

BOARD OF DIRECTORS & CEO

Non-Executive Chairman
Terry Stinson

Non-Executive Director
Grant Mooney

Non-Executive Director
Michael Fitzpatrick

Non-Executive Director
Anthony Shields

Chief Executive Officer
Jonathan Fievez

CONTACT DETAILS

www.carnegiece.com

enquiries@carnegiece.com

+61 8 6168 8400

21 North Mole Drive
North Fremantle WA 6159

PO Box 39
North Fremantle WA 6159

QUARTER HIGHLIGHTS

- \$3.4m MoorPower™ Scaled Demonstrator Project launched by Carnegie and Blue Economy CRC
- CETO Digital Development Pathway nears conclusion
- Carnegie takes part in HPE roundtable series

Carnegie is focused on developing ocean energy technologies to make the world more sustainable. The company's technologies capture wave energy, an untapped energy source that is consistent, predictable and globally distributed and convert it into clean, renewable electricity. The scale of the opportunity is significant, Ocean Energy Europe (OEE) forecasts significant growth for wave energy with a €653b market potential by 2050.

During the quarter, the team continued to advance our key technology portfolio comprised of CETO (including associated sub-components), the Wave Predictor, and the most recent addition, MoorPower™.

The formal launch of the new MoorPower™ product (and associated Scaled Demonstrator Project) in October represents an important strategic expansion of our product portfolio which aligns with the company's strategic objectives and complements the existing CETO and Wave Predictor technologies. The team is dedicated to delivering these products to market and realising the potential of wave energy technologies globally.

Carnegie is nearing the conclusion of the CETO Digital Development Pathway, having made significant progress on the associated milestones and particularly the optimisation of the CETO technology. With the emergence of MoorPower, Wave Predictor and the Mooring Tensioner project, a new roadmap is being prepared by the team encompassing the milestones for all streams.

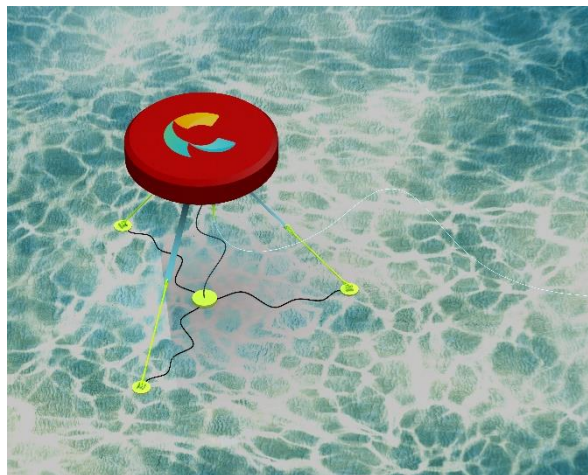
Engagement with Tech heavyweight, Hewlett Packard Enterprise (HPE), continued on a technical level with the Reinforcement Learning controller development. Additionally, Carnegie was part of a round-table series that was aired on HPE's platforms and discussed the climate challenge and the role for CETO in addressing it.

PRODUCTS

CETO

During the quarter, the team progressed the CETO Digital Development Pathway, an internal project intended to optimise CETO performance and cost.

Recent efforts include bringing together findings of the key innovation streams (advanced control, power take-off and optimised hydrodynamics) to demonstrate how these improvements combined can deliver an optimised CETO that meets our commercialisation targets for cost at scale. As with wind and solar, the ability to be competitive in the future market will rely on the ability to scale.



The CETO technology

The Digital Development work has included internal simulations using Carnegie’s proprietary tool sets, iterative design optimisations, integration with outcomes from collaborations such as with HPE on the RL controller, and engagement with suppliers. As the team wraps up the Digital Development activities over the coming months, Carnegie will be launching an expanded roadmap that includes the pathway to validate and deliver our optimised CETO and our new strategic spin-off products, MoorPower™ and the Wave Predictor.

As the world increases efforts to combat climate change, new opportunities are emerging with industry and governments to partner on projects. Carnegie continues to seek the opportunities that offer capital efficient support to advance CETO and spin-off developments.

MoorPower

In October, Carnegie launched the MoorPower™ Scaled Demonstrator project in conjunction with prominent research institute, the Blue Economy Cooperative Research Centre (Blue Economy CRC). Award of the funding and the calibre of partners is indicative of the commercial and technical merit of the technology.

MoorPower™ is a CETO derived wave energy product designed for moored vessels and offers a solution to the challenge of securing clean and reliable energy for offshore activities, reducing reliance on diesel generation. The initial target market for MoorPower™ is offshore vessels such as feeding barges for the aquaculture sector, but the future market is broader and includes the many other offshore operations that require energy.



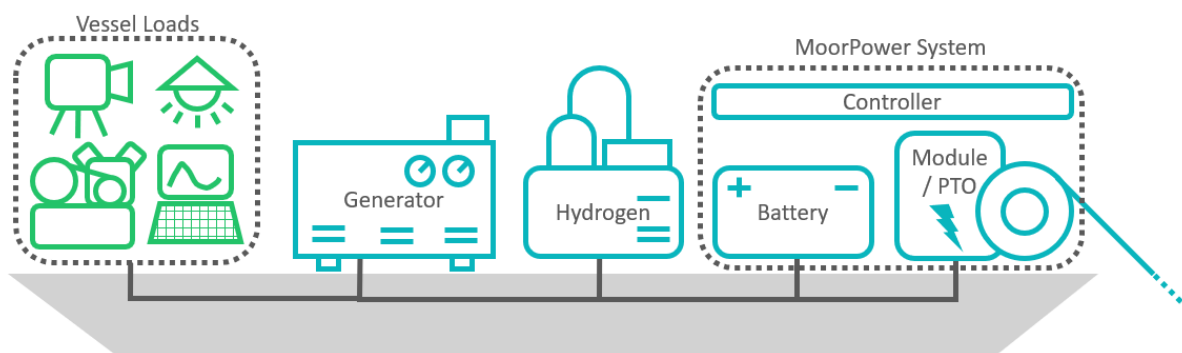
Impression of the MoorPower™ system aboard a feeder barge

Over the next 2 years, Carnegie will design, develop, build and operate a scaled demonstrator of the MoorPower™ technology just offshore from its headquarters and research facility in North Fremantle, Western Australia. This \$3.4m MoorPower™ Scaled Demonstrator project will be delivered with funding support from the Blue Economy CRC and in close collaboration with a consortium of partners including two of Australia’s largest aquaculture companies, Huon Aquaculture and Tassal Group. Academic and industry partners include DNV GL Australia, Advanced Composite Structures Australia, University of Tasmania, Climate KIC/Australian Ocean Energy Group, AMC Search and University of Queensland. The project is supported by \$1.35m cash from the Blue Economy CRC, \$265k cash from Carnegie and \$1.8m of in-kind support from the project partners. Carnegie is excited to work with the project team to deliver value to the blue economy sector and our shareholders. Further information about MoorPower™ and the project was made available during a recorded webinar, which is available on [Carnegie’s website](#).

Mr Mark Asman, Head of Aquaculture, Tassal Group, has stated, *“As population increases, wild harvest stocks decrease, and farming land and freshwater is restricted, aquaculture is providing a source of renewable protein farmed through sustainable practices.*

“Partnerships like this ensure our industry continues to deliver the benefits of high-performance sustainable innovation, research and development (R&D) and change practices.

“Through the introduction of novel oceanic renewable energy sources, aquaculture will continue to offer healthy seafood produced with a low carbon footprint.”



Schematic of the MoorPower™ system in a feeder barge application

CORPORATE

At the start of the quarter, Carnegie received \$1 million for the sale of a gold royalty held by the Company over part of the Higginsville Gold Project in Western Australia which was sold back to Project Owner Karora Resources Limited.

Carnegie's Annual General Meeting will be held in person at Swan Yacht Club, Riverside Road, East Fremantle WA 6158 on Tuesday, 23 November 2021 at 9:00am (AWST). Shareholders are invited to attend, hear from the team and ask any questions they may have.

Shareholders can view and download the Annual Report, Notice of Annual General Meeting and accompanying Explanatory Memorandum on the company's website at www.carnegiece.com or from the ASX website at www.asx.com.au.

FINANCIAL NOTES

At the end of the Quarter, the company had approximately \$4.4m in cash reserves. It is noted that careful management of company funds and assets continues and has meant that significant progress has been made with highly efficient use of capital. The company remains debt free and in a strong position financially.

Note 6 to Appendix 4C:

Payments to related parties of the entity and their associates were made during the quarter. In total, approximately \$66k was paid to Directors and associates for salaries, superannuation and contracted services.

This announcement has been authorised by the Chairman and Company Secretary.

For more information

Carnegie Clean Energy Limited

+61 8 6168 8400

enquiries@carnegiece.com

www.carnegiece.com

Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

CARNEGIE CLEAN ENERGY LIMITED

ABN

69 009 237 736

Quarter ended ("current quarter")

30 September 2021

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	1,116	1,116
1.2 Payments for		
(a) research and development	(64)	(64)
(b) product manufacturing and operating costs	(30)	(30)
(c) advertising and marketing	(4)	(4)
(d) leased assets	(21)	(21)
(e) staff costs	(422)	(422)
(f) administration and corporate costs	(206)	(206)
1.3 Dividends received (see note 3)		
1.4 Interest received		
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Government grants and tax incentives	123	123
1.8 Other		
1.9 Net cash from / (used in) operating activities	492	492
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities		
(b) businesses		
(c) property, plant and equipment		
(d) investments		
(e) intellectual property		
(f) other non-current assets		

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
2.2	Proceeds from disposal of:		
	(a) entities		
	(b) businesses		
	(c) property, plant and equipment	1	1
	(d) investments		
	(e) intellectual property		
	(f) other non-current assets		
2.3	Cash flows from loans to other entities		
2.4	Dividends received (see note 3)		
2.5	Other		
2.6	Net cash from / (used in) investing activities	1	1
3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)		
3.2	Proceeds from issue of convertible debt securities		
3.3	Proceeds from exercise of options	300	300
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(3)	(3)
3.5	Proceeds from borrowings		
3.6	Repayment of borrowings		
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other (provide details if material)		
3.10	Net cash from / (used in) financing activities	297	297
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	3,631	3,631
4.2	Net cash from / (used in) operating activities (item 1.9 above)	492	492
4.3	Net cash from / (used in) investing activities (item 2.6 above)	1	1

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	297	297
4.5	Effect of movement in exchange rates on cash held		
4.6	Cash and cash equivalents at end of period	4,421	4,421

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	2,421	1,631
5.2	Call deposits	2,000	2,000
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	4,421	3,631

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	(66)
6.2	Aggregate amount of payments to related parties and their associates included in item 2	

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.

Quarterly cash flow report for entities subject to Listing Rule 4.7B

7. Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	-	-
7.5 Unused financing facilities available at quarter end		
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	488
8.2 Cash and cash equivalents at quarter end (item 4.6)	4,421
8.3 Unused finance facilities available at quarter end (item 7.5)	-
8.4 Total available funding (item 8.2 + item 8.3)	4,421
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	N/A
<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>	
8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer:	
8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
Answer:	
8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
Answer:	
<i>Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.</i>	

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 28 October 2021

Authorised by: By Board of Directors
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.