



CARNEGIE CLEAN ENERGY LIMITED

ACN 009 237 736

NOTICE OF ANNUAL GENERAL MEETING

The annual general meeting of the Company will be held at Swan Yacht Club, Riverside Road, East Fremantle WA 6158 on Tuesday, 23 November 2021 at 9.00am (AWST).

*Carnegie Clean Energy Limited (**Company**) advises Shareholders that the annual general meeting (**Meeting**) will be held in compliance with any restrictions on public gatherings in Australia.*

Due to the evolving COVID-19 situation, it may not be possible for Shareholders to physically attend the Meeting. As a result, the Company strongly encourages all Shareholders to vote by directed proxy rather than attend the meeting in person. Proxy forms for the meeting should be lodged before 9.00am (AWST) on 21 November 2021.

Shareholders can also submit, and are encouraged to submit, any questions in advance of the Meeting by emailing the questions to enquiries@carnegiece.com by no later than 5.00pm (AWST) on 22 November 2021.

If the above arrangements with respect to the Meeting change, Shareholders will be updated via the ASX Market Announcements Platform.

This Notice should be read in its 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.

Should you wish to discuss any matter please do not hesitate to contact the Company Secretary by telephone on +61 86168 8400

CARNEGIE CLEAN ENERGY LIMITED

ACN 009 237 736

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the annual general meeting of shareholders of Carnegie Clean Energy Limited (**Company**) will be held at Swan Yacht Club, Riverside Road, East Fremantle WA 6158 on Tuesday, 23 November 2021 at 9.00am (AWST) (**Meeting**).

The Explanatory Memorandum provides additional information on matters to be considered at the Meeting. The Explanatory Memorandum and the Proxy Form 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 on Sunday, 21 November 2021 at 4:00pm (AWST).

The Company advises that a poll will be conducted for all Resolutions.

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

AGENDA

Annual Report

To consider the Annual Report of the Company and its controlled entities for the year ended 30 June 2021, which includes the Financial Report, the Directors' Report and the Auditor's Report.

Note: There is no requirement for Shareholders to approve these reports. Pursuant to the Corporations Act, Shareholders will be given a reasonable opportunity at the Meeting to ask questions about, or make comments in relation to, each of the aforementioned reports during consideration of these items.

1 Resolution 1 – Remuneration Report

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

'That, pursuant to and in accordance with section 250R(2) of the Corporations Act and for all other purposes, approval is given by the Shareholders for the adoption of the Remuneration Report on the terms and conditions in the Explanatory Memorandum.'

Note: The vote on this resolution is advisory only and does not bind the Directors or the Company. The Directors will consider the outcome of the vote and comments made by Shareholders on the Remuneration Report at the Meeting when reviewing the Company's remuneration policies.

Voting Exclusion

A vote on this Resolution must not be cast:

- (a) by or on behalf of a member of the Key Management Personnel or a Closely Related Party of such member, regardless of the capacity in which the vote is cast; or
- (b) by a person appointed as a proxy, where that person is either a member of the Key Management Personnel or a Closely Related Party of such member.

However, a vote may be cast by such persons if the vote is not cast on behalf of a person who is excluded from voting on this Resolution, and:

- (a) the person is appointed as a proxy that specifies the way the proxy is to vote on this Resolution; or
- (b) the person is the Chairperson and the appointment of the Chairperson as proxy does not specify the way the proxy is to vote on this Resolution, but expressly authorises the Chairperson to exercise the proxy even if this Resolution is connected with the remuneration of a member of the Key Management Personnel.

2 Resolution 2 – Re-election of Michael Fitzpatrick as Director

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

'That, pursuant to and in accordance with Listing Rule 14.4, article 10.3 of the Constitution and for all other purposes, Michael Fitzpatrick, Director, retires and being eligible, is re-elected as a Director on the terms and conditions in the Explanatory Memorandum.'

3 Resolution 3 – Approval of Issue of Options to Anthony Shields

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

'That, pursuant to and in accordance with Listing Rule 10.11, Chapter 2E of the Corporations Act and for all other purposes, Shareholders approve the issue of up to 100,000,000 Options to Mr Anthony Shields (and/or his nominee), Director, on the terms and conditions in the Explanatory Memorandum.'

Voting Exclusion

Listing Rules

The Company will disregard any votes cast in favour of the Resolution by or on behalf of Mr Anthony Shields (and/or his nominee) and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities) or an associate of those persons.

However, this does not apply to a vote cast in favour of a resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution that way; or
- (b) the Chairperson of the Meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the Chairperson to vote on the resolution as the Chairperson decides; or

- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
 - (ii) the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Corporations Act

Section 224 of the Corporations Act provides that, at a general meeting, a vote on this Resolution must not be cast by or on behalf of:

- (a) a related party of the Company to whom this Resolution would permit a financial benefit to be given; or
- (b) an associate of such a related party.

However, a person described above may cast a vote on this Resolution if:

- (a) it is cast as a proxy appointed by writing that specifies how the proxy is to vote on the Resolution; and
- (b) it is not cast on behalf of the person or an associate of the person described above.

In accordance with section 250BD of the Corporations Act, a vote on this Resolution must not be cast by a person appointed as a proxy, where that person is either a member of the Key Management Personnel or a Closely Related Party of such member.

However, a vote may be cast by such person if the vote is not cast on behalf of a person who is otherwise excluded from voting, and

- (a) the person is appointed as a proxy and the appointment specifies how the proxy is to vote; or
- (b) the person appointed as proxy is the Chairperson and the appointment does not specify how the Chairperson is to vote but expressly authorises the Chairperson to exercise the proxy even if the Resolution is connected with the remuneration of a member of the Key Management Personnel.

4 Resolution 4 – Approval of Issue of Options to Grant Mooney

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

'That, pursuant to and in accordance with Listing Rule 10.11, Chapter 2E of the Corporations Act and for all other purposes, Shareholders approve the issue of up to 100,000,000 Options to Mr Grant Mooney (and/or his nominee), Director, on the terms and conditions in the Explanatory Memorandum.'

Voting Exclusion

Listing Rules

The Company will disregard any votes cast in favour of the Resolution by or on behalf of Mr Grant Mooney (and/or his nominee) and any other person who will obtain a material benefit as

a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities) or an associate of those persons.

However, this does not apply to a vote cast in favour of a resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution that way; or
- (b) the Chairperson of the Meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the Chairperson to vote on the resolution as the Chairperson decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
 - (ii) the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Corporations Act

Section 224 of the Corporations Act provides that, at a general meeting, a vote on this Resolution must not be cast by or on behalf of:

- (a) a related party of the Company to whom this Resolution would permit a financial benefit to be given; or
- (b) an associate of such a related party.

However, a person described above may cast a vote on this Resolution if:

- (a) it is cast as a proxy appointed by writing that specifies how the proxy is to vote on the Resolution; and
- (b) it is not cast on behalf of the person or an associate of the person described above.

In accordance with section 250BD of the Corporations Act, a vote on this Resolution must not be cast by a person appointed as a proxy, where that person is either a member of the Key Management Personnel or a Closely Related Party of such member.

However, a vote may be cast by such person if the vote is not cast on behalf of a person who is otherwise excluded from voting, and

- (a) the person is appointed as a proxy and the appointment specifies how the proxy is to vote; or
- (b) the person appointed as proxy is the Chairperson and the appointment does not specify how the Chairperson is to vote but expressly authorises the Chairperson to exercise the proxy even if the Resolution is connected with the remuneration of a member of the Key Management Personnel.

5 Resolution 5 – Approval of Issue of Options to Michael Fitzpatrick

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

'That, pursuant to and in accordance with Listing Rule 10.11, Chapter 2E of the Corporations Act and for all other purposes, Shareholders approve the issue of up to 100,000,000 Options to Mr Michael Fitzpatrick (and/or his nominee), Director, on the terms and conditions in the Explanatory Memorandum.'

Voting Exclusion

Listing Rules

The Company will disregard any votes cast in favour of the Resolution by or on behalf of Mr Michael Fitzpatrick (and/or his nominee) and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities) or an associate of those persons.

However, this does not apply to a vote cast in favour of a resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution that way; or
- (b) the Chairperson of the Meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the Chairperson to vote on the resolution as the Chairperson decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
 - (ii) the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Corporations Act

Section 224 of the Corporations Act provides that, at a general meeting, a vote on this Resolution must not be cast by or on behalf of:

- (a) a related party of the Company to whom this Resolution would permit a financial benefit to be given; or
- (b) an associate of such a related party.

However, a person described above may cast a vote on this Resolution if:

- (a) it is cast as a proxy appointed by writing that specifies how the proxy is to vote on the Resolution; and
- (b) it is not cast on behalf of the person or an associate of the person described above.

In accordance with section 250BD of the Corporations Act, a vote on this Resolution must not be cast by a person appointed as a proxy, where that person is either a member of the Key Management Personnel or a Closely Related Party of such member.

However, a vote may be cast by such person if the vote is not cast on behalf of a person who is otherwise excluded from voting, and

- (a) the person is appointed as a proxy and the appointment specifies how the proxy is to vote; or
- (b) the person appointed as proxy is the Chairperson and the appointment does not specify how the Chairperson is to vote but expressly authorises the Chairperson to

exercise the proxy even if the Resolution is connected with the remuneration of a member of the Key Management Personnel.

6 Resolution 6 – Approval of Issue of Options to Terry Stinson

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

'That, pursuant to and in accordance with Listing Rule 10.11, Chapter 2E of the Corporations Act and for all other purposes, Shareholders approve the issue of up to 100,000,000 Options to Mr Terry Stinson (and/or his nominee), Director, on the terms and conditions in the Explanatory Memorandum.'

Voting Exclusion

Listing Rules

The Company will disregard any votes cast in favour of the Resolution by or on behalf of Mr Terry Stinson (and/or his nominee) and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities) or an associate of those persons.

However, this does not apply to a vote cast in favour of a resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution that way; or
- (b) the Chairperson of the Meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the Chairperson to vote on the resolution as the Chairperson decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
 - (ii) the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Corporations Act

Section 224 of the Corporations Act provides that, at a general meeting, a vote on this Resolution must not be cast by or on behalf of:

- (a) a related party of the Company to whom this Resolution would permit a financial benefit to be given; or
- (b) an associate of such a related party.

However, a person described above may cast a vote on this Resolution if:

- (a) it is cast as a proxy appointed by writing that specifies how the proxy is to vote on the Resolution; and
- (b) it is not cast on behalf of the person or an associate of the person described above.

In accordance with section 250BD of the Corporations Act, a vote on this Resolution must not be cast by a person appointed as a proxy, where that person is either a member of the Key Management Personnel or a Closely Related Party of such member.

However, a vote may be cast by such person if the vote is not cast on behalf of a person who is otherwise excluded from voting, and

- (a) the person is appointed as a proxy and the appointment specifies how the proxy is to vote; or
- (b) the person appointed as proxy is the Chairperson and the appointment does not specify how the Chairperson is to vote but expressly authorises the Chairperson to exercise the proxy even if the Resolution is connected with the remuneration of a member of the Key Management Personnel.

Dated: 12 October 2021

By order of the Board

A handwritten signature in black ink, appearing to read 'Grant Mooney', with a stylized flourish above the name.

Grant Mooney

Non-executive Director and Company Secretary

CARNEGIE CLEAN ENERGY LIMITED

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.

This Explanatory Memorandum should be read in conjunction with and forms part of the 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	Annual Report
Section 4	Resolution 1 – Remuneration Report
Section 5	Resolution 2 – Re-Election of Michael Fitzpatrick as Director
Section 6	Resolutions 3 to 6 (inclusive) – Approval of Issue of Options to Directors
Schedule 1	Definitions
Schedule 2	Terms and Conditions of Options

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

2 Action to be taken by Shareholders

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

The Company advises that a poll will be conducted for all Resolutions.

2.1 Proxies

A Proxy Form is attached to the Notice. 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 thereon. Returning the Proxy Form will not preclude a Shareholder from attending and voting at the Meeting in person.

Please note that:

- (a) a member of the Company entitled to attend and vote at the Meeting is entitled to appoint a proxy;
- (b) a proxy need not be a member of the Company; and
- (c) a member of the Company 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. Where the proportion or number is not specified, each proxy may exercise half of the votes.

Proxy Forms must be received by the Company no later than 9.00am (AWST) on 21 November 2021, being at least 48 hours before the Meeting.

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

2.2 **Voting Prohibition by Proxy holders (Remuneration of Key Management Personnel)**

A vote on Resolutions 1 and 3 to 6 (inclusive) must not be cast:

- (a) by or on behalf of a member of the Key Management Personnel or a Closely Related Party of such member, regardless of the capacity in which the vote is cast; or
- (b) by a person appointed as a proxy, where that person is either a member of the Key Management Personnel or a Closely Related Party of such member.

However, a vote may be cast by such persons if the vote is not cast on behalf of a person who is excluded from voting on Resolution 1 and 3 to 6 (inclusive), and:

- (a) the person is appointed as a proxy that specifies the way the proxy is to vote on Resolution 1 and 3 to 6 (inclusive); or
- (b) the person is the Chairperson and the appointment of the Chairperson as proxy does not specify the way the proxy is to vote on Resolution 1 and 3 to 6 (inclusive), but expressly authorises the Chairperson to exercise the proxy even if Resolution 1 and 3 to 6 (inclusive) is connected with the remuneration of a member of the Key Management Personnel.

2.3 **Attendance at Meeting**

The Company advises Shareholders that the Meeting will be held in compliance with any government restriction on gatherings in Australia (and/or Western Australia). Due to the evolving COVID-19 situation, the Company strongly encourages all Shareholders to vote by directed proxy rather than attend the meeting in person.

If it becomes necessary or appropriate to make alternative arrangements to those detailed in this Notice, Shareholders will be updated via the ASX announcements platform and on the Company's website at [Investor Centre - Carnegie \(carnegie.com\)](https://investor.carnegie.com).

3 **Annual Report**

In accordance with section 317(1) of the Corporations Act the Annual Report must be laid before the annual general meeting. There is no requirement for Shareholders to approve the Annual Report.

At the Meeting, Shareholders will be offered the opportunity to:

- (a) discuss the Annual Report which is available online at [Investor Centre - Carnegie \(carnegie.com\)](https://investor.carnegie.com);

- (b) ask questions about, or comment on, the management of the Company; and
- (c) ask the auditor questions about the conduct of the audit and the preparation and content of the Auditor's Report.

In addition to taking questions at the Meeting, written questions to the Chairperson about the management of the Company, or to the Company's auditor about:

- (a) the preparation and the content of the Auditor's Report;
- (b) the conduct of the audit;
- (c) accounting policies of the Company in relation to the preparation of the financial statements; and
- (d) the independence of the auditor in relation to the conduct of the audit,

may be submitted no later than five business days before the Meeting to the Company Secretary at the Company's registered office.

4 Resolution 1 – Remuneration Report

In accordance with section 250R(2) of the Corporations Act, the Company must put the Remuneration Report to the vote of Shareholders. The Directors' Report contains the Remuneration Report which sets out the remuneration policy for the Company and the remuneration arrangements in place for the executive Directors, specified executives and non-executive Directors.

In accordance with section 250R(3) of the Corporations Act, Resolution 1 is advisory only and does not bind the Directors of the Company. If Resolution 1 is not passed, the Directors will not be required to alter any of the arrangements in the Remuneration Report.

Shareholders will have the opportunity to remove the whole Board except the Managing Director if the Remuneration Report receives a 'no' vote of 25% or more (**Strike**) at two consecutive annual general meetings.

Where a resolution on the Remuneration Report receives a Strike at two consecutive annual general meetings, the Company will be required to put to Shareholders at the second annual general meeting a resolution on whether another meeting should be held (within 90 days) at which all Directors (other than the managing director) who were in office at the date of approval of the applicable Directors' Report must stand for re-election.

Please note if the Remuneration Report receives a Strike at this Meeting and if a second Strike is received at the 2022 annual general meeting, this may result in the re-election of the Board.

The Chairperson will allow reasonable opportunity for Shareholders to ask questions about or comment on the Remuneration Report.

Resolution 1 is an ordinary resolution.

The Chairperson intends to exercise all available proxies in favour of Resolution 1.

If the Chairperson is appointed as your proxy and you have not specified the way the Chairperson is to vote on Resolution 1, by signing and returning the Proxy Form, you are considered to have provided the Chairperson with an express authorisation for the Chairperson to vote the proxy in accordance with the Chairperson's intention, even though the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

5 Resolution 2 – Re-election of Michael Fitzpatrick as Director

In accordance with Listing Rule 14.4, a director must not hold office (without re-election) past the third annual general meeting following the director's appointment or 3 years, whichever is longer.

Article 10.3(b) of the Constitution requires that a Director must retire from office no later than the longer of the third annual general meeting of the Company or 3 years following that Director's last election or appointment.

Article 10.3(c) of the Constitution requires that if the Company has 3 or more Directors, one third of all Directors (rounded down to the nearest whole number) must retire at each annual general meeting.

Article 10.3(f) of the Constitution states that a Director who retires under article 10.3(b) or 10.3(c) is eligible for re-election.

Resolution 2 provides that Mr Michael Fitzpatrick retires by rotation and seeks re-election as a Director.

Details of the qualifications and experience of Mr Fitzpatrick are set out in the Annual Report.

Resolution 2 is an ordinary resolution.

The Chairperson intends to exercise all available proxies in favour of Resolution 2.

The Directors (excluding Mr Fitzpatrick) support the re-election of Mr Fitzpatrick and recommend that Shareholders vote in favour of Resolution 2.

6 Resolutions 3 to 6 (inclusive) – Approval of Issue of Options to Directors

6.1 General

In accordance with Listing Rule 10.11, Shareholder approval is required for the issue of Options to a related party.

Messrs Anthony Shields, Grant Mooney, Michael Fitzpatrick and Terry Stinson are each Directors and therefore related parties of the Company.

The Company is proposing to issue an aggregate of 400,000,000 Options (**Director Options**) to Messrs Shields, Mooney, Fitzpatrick and Stinson (and/or their nominees) as follows:

Resolution	Related Party	Director Options
3	Anthony Shields	100,000,000
4	Grant Mooney	100,000,000
5	Michael Fitzpatrick	100,000,000
6	Terry Stinson	100,000,000
Total		400,000,000

Resolutions 3 to 6 (inclusive) seek Shareholder approval, pursuant to Listing Rule 10.11, for the issue of the Director Options to Messrs Shields, Mooney, Fitzpatrick and Stinson.

The Director Options have an exercise price of \$0.0036 and an expiry date of 22 November 2024 and will be issued to Messrs Shields, Mooney, Fitzpatrick and Stinson (and/or their nominees) on the terms and conditions detailed in Schedule 2.

Resolutions 3 to 6 (inclusive) are ordinary resolutions.

The Chairperson intends to exercise all available proxies in favour of Resolutions 3 to 6 (inclusive).

6.2 Chapter 2E of the Corporations Act

Chapter 2E of the Corporations Act requires that for a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval, unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

A "related party" includes a Director of the Company and "giving a financial benefit" is interpreted broadly. The entitlement to be granted Director Options constitutes the giving of a financial benefit as Messrs Shields, Mooney, Fitzpatrick and Stinson are related parties of the Company by reason of being Directors.

The Company has determined to seek Shareholder approval of the purposes of Chapter 2E for the issue of the Director Options to Messrs Shields, Mooney, Fitzpatrick and Stinson (and/or their nominees).

6.3 Specific Information required by Section 219 of the Corporations Act

The following information is provided to Shareholders for the purposes of obtaining Shareholder approval for the purposes of section 219 of the Corporations Act for the financial benefits associated with the issue of the Director Options to Messrs Shields, Mooney, Fitzpatrick and Stinson (and/or their nominees):

- (a) The financial benefits relating to the issue of the Director Options are being provided to:
 - (i) Mr Shields (and/or his nominee) pursuant to Resolution 3;
 - (ii) Mr Mooney (and/or his nominee) pursuant to Resolution 4;
 - (iii) Mr Fitzpatrick (and/or his nominee) pursuant to Resolution 5; and
 - (iv) Mr Stinson (and/or his nominee) pursuant to Resolution 6.
- (b) The Directors are to be issued an aggregate of 400,000,000 Options as follows:

Director	Options
Anthony Shields	100,000,000
Grant Mooney	100,000,000
Michael Fitzpatrick	100,000,000

Director	Options
Terry Stinson	100,000,000

- (c) The Director Options will be granted on the terms and conditions detailed in Schedule 2.
- (d) The Director Options are being issued to incentivise each of the Directors to provide ongoing dedicated services and provide remuneration linked to the performance of the Company. The benefit will only be received from the Options upon the Company's Share price exceeding the exercise price of the Options and thereby warranting their exercise.

The Options are a cost effective and efficient reward and incentive, as opposed to alternative forms of incentive, such as the payment of cash consideration.

The Directors independent of the particular Director in each case (being the other Directors that are not the subject of the particular Resolution) consider that the quantity of Options together with the terms of the Options constitutes an appropriate number to adequately incentivise the Director in question in light of that Director's skill and experience and their current remuneration as detailed below.

- (e) Each of Directors recommend that Shareholders vote in favour of Resolutions 3 to 6 (inclusive), other than in respect of the relevant Resolution that concerns the issue of Director Options to them. Each of the Directors abstains from making a recommendation on the relevant Resolution which concerns them as they have an interest in the outcome as the recipient of Director Options and therefore believe it inappropriate to make a recommendation.
- (f) The value of the Director Options and determined on the basis of the assumptions set out below, the technical value of the Director Options is as follows:

Director	Number of Options	Value Per Security (\$)	Total Value (\$)
Anthony Shields	100,000,000	0.0013	130,000
Grant Mooney	100,000,000	0.0013	130,000
Michael Fitzpatrick	100,000,000	0.0013	130,000
Terry Stinson	100,000,000	0.0013	130,000
Total	400,000,000	-	520,000

This valuation imputes a value of \$0.0013 to each Director Option. 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 Options, with the following assumptions:

- (i) the risk free rate is based on the Commonwealth Government 10 year Treasury bond yield of 1.6% at September 2021;
- (ii) the underlying security spot price of \$0.0024 used for the purposes of this valuation is based on the share price of the Company on the day of the report;

- (iii) the estimated volatility used in the option valuation is 100%;
 - (iv) for the purposes of the valuation, no future dividend payments have been forecast; and
 - (v) for the purposes of the valuation it is assumed that the Director Options will be issued on date of the valuation, 11 October 2021 and the Director Options will have a life of 3 years from the commencement date.
- (g) The current remuneration packages of Messrs Shields, Mooney, Fitzpatrick and Stinson (exclusive of compulsory superannuation) consist of:

Director	Remuneration per annum (\$)
Anthony Shields	40,000
Grant Mooney ¹	40,000
Michael Fitzpatrick	40,000
Terry Stinson	60,000

¹ Mooney & Partners Pty Ltd, a company associated with Grant Mooney receives company secretarial fees of \$48,000 (plus GST) per annum.

- (h) The current security holdings of Messrs Shields, Mooney, Fitzpatrick and Stinson (and/or his nominees) in the Company are:

Director	Shares	Options
Anthony Shields	636,985,492	615,000,000
Grant Mooney	350,000,000	-
Michael Fitzpatrick	1,021,535,417	1,720,000,000
Terry Stinson	19,700,000	85,000,000

- (i) The market price of Shares would normally determine whether Messrs Shields, Mooney, Fitzpatrick and Stinson will exercise the Director Options. If the Director 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.
- (j) Historical quoted price information for the Company's listed securities for the last twelve months is as follows:

Shares	Price (\$)	Date
Highest	\$0.009	1 March 2021
Lowest	\$0.001	12 October 2020
Last	\$0.002	11 October 2021

- (k) If the Director Options subject to Resolutions 3 to 6 (inclusive) are exercised into Shares, a total of 400,000,000 Shares would be issued. This will increase the number of Shares on issue from 14,902,573,710 (being the total number of Shares on issue

as at the date of this Notice) to 15,302,573,710 (assuming no further issues of Shares and no convertible securities vest or are exercised) with the effect that the shareholding of existing Shareholders would be diluted by an aggregate of 2.6%.

- (l) Voting exclusion statements are included in the Notice for the purposes of Resolution Resolutions 3 to 6 (inclusive).
- (m) Other than the information above and otherwise set out in the Notice, the Company believes that there is no other information that would be reasonably required by Shareholders to pass Resolutions 3 to 6 (inclusive).

6.4 Listing Rule 10.11

Listing Rule 10.11 provides that unless one of the exceptions in Listing Rule 10.12 applies, a listed company must not issue or agree to issue equity securities to:

- 10.11.1 a related party;
- 10.11.2 a person who is, or was at any time in the 6 months before the issue or agreement, a substantial (30%+) holder in the company;
- 10.11.3 a person who is, or was at any time in the 6 months before the issue or agreement, a substantial (10%+) holder in the company and who has nominated a director to the board of the company pursuant to a relevant agreement which gives them a right or expectation to do so;
- 10.11.4 an associate of a person referred to in Listing Rules 10.11.1 to 10.11.3; or
- 10.11.5 a person whose relationship with the company or a person referred to in Listing Rules 10.11.1 to 10.11.4 is such that, in ASX's opinion, the issue or agreement should be approved by its shareholders,

unless it obtains shareholder approval.

The issue of Director Options to the Messrs Shields, Mooney, Fitzpatrick and Stinson (and/or their nominees) falls within Listing Rule 10.11.1, as Messrs Shields, Mooney, Fitzpatrick and Stinson (and/or their nominees) are each a related party of the Company, and do not fall within any of the exceptions in Listing Rule 10.12. It therefore requires the approval of the Company's Shareholders under Listing Rule 10.11.

Resolutions 3 to 6 (inclusive) seek the required shareholder approval to issue Director Options to the Messrs Shields, Mooney, Fitzpatrick and Stinson (and/or their nominees) under and for the purposes of Listing Rule 10.11.

If Resolution 3 is passed, the Company will be able to proceed with the issue of 100,000,000 Options to Mr Anthony Shields (and/or his nominee) and pursuant to Listing Rule 7.2, exception 14, the Company may issue the Options without using up the Company's 15% placement capacity under Listing Rule 7.1.

If Resolution 3 is not passed, the Company will not be able to proceed with the issue of 100,000,000 Options to Mr Anthony Shields (and/or his nominee).

If Resolution 4 is passed, the Company will be able to proceed with the issue of 100,000,000 Options Shares to Mr Grant Mooney (and/or his nominee) and pursuant to Listing Rule 7.2, exception 14, the Company may issue the Options without using up the Company's 15% placement capacity under Listing Rule 7.1.

If Resolution 4 is not passed, the Company will not be able to proceed with the issue of 100,000,000 Options to Mr Grant Mooney (and/or his nominee).

If Resolution 5 is passed, the Company will be able to proceed with the issue of 100,000,000 Options to Mr Michael Fitzpatrick (and/or his nominee) and pursuant to Listing Rule 7.2,

exception 14, the Company may issue the Options without using up the Company's 15% placement capacity under Listing Rule 7.1.

If Resolution 5 is not passed, the Company will not be able to proceed with the issue of 100,000,000 Options to Mr Michael Fitzpatrick (and/or his nominee).

If Resolution 6 is passed, the Company will be able to proceed with the issue of 100,000,000 Options to Mr Terry Stinson (and/or his nominee) and pursuant to Listing Rule 7.2, exception 14, the Company may issue the Options without using up the Company's 15% placement capacity under Listing Rule 7.1.

If Resolution 6 is not passed, the Company will not be able to proceed with the issue of 100,000,000 Options to Mr Terry Stinson (and/or his nominee).

6.5 **Specific information required by Listing Rule 10.13**

In accordance with Listing Rule 10.13, information is provided to Shareholders for the purposes of obtaining Shareholder approval as follows:

- (a) Director Options will be issued to Messrs Shields, Mooney, Fitzpatrick and Stinson (and/or their respective nominees) as follows:

Resolution	Related Party	Director Options
3	Anthony Shields	100,000,000
4	Grant Mooney	100,000,000
5	Michael Fitzpatrick	100,000,000
6	Terry Stinson	100,000,000
Total		400,000,000

- (b) Messrs Shields, Mooney, Fitzpatrick and Stinson each fall within Listing Rule 10.11.1 as they are Directors and therefore related parties of the Company;
- (c) The maximum number of Options to be issued to the Directors (and/or their nominees) is an aggregate of up to 400,000,000 Options.
- (d) The Director Options have an exercise price of \$0.0036 and an expiry date of 22 November 2024 and will be issued on the terms and conditions in Schedule 2.
- (e) The Director Options will be issued no later than one month after the date of the Meeting.
- (f) The Director Options will be issued for nil consideration.
- (g) The purpose of the issue of the Director Options is to act as an incentive to directors and remunerate them and accordingly no funds will be raised from the issue of the Director Options.
- (h) Voting exclusion statements are included in the Notice for Resolutions 3 to 6 (inclusive).

6.6 **Directors' Recommendations**

Each of the Directors recommend that Shareholders vote in favour of Resolutions 3 to 6 (inclusive), other than in respect of the relevant Resolution that concerns the issue of Director Options to them.

Mr Anthony Shields abstains from making a recommendation to Shareholders on Resolution 3 as he has an interest in the outcome as the recipient of the Director Options.

Mr Grant Mooney abstains from making a recommendation to Shareholders on Resolution 4 as he has an interest in the outcome as the recipient of the Director Options.

Mr Michael Fitzpatrick abstains from making a recommendation to Shareholders on Resolution 5 as he has an interest in the outcome as the recipient of the Director Options.

Mr Terry Stinson abstains from making a recommendation to Shareholders on Resolution 6 as he has an interest in the outcome as the recipient of the Director Options.

Schedule 1

Definitions

In the Notice and this Explanatory Memorandum, words importing the singular include the plural and vice versa.

\$ means Australian Dollars;

Annual Report means the Directors' Report, the Financial Report and the Auditor's Report in respect to the financial year ended 30 June 2021.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited (ACN 008 624 691) and, where the context permits, the Australian Securities Exchange operated by ASX.

AWST means Australian Western Standard Time, being the time in Perth, Western Australia.

Auditor's Report means the auditor's report on the Financial Report.

Board means the board of Directors.

Chairperson means the person appointed to chair the Meeting, or any part of the Meeting, convened by the Notice.

Closely Related Party means:

- (a) a spouse or child of the member; or
- (b) has the meaning given in section 9 of the Corporations Act.

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

Constitution means the constitution of the Company as at the commencement of the Meeting.

Corporations Act means the *Corporations Act 2001* (Cth).

Director means a director of the Company.

Director Options has the meaning given in Section 6.1.

Directors' Report means the annual directors' report prepared under chapter 2M of the Corporations Act for the Company and its controlled entities.

Equity Security has the same meaning as in the Listing Rules.

Explanatory Memorandum means the explanatory memorandum which forms part of the Notice.

Financial Report means the annual financial report prepared under chapter 2M of the Corporations Act of the Company and its controlled entities.

Key Management Personnel means persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director (whether executive or otherwise) of the Company.

Listing Rules means the listing rules of ASX.

Managing Director means the managing director of the Company (if applicable).

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

Notice means the notice of meeting which comprises of the notice, agenda, Explanatory Memorandum and Proxy Form.

Office means office as a Director.

Option means an option which entitles the holder to subscribe for a Share.

Proxy Form means the proxy form attached to the Notice.

Remuneration Report means the remuneration report of the Company contained in the Directors' Report.

Resolution means a resolution contained in the Notice.

Schedule means a schedule to this Explanatory Memorandum.

Section means a section of this Explanatory Memorandum.

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

Shareholder means a shareholder of the Company.

Strike has the meaning given in Section 4.

Trading Day means a day determined by ASX to be a trading day in accordance with the Listing Rules.

VWAP means volume weighted average price.

Schedule 2

Terms and Conditions of Options

The terms and conditions of the Options are as follows:

1. **Entitlement**

Each Option entitles the holder (**Option Holder**) to subscribe for 1 (one) Share.

2. **Exercise price**

The exercise price of each Option (**Exercise Price**) is \$0.0036.

3. **Expiry date**

Each Option not exercised by 5.00pm (AWST) 22 November 2024 (**Expiry Date**) will automatically lapse and terminate.

4. **Transfer**

The Options may be transferred subject to any restrictions on transfer under the Corporations Act or the Listing Rules.

5. **Quotation of Options**

The Company will not apply for quotation of any Options on ASX or any other stock exchange.

6. **Participation rights**

A Holder who holds Options is not entitled to:

- (a) notice of, or to vote or attend at, a meeting of the Shareholders;
- (b) receive any dividends declared by the Company; or
- (c) participate in any new issues of securities offered to Shareholders during the term of the Options,

unless and until the Offer Options are exercised and the Holder holds Shares.

7. **Bonus issues**

If the Company makes a bonus issue of Shares or other securities to holders of Shares (**Shareholders**) (except an issue in lieu of dividends or by way of dividend reinvestment) and a Share has not been issued in respect of the Option before the record date for determining entitlements to the issue, then the number of underlying Shares over which the Option is exercisable 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 determining entitlements to the issue.

8. **Pro rata issues**

If the Company makes a pro rata issue of Shares (except a bonus issue) to Shareholders (except an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment) and a Share has not been issued in respect of the Option before the record date for determining entitlements to the issue, the Exercise Price of each Option will be reduced in accordance with Listing Rule 6.22.2.

9. Reorganisation

- (a) If there is a reorganisation (including consolidation, sub-division, reduction or return) of the share capital of the Company, then the rights of the Option Holder (including the number of Options to which the Option Holder is entitled to and the Exercise Price) will be changed to the extent necessary to comply with the Listing Rules applying to a reorganisation of capital at the time of the reorganisation.
- (b) Any calculations or adjustments which are required to be made will be made by the Board and will, in the absence of manifest error, be final and conclusive and binding on the Company and the Option Holder.
- (c) The Company must, within a reasonable period, give to the Option Holder notice of any change to the Exercise Price of any Options held by the Option Holder or the number of Shares which the Option Holder is entitled to subscribe for on exercise of a Option.

10. Exercise of Options

- (a) To exercise Options, the Option Holder must give the Company or its securities registry, at the same time (**Exercise Date**):
 - (i) a written exercise notice (in the form approved by the Board from time to time) specifying the number of Options being exercised and Shares to be issued;
 - (ii) subject to the cashless exercise option, payment of the Exercise Price for the Options the subject of the exercise notice, by way of bank cheque or by other means of payment, approved by the Company.
- (b) The Option Holder may only exercise Options in multiples of 1,000 Options unless the Option Holder is exercising all of the Options held by the Option Holder or holds less than 1,000 Options.
- (c) Subject to the cashless exercise option, a notice of exercise in relation to any Options only becomes effective when the Company has received the full amount of the Exercise Price for the number of Options being exercised in cleared funds.

11. Cashless Exercise of Options

- (a) Subject to clause 11(b), an Option Holder may elect to pay the Exercise Price for each Option by setting off the total Exercise Price against the number of Shares which they are entitled to receive upon exercise (**Cashless Exercise Facility**). By using the Cashless Exercise Facility, the holder will receive Shares to the value of the surplus after the Exercise Price has been set off.
- (b) If the Option Holder elects to use the Cashless Exercise Facility, the Option Holder will only be issued that number of Shares (rounded down to the nearest whole number) as is equal in value to the difference between the total Exercise Price otherwise payable for the Options on the Options being exercised and the then market value of the Shares at the time of exercise calculated in accordance with the following formula:

$$S = \frac{O \times (MSP - EP)}{MSP}$$

Where:

S = Number of Shares to be issued on exercise of the Options

O = Number the Options being exercised

MSP = Market value of the Shares calculated using the volume weighted average of the Shares on ASX for the 5 trading days immediately prior to (and excluding) the date of the Notice of Exercise

EP = Exercise Price

- (c) If the difference between the total Exercise Price otherwise payable for the Options on the Options being exercised and the then market value of the Shares at the time of exercise (calculated in accordance with clause 11(b)) is zero or negative, then an Option Holder will not be entitled to use the Cashless Exercise Facility.

12. **Issue of Shares on exercise of Options**

- (a) Within 5 Business Days after the Exercise Date, the Company will:
- (i) 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;
 - (ii) 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
 - (iii) 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.
- (b) Subject to the Constitution, all Shares issued on the exercise of Options will rank in all respects (including rights relating to dividends) equally with the existing ordinary shares of the Company at the date of issue.