REPORT TO SHAREHOLDERS

QUARTER ENDED 30 SEPTEMBER 2022

Carnegie CLEAN ENERGY

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QUARTER HIGHLIGHTS

- Successfully completed all deliverables of EuropeWave Phase 1 contract (€291k / A$463k)
- Awarded €600k (A$890k) contract to deliver Phase 2 of the EuropeWave Programme
- EuropeWave's competitive selection process includes rigorous evaluations to select promising wave energy technologies for commercial exploitation
- Subject to a final competitive selection, a subsequent Phase 3 contract would fund the deployment and operation of a CETO prototype at a European test site
- Further growth of our world class commercial partnerships such as Hewlett Packard Enterprise and Hutchinson (Total) to support CETO development, Australian aquaculture specialists Tassal and Huon to support MoorPower development
- Progressed Carnegie's Product Validation Roadmap with a clear and accelerated route to commercialisation
- Global targets to reach net zero by 2050 is accelerating the global support for wave energy investments

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

"Carnegie made great strides in the September Quarter. The award of Phase 2 of the EuropeWave PCP programme follows the competitive selection and successful performance of CETO in Phase 1, completed by our team and strong consortium of partners.

Europe is a leader in the race to commercialise wave energy technology, and we are right at the centre of these developments. The Australian Government also recently passed the landmark Climate Change Bill 2022, supporting renewables and placing the nation on a path to net zero by 2050.

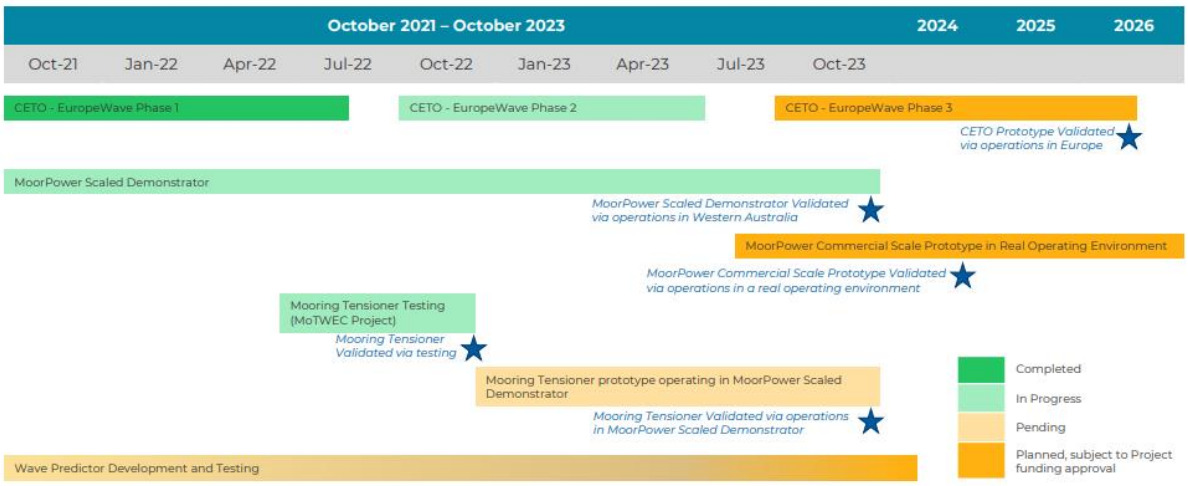
As a highly consistent and concentrated source of clean energy, wave energy is set to become a key component in the renewable energy mix and solutions to decarbonise. We are ready to be a frontrunner with our CETO and MoorPower technologies."

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

Carnegie's recent Product Validation Roadmap outlines an important stage in the commercialisation pathway of the Company's products, defining activities to be progressed over the next 18+ months to validate each product stream's commercial readiness. The Roadmap builds on achievements of the previous Digital Development Pathway and is also fuelled by Carnegie's strategic partnerships.

The Company remains in a solid financial position to complete the projects underway.



CETO

The innovations delivering CETO's cost of energy and performance enhancements over the past few years are supporting and feeding into CETO's activities in the EuropeWave PCP Programme. The current CETO design captures nearly twice as much energy from waves through unique innovations such as the Advanced Controller and Rotary Electric PTO as compared to the previously deployed model. This supports a promising technical and commercial proposition.

With wave energy expected to achieve growth rates in line with previously developed technologies such as offshore wind and solar PV, Carnegie is working to reduce the cost of wave energy generation to allow for its uptake and accelerate scale and customers.

Carnegie has a growing presence in Europe and CETO is making encouraging progress through participation in the EuropeWave Pre-Commercial Procurement (PCP) programme, a €22.5m EU-funded programme to advance wave energy technologies for commercial exploitation, running as a three phased programme from 2021 to 2025.

Carnegie's wholly owned subsidiary CETO Wave Energy Ireland, along with a strong consortium of partners, was chosen as 1 of 7 contractors for Phase 1. Under the Phase 1 contract, the Company was paid €291k (A$463k) to deliver initial design, simulation and tank testing activities. Phase 1 was successfully completed in July 2022.

Most recently, Carnegie was selected as 1 of 5 contractors to continue onto Phase 2, in a contract valued at €600k (A$890k). Contracted Phase 2 activities include Front End Engineering Design (FEED), power take-off (PTO) component testing, wave tank testing and related certification and commercialisation activities. The wave tank testing campaign will be conducted at the Cantabria Coastal and Ocean Basin (CCOB) in Spain in early 2023. The power take-off testing will also take place in 2023, with VGA providing support and access to new test rigs developed through the European funded IMPACT project. Phase 2 will run from the end of September 2022 to June 2023.

Following Phase 2 completion, 3 of the 5 contractors will be awarded Phase 3. If selected, this final Phase would see the deployment of CETO at the open-water facilities of the Biscay Marine Energy Platform (BiMEP) in the Basque Country or the European Marine Energy Centre (EMEC) in Scotland.

During the period, Carnegie appointed a highly experienced Project Engineer, with a background in ocean energy to assist with the delivery of the project. Another new recruitment process is currently underway to continue growing the European team.

Carnegie's subsidiary retains ownership of the intellectual property rights (IPRs) generated during the EuropeWave Programme and will be able to use the IP to exploit the full market potential of the CETO technology.

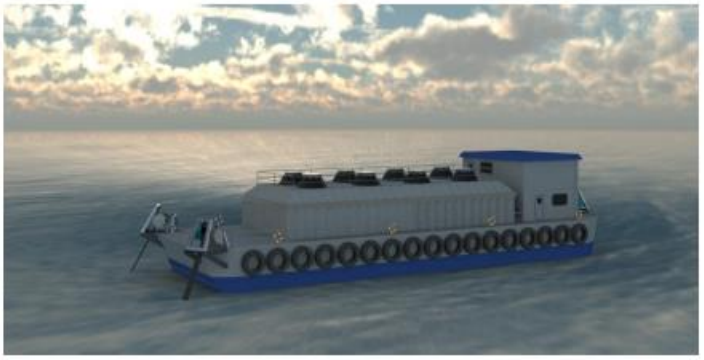
Winning Phase 2 was an important milestone during the quarter, which provides third-party expert validation of CETO's technical and commercial potential. This success fully aligns with Carnegie's objectives to pave the way for a commercial CETO roll-out and offers an opportunity to attract future project partners.

MoorPower

Carnegie's CETO-derived MoorPower technology also made significant advancements in the period. MoorPower is designed to deliver sustainable energy supply for vessels moored offshore, such as barges in the aquaculture sector, reducing reliance on diesel.

The technology is being validated through the $3.4m MoorPower Scaled Demonstrator Project, in collaboration with the Blue Economy Cooperative Research Centre (Blue Economy CRC).

The design of the Scaled Demonstrator Project is nearing completion, and will be followed by manufacturing, onshore testing and operations in 2023 at Carnegie's headquarters and research facility in North Fremantle, Western Australia.



Aquaculture industry partners Huon Aquaculture and Tassal Group are supporting the project and could become the first adopters of the MoorPower™ commercial product.

Complimentary Products

The Mooring Tensioner for Wave Energy Converters (MoTWEC) test program has made progress over the quarter, with ongoing support from the Blue Economy CRC and a strong consortium of partners such as Advanced Composite Structures Australia (ACS-A). During the quarter, the project team completed the manufacturing of a Mooring Tensioner prototype and test rig and subsequently commissioned the test rig. Following completion of that work, fatigue testing of the Mooring Tensioner prototype commenced.

CORPORATE

Carnegie will host an Investor Webinar on Wednesday, 2 November for the Capital Markets community, and the registration link is available here:

https://www.carnegiece.com/portfolio/carnegie-investor-presentation-webinar-2/

The Company will also hold its Annual General Meeting (AGM) on Tuesday, 22 November 2022 commencing at 9:00am at Swan Yacht Club in East Fremantle.

EVENTS

In October, Carnegie presented at several sessions of the International Conference on Ocean Energy (ICOE) in the Basque Country, Spain. ICOE is a global ocean energy event focused on the industrial development of renewable energy and is the leading global conference for the sector. Held every 2 years, ICOE is hosted by Ocean Energy Systems, a technology collaboration programme within the International Energy Agency (IEA/OES).

Carnegie's CEO and two European staff members attended the conference to present and connect with leaders in the ocean energy sector. The team was fortunate that two of Carnegie's Directors were already in Europe, so they were also able to attend the conference and join the CEO for additional meetings with partners around Europe and the UK.

FINANCIAL NOTES

At the end of the Quarter, Carnegie had approximately $3.3m in cash reserves. Careful management of company funds and assets continues so 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 $73k 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 PRE-COMMERCIAL PROCUREMENT PROGRAMME

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.

Originally pioneered by the Wave Energy Scotland programme, the PCP model provides a structured approach, fostering greater openness, collaboration and sharing of risk between the public sector and technology developers. The programme will focus on the design, development, and demonstration of

cost-effective wave energy converter (WEC) systems for electrical power production that can survive in the harsh ocean environment.

Match-funded by the EU's Horizon 2020 programme, it is a collaboration between Wave Energy Scotland (WES), the Basque Energy Agency (EVE) and Ocean Energy Europe (OEE). 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.

The 3 Phases of the Europe Wave PCP:

			Number of Contracts		Contract Maximum Value	
	Start date	End Date	Minimum	Anticipated	ex. VAT	inc. VAT
Phase 1 Concept Development	03 Jan 2022	29 July 2022	5	7	€ 291,667	€ 350,000
Phase 2 FEED and Modelling	26 Sept 2022	30 June 2023	4	5	€ 608,333	€ 730,000
Phase 3 Open- water deployment]	11 Sept 2023	29 May 2026	3	3	€ 3,750,000	€ 4,500,000
				Totals	€ 4,650,000	€ 5,580,000

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/

ABOUT CARNEGIE & CETO WAVE ENERGY IRELAND

Carnegie Clean Energy (ASX: CCE) is a technology developer focused on delivering ocean energy technologies to make the world more sustainable. CETO Wave Energy Ireland is a wholly owned subsidiary of Carnegie Clean Energy. Carnegie is the owner and developer of the CETO® and MoorPower® technologies, which capture energy from ocean waves and convert it into electricity. Using the latest advances in artificial intelligence and electric machines, Carnegie can optimally control our technologies and generate electricity in the most efficient way possible. The Wave Predictor technology developed by Carnegie uses a proprietary machine learning algorithm to improve the performance of our wave technologies and has additional applications beyond the wave energy industry. The company has a long history in ocean energy with a track record of world leading developments.

https://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	**Quarter ended ("current quarter")**
69 009 237 736	30 September 2022

Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (1 month) $A'000**
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	435	435
1.2	Payments for		
	(a) research and development		
	(b) product manufacturing and operating costs	(312)	(312)
	(c) advertising and marketing		
	(d) leased assets	(23)	(23)
	(e) staff costs	(473)	(473)
	(f) administration and corporate costs	(257)	(257)
1.3	Dividends received (see note 3)		
1.4	Interest received	10	10
1.5	Interest and other costs of finance paid		
1.6	Income taxes paid		
1.7	Government grants and tax incentives		
1.8	Other		
1.9	**Net cash from / (used in) operating activities**	**(620)**	**(620)**

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	(5)	(5)
	(f) other non-current assets	(190)	(190)

Consolidated statement of cash flows		Current quarter $A'000	Year to date (1 month) $A'000
2.2	Proceeds from disposal of:		
	(a) entities		
	(b) businesses		
	(c) property, plant and equipment		
	(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**	**(195)**	**(195)**

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		
3.4	Transaction costs related to issues of equity securities or convertible debt securities		
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**	**-**	**-**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	**4,095**	**4,095**
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(620)	(620)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(195)	(195)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	**Cash and cash equivalents at end of period**	**3,280**	**3,280**

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	780	1,095
5.2	Call deposits	2,500	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)**	**3,280**	**4,095**

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	(73)
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)	(620)
8.2	Cash and cash equivalents at quarter end (item 4.6)	3,280
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	3,280
8.5	**Estimated quarters of funding available (item 8.4 divided by item 8.1)**	5.3 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: 31 October 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.