1 August 2019

Dear Shareholder

NON-RENOUNCEABLE PRO RATA ENTITLEMENT OFFER TO RAISE UP TO $11,525,810 (BEFORE COSTS)

On 31 July 2019, Carnegie Clean Energy Limited (subject to Deed of Company Arrangement) (**Company**) announced that it would be offering shareholders the opportunity to participate in a non-renounceable pro-rata entitlement offer to raise a minimum of $5,500,000 (before costs) and a maximum of approximately $11,525,810 (before costs) (**Entitlement Offer**), on the basis of four (4) fully paid ordinary shares in the capital of the Company (**New Share**) for every one (1) share held by eligible shareholders on the record date, at an issue price of $0.001 per New Share.

If the Entitlement Offer is fully subscribed, a total of approximately 11,525,809,800 New Shares may be issued under the Entitlement Offer (subject to rounding), assuming no options are exercised and no convertible notes are converted before the record date.

Only shareholders with a registered address in Australia or New Zealand will be eligible to participate in the Entitlement Offer (**Eligible Shareholders**).

The Entitlement Offer is made to Eligible Shareholders registered at 5:00pm WST on the record date of 6 August 2019 (**Record Date**).

Purpose of Entitlement Offer

The purpose of the Entitlement Offer is to raise a minimum of $5,500,000 (before costs) and a maximum of approximately $11,525,810 (before costs). The funds raised from the Entitlement Offer will be utilised for the development of the CETO technology, the development of the Garden Island Microgrid asset, corporate overheads, administration costs, costs associated with the Entitlement Offer and the recapitalisation proposal and working capital purposes.

Ineligible Shareholders

The Company has determined that it would be unreasonable to extend participation in the Entitlement Offer to shareholders who do not have a registered address in Australia or New Zealand (**Ineligible Shareholders**) having regard to:

(a) the number of Ineligible Shareholders;
(b) the number and value of New Shares to be offered to Ineligible Shareholders; and
(c) the cost of complying with overseas legal requirements.

For your information only, details of the Entitlement Offer are contained in the prospectus which has been lodged with ASIC and ASX on 31 July 2019. The prospectus is available on the Company's website at www.carnegiece.com and on the ASX website at www.asx.com.au.

Yours sincerely



Grant Mooney
Non-Executive Director