

11<sup>th</sup> May 2018

Dear Shareholder,

I am pleased to write to remind you of our current fund raising initiative and to provide an update on the outstanding recent progress from your company, Carnegie Clean Energy Limited. Our Share Purchase Plan (SPP) allows all eligible shareholders the opportunity to purchase between \$2,400 and \$15,000 worth of CCE shares at 3.0 cents per share. The offer price is approximately a 15% discount to the average weighted trading for the 20 days price prior to the announcement of the SPP. The SPP offer closes, next Friday 18 May 2018.

Carnegie has successfully diversified from being a pure play wave energy business to growing its solar and battery microgrid business, both broadening its opportunities and de-risking the company. Some 15 months after its acquisition, our Energy Made Clean (EMC) business has seen record growth in project wins of over \$30m of standalone EMC and EMC/Lendlease joint venture contracts.

The commencement of the joint venture projects in this second half of the 2018 financial year, in addition to the impending completion of our Department of Defence projects at Delamere RAF and Garden Island Stirling Projects, means that EMC will see record revenues for FY18, and a very strong start to FY19.

We continue to develop our proprietary wave technology but are also now a leading designer, developer, constructor and operator of utility solar, battery and hybrid power systems. We have achieved this at a time when this sector is at the start of a period of rapid growth. Our next phase of growth is focused on ensuring we achieve the scale necessary to sustain profitable ongoing operations within the next 12-24 months.

I'd like to thank you for your support of our world-beating, innovative projects. I'd also like to remind you to attend one of our presentations being held in Sydney, Melbourne, Brisbane and Perth next week (details below) where I will talk about our progress to date and upcoming growth opportunities. You can RSVP to [shareholders@carnegiece.com](mailto:shareholders@carnegiece.com).

We are excited about the coming months ahead and look forward to your continued support.

**Dr Michael Ottaviano**  
**CEO & MD**  
**Carnegie Clean Energy**

CCE PRESENTATION DETAILS			
SYDNEY	MELBOURNE	BRISBANE	PERTH
14 May 2018	15 May 2018	16 May 2018	17 May 2018
12.30 pm-1.30 pm	12.30 pm-1.30 pm	12.30 pm-1.30 pm	10.00 am-11.00 am
EY Office: 200 George Street Sydney	KPMG Office: Level 37, Tower Two Collins Square 727 Collins Street Docklands	KPMG Office: Level 16 Riparian Plaza 71 Eagle Street Brisbane	Fremantle Sailing Club 151 Marine Terrace Fremantle

21 Barker Street, Belmont, Western Australia, 6104



## **CARNEGIE CLEAN ENERGY LIMITED SHARE PURCHASE PLAN OFFER**

Carnegie Clean Energy Limited (ABN 69 009 237 736) ("**Carnegie**" or "**the Company**") wishes to implement a Share Purchase Plan ("**Plan**"). The Plan offers eligible shareholders the ability to subscribe for \$2,400, \$6,000, \$10,500 or \$15,000 worth of fully paid ordinary shares in the Company ("**Shares**") through the Plan. To be eligible, you were required to be registered as a holder of fully paid ordinary shares, with a registered address in Australia or New Zealand as at 5.00pm (WST) on 27 April 2018.

The Company presently intends to raise up to \$6,000,000 through the Plan but reserves the right to accept oversubscriptions. In the event of an oversubscription, clause 12 of the terms and conditions attached will apply.

The Plan will be administrated by Carnegie in conjunction with Carnegie's share registry, Security Transfer Australia Pty Ltd.

The funds raised from the SPP will allow growth and expansion of its wave energy and its solar/battery microgrid businesses, with the aim of achieving profitability as soon as possible. Specifically, Carnegie will use the funds for:

- working capital to support delivery of recent EMC project contract awards, to further develop and convert its contract pipeline, and to pursue opportunities to expand EMC's reach nationally either organically or through further corporate transactions.
- working capital to support the development and delivery of its build, own and operate solar and battery pipeline on the back of the success of the Northam development to this point and including newly acquired solar and battery sites.
- working capital for CETO and the Albany Wave Energy Project and to pursue opportunities to expand this business with the aim of bringing forward commercialisation and accelerating the financial sustainability of this division either organically, through further partnering or M&A.

The offer of Shares under the Plan ("**Offer**") **opens on 1 May 2018 and closes at 5pm (WST) on 18 May 2018**. No late applications will be accepted and the Directors of the Company ("**Directors**") reserve the right to close the Offer early or extend the closing date. The Directors encourage shareholders to complete their subscription under the Plan early.

The purchase price for each Share under the Plan is \$0.03 (3.0 cents) per Share. This price is approximately a 12% discount from last closing market price of Shares sold on the Australian Securities Exchange ("**ASX**") and a 15% discount from the average market price over the last 20 days. This is within the discount allowed for shares under a share purchase plan in order to rely on exception 15 of ASX Listing Rule 7.2.

The market price of Shares may rise or fall between the date of the Offer and the date that Shares are issued to you under the Offer. This means that the price at which Shares are issued to you under the Offer may be greater or less than the prevailing market price of Shares at the date of the Offer. Further, the purchase price may exceed the price at which you would be able to buy Shares on the market at the same time that Shares are issued to you under the Offer. We recommend that you seek financial advice from a suitably qualified adviser before you decide to participate in the Offer.

If you are eligible to subscribe for Shares under the Plan and you wish to participate, you must subscribe for 80,000 Shares for a consideration of \$2,400, 200,000 Shares for a consideration of \$6,000, 350,000 Shares for a consideration of \$10,500 or a maximum number of 500,000 Shares for a consideration of \$15,000. No fraction of Shares will be issued. The Company reserves the right to allot fewer Shares than an eligible shareholder applies for under the Offer, or no Shares, and any determination by the Directors in respect of any scaling back will be final.

The number of Shares to be issued under the Plan shall not be greater than 30% of the number of Shares on issue (**30% Threshold**). In the event that applications are received in excess of the \$6,000,000 worth of Shares under the Offer, the Directors reserve the right to accept the oversubscriptions as they deem appropriate (and in any event, not exceeding the 30% Threshold) or to scale back the amount available to be subscribed for under each subscription option (being either \$2,400, \$6,000, \$10,500 or \$15,000), starting with the highest first. That is, applications for \$15,000 will be reduced first in order to bring the total subscriptions within the allowable threshold until such reduction reaches the next highest subscription option, being \$10,500, whereby these two upper subscription options will then be scaled downwards in equal proportions, and so forth. If a scale back occurs, the Company will refund any excess application money to eligible shareholders (without interest).

Please carefully read the terms and conditions relating to the Offer, as you will be bound by them.

If you have any questions in respect of the Plan, the Offer, or the terms and conditions please contact the Company's share registry on 1300 992 916.

#### Key Dates

Date	Details
27 April 2018	<b>Record Date 5pm (WST)</b> The date of which the Company determines eligible shareholders.
1 May 2018	<b>Opening Date</b> The date on which the Plan opens.
18 May 2018	<b>Closing Date</b> The date on which the Plan closes. Applications and payments must be received by 5pm (WST).
25 May 2018	<b>Allotment Date</b> The date Shares under the Plan are allotted and any scale back of the Shares is announced.
28 May 2018	<b>Despatch Date</b> The date on which holding statements are sent to shareholders.
29 May 2018	<b>Share Trading Date</b> The date on which it is expected that Shares under the Plan will commence trading on the ASX.

The above dates are indicative only and are subject to change.

## TERMS AND CONDITIONS

The following are the terms and conditions of the Offer under the Plan ("**Terms and Conditions**"). By accepting the offer to subscribe for Shares under the Plan, you will have agreed to be bound by these Terms and Conditions and the Company's constitution.

### 1. **Class order 09/425 issued by the Australian Securities and Investments Commission**

The Offer has been structured to comply with the Australian Securities and Investments Commission Class Order 09/425 (as may be amended from time to time) ("**ASIC Class Order 09/425**") to enable the Company to issue Shares without a prospectus.

### 2. **Opening and closing date of the Offer**

The Offer opens at 9.00am (WST) on 1 May 2018.

The Offer closes at 5.00pm (WST) on 18 May 2018.

No late applications will be accepted and the Directors reserve the right to close the offer early or extend the closing date.

### 3. **Who is eligible to participate in the offer?**

You are eligible to apply for Shares in the Offer if:

- your registered address, as recorded in the Company's register of members, is in Australia or New Zealand; and
- you were registered as a holder of Shares as at 5.00pm (WST) on 27 April 2018.

The Offer to each eligible shareholder is made on the same terms and conditions.

The Offer is non-renounceable (i.e. you may not transfer your right to subscribe for Shares under the Offer to anyone else).

### 4. **Is the Offer voluntary?**

The Offer is entirely voluntary and is subject to these Terms and Conditions. You do not have to participate if you don't want to.

### 5. **How was the issue price determined?**

The issue price for each Share under the Offer is \$0.03 (3.0 cents). This price is approximately a 12% discount to the last closing price of Shares sold on the ASX on 27 April 2018 and a 15% discount to the average price over the 20 days prior to 27 April 2018. This is within the discount allowed for shares under a share purchase plan in order to rely on exception 15 of ASX Listing Rule 7.2.

## 6. Important Information on price risk to consider

Before deciding whether to accept the Offer, you should refer to the current market price of Shares, which can be obtained from the financial pages of your daily newspaper, your stockbroker, your financial adviser, or the ASX. Please note that the market price of Shares may rise or fall between the date of the Offer and the date when the Shares are issued to you under the Plan. This means that the price you pay per Share under the Offer may be greater than or less than the price of Shares at the time the Shares are issued to you pursuant to the Offer. ***In determining whether you wish to participate in the Offer and the extent to which you participate, you should seek your own personal financial and/or taxation advice referable to your own circumstances.***

## 7. How much can you invest in the Offer?

Subject to clause 9, if you are an eligible shareholder under the Plan, you can subscribe for a maximum of 500,000 Shares which will cost \$15,000. There is a minimum limit of 80,000 Shares that you can subscribe for under the Plan, which will cost \$2,400.

Please note that the maximum limit of 500,000 Shares applies to you even if you receive more than one Offer from the Company. For example, if you are both a sole and a joint shareholder of the Company as at the Record Date, you can only apply for Shares under the Offer once, either in your capacity as sole shareholder or joint shareholder, not both.

No fractions of Shares will be issued.

## 8. Shortfall

The Offer is not underwritten. To the extent that there is a shortfall in the subscription of Shares under the Plan by shareholders of the Company (**Shortfall Shares**), the Company reserves the right to place any Shortfall Shares in their absolute discretion at a price no less than the price of Shares offered under the Plan, to the extent that any such placement of Shortfall Shares can be made having regard to ASX Listing Rule 7.1.

## 9. Custodian Certification

If on 27 April 2018 (being the Record Date) you are a custodian within the definition of "custodian" in ASIC Class Order 09/425 ("**Custodian**") and hold Shares on behalf of one or more persons (each a "**Participating Beneficiary**"), you may apply for up to a maximum of \$15,000 worth of Shares for each Participating Beneficiary, subject to providing a notice in writing to the Company on application for Shares pursuant to the Offer certifying the following:

- (a) either or both of the following:
  - (i) that the Custodian holds Shares on behalf of one or more of the other Participating Beneficiaries that are not Custodians; and
  - (ii) that another Custodian ("**Downstream Custodian**") holds beneficial interests in Shares on behalf of one or more Participating Beneficiaries, and

the Custodian holds the Shares to which those beneficial interests relate on behalf of the Downstream Custodian or another Custodian,

on the Record Date and that each Participating Beneficiary has subsequently instructed the following persons:

- (iii) where clause 9(a)(i) applies – the Custodian; and
- (iv) where clause 9(a)(ii) applies – the Downstream Custodian, to

apply for Shares on their behalf under the Plan;

- (b) the number of Participating Beneficiaries;
- (c) the name and address of each Participating Beneficiary;
- (d) in respect of each Participating Beneficiary:
  - (i) where clause 9(a)(i) applies, the number of Shares that the Custodian holds on their behalf; and
  - (ii) where clause 9(a)(ii) applies, the number of Shares to which the beneficial interests relate applies;
- (e) in respect of each Participating Beneficiary:
  - (i) where clause 9(a)(i) applies, the number or the dollar amount of Shares they instructed the Custodian to apply for on their behalf; and
  - (ii) where clause 9(a)(ii) applies, the number or the dollar amount of Shares they instructed the Downstream Custodian to apply for on their behalf;
- (f) there are no Participating Beneficiaries in respect of which the total of the application price for the following exceeds \$15,000:
  - (i) the Shares applied for by the Custodian on their behalf under the Plan in accordance with the instructions in clause 9(e); and
  - (ii) any other Shares issued to the Custodian in the 12 months before the application under the Plan as a result of an instruction given by them to the Custodian or Downstream Custodian to apply for Shares on their behalf under an arrangement similar to the Plan;
- (g) that a copy of the written Offer document was given to each Participating Beneficiary; and
- (h) where clause 9(a)(ii) applies, the name and address of each Custodian who holds beneficial interests in the Shares held by the Custodian in relation to each Participating Beneficiary.

In providing a certificate under this clause 9, the Custodian may rely on information provided to it by the Participating Beneficiary and any Custodian who holds beneficial interests in the Shares held by the Custodian.

For the purpose of ASIC Class Order 09/425, you are a Custodian if you are registered holder of Shares that:

- (a) holds an Australian financial services licence that:
  - (i) covers the provision of a custodial or depositary service (as these terms are defined in section 766E of the Corporations Act); or
  - (ii) includes a condition requiring the holder to comply with the requirements of ASIC Class Order 02/294; or
- (b) that is exempt under the following from the requirement to hold an Australian financial services licence for the provision of a custodial or depositary service:
  - (i) paragraph 7.6.01(1)(k) of the Corporations Regulations 2001 (**the Regulations**);
  - (ii) paragraph 7.6.01(1)(na) of the Regulations;
  - (iii) ASIC Class Order 05/1270 to the extent that it relates to ASIC Class Order 03/184;
  - (iv) ASIC Class Orders 03/1099, 03/1100, 03/1101, 03/1102, 04/829 or 04/1313; or
  - (v) an individual instrument of relief granted by ASIC to the person in terms similar to one of the class orders referred to in subparagraph (D); or
  - (vi) paragraph 911A(2)(h) of the Corporations Act; or
- (c) that is a trustee of a:
  - (i) self-managed superannuation fund; or
  - (ii) superannuation master trust;
- (d) that is the responsible entity of an IDPS-like scheme (as defined in ASIC Class Order 13/762 or any class order that replaces that class order); or
- (e) that is the registered holder of Shares and is noted on the Company's share register as holding Shares on account of another person.

If you hold Shares as a trustee or nominee for another person, but are not a Custodian as defined above, you cannot participate for beneficiaries in the manner described above. In this case, the rules for multiple single holdings set out in clause 7 above apply.

## **10. Shareholder Certification**

Subject to clause 9, an eligible shareholder must, on application for Shares pursuant to the Offer, certify to the Company that the total of the application price for the following does not exceed \$15,000:

- (a) the Shares the subject of the application under the Plan;
- (b) any other Shares issued to the eligible shareholder under the Plan or any similar arrangement in the 12 months before the application under the Plan; and
- (c) any other Shares which the eligible shareholder has instructed a Custodian to acquire on their behalf under the Plan; and
- (d) any other Shares issued to a Custodian in the 12 months before the application under the Plan as a result of an instruction given by the eligible shareholder to the Custodian to apply for Shares on their behalf under an arrangement similar to the Plan.

## **11. Costs of Participation**

The only cost to you associated with the Offer is the issue price of the number of Shares you wish to subscribe for. Under the Offer you do not have to pay for brokerage, commission or other transaction costs which would normally apply when you acquire Shares on market.

## **12. Allotment of Shares and Variation on Number of Shares Issued**

The Shares will be allotted not more than 10 days after the closing date.

The Company's share registry, Security Transfer Australia Pty Ltd, will send to you a holding statement in due course.

The Company presently intends to raise up to \$6,000,000 through the Plan but reserves the right to accept oversubscriptions. Without limiting the above, the Company reserves the right to allot fewer Shares than an eligible shareholder applies for under the Offer or no Shares, in the Company's discretion or if the Company believes the allotment of those Shares would contravene any law or the Listing Rules. No interest will be paid on any money returned.

## **13. What Rights Will the Shares Carry?**

Once the Shares are issued, they will rank equally with existing Shares in the Company and will carry the same voting rights, dividend rights, and entitlements to dividends, rights and bonus issues.

## **14. Can the Company Change the Plan?**

The Plan may be changed, suspended or terminated by the Company at any time. If the Company changes, suspends or terminates the Plan it will advise ASX. The accidental omission to give notice of changes to or suspension or termination of the Plan or the non- receipt of any such notice will not invalidate the change, suspension or termination.

## **15. Directors' Participation**

The directors of the Company, as eligible shareholders, may participate in the Offer (without having to obtain shareholder approval), on the same terms as all other shareholders in the



Company.

**16. How Do You Pay for the Shares?**

All amounts in this terms and conditions are expressed in Australian dollars. You must pay for the Shares either by:

- (a) BPAY® payment via internet or phone banking. You must also quote your reference number which is on the Share Purchase Plan Application Form. If you use this method, you should be aware of your financial institution's cut-off time (the time payment must be made by to be processed overnight). It is your responsibility to ensure funds are submitted correctly by the closing date and time; or
- (b) cheque, bank draft or money order in Australian dollars. Please make your cheque, bank draft or money order payable to "**Carnegie Clean Energy Limited**" and cheques are crossed "**Not Negotiable**".

**17. Please ensure payment is for the exact amount.**

If you do not provide the exact amount, the Company reserves the right to, where you have not elected to pay by BPAY®, return your Share Purchase Plan Application Form and cheque, bank draft or money order. If the Company returns your Share Purchase Plan Application Form and cheque, bank draft or money order, no Shares will be allotted to you.

If you make a BPAY® payment and do not provide the exact amount, you will be deemed to have applied for such Shares for which you have paid, subject to the Terms and Conditions of the Plan.

You may only apply for the following numbers of Shares:

80,000 Shares – Total amount payable at \$0.03 per Share is \$2,400.  
200,000 Shares – Total amount payable at \$0.03 per Share is \$6,000.  
350,000 Shares – Total amount payable at \$0.03 per Share is \$10,500.  
500,000 Shares – Total amount payable at \$0.03 per Share is \$15,000.

The minimum number of Shares you may subscribe for is 80,000 Shares and the maximum number of Shares you may subscribe for is 500,000 Shares.

**18. Will the Shares be quoted on the ASX?**

The Company will apply for the Shares allotted to you to be quoted on ASX, within the relevant period specified in the Listing Rules.

**19. How is a Dispute Resolved?**

The Company may settle any dispute in connection with the Plan in any manner it thinks fit, whether generally or in relation to any participant, application or Share. The Company's decision shall be final and binding.

The Company reserves the right to waive strict compliance with any provision of these Terms and Conditions.

## **20. Waiver, amendment, suspension and withdrawal**

The Board may, at its discretion, waive compliance with any provision of these Terms and Conditions, amend or vary these Terms and Conditions or suspend or withdraw the offer made under this SPP at any time and in its absolute discretion. Any such waiver, amendment, variation, suspension or withdrawal will be binding on all Eligible Shareholders even where the Company does not give notice of the event. However, the rights of any Shareholder in connection with any Shares that have been duly issued to that person prior to the occurrence of any such waiver, amendment, variation, suspension or withdrawal will not be affected as a result of any such occurrence.

The Company is not liable for any loss, cost, expense, liability or damage arising out of exercise of any of its discretions under these Terms and Conditions.

## **HOW DO YOU APPLY FOR SHARES UNDER THE OFFER**

1. If you want to participate in the Offer please carefully read the Terms and Conditions relating to the Offer.
2. If you make a BPAY® payment, please ensure you make a payment for the exact amount of the Share parcel you want to subscribe for. You will be deemed to have applied for such Shares for which you have paid, subject to the Terms and Conditions of the Plan. You must quote your reference number which is on the Share Purchase Plan Application Form.

If you use this method, you should be aware of your financial institution's cut-off time (the time payment must be made by to be processed overnight). It is your responsibility to ensure funds are submitted correctly by the closing date and time, being no later than 5pm (WST) on 18 May 2018. **No late applications will be accepted, although the Directors reserve the right to close the offer early or extend the closing date.**

**You do not need to return the Share Purchase Plan Application Form if you have made payment via BPAY®.**

3. If you send in your cheque, bank draft or money order, you must complete all the required details in the enclosed Share Purchase Plan Application Form, noting that all amounts are expressed in Australian dollars:
  - (i) Cross the box for the number of Shares you want to subscribe for noting the amount payable for that number of Shares.
  - (ii) Insert your name and telephone contact number and/or email address so that we may contact you if necessary.

- (iii) You do not need to sign the Share Purchase Plan Application Form.
- (iv) Ensure your cheque, bank draft or money order is made out for the exact amount of the Share parcel you want to subscribe for, payable to "**Carnegie Clean Energy Limited**" and cheques crossed "**Not Negotiable**".
- (v) Return the completed Share Purchase Plan Application Form, together with the cheque, bank draft or money order to Security Transfer Australia Pty Ltd:

Security Transfer Australia Pty Ltd  
Exchange Tower, Level 9, Suite 913 530  
Little Collins Street  
Melbourne Victoria 3000 AUSTRALIA

Security Transfer Australia Pty Ltd PO  
Box 52  
Collins Street West  
Victoria 8007  
AUSTRALIA

- (vi) Ensure that your completed Share Purchase Plan Application Form and payment reach Security Transfer Australia Pty Ltd by the closing date of the Offer being no later than 5pm (WST) on 18 May 2018. **No late applications will be accepted, although the Directors reserve the right to close the offer early or extend the closing date.**

In determining whether you wish to participate in the Offer you should seek personal financial and/or taxation advice referable to your own circumstances.

**By accepting the Offer you agree to be bound by the Terms and Conditions of the Offer and the Constitution of the Company.**

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