REPORT TO SHAREHOLDERS

QUARTER ENDED 31 MARCH 2022

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QUARTER HIGHLIGHTS

- Signed competitive EuropeWave Contract for €291k (A$463k) to deliver Phase 1 activities, including a concept design for a CETO prototype deployment at a European site - EMEC (Scotland) and BiMEP (Basque Country)
- Significant progress on EuropeWave since project kick-off with new CETO capturing nearly twice as much energy from waves than the previous design as a result of new features such as multi-mooring and advanced controller
- Building of the test equipment commenced in preparation for wave tank testing of the new CETO design in June
- Presentation delivered at the first annual EuropeWave conference in front of global renewable energy experts and European Commission officers
- Design underway for the $3.4m MoorPower™ Scaled Demonstrator Project launched by Carnegie and Blue Economy CRC

Carnegie's CEO, Mr Jonathan Fiévez, commented on the Quarter:

"The March Quarter has been a busy period for Carnegie. Our goal is to become a leading player in the commercialisation of wave energy globally, and to this, we are making significant progress with the EuropeWave PCP Programme.

The EuropeWave contract aligns with our commercial objectives. Key innovations and substantial design work have been made on CETO allowing the latest generation technology to now capture nearly twice as much energy from waves from the previous design.

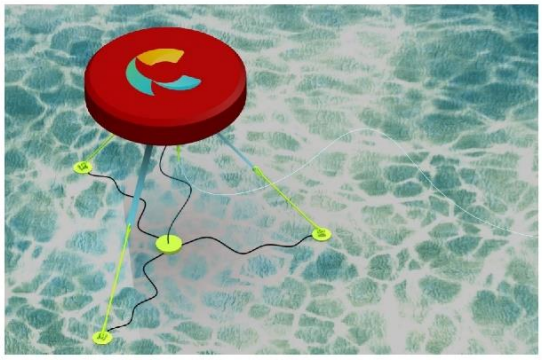
We are at the discussion table with industry decision makers to shape and accelerate the adoption of wave energy and support global efforts towards decarbonisation and a more sustainable environment."

Who is Carnegie?	Carnegie develops ocean energy technologies to make the world more sustainable. The company provides commercially competitive technologies to enable the capture of wave energy to make electricity. Waves are an untapped energy source that is consistent, predictable and globally distributed and can be converted 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.

PRODUCTS

CETO

During the Quarter, Carnegie's wholly owned subsidiary CETO Wave Energy Ireland signed the formal contract and commenced Phase 1 of the EuropeWave Pre-Commercial Procurement (PCP) programme. Under the contract, the Company will be paid €291k (A$463k) to deliver required Phase 1 activities, including undertaking tank testing and delivering a CETO concept design for deployment at the open-water facilities of the Biscay Marine Energy Platform (BiMEP) in the Basque Country and the European Marine Energy Centre (EMEC) in Scotland in Phase 3. Phase 1 commenced on the 3rd of January 2022 and runs for 7 months.



The project team, which is comprised of CETO Wave Energy Ireland and an impressive line-up of partners noted in the image above, have progressed the project deliverables, including design reports and preparation for the wave tank testing to be held at the Cantabria Coastal and Ocean Basin (CCOB) in Spain in June 2022. This has comprised building the test equipment for the wave tank testing campaign including a control cabinet and power take off systems to control the CETO tank model.

EuropeWave PCP Phase 1 hardware assembly and testing of the control and power take off systems ahead of tank testing campaign in June.

Our EuropeWave project is named "ACHIEVE" and comes from Advanced CETO for High Impact and Efficiency Validation in Europe. The programme is a collaboration between Wave Energy Scotland (WES), a subsidiary of the Scottish Government's Highlands and Islands Enterprise, and the Basque Energy Agency (EVE).

Carnegie's ACHIEVE project manager delivered a presentation at the first annual EuropeWave conference (22 Feb – 2 March 2022) in front of global renewable energy experts and European Commission officers. The presentation (see ASX release 23 Feb 2022) went through the CETO technology, its key features, innovations and an outline of Phase 1 activities under the program.

Winning a spot in this competitive program further validates CETO's strong technical position within the industry and commercial potential as renewable energy source. Following the conclusion of Phase 1, another rigorous selection process will be conducted, with five companies out of the seven selected for Phase 2, and subsequently, three companies selected for the third and final phase which will be a contract to deliver and operate a prototype device at either BiMEP or EMEC. A total of €20 million in funding is provided for the 3 phases of the programme, which runs from 2022 to 2026. The EuropeWave program provides an excellent basis for CETO development to follow with a shared overall objective to cultivate relationships with commercial partners and together unlock roll-out.

MoorPower™

In conjunction with the ACHIEVE Project, the team is also progressing the $3.4m MoorPower™ project during the quarter. The MoorPower technology preliminary commercial scale MoorPower design is nearing completion. Progressing both the commercial scale design and the scaled demonstrator design will ensure that that the scaled demonstrator deployed in North Fremantle meets the requirements and objectives of our commercial scale customers.

The MoorPower™ technology is a CETO derived wave energy product designed for moored vessels, offering a solution to the challenge of securing clean and reliable energy for offshore activities and reducing the reliance on diesel generation. The initial target market for MoorPower™ is offshore vessels such as feeding barges for the aquaculture sector.

The project is supported by $1.35m cash from the Blue Economy Cooperative Research Centre (CRC) and will also be delivered in collaboration with a consortium of partners including two of Australia's largest aquaculture companies, Huon Aquaculture and Tassal Group.

Over the 2 years of this project, Carnegie will design, install and operate a scaled demonstrator of the MoorPower™ technology offshore from its headquarters and research facility in North Fremantle, Western Australia. Following successful demonstration, the major aquaculture industry partners of the project are most likely to become the first adopters of the MoorPower™ commercial product.

Aquaculture barge with illustration of MoorPower System added. Credit: Huon Aquaculture (base image)

PARTNERS

In collaboration with Hewlett Packard Labs, Carnegie featured in poster sessions at the prestigious AAAI Conference on Artificial Intelligence on 24 and 25 February 2022. The work introduced was part of a paper on how a Multi-Agent Reinforcement Learning Controller (MARL) can maximise energy efficiency, helping increase wave energy capture efficiency. Hewlett Packard Labs is the exploratory and advanced research group for global multinational Hewlett Packard Enterprise.

Carnegie has also teamed up with Hewlett Packard Enterprise for their docuseries, exploring how wave energy can be used as a source to tackle some of the world's most challenging problems.

In May, several Carnegie team members will be in Tasmania to participate in a series of partner meetings and conferences including the Australian Ocean Energy Market Summit, the Blue Economy CRC's Annual Participants Workshop and the Tasmanian Salmon Symposium. These meetings provide opportunities for Carnegie to highlight CETO and MoorPower to market and industry representatives.

FINANCIAL NOTES

At the end of the Quarter, the Company had approximately $3.9m in cash reserves. It is noted that securing co-funded development projects and careful management of company funds and assets continues. This 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 $77k 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

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About EuropeWave

EuropeWave PCP is an innovative R&D programme for wave energy technology, which runs from 2022 to 2026. It will combine over €22.5m of national, regional and EU funding to drive a competitive Pre-Commercial Procurement (PCP) programme for wave energy.

Match-funded by the EU's Horizon 2020 programme, it is a collaboration between Wave Energy Scotland (WES) and the Basque Energy Agency (EVE). This collaboration is closely aligned with the decarbonisation, industrial and competitiveness objectives of the European Green Deal, and is part of a range of actions being taken to meet the European Commission's targets of 100MW of ocean energy by 2025 and at least 1GW by 2030.

This is part of the EuropeWave project that has received funding from the European Union's Horizon 2020 Research and Innovation Programme under grant agreement No 883751. https://www.europewave.eu/

Appendix 4C

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

Name of entity

CARNEGIE CLEAN ENERGY LIMITED

ABN	**Quarter ended ("current quarter")**
69 009 237 736	31 March 2022

Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (9 months) $A'000**
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	135	1,865
1.2	Payments for		
	(a) research and development	(62)	(214)
	(b) product manufacturing and operating costs	(234)	(337)
	(c) advertising and marketing	-	(4)
	(d) leased assets	(21)	(63)
	(e) staff costs	(403)	(1,205)
	(f) administration and corporate costs	(310)	(606)
1.3	Dividends received (see note 3)		
1.4	Interest received	1	7
1.5	Interest and other costs of finance paid		
1.6	Income taxes paid		
1.7	Government grants and tax incentives	-	123
1.8	Other – Return from Administration	141	141
1.9	**Net cash from / (used in) operating activities**	**(753)**	**(293)**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire or for:		
	(a) entities		
	(b) businesses		
	(c) property, plant and equipment	-	(2)
	(d) investments		
	(e) intellectual property		
	(f) other non-current assets		

Consolidated statement of cash flows		Current quarter $A'000	Year to date (9 months) $A'000
2.2	Proceeds from disposal of:		
	(a) entities		
	(b) businesses		
	(c) property, plant and equipment		16
	(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**	**-**	**14**

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	-	600
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	(6)
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**	**-**	**594**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	4,696	3,631
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(753)	(293)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	14
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	594
4.5	Effect of movement in exchange rates on cash held	(1)	(4)
4.6	**Cash and cash equivalents at end of period**	**3,942**	**3,942**

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	942	1,696
5.2	Call deposits	3,000	3,000
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)**	**3,942**	**4,696**

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	(77)
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.

7.	**Financing facilities** *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.*	**Total facility amount at quarter end $A'000**	**Amount drawn at quarter end $A'000**
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)	(752)
8.2	Cash and cash equivalents at quarter end (item 4.6)	3,942
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	4,694
8.5	**Estimated quarters of funding available (item 8.4 divided by item 8.1)**	5.24 quarters

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.

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:

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.

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: 29 April 2022

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.