ASX Announcement

17 August 2018

Carnegie and Tag Pacific advance transaction of EMC and MPower to create leading regional renewables, storage and microgrid specialist

Carnegie Clean Energy (ASX: CCE) ("Carnegie") is pleased to advise the signing of three key binding documents including the binding sales and purchase agreements to advance the transaction to merge Carnegie's Energy Made Clean (EMC) with Tag Pacific (ASX:TAG) to create one of the region's largest, specialist Engineering, Procurement, Construction (EPC) and Build, Own, Operate (BOO) specialists in the rapidly growing off-grid and fringe-of-grid solar, battery and microgrid markets.

Upon completion of the transaction, the combined ASX-listed business will be renamed MPower and will have enhanced national reach on both coasts of the country. It will be a leading renewables, battery storage and microgrid developer, designer and constructor in the region with active projects across Australia, New Zealand and the Pacific.

As previously reported, MPower and EMC would have had combined pro forma revenue in FY2018 in excess of $50 million. In line with market growth expectations, revenue of the enlarged group is expected to increase in FY2019 and beyond. The combined entity would have started FY2019 with a combined committed order book of circa $20 million and once the MPower and EMC businesses are fully integrated, the combined business is expected to have sufficient scale to enable profitability to be achieved and sustained.

The overall transaction terms remain as outlined in the announcement made by the Company on 28 June 2018. Key remaining conditions precedent for completion of the transaction include Tag completing a $4m capital raise and the approval of both Carnegie and Tag shareholders. Further details of the transaction will be contained in the notice of meeting to be dispatched to shareholders shortly. The transaction is currently expected to complete around the end of September 2018.

Upon completion of the transaction, Carnegie will continue as a renewable energy company focused on the commercialization of its CETO wave energy technology. It will also retain 100% ownership of the Garden Island Microgrid, and its current 50% ownership of the Northam Solar Farm. As a consequence of the transaction, Carnegie will also preserve its eligibility for the R&D tax cash back incentive.

About Carnegie Clean Energy Limited

Carnegie Clean Energy Limited is an ASX-listed (ASX: CCE) solar energy, battery storage and wave energy, project developer with over 10,000 Australian shareholders. Carnegie is the 100% owner and developer of the CETO Wave Energy Technology intellectual property and is also 100% owner of

leading Australian battery/solar microgrid Engineering Procurement and Construction (EPC) company Energy Made Clean (EMC). EMC specialises in the delivery of mixed renewable energy microgrid projects to islands and remote and fringe of grid communities.

About Energy Made Clean

Energy Made Clean is a leading solar and battery microgrid developer providing off-grid power and utility scale solutions. Recently named one of Australia's most innovative companies by the Australian Financial Review, EMC specialises in the delivery of mixed renewable energy microgrid projects, ideally suited to island, remote and fringe of grid communities. EMC offers an end to end renewable energy solution, dedicated to in-house research and development, custom design, construction, operation, maintenance and monitoring.

About Tag Pacific Limited

Tag Pacific Limited is a Sydney-based investment house listed on the Australian Securities Exchange with a focus on niche areas of the power industry. Tag has invested in a diverse range of companies and activities that have been brought together primarily to operate under the banner of MPower. The company's mission is to invest in the power industry in a manner that creates and enhances value over time.

About MPower

MPower is an Australian owned and operated subsidiary of Tag Pacific Limited and is an industry leader providing innovative, reliable products and power solutions on a national and international level. Our capabilities are like no other; we combine new and old technologies with a skilled and experienced workforce to create dependable products and power solutions that last the distance. Put simply, we have the energy to deliver and can create products and solutions from solar panels and batteries to engineering, technical support and full turn-key systems.