REPORT TO SHAREHOLDERS

QUARTER ENDED 30 SEPTEMBER 2023

Carnegie CLEAN ENERGY

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QUARTER HIGHLIGHTS

- Contracts awarded to deploy CETO in Europe in 2025.
- €3.75m ($6.3m) EuropeWave Phase 3 contract awarded to CETO Wave Energy Ireland's ACHIEVE Project to deliver and operate CETO wave energy technology in the waters off the Basque Country at the BiMEP wave energy test site.
- €1.2m ($1.9m) grant awarded by Spanish Government to Carnegie's AGUAMARINA Project to enhance and extend the deployment of CETO through our ACHIEVE Programme.
- Belt testing undertaken, delivering important validation of the belt component CETO's rotary PTO through the IMPACT project at VGA s.r.l Italy.
- Extensive back-to-back testing of the MoorPower PTO units continues with positive results as the barge undergoes preparations for deployment.

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

"This quarter delivered significant wins that will see us deploy CETO technology in European waters; this brings the Company to a major inflection point. This success is a direct reflection of the hard work of the team and the commercial potential of our CETO technology and unlocks our pathway forward.

Being ranked #1 in EuropeWave competitive selection was a major achievement of the quarter, bolstered further by the RENMARINAS funding award only weeks later. These successes will enable our new ACHIEVE Programme to validate the CETO technology in European waters and will support our growing global partner ecosystem.

The ACHIEVE programme, with support through EuropeWave and RENMARINAS, has now begun and will run through to 2027. This signifies a significant milestone in our commercialisation journey, offering promising collaborations with forward-thinking partners and investors. Its great to see our ambitions aligning with the European Union's renewable energy objectives.

Who is Carnegie?		Carnegie develops ocean energy technologies to make the world more sustainable. We provide advanced and competitive wave energy products for global renewable energy markets. Waves are an untapped renewable energy source that is consistent, predictable, and globally distributed. The scale of the opportunity is significant, Ocean Energy Europe (OEE) forecasts significant growth for wave energy with a €653b market potential by 2050.
Core Products	**CETO**	CETO is a submerged buoy harnessing energy from ocean waves. Sitting a few meters below the surface of the ocean, CETO converts wave energy into zero-emission electricity. This clean and predictable energy supply can be harnessed to provide a reliable energy source 24/7. The CETO technology is continually improving through cost reduction measures and increasing the energy supply capacity intelligent innovation.
	MoorPower	MoorPower is a wave energy product for offshore demand applications. A spin-off from the CETO technology, MoorPower provides power for offshore moored vessels, such as feed and lighting barges used in Aquaculture. MoorPower can replace and reduce diesel generator usage in offshore environments, reducing risk and carbon emissions.

PRODUCTS

The last quarter delivered several key achievements for the company, particularly in relation to progressing the commercialisation pathway of CETO technology through the successful EuropeWave contract award and RENMARINAS funding for our ACHIEVE Programme. These projects will continue to drive the technology validation forwards and support extended open water operation for CETO in Europe. Meanwhile, testing has continued with belt testing in Italy, mooring tensioner testing and MoorPower pre-deployment testing in Australia. The projects and partnerships associated with the current projects will continue to strengthen the commercial pathway of our CETO and MoorPower technologies.

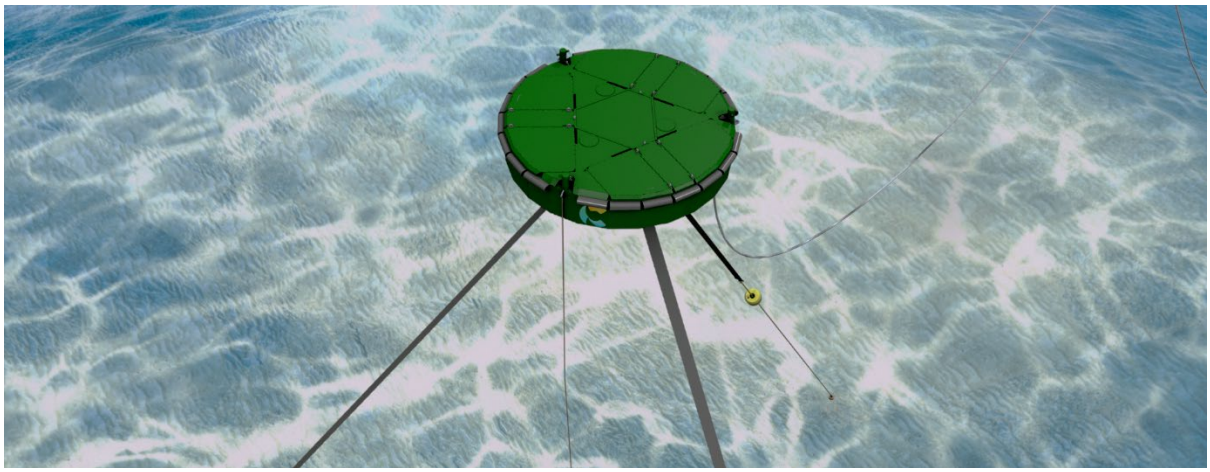
CETO

It has been a highly significant and successful quarter for Carnegie and the CETO technology with the award of a contract to deploy CETO in Europe through the ACHIEVE Project. Just weeks later, there was further recognition of the importance of this project through the award of additional funding to enhance the ACHIEVE activities from the Spanish Government.

In early September, Carnegie's wholly owned subsidiary CETO Wave Energy Ireland (CWEI), secured a €3.75m ($6.3m) contract as part of the competitive EuropeWave Pre-Commercial Procurement (PCP) program. This achievement signifies a major step towards advancing the deployment of CETO wave energy technology in European waters, with CETO grid-connected planned for 2025. Independent expert evaluators ranked CWEI's ACHIEVE Project proposal first across various categories, including levelised cost of energy (LCOE), generation performance, reliability, and survivability.

Under the Phase 3 EuropeWave contract for ACHIEVE, CWEI will build and operate a CETO wave energy converter at the Biscay Marine Energy Platform (BiMEP) in the Basque Country, Spain. The

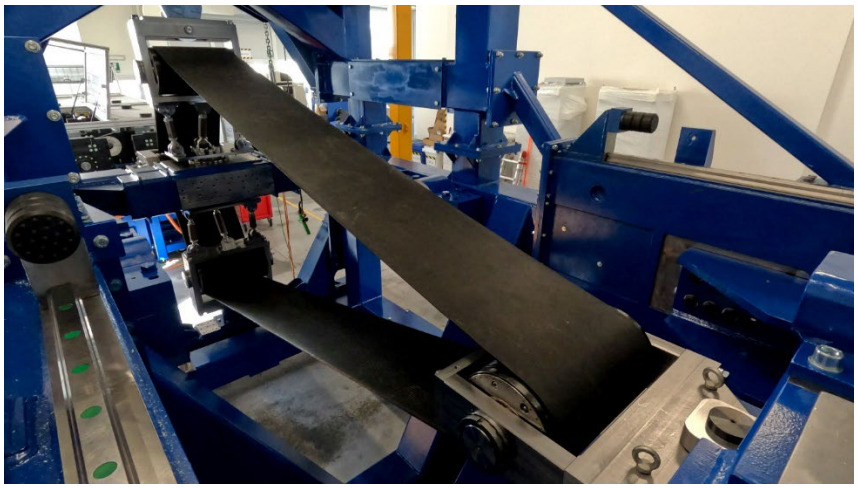
EuropeWave program aligns with the European Union's ambitious goal of deploying 1GW of ocean energy by 2030 and 40GW by 2050 through its EU Offshore Renewable Energy Strategy.



CETO wave energy converter contracted for deployment at the Biscay Marine Energy Platform

In late September, Carnegie Technologies Spain, a wholly owned subsidiary of Carnegie, was awarded €1.2m ($1.9m) from the Spanish Government to extend and enhance the ACHIEVE CETO deployment in Spain. The funding was granted as part of Spain's RENMARINAS DEMOS Program, which funds marine renewable energy projects in Spain. The grant supports the Company's AGUAMARINA Project (Avances en la Generación Undimotriz Adaptada al entorno Marino) which will deliver an improved CETO deployment at the BiMEP, engage with additional stakeholders and enable the project to meet enhanced technical and commercial objectives aligned with the CETO commercialisation pathway.

The AGUAMARINA funding complements the EuropeWave contract for the ACHIEVE Project and enables additional activities to be delivered for this key CETO deployment in Europe. Ultimately this funding improves and de-risks the activities whilst supporting Carnegie's ambition for this deployment to unlock the commercial roll out of the technology globally.



Belt testing at the IMPACT test rig at VGA s.r.l Italy

During the quarter CETO Wave Energy Ireland (CWEI) and VGA s.r.l collaborated under the IMPACT project to test the belt component of CETO's rotary Power Take-Off (PTO) system at VGA's testing

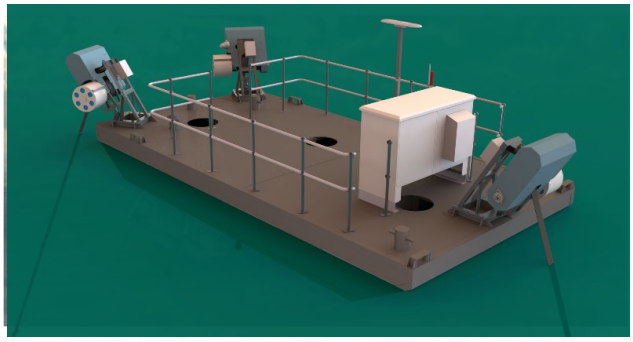
facility in Italy. CWEI was the inaugural user of the IMPACT test rig. The IMPACT project is developing a new testing approach for Wave Energy Converters, emphasising robust testing and model validation to manage risks and enhance reliability. This strategic collaboration has helped validate and de-risk the belt, a core component of the PTO systems for both CETO and MoorPower.

It is great to see increasing wave energy industry funding like EuropeWave and RENMARINAS, showing reocgnition of the need to diversify energy sources and address decarbonisation goals and validating wave energy's role in a clean and sustainable energy future. The Company retains the intellectual property rights in these projects, which allows us to exploit the full potential of the technology derived through the programme.

MoorPower

As the aquaculture sector expands its operations offshore, the demand for clean and reliable energy becomes increasingly critical. The reliance on diesel generators for energy-intensive offshore activities, such as feeding barges, brings with it a host of challenges, including high costs, environmental risks, and carbon emissions. This issue extends beyond aquaculture to encompass various moored vessels across the blue economy.

In response to this challenge, Carnegie Clean Energy developed MoorPower, a product that leverages the core principles of the CETO technology and the Company's extensive expertise to create an innovative wave converter system specifically designed for offshore energy demand applications. MoorPower is set to transform the way energy is harnessed offshore, with its initial target market being aquaculture barges and vessels that require electrical power while operating in remote offshore locations.



The Blue Economy CRC (BE CRC) supported MoorPower scaled demonstrator has advanced during the quarter with onshore testing and validation of the power take-off units. Extensive testing ensures confidence and reliability in the technology in advance of offshore deployment. The barge is undergoing pre-deployment modifications in preparation for the integration of the PTO units.

Complimentary Products

The quarter also delivered further testing on the BE CRC supported MoTWEC (Mooring Tensioner for Wave Energy Converters) project at Carnegie's onshore testing facility. The Mooring Tensioner component provides passive tension to the moorings of the CETO and MoorPower units and has wider applications across various offshore industries. The Mooring Tensioner has been incorporated into the

PTO unit set to be deployed on the MoorPower project and will be incorporated into the CETO deployment at BiMEP in the ACHIEVE Programme.

CORPORATE

Notice of AGM

The Annual General Meeting of the Company will be held at Swan Yacht Club, Riverside Road, East Fremantle WA 6158 on Tuesday, 14 November 2023 at 9:00 am (AWST). Presentations at the AGM will provide insight into the Company's performance over the past year, information about the latest achievements in the ACHIEVE project and complimentary technologies, the proposed consolidation plans, and future strategies towards commercialisation. It is also an opportunity to engage directly with our leadership team, including the Board of Directors and Senior Management, and have your questions addressed.

Annual Report

The Annual Report for the Financial Year 2023 is now available. This report offers a detailed account of our company's financial performance, strategic initiatives, and achievements over the past year. The Annual Report provides a comprehensive overview of our operations and outlines our commitment to delivering sustainable growth and value. We encourage all shareholders and interested parties to review the report for a deeper understanding of our performance and strategic vision. The report is available on the Carnegie Clean Energy website. All shareholders have been provided with print or digital access to the 2023 Annual Report.

We encourage shareholders to consider updating their communication preferences and consider the eco-friendly option of opting out of receiving a physical copy of our Annual Report and choosing the digital version instead. This simple choice reduces paper waste, saves company funds and enables you to access the report conveniently online. To opt for the digital version, please visit your Automic Group online platform and make the change through the preference section. Alternatively, you can contact Automic Group directly at 1300 288 664 (within Australia).

Garden Island Microgrid

During the quarter, the company resolved a dispute with one of its Garden Island Microgrid suppliers, relating to the supply of solar panels for Garden Island. The parties reach a settlement, formalised in a Deed of Settlement and Release. As part of the agreement, Carnegie has received a payment of $1.5m in exchange for mutual releases provided by both parties.

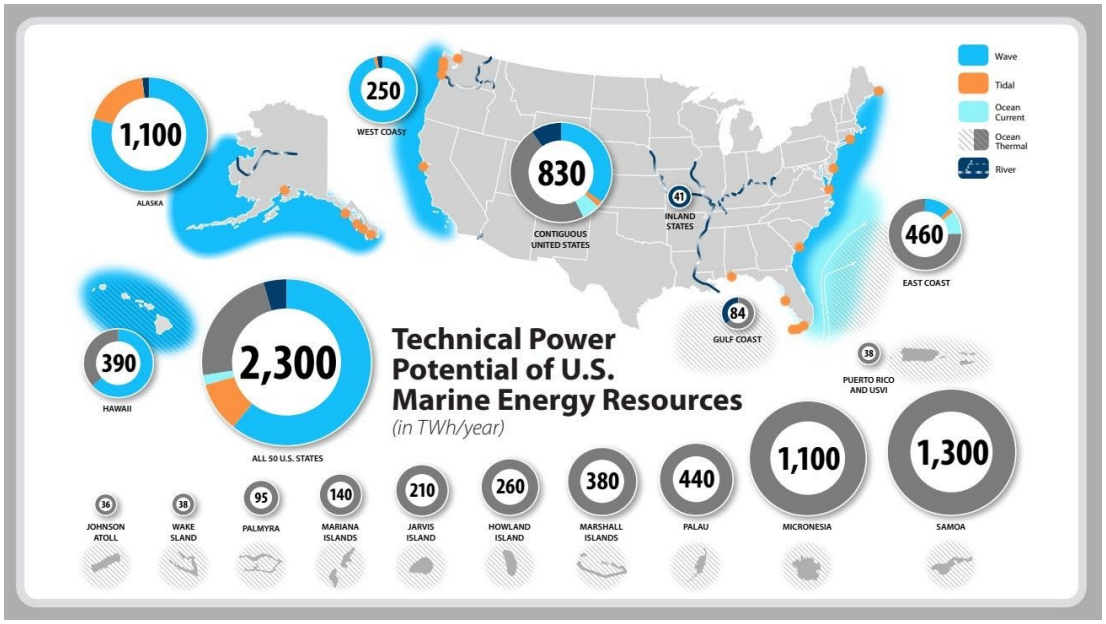
EVENTS

US Sustainable Blue Economy Caucus

Our commitment to advancing wave energy solutions has resonated far and wide, with Carnegie Chief Commercial Officer Brighid Jay invited to present at the US Sustainable Blue Economy Caucus. The audience included distinguished Californian legislators and leaders from the clean energy sector.

This platform reflects the rapid evolution of the wave energy industry and the significant market potential in North America and beyond, as the world grapples with the clean energy transition. It's clear that we are collectively working towards solving a common problem.

Global clean energy targets and the imperative to reduce CO_2 emissions demand a solution of unparalleled scale, consistency, and predictability, and wave energy is part of the solution. During Brighid's presentation, she outlined how our CETO and MoorPower products are poised to address these challenges, propelling us towards a more sustainable energy future.



Marine Energy in the United States: An Overview of Opportunities

Source: Kilcher, Levi, Fogarty, Michelle, and Lawson, Michael. 2021. "Marine Energy in the United States: An Overview of Opportunities". United States. https://doi.org/10.2172/1766861. https://www.osti.gov/servlets/purl/1766861.

Optus Strategic Technology Forum

Carnegie Senior Engineer, Mathieu Cocho also presented within the quarter to the Optus Strategic Technology Forum Study Tour. This program brought together leaders from key Australian organizations like Optus, Defence Australia, Commonwealth Bank, and others. Mathieu emphasised the pressing need for decarbonisation, transcending industry boundaries. He highlighted the pivotal role of wave energy in Australia's emissions and renewables targets. With a clear message: Wave technology will be deployed in Australia. Our choice is whether we import this technology or develop it locally.

Ocean Energy Europe Annual Conference

After the Quarter end, CEO Jonathan Fievez and Project Manager Miguel Santos Herrán attended the Ocean Energy Europe Annual Conference 2023 in the Hague on October 25-26. This annual industry event brings together decision makers and industry representatives from Europe and around the world and is one of the key events in the ocean energy industry calendar.

In addition to giving multiple presentations during the conference, Carnegie had a stand in the exhibition hall which provided great opportunities to meet with collaborators, strategic partners and Government officials. This included a visit from the European Commissioner for Environment, Oceans and Fisheries, Virginijus Sinkevičius.

ACHIEVE Project Manager with European Commissioner for Environment, Oceans and Fisheries, Virginijus Sinkevičius

FINANCIAL NOTES

At the end of the Quarter, Carnegie had approximately $3.5m in cash reserves. Careful management of company funds and assets continues so that progress is made with highly efficient use of capital. The Company remains debt free and in a solid 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 $75.6k 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 CARNEGIE AND ITS SUBSIDIARIES

Carnegie Clean Energy (ASX: CCE) is a technology developer focused on delivering ocean energy technologies to make the world more sustainable. Carnegie Technologies Spain and 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 company has a long history in ocean energy with a track record of world leading developments. https://www.carnegiece.com

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.

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 RENMARINAS DEMOS

The RENMARINAS DEMOS Programme was established by Spain's Ministerio para la Transición Ecológica y el Reto Demográfico (Ministry for Ecological Transition and the Demographic Challenge) to grant aid for investment in pilot projects, test platforms and port infrastructure for marine renewables. This was established within the framework of the European Union-funded Recovery, Transformation and Resilience Plan, Next Generation EU. The programme provides aid in the form of a non-refundable grant managed by IDAE, Instituto para la Diversificación y Ahorro de la Energía (Institute for Diversifcation and Energy Saving).

RENOVABLES MARINAS DEMOSTRADORES

Financiado por la Unión Europea
NextGenerationEU

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 2023

Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (3 months) $A'000**
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	30	30
1.2	Payments for		
	(a) research and development		
	(b) product manufacturing and operating costs		
	(c) advertising and marketing	(2)	(2)
	(d) leased assets	(23)	(23)
	(e) staff costs	(598)	(598)
	(f) administration and corporate costs	(208)	(208)
1.3	Dividends received (see note 3)		
1.4	Interest received	33	33
1.5	Interest and other costs of finance paid		
1.6	Income taxes paid		
1.7	Government grants and tax incentives	2,173	2,173
1.8	Other (Return of funds under deposit)		
1.9	**Net cash from / (used in) operating activities**	**1,405**	**1,405**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire or for:		
	(a) entities		
	(b) businesses		
	(c) property, plant and equipment	(171)	(171)
	(d) investments		
	(e) intellectual property	(4)	(4)
	(f) other non-current assets	273	273

Consolidated statement of cash flows		Current quarter $A'000	Year to date (3 months) $A'000
2.2	Proceeds from disposal of:		
	(a) entities		
	(b) businesses		
	(c) property, plant and equipment		
	(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 (Net insurance less payments to replace damage)		
2.6	**Net cash from / (used in) investing activities**	**98**	**98**

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	2,033	2,033
4.2	Net cash from / (used in) operating activities (item 1.9 above)	1,405	1,405
4.3	Net cash from / (used in) investing activities (item 2.6 above)	98	98
4.4	Net cash from / (used in) financing activities (item 3.10 above)		
4.5	Effect of movement in exchange rates on cash held	(5)	(5)
4.6	**Cash and cash equivalents at end of period**	**3,531**	**3,531**

5.	**Reconciliation of cash and cash equivalents** at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	**Current quarter $A'000**	**Previous quarter $A'000**
5.1	Bank balances	2,331	833
5.2	Call deposits	1,200	1,200
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)**	**3,531**	**2,033**

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	(76)
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)	1,405
8.2	Cash and cash equivalents at quarter end (item 4.6)	3,531
8.3	Unused finance facilities available at quarter end (item 7.5)	
8.4	Total available funding (item 8.2 + item 8.3)	3,531
8.5	**Estimated quarters of funding available (item 8.4 divided by item 8.1)**	N/A

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: 30 October 2023

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.