31,666,667 Interest Shares.
- (c) **The date of issue.**
The Company will issue the Asymmetric Securities (save for the Interest Shares) on a date that is no later than 3 month after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules). The Company has applied for a waiver of Listing Rule 7.3.2 in respect of the Interest Shares to be issued under Listing Rule 7.1 to allow the Company to issue those Shares on the relevant interest payment dates but in any event, no later than 31 March 2021. If the waiver is not obtained, the Interest Shares will either be issued pursuant to the Company's Listing Rule 7.1 capacity or, if required, the Company will obtain Shareholder approval prior to the issue.
- (d) **The intended use of funds and nature of the financial benefits.**
No funds will be raised from the issue of the Asymmetric Securities as they are being issued for nil cash consideration in full and final satisfaction of the debt owed by the Company to Asymmetric under the Funding Loan and Asymmetric's CCE Notes.
- (e) **Relationship between Asymmetric and the Company.**
Mr Anthony Shields, being a proposed Director, controls Asymmetric. Accordingly, Asymmetric is considered a related party of the Company for the purposes of section 228(6) of the Corporations Act

(f) **Issue price of the Asymmetric Securities.**

The issue price of each Funding Share is \$0.001.

The exercise price of each Funding Option is \$0.00125.

The issue price of each Lender Share is \$0.00125.

The exercise price of each Lender Option is \$0.0015.

The face value of the 2021 Notes is A\$25,000.

The issue price of each Interest Shares is the greater of \$0.001 or the 90 day VWAP calculated prior to the relevant Interest Payment Date

(g) **Issue of Asymmetric Securities.**

Subject to Section 7.4(c), the allotment and issue of the Asymmetric Securities (save for Interest Shares) will occur at completion of the Recapitalisation Proposal, which is scheduled to occur on or around September 2019. The Interest Shares will be issued on their respective Interest Payment Dates.

(h) **The interests of the Directors in Resolution 4.**

No Directors are associated with Asymmetric and accordingly they have no interest in Resolution 4.

(i) **Valuation of financial benefit.**

The valuation of the Funding Shares, Lender Shares and Interest Shares to be issued under Resolution 4, based on the last trading price for the Shares as at the date of this of Notice is \$1,445,000. The trading history of the Shares on ASX in the last 12 months before the date of this Notice is detailed below:

	Price \$	Date
Highest Closing Price	\$0.020	30 July 2018
Lowest Closing Price	0.0030	7 February 2019
Last Closing Price	0.0030	1 March 2019

The issue of the Funding Shares, Lender Shares and Interest Shares to Asymmetric will in aggregate be equal to approximately 16.71% of the Company's share capital (based on the number of Shares on issue as at the date of this Notice).

The Board has received independent advice on the value of the Funding Options and Lender Options and determined on the basis of the assumptions detailed below the technical value of the Funding Options and Lender Options are as follows:

	Number of Options	Value per Option	Total Value \$
Funding Options	250,000,000	\$0.00071	\$177,500
Lender Options	200,000,000	\$0.00054	\$107,812

The value may go up or down after the date of valuation as it will depend on the future price of a Share. The Black Scholes Pricing Mode has been used to value the Funding Options and Lender Options with the following assumptions:

- | | | |
|-------|------------------------|---|
| (i) | Underlying Share price | \$0.001 |
| (ii) | Volatility | 100% |
| (iii) | Risk Free Rate | 0.98% |
| (iv) | Time to expiry | 3 Years (Lender Options)
5 Years (Funding Options) |

Under the accounting standard AASB 2 share based payments, the Company will recognise an expense in the income statement based on the fair value of the options over the period from the date of issue to the vesting date. The total of the fair value of the Funding Options and Lender Options to be issued pursuant to this Resolution 4 is \$285,312 at the date of the Notice.

The market price of Shares would normally determine whether or not Asymmetric exercise the Funding Options or the Lender Options. If the Funding Options or Lender Options are exercised at a price that is lower than the price at which Shares are trading on ASX, there may be a perceived cost to the Company.

The Company has calculated the value of the 2021 Notes and Interest Shares to be issued to Asymmetric as being \$116,424.

The 2021 Notes have been valued in accordance with AASB 9 Financial Instruments. The 2021 Notes have been bifurcated into three elements being the derivative value relating to the conversion of the interest, the attaching options and the liability element. The attaching options have been valued using the Black Scholes model and the interest conversion using a Monte Carlo model which takes into account the conversion terms whereby the shares are issued at the greater of the 90 day VWAP or \$0.001.

The key inputs to both models are as follows

- | | | |
|-------|------------------------|---|
| (i) | Underlying Share price | \$0.001 |
| (ii) | Volatility | 100% |
| (iii) | Risk Free Rate | 0.98% |
| (iv) | Time to expiry | 19 Months (Interest Shares)
4.58 Years (attaching options) |

The resulting values are as follow	
Convertible note liability	\$115,228
Interest Shares	\$1,195
Attaching options	\$133,576

(j) **Dilution.**

The issue of the Funding Shares and Lender Shares to Asymmetric will result in a dilution of all other Shareholders' holdings in the Company of approximately 15.62% based on issued Shares as at the date of the Notice and approximately 4% following completion of the Recapitalisation Proposal (assuming the Minimum Subscription).

The exercise of the Funding Options and Lender Options by Asymmetric will result in a dilution of all other Shareholders' holdings in the Company of approximately 15.62% based on issued Shares as at the date of the Notice and approximately 4% following completion of the Recapitalisation Proposal (assuming the Minimum Subscription).

If the 2021 Notes are converted (and Options exercised) and the Interest Shares issued, the issue of Shares will in aggregate be equal to approximately 16.71% of issued Shares as at the date of the Notice and approximately 4.32% following completion of the Recapitalisation Proposal (assuming the Minimum Subscription).

(k) **Interests of related party in the Company.**

Related party	Securities
Mr Anthony Shields (through his related entities)	66,750,000 Shares 25,000,000 Options ⁽¹⁾ 50 Convertible Notes ⁽²⁾

Notes:

1. 25,000,000 Options each with an exercise price of \$0.06 and an expiry date of 24 January 2024.
2. 50 Convertible Notes each with a face value of \$10,000, a conversion price of \$0.04 and a maturity date of 11 January 2020 (being the CCE Notes).

(l) **Voting Exclusion.**

A voting exclusion statement is included in the Notice.

(m) **Other information.**

Other than the information above and otherwise detailed in the Notice, the Company believes that there is no other information that would be reasonably required by Shareholders to pass Resolution 4.

7.6 Directors' Recommendation

The Directors recommend that Shareholders approve Resolution 4.

8. Resolution 5 - Issue of Mooney Funding Securities - Mooney & Partners Pty Ltd

8.1 General

Resolution 5 seeks Shareholder approval pursuant to Listing Rule 10.11 and section 208 of the Corporations Act for the for the allotment and issue of:

- 250,000,000 Funding Shares; and
- 250,000,000 Funding Options,

(collectively, **Mooney Funding Securities** to Mooney & Partners and/or its nominees.

The Mooney Funding Securities will be:

- Funding Shares:** fully paid ordinary shares in the capital of the Company at \$0.001 per Share and will rank equally in all respects with the Company's existing Shares on issue; and
- Funding Options:** Options issued on the terms and conditions contained in schedule 3.

Resolution 5 is an ordinary resolution. Resolution 5 is subject to the approval of each of the other Resolutions in this Notice.

The Chairman will cast all available undirected proxies in favour of Resolution 5.

8.2 Section 208 of the Corporations Act and Listing Rule 10.11

A summary of Listing Rule 10.11 and section 208 is provided in Sections 6.2 and 6.4.

Mr Grant Mooney, a Director, owns and controls Mooney & Partners. Accordingly, Mooney & Partners is a related party of the Company for the purposes of section 228(4) of the Corporations Act. The issue of Mooney Funding Securities to Mooney & Partners (and/or its nominee) constitutes the giving of a financial benefit for the purpose of section 208 of the Corporations Act and the Company will seek Shareholder approval for the purposes of that section.

8.3 Specific information required by Listing Rule 10.13 and section 219 of the Corporations Act

For the purposes of Shareholder approval of the issue of the Mooney Funding Securities the subject of Resolution 5 and the requirements of Listing Rule 10.13 and section 219 of the Corporations Act, the following information is provided:

- The related parties to whom the proposed resolution would permit financial benefits to be given.**
The Mooney Funding Securities will be issued to Mooney & Partners and/or its nominees.
- The maximum number of securities to be issued.**

The maximum number of Mooney Funding Securities to be issued will be:

- (i) 250,000,000 Funding Shares; and
- (ii) 250,000,000 Funding Options.

(c) **The date of issue.**

The Company will issue the Mooney Funding Securities on a date that is no later than one month after the date of the Meeting (or such longer period of time as ASX may in its discretion allow).

(d) **The intended use of funds and nature of the financial benefits.**

No funds will be raised from the issue of the Mooney Funding Securities as they are being issued for nil cash consideration in full and final discharge of the debt owed by the Company to Mooney & Partners under the Funding Loan.

(e) **Relationship between Mooney & Partners and the Company.**

Mr Grant Mooney, a Director, owns and controls Mooney & Partners. Accordingly, Mooney & Partners is a related party of the Company for the purposes of section 228(4) of the Corporations Act.

(f) **Issue price of the Mooney Funding Securities.**

The issue price of each Funding Share is \$0.001.

The exercise price of each Funding Option is \$0.00125.

(g) **The interests of the Directors in Resolution 5.**

Mr Grant Mooney controls Mooney & Partners and accordingly has an interest in Resolution 5. No other Directors are associated with Mooney & Partners and accordingly have no interest in Resolution 5.

(h) **Valuation of financial benefit.**

The valuation of the Funding Shares to be issued under Resolution 5, based on the last trading price for the Shares as at the date of this of Notice is \$750,000. The trading history of the Shares on ASX in the last 12 months before the date of this Notice is detailed below:

	Price	Date
Highest Closing Price	\$0.020	30 July 2018
Lowest Closing Price	0.0030	7 February 2019
Last Closing Price	0.0030	1 March 2019

The issue of the Funding Shares will in aggregate be equal to approximately 8.68% of the Company's share capital (based on the number of Shares on issue as at the date of this Notice).

The Board has received independent advice on the value of the Funding Options and determined on the basis of the assumptions detailed below the technical value of the Funding Options are as follows:

Number of Funding Options	Value per Funding Option	Total Value \$
250,000,000	\$0.00071	\$177,500

The value may go up or down after the date of valuation as it will depend on the future price of a Share. The Black Scholes Pricing Model has been used to value the Funding Options with the following assumptions:

- (i) Underlying Share price \$0.001
- (ii) Volatility 100%
- (iii) Risk Free Rate 0.98%
- (iv) Time to expiry 3 Years

Under the accounting standard AASB 2 share based payments, the Company will recognise an expense in the income statement based on the fair value of the options over the period from the date of issue to the vesting date. The total of the fair value of the Funding Options to be issued pursuant to this Resolution 5 is \$177,500 at the date of the Notice.

The market price of Shares would normally determine whether or not Mooney & Partners exercise the Funding Options. If the Funding Options are exercised at a price that is lower than the price at which Shares are trading on ASX, there may be a perceived cost to the Company.

(i) **Dilution.**

The issue of the Funding Shares to Mooney & Partners will result in a dilution of all other Shareholders' holdings in the Company of approximately 8.68% based on issued Shares as at the date of the Notice and approximately 2.24% following completion of the Recapitalisation Proposal (assuming the Minimum Subscription).

The exercise of the Funding Options by Mooney & Partners will result in a dilution of all other Shareholders' holdings in the Company of approximately 8.68% based on issued Shares as at the date of the Notice and approximately 2.24% following completion of the Recapitalisation Proposal (assuming the Minimum Subscription).

(j) **Remuneration of Director.**

The total annual remuneration for the financial year ending 30 June 2019 for Mr Grant Mooney was approximately \$84,598. Following effectuation of the DOCA, Mr Mooney's remuneration will be approximately \$40,000 (plus superannuation). In addition Mooney & Partners Pty Ltd will receive fees of \$48,000 (plus GST) for the provision of company secretarial services.

(k) **Interests of related party in the Company.**

Mr Grant Mooney presently holds, through Mooney & Partners, 2,628,278 Shares.

(l) **Voting Exclusion.**

A voting exclusion statement is included in the Notice.

(m) **Other information.**

Other than the information above and otherwise detailed in the Notice, the Company believes that there is no other information that would be reasonably required by Shareholders to pass Resolution 5.

8.4 Directors' Recommendation

The Directors (other than Mr Mooney who has a material personal interest in the outcome of Resolution 5) recommend that Shareholders approve Resolution 5.

9. Resolution 6 - Section 195 Approval

In accordance with section 195 of the Corporations Act, a director of a public company may not vote or be present during meetings of directors when matters in which that director holds a "material personal interest" are being considered.

The Directors have a material personal interest in the outcome of Resolutions 1 to 5 (inclusive) because these Resolutions relate to the issue of Securities to the Directors or their associates.

In the absence of this Resolution 6, the Directors may not be able to form a quorum at directors meetings necessary to carry out the terms of Resolutions 1 to 5 (inclusive).

The Directors accordingly exercise their right under section 195(4) of the Corporations Act to put the issue to Shareholders to resolve.

Resolution 6 is an ordinary resolution. Resolution 6 is subject to the approval of each other Resolution.

The Chairman intends to exercise all available proxies in favour of Resolution 6.

The Board considers that, given the subject matter of Resolution 6, it would be inappropriate for the Board to give any voting recommendation with respect to Resolution 6.

SCHEDULE 1: DEFINITIONS

\$ means Australian dollars.

2021 Notes has the meaning given in Section 3.2.

2021 Noteholders means the holders of the 2021 Notes detailed in Schedule 2.

Administrators has the meaning given in Section 3.1.

ARENA has the meaning given in Section 3.2.

ARENA Notes has the meaning given in Section 3.2.

ASIC means the Australian Securities and Investments Commission.

ASX means the Australian Securities Exchange.

Asymmetric means Asymmetric Credit Partners Pty Ltd.

Asymmetric Securities has the meaning given in Section 7.1.

ATO means the Australian Taxation Office

Board means the current board of directors of the Company.

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

CCE Lender Securities has the meaning given in Section 5.1.

CCE Notes has the meaning given in Section 3.2.

CCE Noteholders has the meaning given in Section 5.1 and are named in Schedule 2 (excluding HFM Investments Pty Ltd and Log Creek Pty Ltd ATF the 88 Green Trust).

CETO has the meaning given in Section 3.1.

CETO Technology has the meaning given in Section 3.1.

CETO Unit means a wave energy converter utilising the CETO Technology which include the CETO 3 Unit, CETO 5 Unit and the CETO 6 Unit (common infrastructure such as the export cable and grid connection do not form part of the CETO Unit).

Chairman means the person appointed to chair the Meeting convened by the Notice.

CHESS means Clearing House Electronic Subregister System.

Closing Date means the date referred to as such in the Indicative Timetable.

Company or **Carnegie** means Carnegie Clean Energy Limited (ACN 009 237 736).

Conditions has the meaning given in Section 3.3.

Constitution means the Company's constitution.

Convertible Note means a convertible note issued by the Company.

Corporations Act means the Corporations Act 2001 (Cth).

Creditors' Trust has the meaning given in Section 3.2.

Creditors' Trust Payment has the meaning given in Section 3.2.

Deed Administrators has the meaning given in Section 3.2.

Directors means the current directors of the Company.

DOCA has the meaning given in Section 3.2.

Eligible Shareholders means a person who:

- (a) Is a Shareholder at 5:00pm (WST) on the Record Date; and
- (b) has a registered address in Australia or New Zealand as recorded with the Share Registry as at the Record Date.

EMC or **EMC Co** or **Energy Made Clean** means Energy Made Clean Pty Ltd (ACN 118 300 520).

EMC Business has the meaning given in Section 3.1.

Entitlement means a Shareholder's entitlement to subscribe for Shares under the Entitlement Offer.

Entitlement Offer has the meaning given in Section 3.2.

Entitlement Offer Terms means the terms of the Entitlement Offer pursuant to the Prospectus and as detailed in Section 4.3.

Entitlement Offer Waiver has the meaning given in Section 4.2.

Ex-Date has the meaning given in Section 3.6.

Explanatory Memorandum means the explanatory statement

accompanying the Notice.

Fitzpatrick Entities means HFM Investments Pty Ltd and Log Creek Pty Ltd ATF the 88 Green Trust.

Fitzpatrick Lender Securities has the meaning given in Section 6.1.

Funding Loan has the meaning given in Section 3.2.

Funding Options means Options to be issued to Asymmetric or Mooney & Partners and/or their nominees.

Funding Shares means Shares to be issued to Asymmetric or Mooney & Partners and/or their nominees.

General Meeting or **Meeting** means the meeting convened by the Notice.

GIMG has the meaning given in Section 3.2.

GSA has the meaning given in Section 3.2.

HFM means HFM Investments Pty Ltd.

HFM Bridge Loan has the meaning given in Section 3.2.

HFM Lender Securities has the meaning given in Section 6.1.

Indicative Timetable means the indicative timetable in Section 3.6.

Interest Shares has the meaning given in Section 3.2.

Interest Repayment Dates has the meaning given in Section 5.3.

Listing Rules means the Listing Rules of ASX.

Lender Options means Options to be issued to CCE Noteholders (excluding Asymmetric Credit Partners Pty Ltd and Log Creek Pty Ltd ATF the 88 Green Trust) or HFM and/or its nominees.

Lender Shares means Shares to be issued to CCE Noteholders (excluding Asymmetric Credit Partners Pty Ltd and Log Creek Pty Ltd ATF the 88 Green Trust) or HFM and/or its nominees.

Minimum Subscription has the meaning given in Section 4.4.

Meeting has the meaning given in the introductory paragraph of this Notice.

Mooney & Partners means Mooney & Partners Pty Ltd.

Mooney Funding Securities has the meaning given in Section 8.1.

Notice means this notice of meeting including the Explanatory Memorandum and the Proxy Form.

OEM means original equipment manager.

Option means an option to acquire a Share.

Optionholder means a registered holder of an Option.

Pro Forma has the meaning given in Section 3.9.

Proponents has the meaning given in Section 3.2.

Prospectus means the prospectus of the Company dated on [22] July 2019.

Proxy has the meaning given in Section 2.

Proxy Form means the proxy form accompanying the Notice.

PTO means the power take-off.

Recapitalisation Proposal has the meaning given in Section 3.2.

Record Date means the date referred to as such in the Indicative Timetable.

Resolutions means the resolutions in the Notice or any one of them, as the context requires.

Schedule means a schedule to this Notice.

Securities means all securities of the Company, including Shares, Options and Convertible Notes.

Share means a fully paid ordinary share in the capital of the Company.

Share Registry means Security Transfer Pty Ltd.

Shareholder means a registered holder of a Share.

Shortfall Offer has the meaning given in Section 4.6.

VWAP means volume weighted average price.

WST means Western Standard Time as observed in Perth, Western Australia.



SCHEDULE 2: SCHEDULE 2: 2021 NOTEHOLDERS

Noteholder	Number of 2021 Notes to be issued	Number of Shares to be issued upon conversion of the 2021 Notes	Number of Options to be issued upon conversion of the 2021 Notes
Eminent Holdings Pty Ltd (ACN 009 265 972)	40	800,000,000	800,000,000
Log Creek Pty Ltd (ACN 100 874 851) <88 Green A/C>	20	400,000,000	400,000,000
Dawnray Pty Ltd (ACN 100 971 980) ATF The HWBL Superannuation Fund	10	200,000,000	200,000,000
Richcab Pty Ltd (ACN 069 335 459)	10	200,000,000	200,000,000
Asymmetric Credit Partners Pty Ltd	10	200,000,000	200,000,000
HFM Investments Pty Ltd	23	460,000,000	460,000,000

SCHEDULE 3: TERMS AND CONDITIONS OF LENDER OPTIONS AND FUNDING OPTIONS

For the purposes of Schedule 3, 'Options' means Lender Options and Funding Options unless specified otherwise.

(a) **Entitlement**

Each Option entitles the holder to subscribe for one Share upon the exercise of the Option.

(b) **Exercise Price and Expiry Date**

The Lender Options have an exercise price of \$0.0015 per Option (**Exercise Price**) and an expiry date 3 years following the date of issue (**Expiry Date**).

The Funding Options have an exercise price of \$0.00125 per Option (**Exercise Price**) and an expiry date 5 years following the date of issue (**Expiry Date**).

A Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(c) **Exercise Period**

The Options are exercisable at any time on or prior to the Expiry Date.

(d) **Quotation of the Options**

The Company will not apply for quotation of the Options on ASX.

(e) **Notice of Exercise**

The Options may be exercised by notice in writing to the Company in the manner specified on the Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

Any Notice of Exercise of an Option received by the Company will be deemed to be a notice of the exercise of that Option as at the date of receipt.

(f) **Lodgement Instructions**

Cheques shall be in Australian currency made payable to the Company and crossed "Not Negotiable". The application for Shares on exercise of the Options with the appropriate remittance should be lodged at the Company's share registry.

(g) **Shares Issued on Exercise**

Shares issued on exercise of the Options rank equally with the then issued shares of the Company.

(h) **Timing of the Issue of Shares on Exercise and Quotation**

Within 15 business days of a Notice of Exercise being given in accordance with these terms and conditions and payment of the Exercise Price for each Option being exercised, the Company will:

- (i) issue the Shares pursuant to the exercise of the Options; and
- (ii) apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.

(i) **Participation in New Issues**

There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to shareholders during the currency of the Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 4 business days after the issue is announced. This will give the holders of Options the opportunity to exercise their Options prior to the date for determining entitlements to participate in any such issue.

(j) **Adjustment for Bonus Issues of Shares**

If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment):

- (i) the number of Shares which must be issued on the exercise of an Option will be increased by the number of Shares which the Option holder would have received if the Option holder had exercised the Option before the record date for the bonus issue; and
- (ii) no change will be made to the Exercise Price.

(k) **Adjustment for Entitlement Issue**

If the Company makes an issue of Shares pro rata to existing shareholders (other than as a bonus issue, to which paragraph (j) will apply) there will be no adjustment of the Exercise Price of an Option or the number of Shares over which the Options are exercisable.

(l) **Adjustment for Reorganisation**

If there is any reorganisation of the issued share capital of the Company, the rights of the Option holders will be varied in accordance with the Listing Rules.

(m) **Transferability**

Unless otherwise determined by the Board, the Options are non-transferable.

SCHEDULE 4: TERMS AND CONDITIONS OF 2021 NOTES

The Company intends to enter into two convertible note facility agreements (**Convertible Note Facility Agreements**) with Fitzpatrick Entities and the CCE Noteholders.

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

- (a) (a) the Lenders makes available to the Company an Australian dollar convertible note facility in an aggregate amount equal to the commitment, being \$2,825,000 for both Fitzpatrick Entities and CCE Noteholders and subscribes for the 2021 Notes;
- (b) each 2021 Note will have a face value of A\$25,000;
- (c) each 2021 Note will convert at \$0.00125 where each Share issued upon conversion shall have 1 free attaching Option exercisable at \$0.0015 within 3 years of 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**), which is calculated on daily balances on the basis of 365 day year and for the actual number of days elapsed. The Company must pay accrued interest in arrears to the Lenders on each Interest Repayment Date by the issue of Shares;
- (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 is issued and prior to the Repayment Date, by providing notice to the Company;
- (g) 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 Listing Rules and in the same proportion and manner as any reconstruction of the issued capital of the issue.

The terms and conditions of the Options to be issued following conversion of the 2021 Notes are as follows:

(a) **Entitlement**

Each Option entitles the holder to subscribe for one Share upon the exercise of the Option.

(b) **Exercise Price and Expiry Date**

The Options have an exercise price of \$0.0015 per Option (**Exercise Price**) and an expiry date 3 years following the date of issue (**Expiry Date**).

A Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(c) **Exercise Period**

The Options are exercisable at any time on or prior to the Expiry Date.

(d) **Quotation of the Options**

The Company will not apply for quotation of the Options on ASX.

(e) **Notice of Exercise**

The Options may be exercised by notice in writing to the Company in the manner specified on the Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

Any Notice of Exercise of a Option received by the Company will be deemed to be a notice of the exercise of that Option as at the date of receipt.

(f) **Lodgement Instructions**

Cheques shall be in Australian currency made payable to the Company and crossed "Not Negotiable". The application for Shares on exercise of the Options with the appropriate remittance should be lodged at the Company's share registry.

(g) **Shares Issued on Exercise**

Shares issued on exercise of the Options rank equally with the then issued shares of the Company.

(h) **Timing of Issue of Shares and Quotation of Shares on Exercise**

Within 5 Business Days after the later of the following:

- (i) receipt of a Notice of Exercise given in accordance with these terms and conditions and payment of the applicable Exercise Price for each Option being exercised; and
- (ii) when excluded information in respect to the Company (as defined in section 708A(7) of the Corporations Act) (if any) ceases to be excluded information. If there is no such information the relevant date will be the date of receipt of a Notice of Exercise as detailed in paragraph (e) above,

the Company will:

- (iii) allot and issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;

- (iv) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and
- (v) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.

If, for any reason, a notice delivered under paragraph (e) is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

(i) **Participation in New Issues**

There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to shareholders during the currency of the Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 4 business days after the issue is announced. This will give the holders of Options the opportunity to exercise their Options prior to the date for determining entitlements to participate in any such issue.

(j) **Adjustment for Bonus Issues of Shares**

If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment):

- (i) the number of Shares which must be issued on the exercise of a Option will be increased by the number of Shares which the Option holder would have received if the Option holder had exercised the Option before the record date for the bonus issue; and
- (ii) no change will be made to the Exercise Price.

(k) **Adjustment for Entitlement Issue**

If the Company makes an issue of Shares pro rata to existing shareholders (other than as a bonus issue, to which paragraph (j) will apply) there will be no adjustment of the Exercise Price of an Option or the number of Shares over which the Options are exercisable.

(l) **Adjustment for Reorganisation**

If there is any reorganisation of the issued share capital of the Company, the rights of the Option holders will be varied in accordance with the Listing Rules.

(m) **Transferability**

Unless otherwise determined by the Board, the Options are non-transferable.

SCHEDULE 5: ASX CONDITIONS FOR REINSTATEMENT

ASX has confirmed, subject to the satisfaction of the conditions for reinstatement detailed below, the Shares will be reinstated to trading of the Official List:

1. Completion of an amended DOCA approved by creditors of the Company on terms not materially different to the Recapitalisation Proposal and as advised to ASX in various communications and correspondence with ASX and an announcement to be released on the ASX Platform disclosing this or a signed statement from the administrators that notwithstanding the changes to the terms of the DOCA from the terms voted on by creditors on 17 April 2019, the creditors are bound by the amended terms pursuant to the Recapitalisation Proposal.
2. Completion of the DOCA (as pursuant to the terms of the Recapitalisation Proposal), or the amended DOCA (as applicable).
3. Confirmation that the Creditors' Trust has been established.
4. The Company's shareholders approving all the resolutions required to effect the Recapitalisation Proposal to be considered at a general meeting of shareholders (**Meeting**).
5. The Company releasing a full form prospectus pursuant to section 710 of the *Corporations Act 2001* (Cth) in relation to the rights issue and issuing 5,500,000,000 shares (minimum subscription) and up to 11,525,810,000 shares (maximum subscription) at an issue price of \$0.001 per share raising a minimum of \$5,500,000 and a maximum of \$11,525,810 (before costs) (**Capital Raising**).
6. Completion of the Capital Raising and confirmation that the Company has reached minimum subscription.
7. Confirmation in a form acceptable to ASX that the Company has received cleared funds for the complete amount of the issue price of every security allotted and issued to every successful applicant for securities under the Capital Raising under the Prospectus.
8. Confirmation of the conversion of 50% of the 450 existing CCE Notes and the HFM Bridge Loan, into fully paid ordinary shares in the Company at \$0.00125, with each share issued having 1 free attaching option exercisable at \$0.0015 per share and expiring 3 years from issue and with the shares and options being subject to voluntary escrow for a period of 6 months following the date of issue.
9. Confirmation that all the conditions to the DOCA (as per the terms of the Proposal) or the amended DOCA (whichever is applicable) have been satisfied. If any of the conditions have been waived, such waiver must be on terms acceptable to ASX.
10. Confirmation of completion of the following:
 - (a) the issue of the 2021 Notes to the relevant creditors (being the holders of the CCE Notes and HFM);
 - (b) execution of the GSA;

- (c) conversion and extinguishment of the Funding Loan;
 - (d) payment of up to \$1.4 million from the proceeds of the Capital Raising into the Creditor's Trust.
11. An update on the current status of the ARENA Notes and on the discussions between the Company and ARENA regarding whether the ARENA Notes will lapse or whether they will carry forward.
 12. Confirmation that "Energy Made Clean" (operated via Energy Made Clean Pty Ltd, EMC Engineering Australia Pty Ltd and EMC Co Pty Ltd) is in liquidation and will not form part of the Company's assets at the time of reinstatement.
 13. Confirmation that the Company has disposed of its 11.33% interest (held through the Company's subsidiary) in Northam Solar Farm A Pty Ltd and the proceeds from the sale and any the proceeds of any other assets being disposed of pursuant to the DOCA has been transferred to the Creditor's Trust.
 14. Confirmation to the satisfaction of ASX that the Company retains its interest and has full and unfettered access to the following assets:
 - (a) CETO (including but not limited to CETO IP Pty Ltd (noting this subsidiary holds the rights to the CETO Technology) and CETO Wave Energy UK Ltd and CETO Wave Energy Chile Ltd (noting these subsidiaries operate and assist in commercialising the CETO technology);
 - (b) The licence to operate and intellectual property in respect to the Albany Wave Energy Project;
 - (c) Garden Island Microgrid Project;
 - (d) Various subsidiaries:
 - (i) Carnegie Recreational Watercraft Pty Ltd;
 - (ii) New Millennium Engineering Pty Ltd;
 - (iii) CMA Nominees Pty Ltd.
 15. An update on the current status of the financing facilities with CBA (entered into in March 2018) for aggregate funding of \$1.6 million comprising:
 - (a) Post-construction debt financing for GIMG of \$2.1 million;
 - (b) Revolving debt facility of \$4 million;**(CBA Facilities).**
 16. Confirmation of the treatment and status of the CBA Facilities upon effectuation of the DOCA (as per the Proposal) or the amended DOCA (as applicable).
 17. Confirmation that the Entity's subsidiary companies and assets, which will carry forward following effectuation of the DOCA (as per the Proposal) or the amended DOCA (as applicable), are in good standing.
 18. Confirmation that the Company's secured creditors have released and discharged any security granted to them by the Company and there are no outstanding security interests over the Company's assets and that the Company's secured creditors have no further interest in the Company's assets (other than the GSA to be entered into pursuant to the 2021 Notes).
 19. Confirmation that all the conditions to the amended DOCA have been satisfied. Confirmation that all the conditions to the DOCA (as per the terms of the Proposal) or the amended DOCA (whichever is applicable) have been satisfied. If any of the conditions have been waived, such waiver must be on terms acceptable to ASX.
 20. Confirmation that the amended DOCA has been fully effectuated and the Company is not subject to any other forms of external administration, receivership or liquidation.
 21. The Company demonstrating compliance with Listing Rules 12.1 to 12.4 inclusive, to the satisfaction of the ASX, as detailed below.
 - (a) The Company satisfies the requirements of Listing Rule 12.1.
 - (b) The Company's financial condition satisfies the requirements of listing rule 12.2, including:
 - (i) Completion of the Company's Capital Raising and that, after payment of the costs of the Capital Raising (if any) and payments to the deed administrators and any other parties or entities to satisfy obligations under the DOCA (as per the Proposal) or the amended DOCA (as applicable)(and any amendments or variations thereto), the Company can demonstrate to ASX that it will have net tangible assets for at least \$4 million pursuant and satisfies the requirements of listing rule 1.3.2(a);
 - (ii) Making a 'working capital statement' similar to that required by listing rule 1.3.3(a) to the effect that following completion of the Capital Raising, the Company will have sufficient working capital at the time of reinstatement to carry out its activities; and
 - (iii) Satisfying the 'working capital test' pursuant to listing rule 1.3.2(b).
 22. The Company's level of shareholder spread will satisfy the requirements of Listing Rule 12.4, with there being at least 300 non-affiliated holders each holding at least \$500 worth of fully paid ordinary shares (such calculation to be based on the issue price of the Capital Raising).
 23. Lodgement of all outstanding Appendices 3B with ASX for issues of new securities.
 24. Reinstatement of the Company's CHESS sub-register (if applicable).
 25. The Company having a free float (as that term is defined in Chapter 19 of the Listing Rules) of not less than 20% at the time of its reinstatement to the official list
 26. Provision of copies of restriction agreements entered into by the Company and the relevant shareholder, together with undertakings provided by a bank, recognised trustee or the provider of registry services, in relation to the restricted securities of the Company, if required.
 27. Lodgement of any outstanding reports for the period since the Company's securities were suspended and any other outstanding documents required by Listing Rule 17.5.
 28. Lodgement of Director's Interest Notices, being either Appendix 3Xs, 3Ys, or 3Zs, as required.
 29. Confirmation that there are no legal, regulatory or contractual impediments to the Company undertaking the



activities the subject of the commitments disclosed in the Prospectus.

30. Payment of any ASX fees, including listing fees, applicable and outstanding.
31. Confirmation the securities to be issued following the Meeting have been issued, and despatch of each of the following has occurred.
 - (a) In relation to all holdings on the CHESS subregister, a notice from the Company under ASX Settlement Operating Rule 8.9.1.
 - (b) In relation to all other holdings, issuer sponsored holding statements.
 - (c) Any refund money.
32. Provision of the following documents, in a form suitable for release to the market.
 - (a) A statement setting out the names of the 20 largest holders of each class of securities to be quoted, including the number and percentage of each class of securities held by those holders.
 - (b) A distribution schedule of the numbers of holders in each class of security to be quoted, setting out the number of holders in the following categories.
 - 1 - 1,000
 - 1,001 - 5,000
 - 5,001 - 10,000
 - 10,001 - 100,000
 - 100,001 and over
 - (c) Confirmation of completion of an amended DOCA approved by creditors of the Company on terms not materially different to the Proposal or a signed statement from the administrators that notwithstanding the changes to the terms of the DOCA from the terms voted on by creditors on 17 April 2019, the creditors are bound by the amended terms pursuant to the Recapitalisation Proposal
 - (d) A statement outlining the Company's capital structure following the Meeting on a post-issue basis.
 - (e) The Company's pro forma balance sheet based on actual funds raised.
 - (f) The Company's updated statement of commitments based on actual funds raised.
 - (g) A consolidated activities report setting out the proposed business strategy for the Company (including an update on the status of the Company's assets and the current activities with respect thereto).
 - (h) Full terms and conditions of all options on issue (if any).
 - (i) Full terms and conditions of any employee incentive schemes (if any).
 - (j) A statement disclosing the recipients of the broker shares (including the number of shares issued to each broker).
 - (k) A statement confirming the conversion of 50% of the 450 existing CCE Notes and the HFM Bridge Loan, into fully paid ordinary shares in the Company at \$0.00125, with each share issued having 1 free attaching option exercisable at \$0.0015 per share and expiring 3 years from issue and with the shares and options being subject to voluntary escrow for a period of 6 months following the date of issue.
 - (l) A statement confirming completion of the following:-
 - (i) the issue of the 2021 Notes to relevant creditors;
 - (ii) execution of the GSA;
 - (iii) conversion and extinguishment of the Funding Loan;
 - (iv) payment of up to \$1.4 million from the proceeds of the Capital Raising into the Creditor's Trust;
 - (m) An update on the current status of the ARENA Notes (ie. whether they will lapse or whether they will carry forward).
 - (n) A statement confirming "Energy Made Clean" (operated via Energy Made Clean Pty Ltd, EMC Engineering Australia Pty Ltd and EMC Co Pty Ltd) is in liquidation and will not form part of the Company's assets at the time of reinstatement.
 - (o) A statement confirming the Company has disposed of its 11.33% interest (held through the Company's subsidiary) in Northam Solar Farm A Pty Ltd and the proceeds from the sale and any the proceeds of any other assets being disposed of pursuant to the DOCA has been transferred to the Creditor's Trust.
 - (p) A statement confirming that the Company retains its interest and has full and unfettered access to the following assets:
 - (i) CETO (including but not limited to CETO IP Pty Ltd (noting this subsidiary hold the rights to the CETO intellectual property) and CETO Wave Energy UK Ltd and CETO Wave Energy Chile Ltd (noting theses subsidiaries operate and assist in commercialising the CETO Technology);
 - (ii) Albany Wave Energy Project;
 - (iii) Garden Island Micro Project Grid;
 - (iv) Various subsidiaries:
 - (1) Carnegie Recreational Watercraft Pty Ltd;
 - (2) New Millennium Engineering Pty Ltd;
 - (3) CMA Nominees Pty Ltd.
 - (q) A statement providing an update on the current status of the financing facilities with CBA (entered into in March 2018) for aggregate funding of \$1.6 million comprising:
 - (i) Post-construction debt financing for GIMG of \$2.1 million;
 - (ii) Revolving debt facility of \$4 million.

(CBA Facilities).

- (r) A statement confirming the treatment and status of the CBA Facilities upon effectuation of the DOCA (as per the Proposal) or the amended DOCA (as applicable).
 - (s) A statement confirming that the Company's subsidiary companies and assets which will carry forward following effectuation of the DOCA (as per the Proposal) or the amended DOCA (as applicable) are in good standing.
 - (t) A statement confirming that the Company's secured creditors have released and discharged any security granted to them by the Company and there are no outstanding security interests over the Company's assets and that the Company's secured creditors have no further interest in the Company's assets (other than the GSA to be entered into pursuant to the 2021 Notes).
 - (u) A statement similar to that required by Listing Rule 1.3.3(a) and 1.3.3 (b) to the effect that following completion of the Capital Raising the Company will have sufficient working capital at the time of reinstatement to carry out its activities.
 - (v) A statement disclosing the extent to which the Company will follow, as at the date its securities are reinstated, the recommendations set by the ASX Corporate Governance Council. If the Company does not intend to follow all of the recommendations on its reinstatement, the Company must identify those recommendations that will not be followed and give its reasons for not following them.
 - (w) A statement setting out the number of securities subject to ASX restrictions or voluntary escrow and the restriction period (or voluntary escrow period) applied to those securities.
 - (x) A copy of the Company's securities trading policy as required by Listing Rule 12.9.
 - (y) An update on all litigation with respect to the Company (if any).
 - (z) A statement confirming that there are no legal, regulatory or contractual impediments to the Company undertaking the activities the subject of the commitments disclosed in the Prospectus.
 - (aa) A statement confirming the Company is in compliance with the Listing Rules and in particular Listing Rule 3.1.
 - (bb) Any further documents and confirmations ASX may determine are required to be released to the market as pre-quotation disclosure.
 - (cc) A statement confirming of the responsible person for the purposes of Listing Rule 1.1 condition 12.
33. Provision of any other information required or requested by ASX including, but not limiting the generality of the foregoing, in relation to any issues that may arise (1) from ASX's review of the Prospectus; and (2) from ASX's review of the Company's financial reports.

SCHEDULE 6: PRO FORMA STATEMENT OF FINANCIAL POSITION

	Carnegie Reviewed as at 31-Dec-18	Subsequent events	Balance sheet after sub events	Pro-forma adjustments Min	Pro-forma adjustments Max	Pro-forma after issue Min	Pro-forma after issue Max
Current Assets							
Cash and cash equivalents	1,686,895	(1,686,895)	-	3,865,500	7,850,810	3,865,500	7,850,810
Trade and other receivables	3,302,409	(3,302,409)	-	-	-	-	-
Inventories	379,237	(379,237)	-	-	-	-	-
Other Assets	55,250	(55,250)	-	-	-	-	-
Other Assets classified as held for sale	741,853	(741,853)	-	-	-	-	-
Total Current Assets	6,165,644	(6,165,644)	-	3,865,500	7,850,810	3,865,500	7,850,810
Non-Current Assets							
Trade and other receivables	1,003,868	(1,003,868)	-	-	-	-	-
Available for sale financial assets	12,414	(12,414)	-	-	-	-	-
Property, plant & equipment	5,755,191	(877,226)	4,877,965	-	-	4,877,965	4,877,965
Intangibles	15,000,000	-	15,000,000	-	-	15,000,000	15,000,000
Total Non-Current Assets	21,771,473	(1,893,508)	19,877,965	-	-	19,877,965	19,877,965
Total Assets	27,937,117	(8,059,152)	19,877,965	3,865,500	7,850,810	23,743,465	27,728,775
Current Liabilities							
Trade and other payables	5,823,643	(5,823,643)	-	-	-	-	-
Short term provisions	874,724	(857,280)	17,444	-	-	17,444	17,444
Interest bearing liabilities	550,000	(550,000)	-	-	-	-	-
Total Current Liabilities	7,248,367	(7,230,923)	17,444	-	-	17,444	17,444
Non-Current Liabilities							
Long term provisions	119,549	(46,657)	72,892	-	-	72,892	72,892
Long term borrowings	4,389,987	(3,087,906)	1,302,081	-	(921,827)	1,302,081	380,254
Derivative liability	-	13,508	13,508	-	(9,563)	13,508	3,945
Total Non-Current Liabilities	4,509,536	(3,121,055)	1,388,481	-	(931,390)	1,388,481	457,091
Total Liabilities	11,757,903	(10,351,978)	1,405,925	-	(931,390)	1,405,925	474,535
Net Assets	16,179,214	2,292,826	18,472,040	3,865,500	8,782,200	22,337,540	27,254,240
Equity							
Equity	199,027,855	3,325,000	202,352,855	5,265,500	11,250,810	207,618,355	213,603,665
Convertible note equity	-	1,509,411	1,509,411	-	(1,068,610)	1,509,411	440,801
Accumulated losses	(182,848,641)	(2,541,585)	(185,390,226)	(1,400,000)	(1,400,000)	(186,790,226)	(186,790,226)
Total Equity	16,179,214	2,292,826	18,472,040	3,865,500	8,782,200	22,337,540	27,254,240

The pro-forma statement of financial position reflects the following events that have occurred/ will occur subsequent to the period ended 31 December 2018:

- the establishment of a creditors' trust, under which the Company's creditors will become beneficiaries of the trust in exchange for extinguishing their claims against the Company (other than certain creditors mentioned below), allowing the Company to exit administration (Creditors' Trust);
- the sale of all assets of Carnegie, other than the CETO Technology and the Garden Island Microgrid, the proceeds of which will also be paid into the Creditors' Trust;
- 50% of the 450 existing Convertible Notes on issue, each having a face value of \$10,000 (CCE Notes) and the bridging loan facility from HFM Investments Pty Ltd (a company associated with Non-Executive Director Mike Fitzpatrick) (HFM Bridge Loan), totalling approximately \$2,825,000, converting 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 New Shares and Options being subject to voluntary escrow for six months from the date of issue);
- the remaining 50% of the CCE Notes and the HFM Bridge Loan, totalling approximately \$2,825,000, converting into a new class of Convertible Notes maturing 31 March 2021 with a coupon of 8% per annum payable in Shares at an issue price of the greater of the 90 day VWAP per Share as at the relevant Interest Payment Date or \$0.001 (Interest Shares), with such Convertible Notes restricted from conversion within the first 12 months of issue, following which the notes will be convertible at \$0.00125 per Share and having one free attaching option exercisable at \$0.0015 per share and expiring three years from issue (2021 Notes);
- the entry into a general security agreement in favour of the holders of the 2021 Notes to secure the amounts owing under the 2021 Notes against all of the Company's property from time to time;
- the Funding Loan from the Proponents converting into New Shares at an issue price of \$0.001 per Share, with each Share being issued with one free attaching Option exercisable at \$0.00125 per Option and expiring five years from the date of issue;
- the 16 existing convertible notes on issue to the Australian Renewable Energy Agency (ARENA) maturing on 24 January 2024 with a face value of \$100,000, a conversion price of \$0.053 will lapse (ARENA Notes), DOCA;
- a non-renounceable pro rata entitlement issue of four (4) New Shares for every one (1) Share held by Eligible Shareholders on the Record Date at an issue price of \$0.001 per New Share to raise a minimum of \$5,500,000 (before costs) and up to \$11,525,810 (before costs) (being the Entitlement Offer under this Prospectus);
- payment of up to \$1.4 million from the proceeds of the Entitlement Offer;
- costs of the offer are estimated to be \$234,500 (for the Minimum Subscription) and \$275,000 (for the Maximum Subscription) which are to be offset against the contributed equity; and
- repayment of \$2 million of the 2021 Notes from the proceeds of the Entitlement Offer if Maximum Subscription is achieved.

