

## Letter from Chairman regarding proposed share consolidation

Dear Shareholder,

I write to you towards the end of what has been a transformational year for Carnegie Clean Energy. Together, we have achieved major milestones and formed global strategic partnerships that will accelerate our progress toward achieving commercial scale.

Last month, we announced CETO Wave Energy Ireland had been awarded a €3.7m (\$6.3m) contract to deliver and operate our wave energy technology in Europe. Through the ACHIEVE Programme, our CETO wave energy converter will be deployed and generating in waters off the Basque Country by 2025. These activities will be further enhanced with support from the Spanish Government who awarded €1.2m (\$1.9m) to Carnegie's wholly-owned subsidiary Carnegie Technologies Spain.

It is now important to write to you about another potential turning point which pertains to consolidation of capital as outlined in Resolution 3 of the Notice of Meeting you received today.

As outlined in Resolution 3, the consolidation is designed to take place as follows:

- Every 50 Shares to be consolidated into 1 Share
- The Options currently on issue to be consolidated in accordance with Listing Rule 7.22.1
- The Shares to transition to a post-consolidation basis on 16 November 2023

Should this consolidation result in a fractional ownership of a Share or Option, the Company will be authorised to round that fraction up to the nearest whole number, as of the Consolidation Effective Date, and in accordance with the terms and conditions described in the Explanatory Statement.

The Board of Directors believe that now is the right time to consolidate our shares to amplify our success and enable future growth. It is critical that we streamline our capital structure and prepare for growth as we approach commercial scale. This share consolidation is a strategic step to ensure we are prepared for the journey ahead.

We believe that consolidating shares will also improve market perception. It's a demonstration of our dedication to maximising returns for investors.

The proposed consolidation is designed to optimise our capital structure, making it more manageable and aligned with industry standards. The move intends to increase the attractiveness of our shares in the market, enhance liquidity and reduce administrative complexities, all of which can contribute to creating long-term value.

Since listing on the ASX in 1993, Carnegie has not consolidated its shares. This is quite an achievement. Over the past several years, the Company's objectives have been reset and the Company has embarked on a defined pathway towards commercialisation. We've made significant strides and now feel that the time is right to consolidate.

Carnegie currently has more than 15 billion shares on issue which makes it difficult for the share price to move in tradeable increments over the short to medium term. A consolidation will reduce the

number of shares on issue and in turn, the volume required to be traded to move through a share price increment. Therefore, trading in the shares should increase as a result of the consolidation and provide a more liquid market for Carnegie shares.

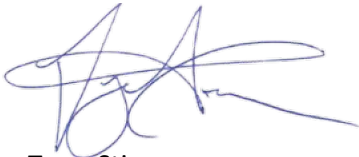
The Board of Directors, after thorough evaluation and consideration of the potential benefits and implications of this consolidation, unanimously recommends voting in favour of Resolution 3.

As a shareholder, your vote matters and your participation in the decision-making process is highly valued. We invite you to attend the upcoming Annual General Meeting where Resolution 3 will be presented for your vote. If you are unable to attend in person, you may appoint a proxy to represent you and cast your vote on your behalf.

In closing, I want to express my gratitude for your support.

We look forward to your participation in the Annual General Meeting and to your continued support in making the best decisions for the future of our company.

Sincerely,



Terry Stinson  
Chairman  
Carnegie Clean Energy