ASX ANNOUNCEMENT

25 November 2020

Chairman's Address at 2020 Annual General Meeting

On behalf of the Carnegie Clean Energy team and my fellow directors, I would like to welcome you all to our Annual General Meeting.

Over the past year, our team at Carnegie have made good progress while also overcoming significant challenges. I am pleased this morning to provide a brief overview of the past year. Our CEO, Jonathan Fievez, will provide a more detailed presentation and update following the formal business.

Last year, Jonathan and I presented Carnegie's new strategy for success including our plan, key goals and critical milestones for the year. We also committed to keep you informed on our progress and have provided updates to shareholders throughout the year. As you may have noted in the various ASX releases, Jonathan and the team have delivered significant progress along the Digital Development Pathway objectives, all while managing the negative impacts related to COVID. Most notably, the team celebrates the successful completion of the Wave Predictor and Generator Study. Great progress was made over the past 12 months and delivering on the milestones for the past year has hopefully demonstrated to our funding and technology partners, our future customers, and to our valued shareholders, that the company is delivering on our commitments.

As highlighted in previous updates, one of the most significant challenges to commercializing Wave Energy is achieving a an LCOE (Levelized Cost of Energy) that is sufficiently low to address a large portion of the market. Wind and Solar have experienced significant growth and innovations over the past years and created a very competitive environment for new sources of renewable energy that plan to enter the market, like Wave. A large percentage of the projected cost of a CETO unit is the Power Take Off (PTO). So this is why finding innovative ways to reduce the cost of the PTO is a primary focus for the team and good progress has been made. The recently completed Generator Study provides significant learning and new ideas and insights for cost reduction options.

Carnegie is now a lean and more efficient company and continues to maintain a simplified and easy to manage balance sheet, enabled by our new more cost-effective Digital Development Pathway and we are currently under budget. The team has frugally managed shareholder funds through the year and today the company has approximately A$2.9m cash in the bank. This funding is projected to last us into 2021, which is better than our projections from the beginning of the year. Carnegie also has around $2.8m in debt in the form of convertible notes. These notes mature in March next year and we will be working with the note holders to find the best outcome for Carnegie.

Even with our more efficient and cost-effective structure, additional funds may be required to support development activities and to address outstanding debt obligations. The team has been successfully identifying, developing and securing sources of non-debt funding over the past year, and targeting new sources for the coming calendar year. Carnegie plans to continue to win and deploy appropriate Government and other funding to support the future development and commercialisation of the CETO

technology. Carnegie's key asset, the Garden Island Microgrid is also an option to offset the requirement to raise funds from shareholders or can be used to reduce debt as required in the future.

Carnegie is making great strides toward meeting our full potential. COVID-19 has impacted our Digital Development Plan and all future key milestones have been pushed out by a quarter. The team are working hard to try and recover lost time and are focused on achieving the milestones outlined in our original two-year plan. Jonathan will cover our status, progress and projections in more detail in his presentation. Carnegie's ten years plus of investment in intellectual property and know-how, combined with our new and significant learnings, are all focused on deriving future revenue from wave energy related licensing and royalty activities.

Over the past year, Carnegie's CEO, Jonathan Fiévez, provided great motivation for the team and technical and commercial leadership. Carnegie's driving goal is to continue to achieve more for less, operating the business under a very high-tech, frugal and efficient culture. The Carnegie team and board continue to be committed to delivering on Carnegie's full potential. My fellow directors, Anthony Shields, Mike Fitzpatrick, and Grant Mooney are all committed to success, are all very involved in the business and have made significant financial investments in Carnegie's future.

Countries and companies around the world have renewable energy on their agendas as a key deliverable. As we meet today, I am personally involved in these very positive environmental initiatives, especially in Europe working on clean energy initiatives with other businesses and governments. For example, in the UK, government is pushing to pull back the date for all passenger road vehicle transport to be electric by 2030, an incredibly aggressive goal. To feed all the new electric machines with clean electricity, new sources of renewable energy will be required. The past year's achievements have reinforced our belief that the CETO technology can be a major contributor to supplying this renewable energy and making our planet a cleaner and better place to live.

On behalf of my fellow directors and all the Carnegie team, please accept our gratitude for your continued support.

Terry Stinson

Chairman, Carnegie Clean Energy

Authorised for release to the ASX by Terry Stinson, Chairman

- ENDS -

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OUR PURPOSE

We harness ocean energy to make the world more sustainable

Carnegie CLEAN ENERGY

AGM
November 2020

OUR VISION

To be the most successful ocean energy technology company on Earth

Year in review – July 2019 → March 2020

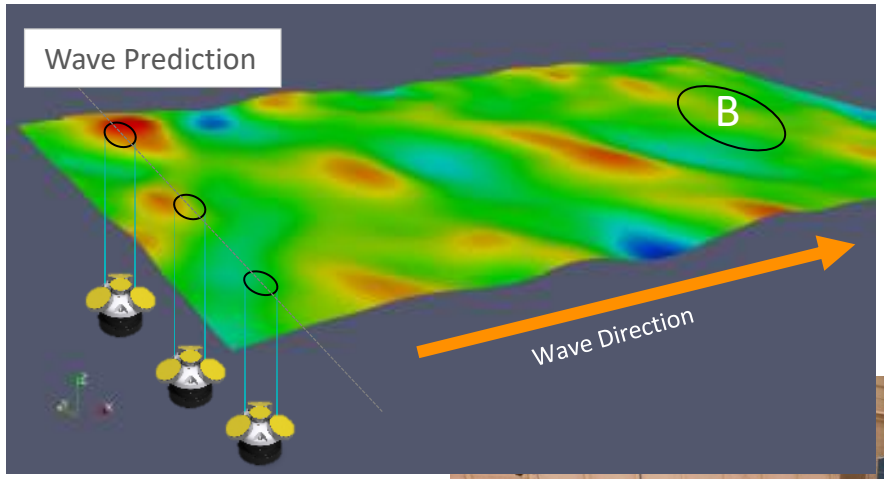
July 2019

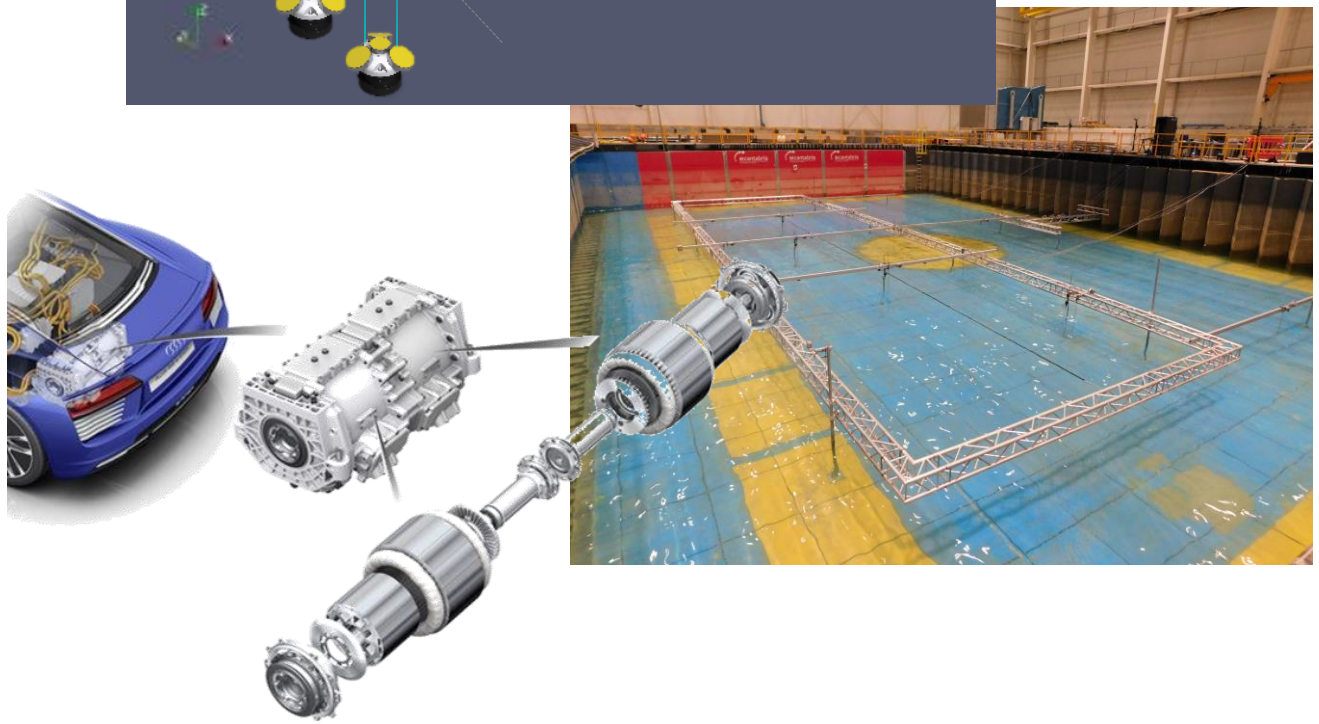
- Recapitalisation, restructure
- 28 October 2019 – Administrators retired
- Secured close-out CETO-6 funds
- Clean-up post restructure
- Challenging recruitment environment

Jan 2020

- Broad survey of global EV suppliers looking for PTO generators
- Wave Predictor developed
- COVID-19
- Strategy refreshed with Churchill Consulting

Mar





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Year in review – April 2020 → Now

Apr 2020

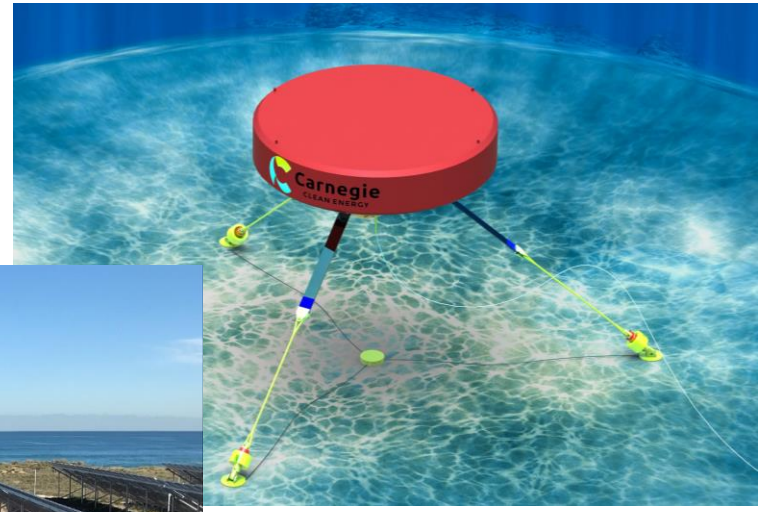
- Wave Predictor tested in Spain
- Large knowledge base of PTO tech and providers
- Simulation tools extended
- New team building around core people and key focus areas

July

- Awarded funding for $1.6m Tensioner project
- Microsoft AI for Earth support awarded
- Significant progress on Intelligent Controller
- Partners new and old engaged

Nov

- Garden Island power supply restored







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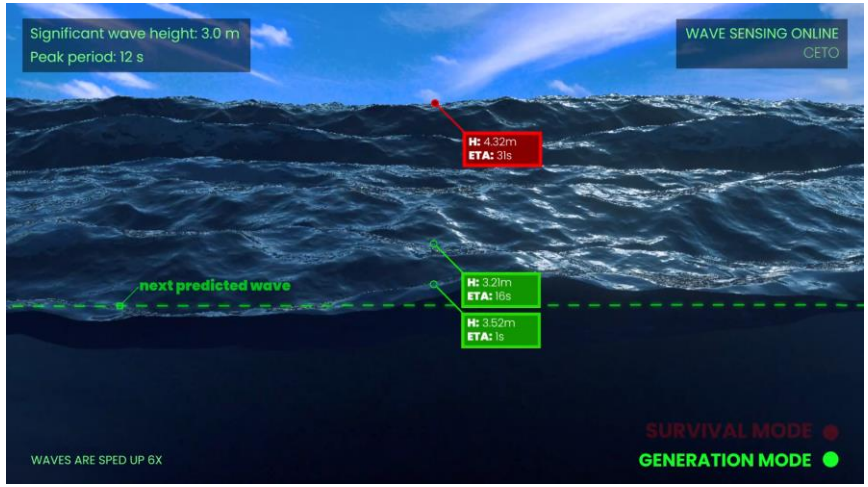
Carnegie Today

- An innovative **technology company** specialising in wave energy
- Valuable assets:
  - **Leading position** in wave energy and CETO technology
  - **Garden Island Microgrid** - 2MW solar-battery, desalination plant and wave-ready grid connection
  - **Three Australian wave sites** – Fremantle, Garden Island and Albany
- New **low risk, highly flexible** digital development pathway incorporating key innovations before next large-scale deployment
- New licencing/royalty based **commercialisation model**
- Demonstrated **value focussed, lean** operation
- Current available cash position = ~$2.9m







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Macro Situation

- PM Johnson – UK carbon neutral by 2050
- President Elect Biden – US rejoining Paris Agreement
- European new ocean energy strategy – min 1GW by 2030 unlocking 60 GW by 2050. Requires additional funding/investment, support to follow
- R&D tax caps shelved, improvement of rate
- ARENA given 10 years further funding
- Corporations increasingly investing in renewables


Australia

Joe Biden says the US will rejoin the Paris Agreement in 77 days. Then Australia will really feel the heat


Boris Johnson urges major economies to go carbon neutral by 2050

PM calls for biggest emitters to join up with pledge to go net zero and says ban on diesel and petrol cars will be brought forward to 2035


Australian Government
Australian Renewable Energy Agency

AUSTRALIAN RENEWABLE ENERGY AGENCY

ARENA welcomes new funding

September 17, 2020



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Macro Situation cont'd

- Growing recognition of "blue economy"
- Aquaculture industry growing quickly, embracing technology such as offshore generation
- Booming Electrical Vehicle industry driving electrical machine (PTO) improvements
- Growing computational capacity = faster simulations and neural net training
- AI tools improving with purpose built processors
- COVID-19 constraints diminishing

HPE to build Australia's No. 1 Supercomputer at Pawsey Supercomputing Centre

Posted on October 19, 2020 (October 26, 2020) by Wendy Jazxhi





Credit: Tassal Operations

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CETO 2-year Digital Development Pathway Plan

2019-2021

Mid 2019

Wave Predictor
Development of the Machine Learning Wave Predictor

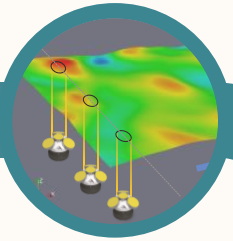


Electric PTO
Design progress and identification of preferred generator technology

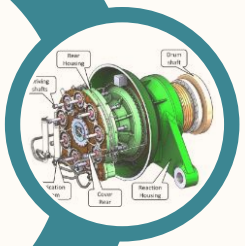


By end Q1 ’20

Intelligent Controller
Development of the Machine Learning Hydrodynamic solver and Controller



PTO Concept
Presentation of key features and performance metrics



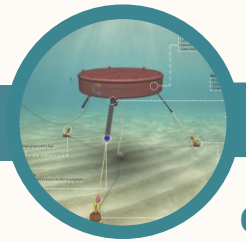
PTO Testing
Testing to demonstrate the efficiency and reliability of the PTO



Tank Testing
Tank testing to validate the intelligent controller and CETO performance



By end Q4 ’20

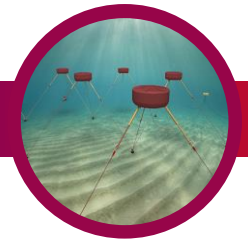


CETO Architecture
System architecture optimisation (scale, BA shape, number of PTOs)



Array
Optimisation of the array layout for future commercial deployment

By end Q2 ’21



Virtual Prototype
Complete model providing accurate simulation of system, including control



Competitive CETO
CETO design on-track to be competitive at future scale with comparable renewables



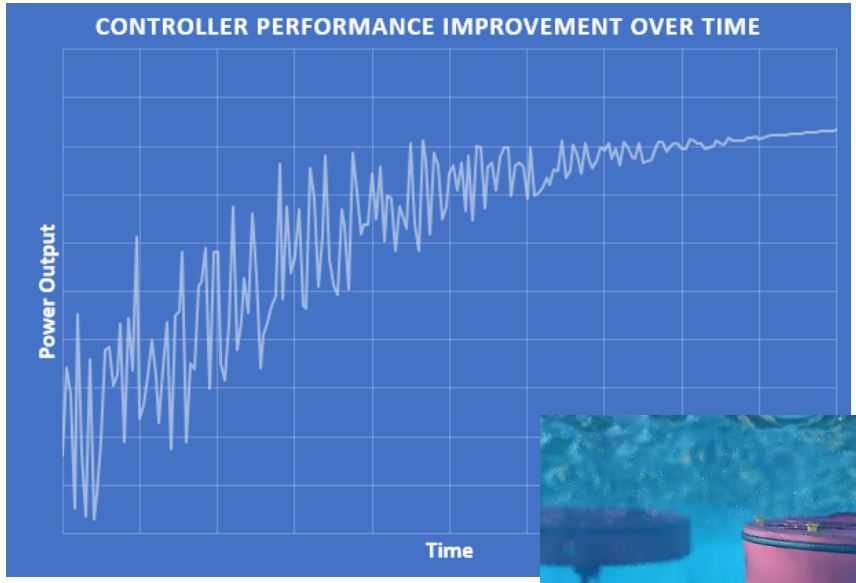
Utility Partner
Strategic partnership for development of pilot and commercial projects

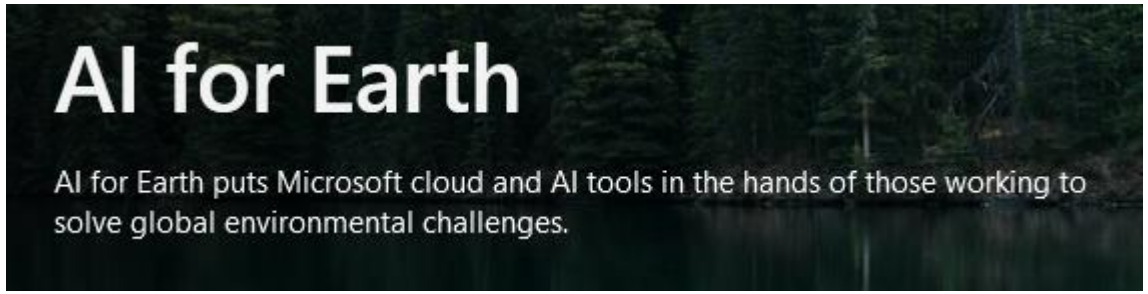
By end Q4 ’21

Carnegie
CLEAN ENERGY

Look Ahead

- Garden Island re-start imminent
- Microsoft AI for Earth kick-off
- Technical team capacity recently tripled = development speed-up
- Substantial Intelligent Controller progress
- New partnerships to support the development and pathways to commercialisation
- Controller testing in tank mid 2021
- Build of PTO and Tensioner test-rig due in 2021







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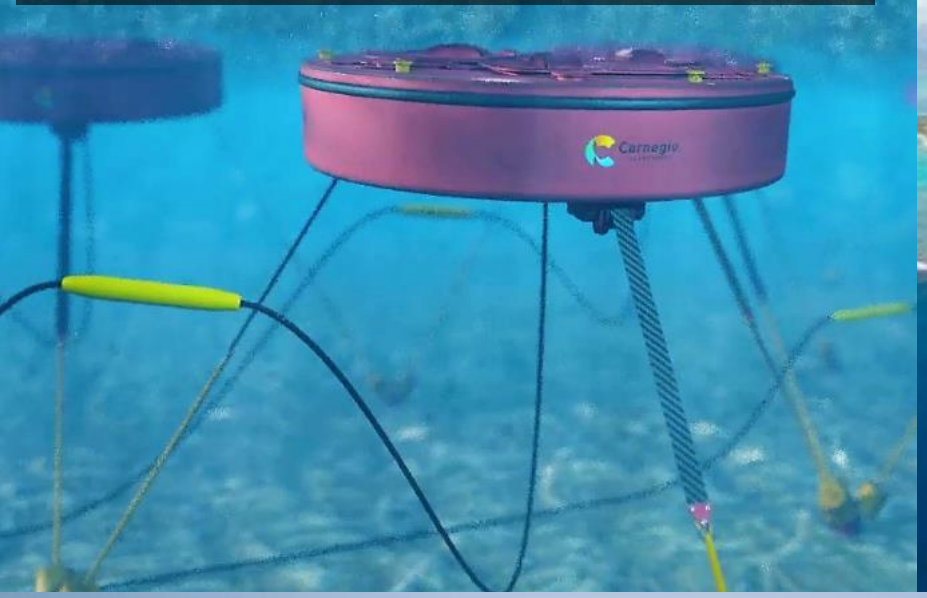
① Create unique competitive products



② Build a market for wave energy



③ Foster the partner ecosystem

enel Green Power
PAWSEY supercomputing centre
THE UNIVERSITY of ADELAIDE
Australian Government Department of Defence
CSIRO
UWA PERTH·AUSTRALIA
Microsoft
wave energy SCOTLAND
ARENA
UNREASONABLE We back entrepreneurs positioned to bend history in the right direction.
AUSTRALIAN OCEAN ENERGY GROUP
BLUE ECONOMY COOPERATIVE RESEARCH CENTRE
OCEANTERA

Executing Strategy

④ Secure financial sustainability



⑤ Cultivate high performing team

