



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, 22 November 2022 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.*

Shareholders may vote by directed proxy rather than attend the meeting in person. Proxy forms for the meeting should be lodged before 9.00am (AWST) on Sunday, 20 November 2022.

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 Sunday, 20 November 2022.

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 8 6168 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, 22 November 2022 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, 20 November 2022 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 2022, 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, Shareholders approve 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 Anthony Shields 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, Anthony Shields, Director, retires and being eligible, is re-elected as a Director on the terms and conditions in the Explanatory Memorandum.'

3 Resolution 3 – Re-election of Grant Mooney 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, Grant Mooney, Director, retires and being eligible, is re-elected as a Director on the terms and conditions in the Explanatory Memorandum.'

4 Resolution 4 – 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, and for all other purposes, Shareholders approve the issue of up to 100,000,000 Options to Mr Terry Stinson (and/or his nominees), Director, on the terms and conditions in the Explanatory Memorandum.'

Voting Exclusion

Listing Rules

The Company will disregard any votes cast in favour of this Resolution by or on behalf of Mr Terry Stinson (and/or his nominees) 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 this Resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on this Resolution, in accordance with directions given to the proxy or attorney to vote on this Resolution that way; or
- (b) the Chairperson of the Meeting as proxy or attorney for a person who is entitled to vote on this Resolution, in accordance with a direction given to the Chairperson to vote on this 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 this Resolution; and
 - (ii) the holder votes on this 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 this 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 10% Placement Facility

To consider and, if thought fit, to pass with or without amendment, as a **special resolution** the following:

'That, pursuant to and in accordance with Listing Rule 7.1A and for all other purposes, Shareholders approve the issue of Equity Securities of up to 10% of the issued capital of the Company (at the time of the issue) calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and on the terms and conditions in the Explanatory Memorandum.'

Voting Exclusion

The Company will disregard any votes cast in favour of this Resolution by or on behalf of any person who is expected to participate in, or who will obtain a material benefit as a result of, the issue of Equity Securities under Listing Rule 7.1A (except a benefit solely in the capacity of a holder of ordinary securities in the entity) or an associate of that person or those persons.

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

- (a) a person as proxy or attorney for a person who is entitled to vote on this Resolution, in accordance with directions given to the proxy or attorney to vote on this Resolution that way; or
- (b) the Chairperson of the Meeting as proxy or attorney for a person who is entitled to vote on this Resolution, in accordance with a direction given to the Chairperson to vote on this 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 this Resolution; and
 - (ii) the holder votes on this Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Note: As at the date of this Notice, it is not known who may participate in any Equity Securities issued under Resolution 5 and the Company has not approached any Shareholder or identified a class of existing Shareholders to participate in any issue of Equity Securities under the 10% Placement Capacity. Accordingly, no Shareholders are excluded from voting on Resolution 5.

Dated: 11 October 2022

BY ORDER OF THE BOARD

A handwritten signature in black ink, appearing to read 'Grant Mooney', written in a cursive style.

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 Anthony Shields as Director
Section 6	Resolution 3 – Re-Election of Grant Mooney as Director
Section 7	Resolution 4 – Issue of Options to Terry Stinson
Section 8	Resolution 5 – Approval of 10% Placement Facility
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 20 November 2022, 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 4 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 Resolutions 1 and 4, and:

- (a) the person is appointed as a proxy that specifies the way the proxy is to vote on Resolutions 1 and 4; 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 Resolutions 1 and 4, but expressly authorises the Chairperson to exercise the proxy even if Resolutions 1 and 4 is connected with the remuneration of a member of the Key Management Personnel.

2.3 **Attendance at Meeting**

Shareholders may vote by directed proxy rather than attend the meeting in person (refer to Section 2.1 for further information).

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 2023 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 Anthony Shields as Director

Resolution 2 seeks Shareholder approval pursuant to and in accordance with Listing Rule 14.4, article 10.3 of the Constitution and for all other purposes for the re-election of Mr Anthony Shields as a 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(f) of the Constitution states that a Director who retires under article 10.3(b) is eligible for re-election.

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

Details of the qualifications and experience of Mr Shields are detailed 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 Shields) support the re-election of Mr Shields and recommend that Shareholders vote in favour of Resolution 2.

6 Resolution 3 – Re-election of Grant Mooney as Director

Resolution 3 seeks Shareholder approval pursuant to and in accordance with Listing Rule 14.4, article 10.3 of the Constitution and for all other purposes for the re-election of Mr Grant Mooney as a 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(f) of the Constitution states that a Director who retires under article 10.3(b) is eligible for re-election.

Resolution 3 provides that Mr Grant Mooney retires by rotation and seeks re-election as a Director.

Details of the qualifications and experience of Mr Mooney are detailed in the Annual Report.

Resolution 3 is an ordinary resolution.

The Chairperson intends to exercise all available proxies in favour of Resolution 3.

The Directors (excluding Mr Mooney) support the re-election of Mr Mooney and recommend that Shareholders vote in favour of Resolution 3.

7 Resolution 4 – Issue of Options to Terry Stinson

7.1 General

Resolution 4 seeks Shareholder approval pursuant to and in accordance with Listing Rule 10.11 and for all other purposes to issue 100,000,000 Options to Mr Terry Stinson (and/or his nominees), a Director, on the terms and conditions detailed in Schedule 2 (**Director Options**).

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

Mr Stinson is a Director and therefore a related party of the Company.

The Director Options will vest upon the Company achieving and maintaining a VWAP Share price equal to \$0.0030 or more for a continuous period of three months, have an exercise price of \$0.0030, expire two years from the date of issue and otherwise be issued on the terms and conditions in Schedule 2.

Resolution 4 is an ordinary resolution.

The Chairperson intends to exercise all available proxies in favour of Resolution 4.

7.2 Section 208 of the Corporations Act

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

Mr Terry Stinson is a related party of the Company.

The Board (excluding Mr Stinson) considers that Shareholder approval under section 208 of the Corporations Act is not required as the exception in section 211 of the Corporations Act applies. The grant of Director Options is considered to be reasonable remuneration for the purposes of section 211 of the Corporations Act.

7.3 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 Mr Terry Stinson (and/or his nominees) falls within Listing Rule 10.11.1, as Mr Stinson is a related party of the Company, and the issue of Director Options Mr Stinson (and/or his nominees) therefore does not fall within any of the exceptions in Listing Rule 10.12. The issue of Director Options to Mr Stinson (and/or his nominees) therefore requires the approval of the Shareholders under Listing Rule 10.11.

Resolution 4 seeks the required shareholder approval to issue Director Options to Mr Stinson (and/or his nominees) under and for the purposes of Listing Rule 10.11.

If Resolution 4 is passed, the Company will be able to proceed with the issue of Director Options to Mr Stinson (and/or his nominees) 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 Director Options to Mr Stinson (and/or his nominees).

7.4 **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) The Director Options will be issued to Mr Terry Stinson (and/or his nominees).
- (b) Mr Stinson falls within Listing Rule 10.11.1 as he is a Director and therefore a related party of the Company.
- (c) The maximum number of Options to be issued to Mr Stinson (and/or his nominees) is 100,000,000 Options.
- (d) The Director Options will vest upon the Company achieving and maintaining a VWAP Share price equal to \$0.0030 or more for a continuous period of three months, have an exercise price of \$0.0030, expire two years from the date of issue and otherwise 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 Mr Stinson and remunerate him and accordingly no funds will be raised from the issue of Director Options.
- (h) The details of Mr Stinson's total remuneration package are as follows:

	Total Remuneration Package (\$)	
	2021	2022
Cash salary, leave paid and fees	60,000	64,615
Post Employment Benefits – Super	5,700	6,462
Share based payments	8,500	130,000
Total	74,200	201,077

- (i) The Director Options are not being issued under an agreement.
- (j) A voting exclusion statement is included in the Notice for Resolution 4.

7.5 Directors' Recommendations

The Directors (excluding Mr Terry Stinson) recommend that Shareholders vote in favour of Resolution 4.

8 Resolution 5 – Approval of 10% Placement Facility

8.1 General

Resolution 5 seeks Shareholder approval pursuant to and in accordance with Listing Rule 7.1A and for all other purposes for the Company to be able to issue Equity Securities under its 10% Placement Facility.

Resolution 5 is a special resolution and therefore requires approval of 75% of the votes cast by Shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative).

The Chairperson intends to exercise all available proxies in favour of Resolution 5.

8.2 Listing Rule 7.1

Broadly speaking, and subject to a number of exceptions, Listing Rule 7.1 limits the amount of Equity Securities that a listed company can issue without the approval of its shareholders over any 12 month period to 15% of the fully paid ordinary securities it had on issue at the start of that period

Listing Rule 7.1A enables eligible entities to issue Equity Securities up to 10% of their issued share capital through placements over a 12 month period after the annual general meeting (**10% Placement Facility**). The 10% Placement Facility is in addition to the Company's 15% placement capacity under Listing Rule 7.1.

An eligible entity for the purposes of Listing Rule 7.1A is an entity that is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300 million or less. The Company is an eligible entity.

The Company is seeking Shareholder approval to have the ability to issue Equity Securities under the 10% Placement Facility. The number of Equity Securities to be issued under the 10% Placement Facility will be determined in accordance with the formula prescribed in Listing Rule 7.1A.2 (refer to Section 8.3(c)).

If Resolution 5 is passed, the Company will be able to issue Equity Securities under Listing Rule 7.1A up to 10% of its issued share capital over a 12 month period after the annual general meeting, in addition to the Company's 15% placement capacity under Listing Rule 7.1.

If Resolution 5 is not passed, the Company will not be able to access the 10% Placement Facility to issue Equity Securities without Shareholder approval provided for in Listing Rule 7.1A and will remain subject to the 15% limit on issuing Equity Securities without Shareholder approval under Listing Rule 7.1.

8.3 Listing Rule 7.1A

(a) **Shareholder approval**

The ability to issue Equity Securities under the 10% Placement Facility is subject to Shareholder approval by way of a special resolution at an annual general meeting.

(b) **Equity Securities**

Any Equity Securities issued under the 10% Placement Facility must be in the same class as an existing quoted class of Equity Securities of the company.

The Company, as at the date of the Notice, has on issue one quoted classes of Equity Securities, Shares.

(c) **Formula for calculating 10% Placement Facility**

Listing Rule 7.1A.2 provides that eligible entities which have obtained Shareholder approval at an annual general meeting may issue or agree to issue, during the 12 month period after the date of the annual general meeting, a number of Equity Securities calculated in accordance with the following formula:

(A x D) – E

A is the number of Shares on issue at the commencement of the relevant period:

(A) plus the number of Shares issued in the relevant period under an exception in Listing Rule 7.2 other than exception 9, 16 or 17;

(B) plus the number of Shares issued in the relevant period on the conversion of convertible securities within Listing Rule 7.2 exception 9 where:

(I) the convertible securities were issued or agreed to be issued before the commencement of the relevant period; or

(II) the issue of, or agreement to issue, the convertible securities was approved, or taken under the Listing Rules to have been approved under Listing Rule 7.1 or 7.4;

(C) plus the number of Shares issued in the relevant period under an agreement to issue securities within Listing Rule 7.2 exception 16 where:

(I) the agreement was entered into before the commencement of the relevant period; or

(II) the agreement was approved, or taken under these rules to have been approved, under Listing Rule 7.1 or 7.4;

(D) plus the number of any other Shares issued in the relevant period with approval under Listing Rule 7.1 or 7.4;

(E) plus the number of partly paid ordinary shares that became fully paid in the relevant period; and

(F) less the number of Shares cancelled in the relevant period.

Note that A is has the same meaning in Listing Rule 7.1 when calculating an entity's 15% placement capacity.

D is 10%

E is the number of Equity Securities issued or agreed to be issued under Listing Rule 7.1A.2 in the 12 months before the date of the issue or agreement to issue that are not issued with Shareholder approval under Listing Rule 7.1 or 7.4.

(d) Listing Rule 7.1 and Listing Rule 7.1A

The ability of an entity to issue Equity Securities under Listing Rule 7.1A is in addition to the entity's 15% placement capacity under Listing Rule 7.1.

At the date of the Notice, the Company has on issue 15,102,573,710 Shares and therefore has the capacity to issue:

- (i) 2,265,386,056 Equity Securities under Listing Rule 7.1; and
- (ii) subject to Shareholder approval being sought under Resolution 5, 1,510,257,371 Equity Securities under Listing Rule 7.1A.

The actual number of Equity Securities that the Company will have capacity to issue under Listing Rule 7.1A will be calculated at the date of issue of the Equity Securities in accordance with the formula prescribed in Listing Rule 7.1A.2 (refer to Section 8.3(c)).

(e) Minimum Issue Price

The issue price of Equity Securities issued under Listing Rule 7.1A must be not less than 75% of the VWAP of Equity Securities in the same class calculated over the 15 Trading Days on which trades in that class were recorded immediately before:

- (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
- (ii) if the Equity Securities are not issued within 10 Trading Days of the date in paragraph (i) above, the date on which the Equity Securities are issued.

(f) 10% Placement Period

Shareholder approval of the 10% Placement Facility under Listing Rule 7.1A is valid from the date of the annual general meeting at which the approval is obtained and expires on the earlier to occur of:

- (i) the date that is 12 months after the date of the annual general meeting at which the approval is obtained;
- (ii) the time and date of the entity's next annual general meeting; or
- (iii) the time and date of Shareholder approval of a transaction under Listing Rules 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking),

(the **10% Placement Period**).

8.4 Effect of Resolution

The effect of Resolution 5 will be to allow the Directors to issue the Equity Securities under Listing Rule 7.1A during the 10% Placement Period without using the Company's 15% placement capacity under Listing Rule 7.1.

8.5 Specific information required by Listing Rule 7.3A

In accordance with Listing Rule 7.3A, information is provided as follows:

- (a) The Equity Securities will be issued at an issue price of not less than 75% of the VWAP for the Company's Equity Securities over the 15 Trading Days on which trades in that class were recorded immediately before:
- (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
 - (ii) if the Equity Securities are not issued within 10 Trading Days of the date in paragraph (i) above, the date on which the Equity Securities are issued.
- (b) If Resolution 5 is approved by Shareholders and the Company issues Equity Securities under the 10% Placement Facility, the existing Shareholders' voting power in the Company will be diluted as shown in the below table (in the case of Options, only if the Options are exercised). There is a risk that:
- (i) the market price for the Company's Equity Securities may be significantly lower on the date of the issue of the Equity Securities than on the date of the Meeting; and
 - (ii) the Equity Securities may be issued at a price that is at a discount to the market price for the Company's Equity Securities on the issue date,
- which may have an effect on the amount of funds raised by the issue of the Equity Securities.
- (c) The below table shows the dilution of existing Shareholders on the basis of the current market price of Shares and the current number of ordinary securities for variable 'A' calculated in accordance with the formula in Listing Rule 7.1A.2 as at the date of the Notice.
- (d) The table also shows:
- (i) two examples where variable 'A' has increased, by 50% and 100%. Variable 'A' is based on the number of ordinary securities the Company has on issue. The number of ordinary securities on issue may increase as a result of issues of ordinary securities that do not require Shareholder approval (for example, a pro rata entitlements issue or scrip issued under a takeover offer) or future specific placements under Listing Rule 7.1 that are approved at a future Shareholders' meeting; and
 - (ii) two examples of where the issue price of ordinary securities has decreased by 50% and increased by 100% as against the current market price.

Variable 'A' in Listing Rule 7.1A.2		Dilution		
		\$0.0010 50% decrease in Issue Price	\$0.0020 Issue Price	\$0.0040 100% increase in Issue Price
Current Variable A 14,902,573,710 Shares	10% Voting Dilution	1,490,257,371 Shares	1,490,257,371 Shares	1,490,257,371 Shares
	Funds raised	\$1,490,257	\$2,980,515	\$5,961,029

50% increase in current Variable A 22,353,860,565 Shares	10% Voting Dilution	2,235,386,057 Shares	2,235,386,057 Shares	2,235,386,057 Shares
	Funds raised	\$2,235,386	\$4,470,772	\$8,941,544
100% increase in current Variable A 29,805,147,420 Shares	10% Voting Dilution	2,980,514,742 Shares	2,980,514,742 Shares	2,980,514,742 Shares
	Funds raised	\$2,980,515	\$5,961,029	\$11,922,059

The table has been prepared on the following assumptions:

- (i) The Company issues the maximum number of Equity Securities available under the 10% Placement Facility.
 - (ii) No Options (including any Options issued under the 10% Placement Facility) are exercised into Shares before the date of the issue of the Equity Securities.
 - (iii) The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
 - (iv) The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 10% Placement Facility, based on that Shareholder's holding at the date of the Meeting.
 - (v) The table shows only the effect of issues of Equity Securities under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1.
 - (vi) The issue of Equity Securities under the 10% Placement Facility consists only of Shares.
 - (vii) The issue price is \$0.0020, being the closing price of the Shares on ASX on the last practicable date prior to this Notice of 11 October 2022.
- (e) The Company will only issue the Equity Securities during the 10% Placement Period. The approval under Resolution 5 for the issue of the Equity Securities will cease to be valid on the earlier of:
- (i) the date that is 12 months after the date of the annual general meeting at which the approval is obtained;
 - (ii) the time and date of the entity's next annual general meeting; or
 - (iii) the time and date that Shareholders approve a transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of activities) or Listing Rule 11.2 (disposal of main undertaking).
- (f) The Company may seek to issue the Equity Securities for cash consideration. In such circumstances, the Company intends to use the funds raised towards progressing its new Product Validation Roadmap for the core CETO and MoorPower™ product development and/or general working capital.
- (g) The Company will comply with the disclosure obligations under Listing Rule 7.1A.4 upon issue of any Equity Securities.

- (h) The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue pursuant to the 10% Placement Facility. The identity of the subscribers of Equity Securities will be determined on a case-by-case basis having regard to the factors including but not limited to the following:
 - (i) the methods of raising funds that are available to the Company, including but not limited to, rights issue or other issue in which existing security holders can participate;
 - (ii) the effect of the issue of the Equity Securities on the control of the Company;
 - (iii) the financial situation and solvency of the Company; and
 - (iv) advice from corporate, financial and broking advisers (if applicable).
- (i) The subscribers under the 10% Placement Facility have not been determined as at the date of the Notice but may include existing substantial Shareholders and/or new Shareholders who are not a related party or an associate of a related party of the Company and are likely to be sophisticated and professional investors.
- (j) In the 12 months preceding the date of the Meeting the Company has not issued any Equity Securities under Listing Rule 7.1A.
- (k) A voting exclusion statement is included in the Notice for Resolution 5.
- (l) At the date of the Notice, the Company has not approached any particular existing Shareholder or security holder or an identifiable class of existing security holder to participate in the issue of the Equity Securities. No existing Shareholder's votes will therefore be excluded under the voting exclusion in the Notice.

8.6 **Directors' Recommendations**

The Directors recommend that Shareholders vote in favour of Resolution 5.

Schedule 1

Definitions

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

\$ means Australian Dollars.

10% Placement Facility has the meaning given in Section 8.2.

10% Placement Period has the meaning given in Section 8.3(f).

Annual Report means the Directors' Report, the Financial Report and the Auditor's Report in respect to the financial year ended 30 June 2022.

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 7.1.

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. **Vesting Condition**

The Options shall vest upon the Company achieving and maintaining a VWAP Share price equal to \$0.0030 or more for a continuous period of three months (**Vesting Condition**).

2. **Notification to holder**

The Company shall notify the holder in writing when the Vesting Condition has been satisfied.

3. **Entitlement**

Upon the achievement of the Vesting Condition prior to the Expiry Date, each Option entitles the holder (**Option Holder**) to subscribe for 1 (one) Share.

4. **Exercise price**

The exercise price of each Option (**Exercise Price**) is \$0.0030.

5. **Expiry date**

Each Option not exercised by 5.00pm (AWST) on the date that is two years from the date of issue (**Expiry Date**) will automatically lapse and terminate.

6. **Voluntary Escrow**

Each Share issued following the Option Holder's subscription for Shares pursuant to clause 3 are subject to a voluntary escrow period of one (1) year from the date of issue.

7. **Transfer**

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

8. **Quotation of Options**

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

9. **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.

10. **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.

11. **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.

12. **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.

13. **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.

14. **Cashless Exercise of Options**

- (a) Subject to clause 14(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 14(b)) is zero or negative, then an Option Holder will not be entitled to use the Cashless Exercise Facility.

15. **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.