Carnegie
CLEAN ENERGY

2018 ANNUAL REPORT


SOLAR
WAVE
BATTERY
MICROGRID

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CHAIRMAN'S REPORT

ON BEHALF OF THE BOARD OF DIRECTORS, I AM PLEASED TO PRESENT TO YOU CARNEGIE CLEAN ENERGY'S 2018 ANNUAL REPORT.

TERRY STINSON
Chairman

Since my appointment as Chairman, the Company has had many highs and lows. Highs from our technical achievements, offset by lows of poor financial performance and shareholder dissatisfaction. The Board and management have learned from the changing market and business conditions over the year and are moving the Company back to our core, Wave and Marine Renewables. Implementing the changes will take some time and there will be challenges to overcome. Carnegie will manage through the storm and emerge a stronger and more resilient company. The Board is committed to supporting and getting the business back on track and realising Carnegie's full potential.

When I joined, a company transformation was well underway. Carnegie Wave Energy became Carnegie Clean Energy, triggered by the 100% acquisition of Energy Made Clean (EMC) with a focus on continuing the integration of the EMC hybrid solar business. The business had also entered into a joint venture with Lendlease Services, several benchmark projects were undertaken, many of these were "first of their kind" projects. The technical successes achieved and learning gained delivering these projects have served to build Carnegie's and EMC's reputation as market leaders and innovators in hybrid solar. However, leading and innovating comes with risk, and one of the consequences of the transformation was poor financial results. Over the year, Carnegie, EMC, and the JV continued to meet the demanding requirements of our various customers' hybrid solar projects. The internal processes, systems and staff capabilities significantly improved over the year along with a reduction in costs and overheads. Efficiencies improved over the year, however the cost of the transformation has been significant, on $10 million in revenue, the Company lost $63 million, (this loss including a $34.9 million write-down of intangible assets), and our share price went from $0.057 to $0.024. Carnegie's Board and management worked hard over the year to address the challenges and assisted management to react and address changes. Regardless of the efforts, the result for the year was disappointing.

Through the year, the Company continued to invest in Wave Energy; intellectual property, technology, models and tools. The Company also continued to progress the Albany Wave Energy Project (AWEP). Since joining Carnegie, I learned that Carnegie is considered the world's leader in Wave Energy. I have a passion for renewables and technology in general and this learning further reinforces my decision to join the Company. New and improved tools and advanced analytical modelling have been developed to increase energy output and at the same time reduce overall costs. The goal is to create a wave energy system that can compete with other marine renewables for Levelised Cost of Energy (LCOE). There is strong support within the marine renewables industry and governments around the world to reinforce this belief in Wave. Over the year, AWEP project funding has come into question, that portion funded through the federal R&D tax rebate scheme. Due to this uncertainty, Carnegie elected to put the major capital expenditures on hold until the changes to the scheme were formally agreed. In the meantime, AWEP engineering continued, and

CHAIRMAN'S REPORT

general Wave research and development continued. The Company announced earlier in the year that the possible change in funding may impact Carnegie's ability to meet WA Government program milestones. The milestone in July 2018 was missed. The Company is working closely with the WA Government to find alternatives to ensure that the project can continue and to determine what variations to scope and timing will be required. The Company also continues to work with our stakeholders and funding sources, such as ARENA, to ensure that sufficient future project funding is secured to support AWEP.

Shareholders continued to support Carnegie over the year and on 22 May 2018, the Company announced capital raised of $5.3 million to support the business and to fund; growth and expansion, working capital, opportunities to expand EMC's reach, 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 EMC either organically, and/or through further partnering or M&A. Thanks to our shareholders for their continued support through 2018. Board renewal has continued through the year. During the year, I replaced Mr Jeffrey Harding as Chairman. Mr Mark Woodall also joined the Carnegie Board at the same time as my appointment. In December 2017 Mr John Leggate resigned and Mr Kieran O'Brien moved from Executive Director to Non-Executive. Following the close of the year, in July, Mr John Davidson resigned as a Director, and Mr Kiernan O'Brien's resignation was also announced.

Wave and Marine renewable energy is now our focus. Carnegie plans to demerge the EMC business into MPower, and this change was announced on 28 June 2018. The EMC merger initiative continues, however since that time, the Company has reconsidered the terms and conditions of the original proposal. On 28 September 2018, the Company announced that the parties would renegotiate under revised conditions. If the renegotiated EMC-MPower merger deal is the best option for shareholders, the Board and management will support the revised deal. If unsuccessful, the Company will continue to operate the EMC business and with the reduced cost base and improved efficiencies. Significant value has been created in the EMC business over the past year and the goal is to achieve the highest value alternative possible for shareholders. The past year significantly challenged the Company and we have learned from the experience, management has changed, and management thinking has been reset. Management have embraced the understanding that the business must change to survive, grow and deliver on shareholder expectations. Carnegie's opportunities have not diminished over the year. Wave energy remains one of the largest untapped renewable resources globally and Carnegie is best placed to deliver on this opportunity. We are not there yet, the cost of research, development and commercialisation will require continued financial support from our shareholders and funders. The goal over the coming year is to clearly communicate; strategies, plans, aspirations, failures and challenges. The CEO and management will be working hard to earn the support from our shareholders to ensure the continued operations and future success of Carnegie Clean Energy.

We thank our team for the hard work and dedication through the last year. We especially thank our shareholders and funders for their continued support.

Terry Stinson
Chairman

COMPANY OVERVIEW

CARNEGIE CLEAN ENERGY LIMITED IS AN AUSTRALIAN, ASX-LISTED (ASX: CCE) DEVELOPER OF WAVE ENERGY TECHNOLOGY AND UTILITY SCALE SOLAR, BATTERY AND HYBRID ENERGY PROJECTS.

With its 100% owned CETO wave energy technology and wholly owned subsidiary Energy Made Clean (EMC), Carnegie is the only company in the world to offer a combination of wave, solar, battery storage and desalination via microgrids.

Carnegie is pursuing the immense and untapped market of wave energy. Extracting energy from the incredible global wave energy resource is the objective of governments and companies alike but the technology to achieve this at a sufficiently low price has remained elusive. Carnegie has demonstrated the core CETO technology and organisational capability through a number of world leading projects including the CETO 5 project where an array of devices were deployed and operated across all four seasons. With this foundation, a highly experienced team and a suite of new innovations coming from artificial intelligence, cutting-edge materials and numerical simulations on supercomputers, Carnegie is the best positioned company in the world to capitalise on the opportunity.

Through its subsidiary EMC, Carnegie specialises in the engineering, procurement and construction of solar, battery and hybrid energy systems for demanding clients. An example of this is the hybrid solar, battery, diesel system under commissioning at the Delamere Air Weapons Range in the Northern Territory. The joint venture (JV) between EMC and Lendlease commenced project work late in 2017 and is delivering the 10MW Northam Solar Farm, the 5MW Summerhill solar project and a 5MW battery for Western Power's Kalbarri Reliability Project.

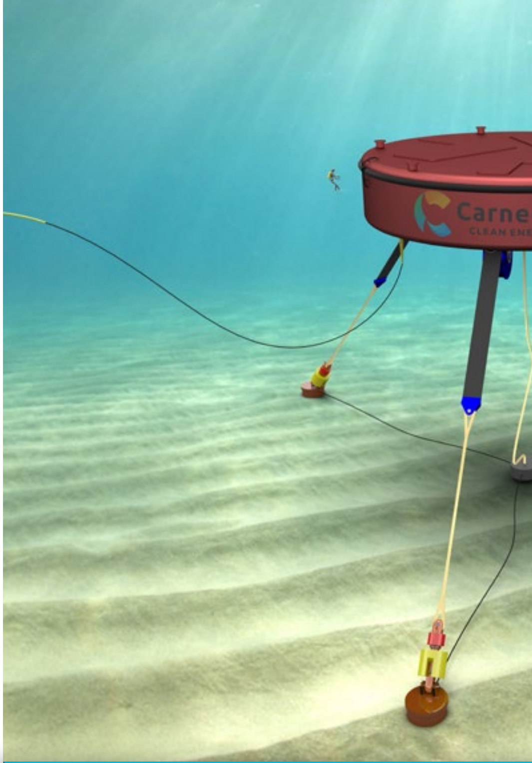
Utility scale power assets, specifically the 10MW Northam Solar Farm and the 2MW hybrid solar-battery system at Garden Island provide Carnegie and co-owners with a revenue stream from power sales and an attractive asset. These projects will be generating clean energy over the summer of 2018/19.

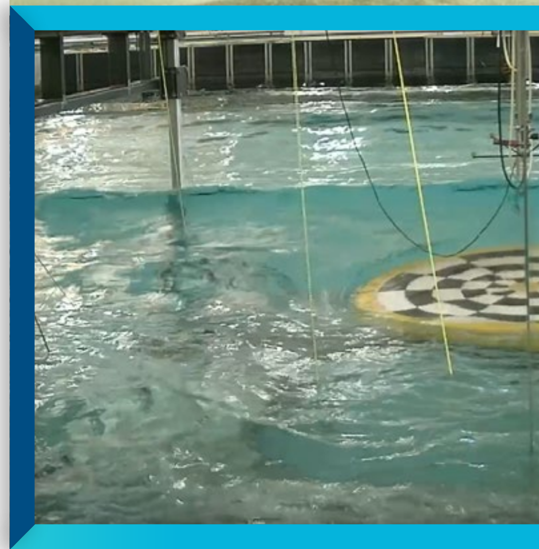
WAVE ENERGY

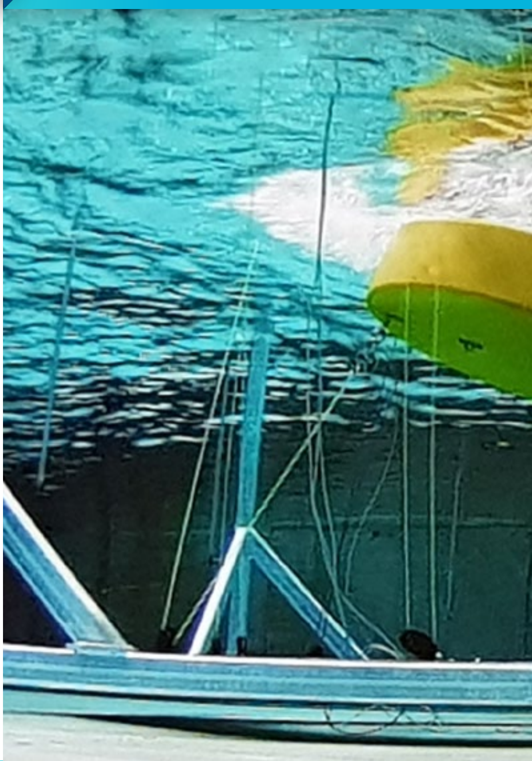
OVER $100 MILLION HAS BEEN INVESTED IN THE DEVELOPMENT OF THE CETO TECHNOLOGY WHICH HAS INCLUDED A COMBINATION OF RAPID PROTOTYPING, COMPUTATIONAL SIMULATION, WAVE TANK TESTING AND IN-OCEAN TESTING.

Over the past 12 months, Carnegie has made significant progress in the design of CETO 6 for deployment off the coast of Albany, while remaining focused on the goals of boosting power output and reducing long term levelised cost of energy forecasts. These changes utilise the proprietary cutting-edge modelling tools developed in-house, billions of computational runs on super computers and build on intellectual property developed over the past few years with the benefit of both in-ocean and tank testing of CETO units.

WAVE ENERGY
CETO TECHNOLOGY







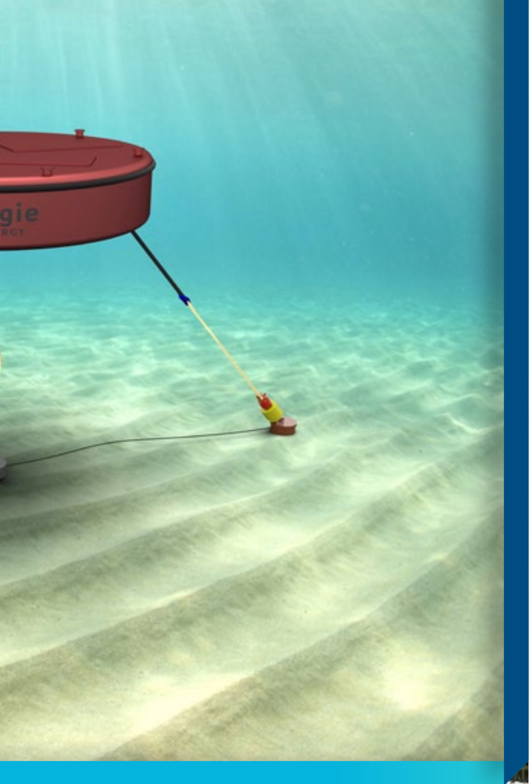
THE CETO 6 DESIGN BUILDS ON THE EXPERIENCE GAINED IN ALL PREVIOUS CETO GENERATIONS AND INCORPORATES SOME IMPORTANT IMPROVEMENTS.

The diameter of the buoyant actuator has the most significant influence on power output and has been increased to approximately 20m from the 7m diameter 80kW unit successfully tested at the Garden Island site in 2011 and the most recent 11m diameter, 240kW units tested in 2015 at the same site.

Carnegie has developed state of the art hydrodynamic modelling capabilities in-house and taken advantage of the computational power available at the Pawsey Supercomputer in Perth to undertake more than 20 billion simulations over the past 12 months to optimise the CETO 6 unit hydrodynamics. Carnegie is increasingly capitalising upon the rapid and recent advances in computational hardware and software in the development of CETO which allows far greater accuracy in the hydrodynamic and kinematic computational simulation of CETO prior to the more expensive and higher risk, in-ocean demonstration stage.

Carnegie and the University of Western Australia (UWA) have continued to build on their ongoing collaborative relationship, working together on existing and new funded R&D projects including activities undertaken through the new Wave Energy Research Centre (WERC). Carnegie and UWA were successful in applying for funding under the European MARINET program, being awarded funding for 15 days of tank testing at the COAST facility at Plymouth University in March 2018. Design and scaled tank testing of the CETO buoy and power take off system in a controlled environment prior to full scale manufacture and ocean deployment is a critical component of the de-risking and development and testing of the CETO 6 unit. This tank testing verified the accuracy of the CETO numerical modelling work.

The innovative design of the CETO 6 technology provides two major step change improvements when compared to the previous CETO 5 generation of the technology (the technology deployed during the Perth Wave Energy Project).



- The technology features multiple moorings allowing the capture of energy from all motions produced by the waves and thus offering a twofold increase in power production compared to a single moored device. CETO 5 is a single moored device and captures energy almost exclusively from heave (up/down) motion.

- The high-pressure fluid produced offshore by the CETO 5 Unit was transported onshore where the conversion from hydraulic power to electrical power was performed. With CETO 6 the electrical generation is performed onboard of the Buoyant Actuator, unlocking advanced control of the Unit, reducing fluid pressure losses and simplifying maintenance activities by removing all complex machinery from the sea bed.

As shown below, The CETO 6 Unit has a prime mover known as the Buoyant Actuator (BA); which is the body that captures the wave energy and converts it into motion. This motion actuates the Power Take Off (PTO) located in the BA and connected to the Mooring System. The Mooring System secures the Unit on the sea bed through Foundations. The electricity generation is performed within the PTO and exported back to an onshore substation using subsea electrical cables.

The CETO 6 Unit has been developed with a focus on increased power output, increased market applicability, lower capital costs and reduced maintenance costs, particularly for sites where the array is located far from shore or in deeper water. This latest generation of the CETO technology provides a step change in CETO development by employing subsea generation and transmission of electrical power to shore via cables and further increasing the power capacity per CETO Unit which in turn decreases the cost of generation. This Unit provides a significant improvement in yield and CETO's long term levelised cost of energy (LCOE).

The design of the CETO 6 Unit builds upon the extensive experience gained in previous CETO generations, draws on the experience gained through delivering PWEP, wave tank testing, advanced hydrodynamic modelling and incorporates some innovative designs that will decrease costs and increase market opportunities for CETO in the long term. Carnegie has been undertaking CETO 6 design work internally and with expert partners from industry and the research community with the aim of minimising cost and maximising yield in order to ensure that the technology is progressing towards a commercially competitive LCOE.

WAVE ENERGY

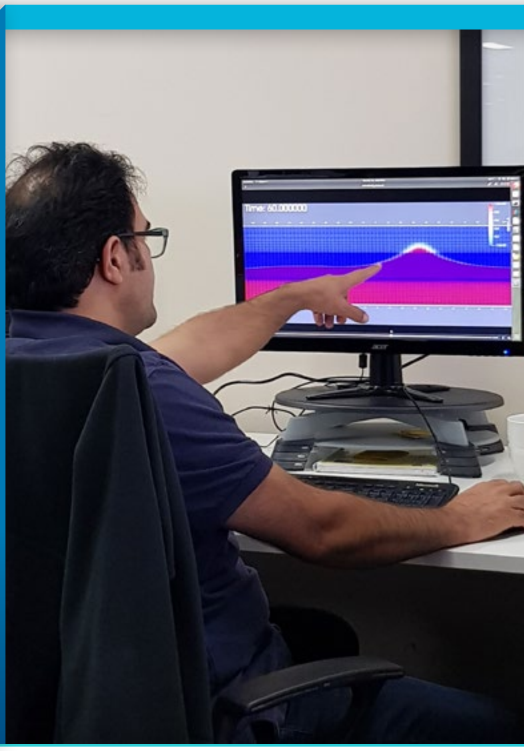
CAPABILITY AND TEAM

WE RECOGNISE THAT CORE TO BEING A WORLD LEADER IN WAVE ENERGY, IS BUILDING A WORLD LEADING TEAM OF EXPERTS IN THE FIELD.

We pride ourselves on having a world class, specialist team and strive to recruit and retain employees who bring excellence and passion to the Company. Our technical team consists of mechanical, hydraulic, electrical, structural, control, environmental, naval and hydrodynamic scientists and engineers. This team is supported by commercial, financial, HR, administration, legal, quality and procurement teams.

As a pioneering technology developer, we pride ourselves on having a culture which is supportive, progressive and stimulates innovation. This begins by seeking individuals who embody our values and thrive in an innovative, autonomous and dynamic work environment.

Carnegie has worked hard to maintain the knowledge and skills gained through the successful Perth Wave Energy Project where our team gained crucial experience in the operation of the world first project. How many other companies in the world have team members with '*wave energy operator*' titles!



WAVE ENERGY
MARKET

WAVE ENERGY REMAINS ONE OF THE LARGEST, UNTAPPED RENEWABLE RESOURCES GLOBALLY. THE WORLD ENERGY COUNCIL (2016) FORECASTS INSTALLED CAPACITY OF OCEAN ENERGY OF UP TO 62,000MW BY 2040.

The consistency of the swell of the southern coastline of Australia means wave energy has a major role to play as our energy mix transitions to one dominated by renewables. Albany has one of the most consistent wave energy resources in the world, experiencing greater than 1m swell, 100% of the time. The integration of this 24/7 wave resource with the regions existing infrastructure, including the existing wind farm, has the potential to provide more stable, consistent and reliable renewable energy to the Western Australian electricity grid.

Ocean Energy Europe forecasts the global market for ocean energy could see 337GW of installed capacity by 2050 incorporating wave, tidal and ocean thermal conversion. Of this, around 188GW is expected to be wave energy.

WAVE ENERGY

ALBANY PROJECT

ALBANY, WESTERN AUSTRALIA HAS ONE OF THE MOST CONSISTENT WAVE ENERGY RESOURCES IN THE WORLD, AND AS SUCH, CARNEGIE BELIEVES THAT ALBANY IS ONE OF THE BEST SITES FOR WAVE ENERGY DEVELOPMENT IN AUSTRALIA AND GLOBALLY.

Carnegie formally commenced the Albany Wave Energy Project (AWEP) in 2017 with support from the State of Western Australia through the Department of Primary Industries and Regional Development (DPIRD) and the Commonwealth Government through the Australian Renewable Energy Agency (ARENA).

The Albany Wave Energy Project will be the first demonstration of Carnegie's CETO 6 technology. The Project will design, manufacture and install a 1.5MW CETO 6 Unit in Carnegie's existing licence area offshore from Torbay and Sandpatch in Albany.

Carnegie has deep knowledge of the Albany wave energy resource and site having carried out studies, surveys and designs for the region over the past decade, including site assessment, wave resource mapping, licensing and site design.

The general deployment location is located in 30m water depth just offshore of the existing wind farm. However, to determine the exact coordinates of the Project infrastructure, additional site development work is required.

Accordingly, since the formal commencement of the Albany Wave Energy Project, Carnegie has undertaken significant site development activities to characterise the site in sufficient detail to inform the final Project design and procurement (of both the CETO Unit and common user infrastructure) and to prepare the site for the commencement of site construction (including progressing the required permits and approvals and engaging with project stakeholders).

The site development activities undertaken to date are:

- Permitting and Approvals – environmental approvals, tenure, planning, fisheries and maritime requirements and activities.
- Infrastructure – site development activities including metocean studies (including wave sensor deployment), intergradation of LIDAR data for accurate bathymetry, preliminary foundation design, geological and geophysical site investigation, Horizontal Directional drilling and export cable design, establishment of grid connection design of substation, investigation of operational facilities within the Albany port complex.
- Stakeholder engagement – community consultation, building sustainable and resilient relationships with stakeholders, identification of Carnegie as an employer/partner of choice, improving community awareness of AWEP and Carnegie.

The activities undertaken to date have generated a great deal of detailed site knowledge that will inform both Carnegie's Albany Wave Energy Project and future wave energy projects and regional users through the sharing of knowledge with the Wave Energy Research Centre.

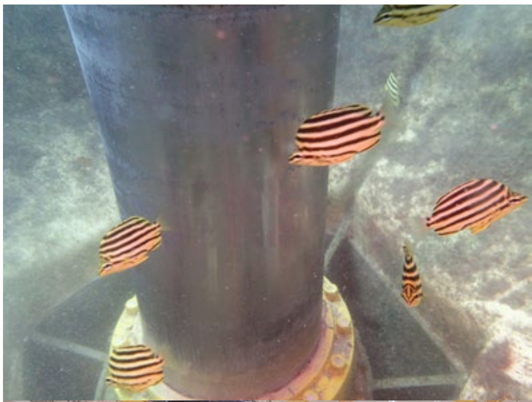
Carnegie's site development activities are supporting the delivery of the Albany Wave Energy Project via the characterisation of the site to inform the final Project design and procurement (of both the CETO Unit and common user infrastructure) and by preparing the site for the commencement of site construction (including progressing the required permits and approvals and engaging with project stakeholders).

Additional site development activities will need to be completed over the coming months in order to enable the commencement of site construction activities at the end of the year.

WAVE ENERGY

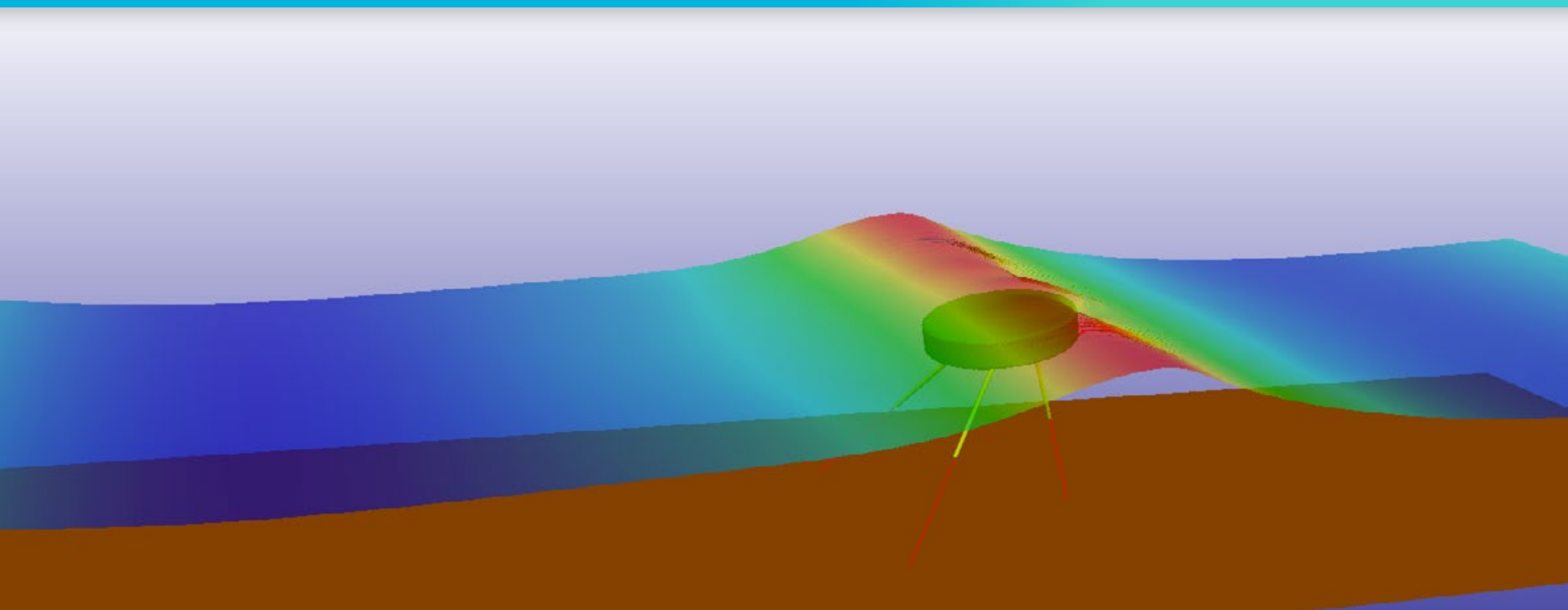
PARTNERSHIPS

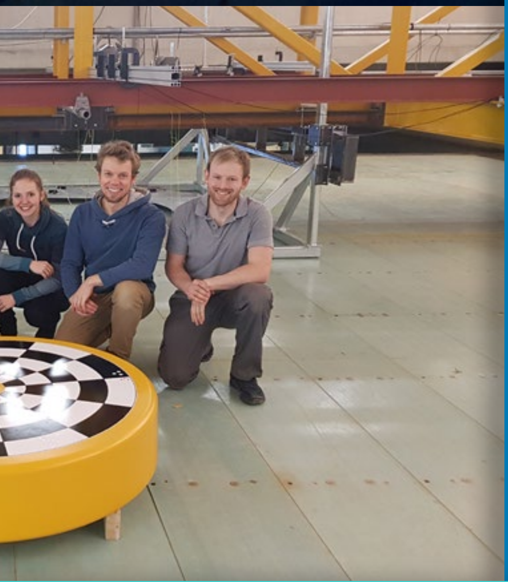
THE WA STATE GOVERNMENT SUPPORTS THE ESTABLISHMENT OF THE NATIONAL WAVE ENERGY RESEARCH CENTRE MANAGED BY THE UNIVERSITY OF WESTERN AUSTRALIA (UWA) OCEANS INSTITUTE AND UWA'S ALBANY CAMPUS.



In December 2017, as part of the collaboration with the Wave Energy Research Centre (WERC), the University of Western Australia (UWA) deployed an Acoustic Wave and Current Meter (AWAC) at the preferred offshore deployment site in the vicinity of Carnegie's wave buoy.

In July 2018, Enel Green Power (Enel) and Carnegie entered into a Collaboration Agreement for the development and testing of the CETO technology, the Albany Wave Energy project and future CETO projects. The agreement will see Enel invest €1 million (AU$1.6 million) in the research, development and deployment of the CETO wave energy technology against development milestones. Enel will also become a technical advisory committee member of both Carnegie and the Wave Energy Research Centre run by the University of Western Australia with support from the WA State Government.





WAVE ENERGY

RESEARCH & KNOWLEDGE SHARING

CARNEGIE HAS CONTINUED ITS WORK IN RESEARCHING THE FIELD OF WAVE ENERGY PARTNERING WITH ACADEMIC INSTITUTIONS AROUND THE WORLD TO DELIVER RESEARCH CRITICAL FOR REDUCING THE COSTS AND INCREASING THE SURVIVABILITY OF WAVE ENERGY CONVERTERS (WECS).

In Australia, we continue to engage with multiple research institutions and universities, often in projects supported by Australian Research Council (ARC) or Cooperative Research Centre (CRC) funding programs. An example of such a project is the ARC linkage project investigating "Novel Wave Energy Foundation Solutions to Survive Extreme Loads". One of the final activities associated with this project was the wave tank testing undertaken in March 2018 when scientists from UWA joined Carnegie staff at the COAST Laboratory at the University of Plymouth.

The global focus however for wave and marine renewable energy research remains in Europe and the United Kingdom. Here Carnegie is engaged with a number of European universities and, particular with the Scottish Governments dedicated wave energy research institution, Wave Energy Scotland, where we are engaged in multiple research projects.

As with its focus on wave and marine energy research, Europe and the UK, remain important for the commercialisation of CETO. CWE UK, Carnegie's 100% owned UK subsidiary, continues to support the development of a future commercial CETO array at Wave Hub through a series of local collaborations with strategic partners such as Wave Hub Limited, University of Plymouth and James Fisher Marine Services. Wave Hub specifically, and the UK and Europe more generally, remain important markets and locations for future CETO deployments and projects.

The European Commission has invested over €300 million ($480 million) in ocean energy research and development over the past 10 years with significant additional investment in research, development and testing infrastructure from the UK Government. In the UK alone, there has been more than £500 million ($916 million) of government and private investment in the UK wave and tidal sector. This level of strategic industry funding support alongside with the local marine renewable resource and supply chain expertise means that Europe and UK will remain important factors in the commercialisation of CETO.

SOLAR ASSETS

THIS FINANCIAL YEAR SAW A NUMBER OF SIGNIFICANT MILESTONES ACHIEVED FOR CARNEGIE'S SOLAR ASSET PROJECTS UNDER CONSTRUCTION. THE GARDEN ISLAND PROJECT AND NORTHAM SOLAR FARM ARE ANTICIPATED TO BE OPERATIONAL WITHIN Q4 OF 2018.

On Garden Island the team have worked tirelessly with Defence and contractors to manage the construction and installation of the solar farm alongside ongoing Defence works on the island. Carnegie is pleased the project is nearing commercial operations despite significant delays due to navigating other major infrastructure upgrades at HMAS Stirling. Upon successful commissioning, Carnegie anticipates drawing down a $2.1 million debt facility with Commonwealth Bank of Australia.

The 10MW Northam Solar Farm is Carnegie's second 'build, own, operate' solar farm. During the year, Carnegie secured $7.5 million construction debt finance, and partnered with equity co-investors Indigenous Business Australia (IBA) and Bookitja (a Perth Noongar Foundation subsidiary). As noted late in the notes to the financial statements, Carnegie and IBA have signed terms whereby IBA will acquire a further stake in the project in return for a $2.5 million of equity. The exact equity amount to be purchased will be determined once an independent valuation process has been completed (expected mid-October). The project is on course to complete grid-connect commissioning in the final quarter of 2018.

Carnegie also continued to pursue additional solar farm development opportunities. During 2018 LandCorp awarded it in-principle approval to negotiate a 25ha lease within the Ancillary Services Area of the Kemerton Strategic Industrial Area (KSIA), suitable to build, own and operate a 10MW solar farm, and 250ha within the Mungari Strategic Industrial Area Buffer Zone suitable to build, own and operate a 100MW solar farm.

SOLAR ASSETS
NORTHAM PROJECT

CARNEGIE IS THE DEVELOPER, AND CO-OWNER, OF THE NORTHAM SOLAR FARM WHICH IS A 10MW SOLAR POWER STATION THAT WILL DELIVER ~24,000MWH (MEGAWATT HOURS) OF ENERGY - ENOUGH ENERGY TO POWER APPROXIMATELY 4,000 HOUSEHOLDS EVERY YEAR FOR THE LIFE OF THE PROJECT.

Switch Room

This is the first large scale solar project for Carnegie who have partnered with Indigenous Business Australia and Bookitja - a partnership which has brought together an indigenous organisation and the private sector, to co-own and construct the project.

The solar farm consists of 33,600 340w Risen solar modules, mounted on an Array Technologies single-axis tracking system, covering 25 hectares of rural Ballardong Noongar Boodja (country), just outside the wheatbelt town of Northam. The Design and Construct contract was awarded to a Joint Venture formed between Energy Made Clean and Lendlease and executed in December 2017.

On site construction commenced in March 2018 and is well advanced. Despite the real challenges a wet winter presented, progress on the solar farm has been excellent and commercial operation is expected in the fourth quarter of 2018.

Carnegie is proud to have developed a power station that will provide renewable, sustainable, zero-emission electricity to Western Australia.

SOLAR ASSETS
GARDEN ISLAND MICROGRID PROJECT

CARNEGIE'S 100% OWNED GARDEN ISLAND MICROGRID (GIMG) PROJECT IS A 2MW SOLAR PHOTOVOLTAIC (PV) AND 2MW/0.5MWH BATTERY ENERGY STORAGE SYSTEM (BESS) MICROGRID THAT HAS BEEN BUILT ON HMAS STIRLING ON GARDEN ISLAND, WESTERN AUSTRALIA.

The Garden Island Microgrid also incorporates Carnegie's existing desalination plant on Garden Island. Carnegie has signed supply agreements with the Department of Defence for the sale of power and water produced by the Project to be used by HMAS Stirling, Australia's largest naval base.

GIMG is located at the site of the CETO 5 Perth Wave Energy Project and is capable of again incorporating wave energy in the future from Carnegie's offshore wave energy demonstration site located directly offshore from the microgrid. This site offers the potential for Carnegie, and other wave energy developers, to deploy wave energy prototypes and connect into the Garden Island Microgrid. Carnegie has offered to share its existing offshore site data with other wave energy developers and facilitate access to the site.

Construction of the microgrid was undertaken by EMC and is complete. The final commissioning and operational approval process is underway with Western Power and the Department of Defence at the time of writing. Following the proposed acquisition of EMC by Tag Pacific Limited, Carnegie will continue to own 100% of the Garden Island Microgrid.

The Garden Island Microgrid Project is supported by the Federal Government with $2.5 million of grant and convertible note funding from the Australian Renewable Energy Agency (ARENA).

EMC BUSINESS

A SIGNIFICANT PROJECT DELIVERY YEAR IN WHICH 18 OPEN PROJECTS WERE COMPLETED AND AN UNPRECEDENTED CHALLENGE OF STARTING THE DESIGN PHASE FOR ALL THREE JV PROJECTS WITHIN THE SPACE OF THREE MONTHS STARTING DECEMBER 2017.

During 2017 / 18 EMC successfully completed the 1.6MW Solar PV, 1.2MW / 2.6MWh battery energy storage system (BESS) for the CSIRO Australian Square Kilometre Pathfinder (ASKAP) project at the Murchison Radio-Astronomy Observatory (MRO) and secured the contract to construct a 357kW Solar PV, 360kW / 500kWh BESS solar-battery hybrid system for Lendlease Buildings (on behalf of the Department of Defence) at the Delamere Air Weapons Range in the Northern Territory.

EMC also won Operation and Maintenance contractor Horizon Power's stand-alone power systems (SPS), Carnegie's Garden Island Microgrid and Northam Solar Farm in addition to multiple smaller contracts.

The EMC Lendlease JV secured contracts to deliver :

- construction of Carnegie Clean Energy's 10MW Northam Solar Farm ($15.6 million)
- construction of the Newcastle City Council's 5MW Summerhill Solar Farm ($7.1 million)
- a 5MW / 4.5MWh BESS to be integrated into Western Power's Kalbarri microgrid ($6.6 million)

EMC TRANSACTION

Just prior to the close of the financial year, Carnegie announced the signing of an Implementation Deed with Tag Pacific Limited (TAG) to create one of the region's largest specialist Engineering, Procurement, Construction (EPC) and Build Own Operation (BOO) specialists in the rapidly growing off-grid and fringe-of-grid solar, battery and microgrid markets (the Transaction). The entity will be named MPower. Once the combined businesses are fully integrated, they are expected to have sufficient scale to enable profitability to be achieved.

As noted in the subsequent events notes to the financial statements, on 28 September 2018 both parties announced their intentions to renegotiate the terms of the Sale and Purchase Agreement that was signed in August 2018. The key terms of this renegotiation include the removal of the cash component of the sale consideration previously payable by Carnegie, and consequently the reconsideration of the consideration payable by TAG. The parties need to finalise the negotiations and agree on revised terms by 16 October and to complete the transaction by the end of November 2018.

EMC BUSINESS
DELAMERE

EMC WAS AWARDED A CONTRACT TO DESIGN, CONSTRUCT AND INSTALL A MICROGRID SYSTEM AT THE DELAMERE AIR WEAPONS RANGE IN THE NORTHERN TERRITORY OF AUSTRALIA IN A COMPETITIVE TENDER PROCESS.

The project incorporates an innovative design featuring solar, battery and diesel capable of supplying high penetration solar power to approximately 200kVA peak load and will deliver reliable, 24/7 power resulting in a 61% diesel consumption saving over a diesel only system.

The PV array was installed in October 2017 before the wet season. The balance of system (BESS and Diesel) factory acceptance testing was successfully completed in April 2018 and delivered to site early May. A successful part witnessing of the site acceptance testing by Lendlease Buildings and client's engineers for the PV array and primary generators was completed by June 2018.

The target is to complete the remaining witnessing in August and once all site sub-contractors are ready to complete practical completion latest November 2018.

EMC BUSINESS
CSIRO

EMC WAS AWARDED A CONTRACT TO DESIGN, CONSTRUCT AND INSTALL A POWER SYSTEM AT THE MURCHISON RADIO-ASTRONOMY OBSERVATORY (MRO).

At the MRO, the 1.6MWp solar facility and the 2.6MWh BESS is powering CSIRO's new Australian Square Kilometre Array Pathfinder (ASKAP) telescope. ASKAP is a fast survey radio telescope, fitted with innovative receiver technology, enabling astronomers to rapidly map the structure of the Universe. ASKAP was designed to be a "pathfinder" instrument – one that tests an innovative technology for future telescopes. ASKAP and MRO infrastructure, including the power system, are testing new technologies for the future Square Kilometre Array (SKA) – a large-scale international project to build the world's largest radio telescope.

This year has marked the completion of the factory build and testing with a full functionality test of all the key equipment and control systems, including a simulation integration with the existing power station. It has been delivered to site and the batteries have undergone site installation along with the BESS and PV array integrated and commissioned with the existing power station.

Full system practical completion is planned for August 2018.

INTELLECTUAL PROPERTY

CARNEGIE IS THE 100% OWNER OF THE GLOBAL INTELLECTUAL PROPERTY AND DEVELOPMENT RIGHTS FOR THE CETO TECHNOLOGY, AND INVESTS A SIGNIFICANT AMOUNT OF TIME AND RESOURCES INTO PROTECTING THE NOVEL ASPECTS OF THE CETO TECHNOLOGY.

Carnegie, through their Intellectual Property Manager and network of external Patent Attorneys, are committed to ensuring the CETO technology remains protected.

Carnegie's 100% ownership of the CETO technology provides flexibility with commercialisation pathways, including build-own-operate projects, joint ventures, OEM technology licencing arrangements, as well as the provision of O&M services.

The active and continued generation of new IP throughout the development of the CETO technology is a key competency within Carnegie's technical team, with generation and capture of new ideas widely encouraged.

The CETO IP portfolio includes seven patent families, ranging in maturity, with 68 currently granted patents and over 70 patents pending. Carnegie continues to review and refine its IP portfolio to ensure that it is being optimised for both protection and cost of maintenance.

HEALTH, SAFETY & ENVIRONMENT

CARNEGIE CONTINUES TO FOCUS ON THE ZERO-HARM GOAL AND CONTINUOUS IMPROVEMENT IN QUALITY, HEALTH, SAFETY & ENVIRONMENT.

We have established monthly communications meetings where safety messages are reinforced. We continuously review the risks for all activities to keep our people safe. All initiatives are focussed to increase awareness, behavioural change and a proactive approach to achieve a safe working environment.

During FY18, we implemented a cloud based QHSE compliance software. This system helped us form an Integrated Management System as well as control and maintain compliance obligations in relation to QHSE.

To ensure continued adequacy and effectiveness of our evolving QHSE Management System, we will regularly review key processes and our QHSE performance against FY19 objectives and targets.

CORPORATE GOVERNANCE

Carnegie Clean Energy Limited is a clean energy and clean energy technology development company. The Company has established procedures to encourage and maintain a culture of good corporate governance. The Board is responsible for establishing the Company's corporate governance framework, the key features of which are set out in this report. In establishing its corporate governance framework, the Board has referred to the 3rd edition of the ASX Corporate Governance Councils' Corporate Governance Principles and Recommendations.

The corporate governance statement set out in this report discloses the extent to which the Company is following the recommendations as at the date of this report. The Company follows each recommendation where the Board has considered the recommendation to be an appropriate benchmark for its corporate governance practices. Where the Company's corporate governance practices follow a recommendation, the Board has made appropriate statements reporting on the adoption of the recommendation. In compliance with the "if not, why not" reporting regime, where, after due consideration, the Company's corporate governance practices do not follow a recommendation, the Board has explained its reasons for not following the recommendation and disclosed what, if any, alternative practices the Company will adopt instead of those in the recommendation. Unless otherwise stated, the practices detailed in this statement have been in place for the entire reporting period ended 30 June 2018.

Governance-related documents can be found on the Company's website at www.carnegiece.com.

COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES AND RECOMMENDATIONS

Principle 1: Lay solid foundations for management and oversight

Recommendation 1.1

The listing entity should disclose:

(a) the respective roles and responsibilities of its board and management; and

(b) those matters expressly reserved to the board and those delegated to management.

The Company complies with this recommendation. A policy on matters reserved for the Board is outlined in the "Matters Reserved for Board Approval" document and is available on the Company's website. The Company has established clear details of the roles and responsibilities of each of its board management members.

Recommendation 1.2

A listed entity should:

(a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and

(b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.

The Company complies with this recommendation. The Company has a policy for the evaluation of the Board and Senior Executives in accordance with the Board and Senior Executives Evaluation Policy. The appointment of any director is subject to subsequent approval by shareholders at the next Annual General Meeting of the Company. Meeting materials for such meeting incorporates all relevant details to assist shareholders in deciding whether or not to elect or re-elect that director.

Recommendation 1.3

A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.

The Company complies with this recommendation. Prior to the formal appointment of any director, a written agreement is entered into between the Company and the director setting out the terms and conditions of their appointment.

Recommendation 1.4

The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.

The Company complies with this recommendation.

CORPORATE GOVERNANCE

Recommendation 1.5

A listed entity should:

(a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them;

(b) disclose that policy or a summary of it; and

(c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them, and either;

(1) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or

(2) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under the Act.

The Company does not comply with this recommendation. The Company has not yet set measurable objectives for achieving diversity. The Board continues to monitor diversity across the organisation and is satisfied with the current level of gender diversity within the Company. Due to the size of the Company, the Board does not consider it appropriate at this time to formally set objectives for gender diversity. The Company currently employs (including on a consulting basis) 74 staff (13 females and 61 males). The Company recognises that a diverse and talented workforce is a competitive advantage and that the Company's success is the result of the quality and skills of our people. The Company's policy on diversity is to employ the right person for the right job regardless of their gender, age, nationality, race, religious beliefs, cultural background, sexuality or physical ability.

Recommendation 1.6

A listed entity should:

(a) have and disclose a process for periodically evaluation the performance of the board, its committees and individual directors; and

(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.

The Company does not entirely comply with this recommendation as no individual review of each director was undertaken during the year. The Company did however undertake an assessment of the Board during the year which resulted in a board renewal process which was completed in late 2017. The Board assessed the diversity of skills held by Board members by way of a skills matrix in order to assess any possible inadequacies in board skills and capabilities and sought to improve the board skillset by way of appointment of Terry Stinson as Chairman and Mark Woodall as Non-Executive Director in 2017.

Recommendation 1.7

A listed entity should:

(a) have and disclose a process for periodically evaluating the performance of its senior executives; and

(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.

The Company complies with this recommendation. On an annual basis the Company undertakes a review of the senior executives which is confirmed in the Annual Report.

Principle 2: Structure the board to add value

Recommendation 2.1

The board of a listed entity should:

(a) have a nomination committee which:

(1) has at least three members, a majority of whom are independent directors; and

(2) is chaired by an independent director; and disclose:

(3) the charter of the committee;

(4) the members of the committee; and

(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or

if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.

The Company complies with this recommendation. A Nomination Committee was established in 2017 with members being Michael Fitzpatrick (Chairman), Grant Mooney and John Leggate (retired). Terry Stinson has since been appointed to the Committee.

A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.

The Company complies with this recommendation. The Board has undertaken an assessment of its mix of skills using a skills matrix to assess strengths and identify weaknesses. A summary of the blend of skills is set out below:

CORPORATE GOVERNANCE

EXPERTISE	INDUSTRY	QUALIFICATIONS
▪ Renewable energy	▪ Renewable energy	▪ Business & accounting
▪ Infrastructure	▪ Power & electricity	▪ Engineering
▪ Industrial & manufacturing	▪ Capital markets	▪ Management
▪ Engineering	▪ Mineral exploration and mining	▪ Electrical
▪ Minerals & mining	▪ Technology and R&D	▪ Science
▪ Capital markets	▪ Construction	
▪ Research & development	▪ Infrastructure	

The skills, experience and expertise of each of the Company's directors are set out in this report.

Recommendation 2.3

A listed entity should disclose:

(a) the names of the directors considered by the board to be independent directors;

(b) if a director has an interest, position, association or relationship of the type described in Box 2.3 of the 3rd edition of the ASX Corporate Governance Councils' Corporate Governance Principles and Recommendations but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and

(c) the length of service of each director.

The Company complies with this recommendation. Non-Executive Directors Terry Stinson, Michael Fitzpatrick, Grant Mooney and Mark Woodall are considered Independent Directors. The length of service of each Director is set out in this report.

Recommendation 2.4

A majority of the board of a listed entity should be independent directors.

The Company complies with this recommendation.

Recommendation 2.5

The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.

The Company complies with this recommendation.

Recommendation 2.6

A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors efficiently.

The Company complies with this recommendation. The Company has established a process for induction of new directors and where possible, provides each director with opportunities for professional development such that they can improve their effectiveness as directors of the Company.

Principle 3: Act ethically and responsibly

Recommendation 3.1

A listed entity should:

(a) have a code of conduct for its directors, senior executives and employees; and

(b) disclose that code or a summary of it.

The Company complies with this recommendation. The Company has established a code of conduct for all directors, senior executives and employees which is available on the Company's website.

Principle 4: Safeguard integrity in corporate reporting

Recommendation 4.1

The board of a listed entity should:

(a) have an audit committee which:

(1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and

(2) is chaired by an independent director, who is not the chair of the board,

and disclose:

(3) the charter of the committee;

(4) the relevant qualifications and experience of the members of the committee; and

(5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or

(b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.

The Company complies with this recommendation. The Company has policies for Audit Committee Charter and the External Auditor Selection. A copy of these policies are provided on the Company's website. Details of the audit committee meetings are provided in this report.

Recommendation 4.2

The board of the listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

The Company complies with this recommendation. The Board receives assurance from the Chief Executive Officer and the Chief Financial Officer that the declaration in relation to section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks. The Company also has a separate policy in relation to Risk Management which is available on the Company's website.

Recommendation 4.3

A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.

The Company complies with this recommendation. The Company's auditor attends the annual general meeting of the Company and is available to answer any question in relation to the audit.

Principle 5: Make timely and balanced disclosure

Recommendation 5.1

A listed entity should:

(a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and

(b) disclose that policy or a summary of it.

The Company complies with this recommendation. The Company has a Continuous Disclosure policy which is set out on the Company's website.

Principle 6: Respect the rights of security holders

Recommendation 6.1

A listed entity should provide information about itself and its governance to investors via its website.

The Company complies with this recommendation. A summary of the Company's Corporate Governance policies is set on the Company's website.

Recommendation 6.2

A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.

The Company complies with this recommendation. The Company has established an investor relations program to ensure effective communications between the Company and shareholders and investors. The Company has a Shareholder Communication Policy which is set out on the Company website.

Recommendation 6.3

A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.

The Company complies with this recommendation. The Company has a Shareholder Communication Policy which is set out on the Company website.

Recommendation 6.4

A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.

The Company complies with this recommendation. The Company provides the option to shareholders to receive communications electronically, notification of this option is provided by the Company registry.

CORPORATE GOVERNANCE

Principle 7: Recognise and manage risk

Recommendation 7.1

The board of a listed entity should:

(a) *have a committee or committees to oversee risk, each of which:*

   (1) *has at least three members, a majority of whom are independent directors; and*

   (2) *is chaired by an independent director;*

   And disclose:

   (3) *the charter of the committee;*

   (4) *the members of the committee; and*

   (5) *as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or*

(b) *if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.*

The Company complies with this recommendation.

The Company has an Audit Committee which, pursuant to its charter has the responsibility for:

- monitoring corporate risk assessment and the internal controls instituted.
- monitoring the establishment of an appropriate internal control framework, including information systems, and considering enhancements.
- reviewing external audit programs/reports to ensure that where deficiencies in controls or procedures have been identified, appropriate remedial action is taken by management.

In addition, the Company's Board of Directors actively manage risk by addressing risks associated with the Company's business operations regularly during board meetings and at intervals where any such risk is raised by management.

Recommendation 7.2

The board or a committee of the board should:

(a) *review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and*

(b) *disclose, in relation to each reporting period, whether such a review has taken place.*

The Company does not comply with this recommendation as no separate review was undertaken during the year. However, The Board met regularly throughout the year and considered risks as well as any risks that were raised independently by the Audit Committee.

Recommendation 7.3

A listed entity should disclose:

(a) *if it has an internal audit function, how the function is structured and what role it performs; or*

(b) *if it does not have an internal audit function, that fact and the processes it employs for evaluation and continually improving the effectiveness of its risk management and internal control processes.*

The Company does not comply with this recommendation. The Directors are of the view that given the size of the Company, it is not practical to have an internal audit function and that risk management is undertaken by the Board and senior management.

During the year, an independent review of the systems and processes of Energy Made Clean was undertaken by a suitably qualified and independent consulting firm at the request of the Audit Committee, with a report compiled and provided to management for implementation. The Board oversaw the implementation of recommendations set out in the report.

Recommendation 7.4

A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.

The Company does not comply with this recommendation. The Directors are of the view that given the Company's size, risks are addressed directly by the Board, senior management and Audit Committee and are not disclosed externally.

CORPORATE GOVERNANCE

Principle 8: Remunerate fairly and responsibly

Recommendation 8.1

The board of a listed entity should:

(a) have a remuneration committee which:

(1) has at least three members, a majority of whom are independent directors; and

(2) is chaired by an independent director;

and disclose:

(3) the charter of the committee;

(4) the members of the committee; and

(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or

(b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.

The Company complies with this recommendation. The Company has policies for the Remuneration Committee Charter, the Senior Executives Remuneration and Non-Executive Director remuneration. A copy of these policies are provided on the Company's website. Details of the remuneration committee meetings are provided in this report.

Recommendation 8.2

A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.

The Company complies with this recommendation. The Company has separate policies relating to the remuneration of non-executive directors as opposed to senior executives. These policies provide a basis for distinguishing the type of remuneration which is suitable for the two classes.

Recommendation 8.3

A listed entity which has an equity-based remuneration scheme should:

(a) have a policy on whether participants are permitted to enter into transaction (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and

(b) disclose that policy or a summary of it.

The Company complies with this recommendation. The Company has a Securities Trading Policy which, among other things, sets out the Company's policy on trading the Company's securities. A copy of this policy is on the Company's website.

DIRECTORS' REPORT / 30 JUNE 2018

The Directors present their report on Carnegie Clean Energy Limited ("the Company", or "Carnegie") and its controlled entities, ("the Consolidated Group", or "Group") for the financial year ended 30 June 2018.

DIRECTORS

The Directors of the Company in office at any time during or since the end of the financial year are:

Terry Stinson B.Bus Admin (Magnum Cum Laude)

Chairman *(appointed 15 November 2017)*

Mr Stinson has over 30 years of executive leadership experience with innovation companies globally. He was formerly the Chief Executive Officer and Managing Director of Orbital Corporation Ltd. He was previously also a Vice President and General Manager at Siemens AG responsible for overseeing an international business across multiple sites, over 1,200 staff and delivering sales in excess of US $300m p.a. Mr Stinson was also previously CEO and MD at Synerject, VP Manufacturing Outboard Marine Corporation, Director Advanced R&D Product and Process Mercury Marine, division of Brunswick Corp, Project Engineer LT-5 Corvette engine, USA SME 1990 Young Engineer of the Year, and leadership positions supporting various international ventures with Yamaha, Honda, Chrysler, Penske and others. Mr Stinson is a non-executive director of Orbital and is also non-executive chair of Talga Resources Ltd.

TERRY STINSON
Chairman

Dr Michael Edward Ottaviano B.Eng, MSc, DBA, MAICD, M.I.EngAus

Chief Executive Officer and Managing Director

(appointed 1 September 2006 - resigned effective 30 September 2018)

Dr Ottaviano has been responsible for the leadership of the company and oversight of all aspects of the business management including the commercialisation of the CETO wave power and the Energy Made Clean business activities. Dr Ottaviano has previously worked in research and development and consulted in technology and innovation management. He has advised companies on new product development, intellectual property and technology commercialisation across various industries and ranging from start-ups to large multi-nationals.

He is a former Board Member of the Clean Energy Council, Australia's clean energy peak industry group, was a member of the Australian Government's Energy White Paper Consultative Committee and a non-executive director of ASX-listed hearing technology start up, Nuheara Limited (resigned 4 July 2018). He is currently a director of Western Australia's Film and TV funding development organisation Screenwest. Dr Ottaviano has a Bachelor of Engineering, a Masters of Science and a Doctorate in Business Administration.

DR. MICHAEL OTTAVIANO
CEO & Managing Director

Michael Fitzpatrick B.Eng (Hons), B.A (Hons), M.A (Oxon)

Non-Executive Director *(appointed 28 November 2012)*

Mr Fitzpatrick has over 40 years in the financial services sector. He is Chairman of Pacific Current Group (formerly Treasury Group Limited), an incubator of fund management companies, and past Chairman of the Australian Football League. He also holds several non-executive directorships, including Infrastructure Capital Group and Latam Autos Limited.

In 1994 Mr Fitzpatrick founded Hastings Funds Management Ltd ('Hastings'), the pioneering infrastructure asset management company where he was Managing Director until he sold his interest in 2005. Hastings was then one of the largest managers of infrastructure and alternative assets in Australia (including infrastructure, high yield debt, private equity and timberland) managing investments of approximately A$3.8 billion. Mr Fitzpatrick was a director of several Hastings' managed investments, including Pacific Hydro Limited, Global

MICHAEL FITZPATRICK
Non-Executive Director

Renewables Limited, Utilities of Australia, Australian Infrastructure Fund and Australia Development Group Pty Ltd (the holding company of Perth Airport).

Mr Fitzpatrick is a former chairman of Victorian Funds Management Corporation, and the Australian Sports Commission, a former director of Rio Tinto Limited and Rio Tinto plc, a former member of the Melbourne Park Tennis Centre Trust, a former director of the Carlton Football Club and a former director of the Walter & Eliza Hall Institute of Medical Research.

Mr Fitzpatrick has a Bachelor of Engineering with Honours from the University of Western Australia and a Bachelor of Arts with Honours and a Masters of Arts from Oxford University where he was the 1975 Rhodes Scholar from Western Australia.

Grant Jonathan Mooney B.Bus, CA

Non-Executive Director and Company Secretary
(appointed 19 February 2008)

Mr Mooney is the principal of Perth-based corporate advisory firm Mooney & Partners, specialising in corporate compliance administration to public companies. Mr Mooney has gained extensive experience in the areas of corporate and project management since commencing Mooney & Partners in 1999. His experience extends to advice on capital raisings, mergers and acquisitions and corporate governance. Currently, Mr Mooney serves as a Director to several ASX listed companies across a variety of industries including technology and resources. He is a Director of POZ Minerals Limited, appointed 14 October 2008, Barra Resources Limited, appointed 29 November 2002, Accelerate Resources Limited, appointed 1 July 2017, and Talga Resources Limited, appointed 20 February 2014. He was a Director of Nuheara Limited from 1 May 2007 to 4 June 2016. Mr Mooney is also a member of the Institute of Chartered Accountants in Australia.

GRANT JONATHAN MOONEY
Non-Executive Director & Company Secretary

Mark Woodall MBA

Non-Executive Director *(appointed 15 November 2017)*

Mr Woodall has been a leader in the development and financing of renewable energy and clean technologies for nearly 25 years. He founded and led two specialist investment banking firms focused on the low carbon economy: Impax Capital (1994) and Climate Change Capital (2002). He has been the adviser, investor or principal in over 90 clean technology transactions with total capital deployed of over US$4.5 billion.

MARK WOODALL
Non-Executive Director

Jeffrey Harding B.Eng, B.Com, MBA, FAICD

(resigned 15 November 2017)

Mr Harding is recognised as one of Australia's leading alternative energy practitioners and has been a key driver in expanding the renewables market in Australia, South America and Europe since the mid-90's. From 1995 to 2005 Mr Harding was Managing Director of Pacific Hydro Limited, Australia's largest renewable energy developer with wind and hydro energy projects in Australia, Asia and Chile. During his tenure, Mr Harding oversaw the international expansion of the business with growth in market capitalisation from AU$5 million to over AU$750 million and an increase in profit after tax each year from 1996 to 2005, when Pacific Hydro was sold to IFM Renewable Energy. Mr Harding was also previously the Vice President of the Australian Business Council for Sustainable Development.

DIRECTORS' REPORT / 30 JUNE 2018

Kieran O'Brien B.Eng, MBA, MEngSc, FIEI, FIEE

Executive Director *(resigned 30 June 2018)*

Mr O'Brien is a former Managing Director of ESB (Ireland's Electricity Supply Board) National Grid and served as a member of the Executive Management Group of ESB for more than 15 years. He has been responsible for long term strategic planning in ESB and for relations with the Irish Government and European Union in the fuel and utility sector. Mr O'Brien was Acting Secretary General of the World Energy Council (WEC) from 2008-2009 and served two three year terms as a member of the Officer's Council of the WEC. His international power industry experience extends to Asia, Africa, the Middle East, Eastern Europe and North America.

John Leggate CBE, FREng

Non-Executive Director *(resigned 21 December 2017)*

Mr Leggate is a highly-experienced oil and gas and venture capital industry executive. He worked for over 27 years for BP. His key leadership roles were as President of the Azerbaijan International Oil Co, BP's Group Chief Information Officer and Group Vice President of BP's Global Supply Chain.

At BP Mr Leggate was closely involved in the development of corporate policy on technology foresight, and corporate venturing during the dot-com era. He has spent 20 years in the exploration and production business, running a wide range of projects, construction, commissioning and production operations with a focus on the North Sea and the Caspian Region. Mr Leggate's early career was spent in marine consultancy at Yarrows Admiralty Research in Glasgow and afterwards was engaged in the design and construction of coal, oil and nuclear power stations with South of Scotland Electricity Board (now Scottish Power).

John Davidson CBE, FREng

Executive Director and Energy Made Clean's Managing Director *(resigned 25 June 2018)*

Mr Davidson brought to the Board more than 30 years' experience in a diverse range of industries, particularly the renewable energy and technology sectors. Mr Davidson was the founder and former Managing Director of Energy Made Clean Pty Ltd.

During the year and at the date of this report, the direct and indirect interests of the Directors in the shares and options of the Company were:

	ORDINARY SHARES	OPTIONS
Terry Stinson	-	-
Mark Woodall	-	-
Michael Fitzpatrick (i)	125,365,359	5,000,000
Dr Michael Edward Ottaviano	35,000,000	-
Grant Jonathan Mooney (ii)	2,628,278	15,000,000
Jeffrey Harding (iii)	-	-
Kieran O'Brien (iv)	-	-
John Leggate (v)	-	-
John Rix Davidson (vi)	-	-

i. Mr M Fitzpatrick is a Director of Log Creek Pty Ltd and therefore is deemed to have an interest in 125,365,359 ordinary shares and 5,000,000 options held by Log Creek Pty Ltd and 88 Green Ventures. In addition, Log Creek Pty Ltd holds 100 convertible notes with a face value of $1,000,000 convertible into shares at 4.0c (refer to note 18(ii)).

ii. Mr G J Mooney is a Director of Mooney & Partners Pty Ltd and therefore is deemed to have an interest in 2,628,278 ordinary shares held by Mooney & Partners Pty Ltd.

iii. Mr J Harding held 1,346,099 shares as Trustee for the "The Harding Super Fund Account" and 5,000,000 options at the date of his resignation.

DIRECTORS' REPORT / 30 JUNE 2018

iv. Mr K O'Brien held 170,000 ordinary shares and 10,000,000 options at the date of his resignation.

v. Mr J Leggate held 100,000 ordinary shares and 5,000,000 options at the date of his resignation.

vi. Mr J Davidson held 297,366,738 ordinary shares as Trustee for the John Davidson Family Trust and 26,185,457 shares held by Clean Energy Investment Holdings Ltd, of which Mr J Davidson is a Director, at the date of his resignation.

COMPANY SECRETARY

Mr Grant Jonathan Mooney held the position of company secretary at the end of the financial year.

PRINCIPAL ACTIVITIES

The principal activities of the Consolidated Group during the year were the development of the CETO Wave Energy Technology and the development of the Energy Made Clean solar, battery and microgrid business.

OPERATING RESULTS

The consolidated loss of the Consolidated Group for the financial year ended 30 June 2018 was $63,349,694 (2017: consolidated loss $14,382,638).

DIVIDENDS

The Directors do not recommend the payment of a dividend for the financial year ended 30 June 2018. No dividends were paid during the financial year.

REVIEW OF OPERATIONS

During the year, the Consolidated Group took significant steps to advance and restructure its business including:

- Continued progress of the CETO technology including the higher capacity and efficiency multi-moored CETO 6 technology and the securing of $15.75 million in Western Australian State Government funding and the transfer of $11.7 million in ARENA funding for the Albany Wave Energy Project;
- Advancing the 10MW solar project at Northam in Western Australia including Development Approval, signing of EPC contract with the EMC/Lendlease JV, reaching financial close securing all equity and debt required for the project and the commencement of construction.
- Advancing the 2MW solar and 2MW/0.5MWh Garden Island Microgrid project in Western Australia including all approvals, financing with Carnegie Clean Energy Ltd equity and ARENA funding, signing of EPC contract with EMC, and the commencement of construction.
- Securing material solar and/or battery EPC contract wins through the EMC/Lendlease JV including the 5MW solar PV project for the Newcastle City Council in NSW and the 5MW/4.5MWh battery (BESS) for Western Power at Kalbarri in Western Australia.
- The delivery of a number of solar, battery and microgrid systems including the CSIRO Pathfinder solar/battery microgrid in Western Australia and the RAAF Delamere Weapons Range Base in Northern Territory.

Carnegie also undertook additional financing initiatives, including:

- Received a $2.3 million Research and Development Tax cash refund payment;
- Signed a $6.1 million facility with the Commonwealth Bank of Australia, comprising a $4 million R&D revolving debt facility (partial drawn down) and a $2.1 million post construction facility (undrawn at year end);
- Raising $5.3 million (before costs) by issuing 176.1 million ordinary shares under a Share Purchase Plan at an issue price of $0.03 per share; and
- Issued 73,684,211 shares on conversion of 2,800 convertible notes at $0.038 per share and 12,500,000 shares through the conversion of 500 convertible notes at $0.04 per share.

FINANCIAL POSITION

The net assets of the Consolidated Group decreased by $51.7 million from $112.9 million to $61.2 million as at 30 June 2018. This is predominantly the result of a $34.9 million impairment of the CETO assets and $12.5 million write-down of Energy Made Clean Pty Ltd related intangible assets.

DIRECTORS' REPORT / 30 JUNE 2018

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

The following significant changes in the state of affairs of the Consolidated Group occurred during the financial year:

- The signing of an Implementation Deed on 26 June 2018 setting out the terms and key steps for the acquisition by Tag Pacific Limited (ASX:TAG) of Carnegie's Energy Made Clean (EMC) business subject to a number of conditions precedent. Upon completion of the transaction, the combined ASX-listed business was to be renamed MPower. As consideration for EMC, Carnegie was to receive 58,507,377 fully paid ordinary shares in TAG which were to be distributed in-specie by Carnegie to its shareholders.

SIGNIFICANT EVENTS SUBSEQUENT TO YEAR END

The following events occurred subsequent to the end of the financial year:

- On 17 August 2018, Carnegie announced the signing of three key binding documents including the binding sales and purchase agreements to advance the transaction to merge Carnegie's solar, battery and microgrid business, EMC with TAG.
- On 28 September 2018 the Company entered into a side letter with TAG to:
  - Change the end date for the transaction from 31 October 2018 to 30 November 2018;
  - Remove the cash component of the sale consideration previously payable by Carnegie; and
  - Renegotiate the consideration payable under the Share Purchase Agreement as a result of the removal of the cash component.

  If the parties are unable to reach agreement on the amendments to the Share Purchase Agreement by 16 October 2018, the Share Purchase Agreement will automatically terminate.
- The Group executed a Term Sheet with IBA Northam Solar Pty Ltd (IBA) on 28 September 2018 whereby IBA will acquire an additional stake in the Northam Solar Farm from Carnegie, in lieu of Carnegie funding an equity contribution of $2.5 million. The exact amount to be purchased by IBA will be determined over the coming weeks once an independent valuation has been completed.
- On 28 September 2018, the Company announced the departure of Michael Ottaviano as Managing Director and Chief Executive Officer, effective 30 September 2018 and the appointment of current Chief Technical Officer Jonathan Fievez as Chief Executive Officer effective 1 October 2018. As a consequence of the departure of Michael Ottaviano, 35 million shares held by him will be returned to the Company pursuant to the existing Management Incentive Equity Plan whereby the Company retained a mortgage over the shares which would be exercised, subject to certain conditions, upon his departure.

With the exception of the above, no other matters or circumstances not otherwise dealt with in this report or the consolidated financial statements, have arisen since the end of the financial year which significantly affected, or may significantly affect, the operations of the Consolidated Group, the results of those operations or the state of affairs of the Consolidated Group in subsequent financial years.

FUTURE DEVELOPMENTS, PROSPECTS AND BUSINESS STRATEGIES

The 2018 financial year saw Carnegie endeavour to reposition its business to separate its wave and solar/battery/microgrid divisions to capture greater value for shareholders going forward. Should the proposed merger of Energy Made Clean (EMC) with Tag Pacific Limited (MPower) not complete, the Company will continue to explore options to realise value for shareholders from the EMC business which may include exploring future divestment opportunities. Carnegie's focus will continue with the commercialisation of its leading CETO wave energy technology.

ENVIRONMENTAL ISSUES

The Consolidated Group is required to carry out its activities in accordance with the laws and regulations in the areas in which it undertakes its activities. There have been no known significant breaches of these laws and regulations.

SHARE OPTIONS

At the date of this report, there were:

- 40,000,000 options outstanding in respect of unissued ordinary shares to current and past Directors; and
- 35,000,000 options held by consultants and financiers.

INDEMNIFYING OFFICERS

During or since the year end, the Company has given an indemnity or entered an agreement to indemnify, or paid or agreed to pay insurance premiums as follows:

- The Company has paid premiums to insure the Directors against certain risks they are exposed to as Directors of the Company; and
- The Company has agreed to grant Directors a right of access to certain Company Records.

DIRECTORS' REPORT / 30 JUNE 2018

The Company has paid premiums to insure each Director against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of a Director of the Company, other than conduct involving a wilful breach of duty in relation to the Company. The amount of the premiums was $22,000.

REMUNERATION REPORT - AUDITED

This report details the nature and amount of remuneration for each Director of Carnegie Clean Energy Limited and for the specified executives.

Remuneration Policy

The remuneration policy of Carnegie Clean Energy Limited has been designed to align Director and Executive objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives based on key performance areas affecting the Consolidated Group's financial results. The Board of Carnegie Clean Energy Limited believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best Executives and Directors to run and manage the Consolidated Group, as well as create goal congruence between Directors, Executives and shareholders.

The Board's policy for determining the nature and amount of remuneration for Board members and senior executives of the Consolidated Group is as follows:

The remuneration policy, setting the terms and conditions for the Executive Directors and other senior executives, was developed by the Remuneration Committee after seeking professional advice from independent external consultants. The Company's Remuneration Committee benchmarks the Company's salaries payable to senior management by reference to independent industry data to ensure that the Company is consistent with prevailing market conditions. All executives receive a base annual salary (which is based on factors such as length of service and experience). The Remuneration Committee, in consultation with the Board of Directors, has chosen to adopt an equity-based approach to remunerating executive staff and employees. The Company utilised the Employee Share Option Plan as adopted by shareholders in November 2010 (most recently re-affirmed by shareholders in November 2016) as the mechanism by which options may be issued to executive management and staff to adequately incentivise these individuals.

The Remuneration Committee reviews executive packages annually by reference to the Consolidated Group's performance, executive performance and comparable information from industry sectors and other listed companies in similar industries and then considers the justification of any salary review or participation in the Employee Share Option Plan.

The performance of executives is measured against criteria agreed annually with each executive and is based predominantly on the past year's growth in shareholders' value over the financial year and by contrast with its peers and industry sector. All incentives must be linked to predetermined performance criteria. The policy is designed to attract the highest calibre of executives and reward them for performance that results in long-term growth in shareholder wealth.

The Board policy is to remunerate non-executive Directors at market rates for time, commitment and responsibilities. The Executive Directors determine payments to the non-executive Directors and review their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate fees that can be paid to non-executive Directors is subject to approval by shareholders at the Annual General Meeting. Fees for non-executive Directors are not linked to the performance of the Consolidated Group.

Company Performance, Shareholder Wealth and Directors' and Executives' Remuneration

	2014	2015	2016	2017	2018*
	$	$	$	$	$
Revenue	1,913,452	1,716,516	1,729,797	4,845,575	10,045,707
Net loss after tax	(4,176,921)	(4,784,050)	(6,349,387)	(14,382,638)	(63,349,694)
Share price at year end	0.050	0.045	0.030	0.057	0.024

The remuneration for each key management personnel of the consolidated entity paid during the year was as follows:

Details of Remuneration for Year Ended 30 June 2018

	ACTUAL REWARDS RECEIVED IN THE PERIOD			ACTUARIAL VALUATION OF POTENTIAL FUTURE REWARDS		
	Short-term benefits					
	Cash salary, leave paid & fees	Non Cash Benefits	Post Employment Benefits - Super	Other long term benefits	Share based payments	Performance
	$	$	$	$	$	$
Jeffrey Harding	43,576	-	4,139	-	-	-
Terry Stinson	69,231	-	6,928	-	-	-
Mark Woodall*	88,942	-	3,320	-	-	-
Michael Fitzpatrick	57,500	-	5,462	-	-	-
Michael Ottaviano	588,005	33,444	20,048	6,576	-	-
John Davidson**	730,698	18,582	20,937	-	-	-
John Leggate	46,834	-	-	-	-	-
Grant Mooney***	120,500	-	5,462	-	-	-
Kieran O'Brien	112,961	-	-	-	-	-
Greg Allen	270,171	-	20,059	-	-	-
Total	**2,128,418**	**52,026**	**86,355**	**6,576**	**-**	-

* Mark Woodall's remuneration includes consultancy fees paid to Tallarook Ltd, a company associated with Mark Woodall.

** John Davidson's remuneration includes $378,000 in redundancy payments.

*** Fees include company secretarial fees paid to Mooney & Partners Pty Ltd, a company associated with Grant Mooney.

@ Kieran O'Brien's remuneration includes consultancy fees paid to Utility Advisory Services Pte Ltd, a company associated with Kieran O'Brien.

Details of Remuneration for Year Ended 30 June 2017

	ACTUAL REWARDS RECEIVED IN THE PERIOD			ACTUARIAL VALUATION OF POTENTIAL FUTURE REWARDS		
	Short-term benefits					
	Cash salary, leave paid & fees	Non Cash Benefits	Post Employment Benefits - Super	Other long term benefits	Share based payments	Performance
	$	$	$	$	$	$
Jeffrey Harding	110,000	-	10,450	-	-	-
Mike Fitzpatrick	57,500	-	5,462	-	-	-
Michael Ottaviano*	784,052	20,035	19,615	11,712	-	-
John Davidson**	203,268	7,383	13,517	13,360	-	-
John Leggate	60,454	-	-	-	-	-
Grant Mooney***	153,500	-	5,462	-	-	-
Kieran O'Brien	125,807	-	-	-	-	-
Greg Allen	261,500	-	22,942	5,292	255	-
Total	**1,756,081**	**27,418**	**77,448**	**30,363**	**255**	-

* Michael Ottaviano's short-term benefits include the cash-out of his accrued long service leave entitlement of $112,051.

** John Davidson's remuneration covers the period from 2 December 2016 to 30 June 2017, being when the Energy Made Clean Group was 100% owned by the Company during the financial year.

*** Fees include Company Secretarial fees paid to Mooney & Partners Pty Ltd, a company associated with Grant Mooney.

Performance Income as a Proportion of Total Remuneration

No performance based incentive bonus was awarded or paid during the year.

Options Issued as Part of Remuneration for the Year Ended 30 June 2018

No options were issued to Directors during the financial year.

Employment Contracts Of Directors

The employment conditions of the directors are formalised in Service Contracts. The Managing Director, Michael Ottaviano, was contracted under a contract for $691,616 per annum including superannuation plus a company vehicle. During the year, Michael Ottaviano's contract was reduced to $591,616 including superannuation plus a company vehicle. On 28 September 2018, the Company announced the departure of Michael Ottaviano from the position of Managing Director and Chief Executive Officer with effect from 30 September 2018. Michael Ottaviano will receive payments upon departure equivalent to his notice period of 3 months' salary plus a redundancy payment of a further 3 months' salary. Non-Executive Directors, Mark Woodall, Michael Fitzpatrick and Grant Mooney are under a contract for $57,500 plus superannuation per annum.

Terry Stinson was appointed as Chairman on 15 November 2017. As the Chairman, he receives a base salary of $120,000 per annum plus superannuation.

There is a contract for service between the Company and Mooney & Partners Pty Ltd, an entity associated with Grant Mooney, commencing from 9 October 2009 for an initial period of 3 years and subsequently on a rolling basis, whereby Mr Mooney provides Company Secretarial services and receives a fee of $60,000 per annum (exclusive of GST) from August 2017. As a Non-Executive Director, Grant Mooney receives a base salary of $57,500 plus superannuation per annum, remaining effective from 1 July 2017. There is a 3 month notification period upon resignation.

Utility Advisory Services Pte Ltd, a company associated with Kieran O'Brien, received a fee of $112,961 for the year ended 30 June 2018 (2017: $125,807) for Mr O'Brien being the executive director of European operations and having served on the Company's subsidiary board of directors of CETO Wave Energy Ireland Ltd.

Tallarook Ltd, a company associated with Mark Woodall, receives a fee of $2,000 per day plus GST in addition to any director's fees for providing consulting services to the Company in relation to sale of the EMC business.

On 25 June 2018, Mr Davidson's role as Managing Director of EMC was made redundant and received a statutory termination payment of $378,000. Separately he entered into a voluntary escrow agreement for 12 months with Carnegie for the currently tradeable shares in CCE and his remaining shares will stay subject to the current escrow arrangements.

Termination payments are generally not payable on resignation or dismissal for serious misconduct. In the instance of serious misconduct the Company can terminate employment at any time. Termination payments are in accordance with Corporation Act 2001.

DIRECTORS' MEETINGS

There were 9 Directors' meetings held during the financial year ended 30 June 2018. Attendances were as follows:

DIRECTOR	NUMBER ATTENDED			
	DIRECTORS		AUDIT COMMITTEE	REMUNERATION COMMITTEE
	No. Meetings attended	No. Meetings held during time in office		
Jeffrey Harding	3	3	N/A	N/A
Terry Stinson	6	6	N/A	N/A
Michael Ottaviano	9	9	N/A	N/A
Grant Mooney	9	9	3	N/A
Mark Woodall	6	6	N/A	N/A
Michael Fitzpatrick	8	9	2	N/A
Jeffrey Harding	3	3	2	N/A
Kieran O'Brien	9	9	N/A	N/A
John Davidson	3	9	N/A	N/A
John Leggate	3	3	N/A	N/A

There was 1 circular resolution passed by the Board of Directors during the financial year.

END OF REMUNERATION REPORT

NON-AUDIT SERVICES

The external auditors were not engaged for non-audit services during the financial year ended 30 June 2018.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration for the year ended 30 June 2018 has been received and can be found on page 44.

Signed on 29 September 2018 in accordance with a resolution of the Board of Directors.

DR MICHAEL EDWARD OTTAVIANO
Managing Director

TERRY D STINSON
Chairman

AUDITOR'S INDEPENDENCE DECLARATION

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Carnegie Clean Energy Ltd for the year ended 30 June 2018, I declare that, to the best of my knowledge and belief, there have been:

(a) no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

(b) no contraventions of any applicable code of professional conduct in relation to the audit.

Crowe Horwath Perth

CROWE HORWATH PERTH

CYRUS PATELL

Partner

Signed at Perth, 29 September 2018

STATEMENT OF PROFIT AND LOSS

Consolidated Statement of Profit and Loss and Other Comprehensive Income for Year Ended 30 June 2018

	NOTE	CONSOLIDATED GROUP 2018	2017
		$	$
Revenue			
Sales revenue	2	9,078,637	4,598,030
Royalty income	2	-	452,591
Share of losses of associate accounted for using the equity method	3	-	(579,081)
Adjustment to fair value on the acquisition of the remaining interest in a former associate	30	107,531	-
Net loss on derivatives not designated as hedging instruments	33	(8,300)	-
Net gain on financial instruments at fair value through profit and loss	16	428,669	250,343
Net research and development grant received		378,067	-
Other income	2	61,103	123,692
		10,045,707	4,845,575
Cost Of Goods Sold			
Cost of sales - solar, battery energy storage systems, & microgrids	32	(11,584,605)	(5,980,924)
Gross Loss		(1,538,898)	(1,135,349)
Expenses			
Adjustment to fair value on the acquisition of the remaining interest in a former associate	30	-	(1,636,101)
Bad and doubtful debts		(401,147)	(20,000)
Consultancy expenses		(549,686)	(19,915)
Company secretarial expenses		(63,000)	(96,000)
Depreciation and amortisation expense	4	(1,566,877)	(1,401,120)
Employee and Directors expenses		(5,880,425)	(5,256,158)
Employee Share based payments	28	(3,352)	(131,583)
Fair value of additional shares and options issued	18	(1,783,158)	-
Finance costs		(1,056,700)	(678,928)
Impairment of CETO IP	14(a)	(34,934,267)	-
Occupancy expense		(623,748)	(692,833)
Research expenses		(79,380)	(706,241)
Write-off of goodwill	14(c)	(8,868,092)	-
Write-off of intangibles (other than goodwill)	14(b)	(3,623,698)	-
Administrative expenses		(2,372,949)	(2,538,676)
Other expenses from ordinary activities		(4,319)	(69,734)
Loss before income tax		(63,349,694)	(14,382,638)
Income tax benefit/(expense)	5	-	-
Loss for the year		(63,349,694)	(14,382,638)

STATEMENT OF PROFIT AND LOSS (CONTINUED)

Consolidated Statement of Profit and Loss and Other Comprehensive Income for Year Ended 30 June 2018 (continued)

	NOTE	CONSOLIDATED GROUP 2018	2017
		$	$
Other comprehensive income			
Exchange differences on translating foreign controlled entities and foreign currencies		(43,358)	5,488
Income tax relating to components of other comprehensive income		-	-
Total comprehensive loss for the year		(63,393,052)	(14,377,150)
Loss attributable to:			
Members of the parent entity		(63,349,694)	(14,382,638)
Total comprehensive loss attributable to:			
Members of the parent entity		(63,393,052)	(14,377,150)
Earnings per share			
Basic loss per share (cents per share)	8	(2.361)	(0.647)
Diluted loss per share (cents per share)	8	(2.361)	(0.647)

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION

Consolidated Statement of Financial Position as at 30 June 2018

	NOTE	CONSOLIDATED GROUP	
		2018	2017
		$	$
CURRENT ASSETS			
Cash and cash equivalents	9	8,436,530	16,202,143
Trade and other receivables	10	5,012,448	6,735,661
Inventories	32	464,937	1,389,218
Derivatives	33	9,750	-
Other assets	15	-	3,278
TOTAL CURRENT ASSETS		13,923,665	24,330,300
NON-CURRENT ASSETS			
Trade and other receivables	10	778,835	575,182
Available for sale financial assets	11	12,414	12,414
Property, plant and equipment	13	14,443,068	6,501,304
Intangibles	14	49,900,000	96,644,810
TOTAL NON-CURRENT ASSETS		65,134,317	103,733,710
TOTAL ASSETS		79,057,982	128,064,010
CURRENT LIABILITIES			
Trade and other payables	16	7,383,500	6,044,754
Short-term provisions	17	991,764	728,878
Short-term borrowings	18	722,827	2,785,468
TOTAL CURRENT LIABILITIES		9,098,091	9,559,100
NON-CURRENT LIABILITIES			
Trade and other payables	16	64,576	570,819
Derivatives	33	18,050	-
Long-term provisions	17	564,867	273,399
Long-term borrowings	18	8,087,047	4,733,715
TOTAL NON-CURRENT LIABILITIES		8,734,540	5,577,933
TOTAL LIABILITIES		17,832,631	15,137,033
NET ASSETS		61,225,351	112,926,977
EQUITY			
Issued capital	19	194,460,984	185,212,910
Reserves	20	4,574,255	2,913,540
Accumulated losses		(137,809,888)	(75,199,473)
TOTAL EQUITY		61,225,351	112,926,977

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

Consolidated Statement of Changes In Equity for Year Ended 30 June 2018

CONSOLIDATED GROUP	NOTE	ISSUED CAPITAL	ACCUMULATED LOSSES	FOREIGN CURRENCY RESERVE	OPTION RESERVE	TOTAL
Balance at 1.7.2016		154,019,255	(62,032,825)	2,167	3,958,179	95,946,776
Comprehensive loss						
Loss for the year		-	(14,382,638)	-	-	(14,382,638)
Other comprehensive income		-	-	5,488	-	5,488
Total comprehensive loss for the year		-	(14,382,638)	5,488	-	(14,377,150)
Transactions with owners						
Share capital issued during the year		31,554,230	-	-	-	31,554,230
Capital raising costs		(360,575)	-	-	-	(360,575)
Equity portion of convertible notes		-	-	-	32,113	32,113
Transfer of equity portion of convertible note on exercise		-	668,977	-	(668,977)	-
Share based payment expense		-	-	-	131,583	131,583
Share based payment expired unexercised and exercised		-	547,013	-	(547,013)	-
Total transactions with owners		31,193,655	1,215,990	-	(1,052,294)	31,357,351
Balance at 30.6.2017		**185,212,910**	**(75,199,473)**	**7,655**	**2,905,885**	**112,926,977**
Balance at 1.7.2017		185,212,910	(75,199,473)	7,655	2,905,885	112,926,977
Comprehensive loss						
Loss for the year		-	(63,349,694)	-	-	(63,349,694)
Other comprehensive income		-	-	(43,358)	-	(43,358)
Total comprehensive loss for the year		-	(63,349,694)	(43,358)	-	(63,393,052)
Transactions with owners						
Share capital issued during the year		9,527,443	-	-	-	9,527,443
Capital raising costs		(279,369)	-	-	-	(279,369)
Equity portion of convertible notes		-	-	-	1,600,000	1,600,000
Options issued during the year		-	-	-	840,000	840,000
Share based payment expense		-	-	-	3,352	3,352
Share based payment expired unexercised and exercised		-	739,279	-	(739,279)	-
Total transactions with owners		9,248,074	739,279	-	1,704,073	11,691,426
Balance at 30.6.2018		**194,460,984**	**(137,809,888)**	**(35,703)**	**4,609,958**	**61,225,351**

The accompanying notes form part of these financial statements.

STATEMENT OF CASH FLOWS

Consolidated Statement of Cash Flows for Year Ended 30 June 2018

	NOTE	CONSOLIDATED GROUP 2018	2017
		$	$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		14,607,765	10,542,486
Receipts from Royalties		-	677,918
Interest received		130,067	141,994
Interest paid		(502,048)	(265,704)
Payments to suppliers and employees		(25,783,089)	(25,230,105)
Receipts from R&D Tax Rebate		2,648,408	3,142,973
Receipts from Government grant funding		1,704,913	1,847,436
Net cash (used in)/provided by operating activities	24	(7,193,984)	(9,143,002)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for development of asset		(2,013,183)	(3,296,547)
Purchase of property, plant and equipment		(9,509,006)	(6,280,359)
Proceeds from sale of property, plant and equipment		760,741	818
Payments for purchase of financial assets	18	-	3,690,000
Net proceeds from acquisition of subsidiaries	30	807,274	264,313
Net Cash (used in) / investing activities		(9,954,174)	(5,621,775)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net proceeds from issue of shares (net of costs)		5,004,916	18,417,940
Net proceeds from issue of convertible notes		-	4,873,684
Net proceeds from borrowings		4,423,305	-
Repayment of borrowings		-	(527,762)
Net cash provided by financing activities		9,428,221	22,763,861
Net (decrease)/increase in cash held		(7,719,937)	7,999,085
Cash and cash equivalents at beginning of financial year		16,202,143	8,200,500
Effect of exchange rate fluctuations on cash held		(45,676)	2,558
Cash and cash equivalents at end of financial year	9	8,436,530	16,202,143

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR YEAR ENDED 30 JUNE 2018

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Carnegie Clean Energy Limited ("the Company") is a company domiciled in Australia. The consolidated financial statements of the company as at and for the twelve months ended 30 June 2018 comprise the Company and its subsidiaries ("the Consolidated Group").

The separate financial statements of the Company, Carnegie Clean Energy Limited, have not been presented within this financial report as permitted by the Corporations Act 2001. The Group is a 'for profit' entity for financial reporting purposes under Australian Accounting Standards.

The consolidated financial statements were authorised for issue by the Board of Directors on 29 September 2018.

Basis of Preparation

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards (AASB), adopted by the Australian Accounting Standards Board and the *Corporations Act 2001*.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of this financial report are presented below. They have been consistently applied unless otherwise stated.

The financial report has been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

New and Amended Accounting Standards and Interpretations

The consolidated entity has adopted all new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Going Concern

The consolidated financial statements have been prepared on a going concern basis which contemplates the realisation of assets and the settlement of liabilities in the normal course of business.

The Directors consider that the outlook presents some challenges in terms of repositioning its business, future funding needs and continuing to focus on commercialization of its CETO technology. While the Directors have instituted measures to preserve cash and secure additional finance, these circumstances create uncertainties over future trading results and cashflows. Despite this, the Directors believe that the Group will continue as a going concern and base this view on the following:

- Under the terms of the agreement with the WA State Government, the Group submitted an invoice in July 2018 for the first AWEP project milestone of $5.25 million. The State Government Department has confirmed that Carnegie has met the requirements for the site activities development milestone payment to the value of 50% of the milestones and has confirmed that payment of $2.65 million is due and payable while the remaining $2.6 million remains outstanding and will be paid when the relevant milestone related to procurement activities is met. However, the uncertainty associated with the changes to the Federal Government's R&D Tax Incentive Scheme, has meant the procurement activities aspect of the milestone payment is being impacted. Directors are hopeful that this will be resolved shortly.
- The Group executed a Term Sheet with IBA Northam Solar Pty Ltd (IBA) on 28 September 2018 whereby IBA will acquire an additional stake in the Northam Solar Farm from Carnegie, in lieu of Carnegie funding its outstanding equity contribution of $2.5 million. The exact amount to be purchased by IBA will be determined over the coming weeks once an independent valuation has been completed.
- During the year, the Group successfully executed a $6.1 million loan facility with the Commonwealth Bank of Australia (refer to Note 18). At 30 June 2018, only $800,000 of this facility had been drawn down. The remaining unused amounts will assist in funding the continuing CETO R&D facilities, as well as the post-construction debt refinancing of the Garden Island Microgrid Project.
- In order to fund its on-going activities, the Group intends to seek to raise funds in the equity markets for its ongoing business activities by way of the issue of equity securities. The Directors acknowledge that there may be a risk that equity markets may not be favourably disposed when equity raisings are required to be undertaken and that this may impact on the Group's ability to fund its planned levels of expenditure. However, the Directors believe that there is a reasonable expectation that the raisings will proceed successfully based on the Group's recent and historical abilities to raise funds in the equity market.

- The Company has established a number of cost cutting measures to reduce overheads and preserve cash funds. These include a reduction of corporate overheads and fixed costs associated with continuing to operate the EMC and CETO wave energy businesses. The Group is in discussions with Tag Pacific Limited to re-negotiate terms of the proposed merger of EMC with MPower. Subject to the successful completion of these negotiations and the merger of EMC with MPower under an amended Sale and Purchase Agreement with TAG Pacific Limited, the Company anticipates eliminating overhead and operational costs from the Group. Should the merger not proceed, the Company plans to reduce operational costs from the business in an effort to further optimize the operational efficiency of the EMC business.

The Directors have concluded that the combination of the above circumstances represent a material uncertainty that casts doubt over the Group's ability to continue as a going concern. Nevertheless, the Directors are of the opinion that the basis upon which the financial statements are prepared is appropriate as the Directors have a reasonable expectation that the Group will be able to raise sufficient capital and successfully implement proposed cost reduction strategies to continue with their planned operations for the foreseeable future. However, if the Group is unable to raise additional funds or successfully implement its expected cost reduction strategies, the Group may not be able to continue as a going concern. The Group may therefore be required to realise its assets and extinguish its liabilities other than in the ordinary course of business and at amounts different from those stated in the financial report.

Joint Operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities, relating to the arrangement. The consolidated entity has recognised its share of jointly held assets, liabilities, revenues and expenses of joint operations. These have been incorporated in the financial statements under the appropriate classifications.

Accounting Policies

Principles of Consolidation

The consolidated financial statements incorporate the assets, liabilities and results of entities controlled by Carnegie Clean Energy Limited at the end of the reporting period. A controlled entity is any entity over which Carnegie Clean Energy Limited has the power to direct the activities of the entity and is exposed to, or has rights to, variable returns from its involvement. Control will generally exist when the parent owns, directly or indirectly through subsidiaries, more than half of the voting power of an entity. In assessing the power to govern, the existence and effect of holdings of actual and potential voting rights are also considered.

Where controlled entities have entered or left the Group during the year, the financial performance of those entities are included only for the period of the year that they were controlled. A list of controlled entities is contained in Note 12 to the financial statements.

In preparing the consolidated financial statements, all inter-group balances and transactions between entities in the consolidated group have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with those adopted by the parent entity.

Income Tax

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well unused tax losses.

Current and deferred income tax expense (income) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, associates, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

Carnegie Clean Energy Limited has not formed a tax consolidated group with its Australian wholly owned subsidiaries acquired through the acquisition of the Energy Made Clean business. As such each entity is responsible for accounting for its own current and deferred tax amounts. Any unused tax losses and unused tax credits are therefore quarantined at each entity and are unavailable to the remainder of the Group.

Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost less, where applicable, any accumulated depreciation and impairment losses.

Plant and Equipment

Plant and equipment are measured on the cost basis.

The carrying amount of plant and equipment is reviewed annually by Directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

The cost of fixed assets constructed within the Consolidated Group include the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets including capitalised lease assets is depreciated on a straight-line basis over their useful lives to the Consolidated Group commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable asset are:

CLASS OF FIXED ASSET	DEPRECIATION RATE
Plant and equipment	**1.0% – 50.0%**

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each Statement of Financial Position date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the income statement. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, is transferred to entities in the consolidated group are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

Financial Instruments

Recognition and Initial Measurement

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the entity becomes a party to the contractual provisions of the instrument. For financial assets, this is equivalent to the date that the company commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transactions costs, except where the instrument is classified 'at fair value through profit or loss', in which case transaction costs are expensed to profit or loss immediately.

Classification and Subsequent Measurement

Financial instruments are subsequently measured at either of fair value, amortised cost using the effective interest rate method, or cost. Fair value represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as:

a. The amount at which the financial asset or financial liability is measured at initial recognition;

b. Less principal repayments;

c. Plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest method; and

d. Less any reduction for impairment.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

The Group does not designate any interests in subsidiaries or associates as being subject to the requirements of accounting standards specifically applicable to financial instruments.

i. Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

ii. Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either not suitable to be classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor determinable payments.

iii. Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

iv. Derivatives not designated as hedging instruments

Forward sale contracts for large scale generation certificates are recognised when the entity becomes a party to the contractual provisions to the instrument. The Group has not designated these hedging instruments and recognises the fair value gain or loss on these instruments at each balance date through the statement of profit or loss.

Fair Value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

The fair value measurement of forward sales contracts is based on the presumption that the transaction to sell the large- scale generation certificates takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability

Impairment

At each reporting date, the Group assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a significant or prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the income statement.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expired. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. Where appropriate they are subsequently measured at amortised cost using the effective interest method.

Where there is an unconditional right to defer settlement of the liability for at least 12 months after the reporting date, the loans or borrowings are classified as non-current.

The component of the convertible notes that exhibits characteristics of a liability is recognised as a liability in the statement of financial position, net of transaction costs.

On the issue of convertible notes the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond and this amount is carried as a financial liability on the amortised cost basis until extinguished on conversion or redemption. The increase in the liability due to the application of the effective interest method is recognised as a finance cost. The remainder of the proceeds are allocated to the conversion option. Where the conversion option meets the definition of equity, it is recognised and included in shareholders' equity, net of transaction costs. The carrying amount of the conversion option is not remeasured in the subsequent years. The corresponding interest on convertible notes is expensed to profit or loss.

Finance Costs

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred, including:

- interest on bank overdrafts;
- interest on short-term and long-term borrowings; and
- interest on finance leases.

Impairment of Assets Including Goodwill

At the end of each reporting period, the Group assesses whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information including dividends received from subsidiaries or associates. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed immediately in the profit or loss unless the asset is carried at a re-valued amount in accordance with another accounting standard.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Impairment testing is performed annually for intangible assets with indefinite lives, including for goodwill.

Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit ("CGU") or group of CGUs to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

Intangible Asset – Acquired Intellectual Property and Development Costs

An intangible asset arising from externally acquired intellectual property and development expenditure on an internal project is recognised only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the development and the ability to measure reliably the expenditure attributable to the intangible asset during its development. Following the initial recognition of acquired intellectual property and the development expenditure, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses.

The carrying value of an intangible asset arising from acquired intellectual property and development expenditure is tested for impairment annually when the asset is not yet available for use or has an indefinite life, or more frequently when an indication of impairment arises during the reporting period.

Acquired intellectual property and development cost in respect of an asset available for use that has a finite life is amortised over the asset's useful life.

The amortisation rates used for each class of intangible asset are:

CLASS OF INTANGIBLE ASSET	USEFUL LIFE
Microgrid/battery technology development asset	**7 years**

Foreign Currency

Functional and Presentation Currency

The functional currency of each of the Group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

Transaction and Balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the income statement, except where deferred to equity as a qualifying cash flow or net investment hedge.

Employee Benefits

Provision is made for the Group's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

Equity-settled Compensation

The Group operates equity-settled share-based payment employee share and option schemes. The fair value of the equity to which employees become entitled is measured at grant date and recognised as an expense over the vesting period, with a corresponding increase to the Option Reserve. The fair value of shares is ascertained as the market bid price. The fair value of options is ascertained using a Black-Scholes pricing model which incorporates all market vesting conditions. The number of shares and options expected to vest is reviewed and adjusted at each reporting date such that the amount recognised for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

The cost of cash-settled transactions is initially and at each reporting date until it is vested, determined by applying the Black-Scholes option pricing model, considering the terms and conditions on which the benefit was granted, and to the extent to which employees have rendered service to date. The cumulative cost recognised until settlement is a liability and the periodic determination of this liability is as follows:

At each reporting date between grant and settlement, the fair value of the benefit is determined

a. During the vesting period, the liability recognised at each reporting date is the fair value of the benefit at that date multiplied by the expired portion of the vesting period;

b. From the end of the vesting period until settlement, the liability recognised is the full fair value of the liability at the reporting date; and

c. All changes in the liability are recognised in profit or loss for the period.

For shares acquired under limited recourse loans, the Group is required to recognise within the income statement a remuneration expense measured at the fair value of the shares inherent in the issue to the eligible person, with a corresponding increase to a share-based payments reserve in equity. The fair value is measured at grant date and recognised when the eligible person becomes unconditionally entitled to the shares, effectively on grant. A loan receivable is not recognised.

Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result, and that outflow can be reliably measured.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand and deposits held at call with banks.

Revenue and Other Income

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is received. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The Group has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all revenue arrangements, has pricing latitude, and is also exposed to inventory and credit risks. All revenue is stated net of the amount of goods and services tax (GST).

Revenue from the solar and battery microgrid engineering and construction operation is measured by the percentage of completion based on costs incurred less revenue previously recognised and less provision for foreseeable losses, allocated between amounts due from customers and amounts due to customers. Revenue for variations is recognised when it is probable the variation will be approved by the customer and the amount of revenue can be reliability measured.

Cost includes variable and fixed costs directly related to specific contracts, costs related to contract activity in general which can be allocated to specific contracts on a reasonable basis and other costs specifically chargeable under the contract. Costs expected to be incurred under penalty clauses and rectification provisions are also included. Costs incurred in securing contracts are included when they can be separately identified and measured reliably, and where it is probable that the contract will be obtained. Amounts received from customers not recognised as revenue are allocated to Trade and Other Payables. Amounts recognised as revenue but not yet billable are recognised as accrued revenue, with amounts billed but not payable until the satisfaction of conditions specified in the contract for the payment of such amounts or until defects have been rectified are classified as amount on retention

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial asset.

Royalty income is recognised on an accrual basis. Royalty income, when applicable, is received on a quarterly basis and any under or over accrual applicable to previously recognised royalty income is adjusted for based on the receipt of the royalty income entitlement.

Trade and Other Receivables

Trade and other receivables include amounts due from customers for goods sold and services performed in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

Inventories

Inventories are valued at the lower of cost and net realisable value. Costs incurred in bringing each product to its present location and condition are accounted for, as follows:

- Raw materials: purchase cost on a weighted average basis
- Finished goods and work in progress: cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Associates

Associates are entities over which the consolidated entity has significant influence but not control or joint control. Investments in associates are accounted for using the equity method. Under the equity method, the share of the profits or losses of the associate is recognised in profit or loss and the share of the movements in equity is recognised in other comprehensive income. Investments in associates are carried in the statement of financial position at cost plus post-acquisition changes in the consolidated entity's share of net assets of the associate. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment. Dividends received or receivable from associates reduce the carrying amount of the investment.

When the consolidated entity's share of losses in an associate equals or exceeds its interest in the associate, including any unsecured long-term receivables, the consolidated entity does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

The consolidated entity discontinues the use of equity accounting upon the loss of significant influence and recognises any retained investment at its fair value. Any difference between the associate's carrying amount, fair value of the interest in investment and proceeds on disposal is recognised in profit or loss.

Business Combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. Acquisition related costs are expensed as incurred and included in administrative expenses.

When the consolidated group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of *AASB 139 Financial Instruments: Recognition and Measurement*, is measured at fair value with the changes in fair value recognised in the statement of profit or loss.

Goodwill is initially measured at cost (being the excess of the aggregate of the fair value of the consideration transferred and the amount recognized for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed).

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and recognises the additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at acquisition date. The measurement period ends on either the earlier of (i) 12 months from the date of acquisition or (ii) when the acquirer received all the information possible to determine fair value.

Trade and Other Payables

Trade and other payables represent the liabilities for goods and services received by the entity that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

Goods and Services Tax (GST) and Value Added Tax (VAT)

Revenues, expenses and assets are recognised net of the amount of GST and VAT, except where the amount of GST and VAT incurred are not recoverable from the Tax Office. In these circumstances the GST and VAT are recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the Statement of Financial Position are shown inclusive of GST and VAT.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST and VAT component of investing and financing activities, which are disclosed as operating cash flows.

Government Grants and Research and Development Tax Incentives

Government grants and research and development tax incentives are recognised at fair value where there is reasonable assurance that the grant or tax incentive will be received and all grant or tax incentive conditions will be met. Where grantor tax incentive conditions are not yet fully met, grants or tax incentives will be treated as unearned funding in the balance sheet. Grants or tax incentives relating to expense items are recognised as an offset against these expenses to match the costs they are compensating. Grants or tax incentives relating to items capitalised as assets are recognised as an offset against the asset to match the costs they are compensating.

Earnings/(loss) Per Share

Basic earnings/(loss) per share is calculated as net profit/(loss) attributable to members of the Consolidated Group, adjusted to exclude any costs of servicing equity (other than dividends), divided by the weighted average number of ordinary shares on issue throughout the reporting period.

Diluted earnings/(loss) per share is calculated as net profit/(loss) attributable to members of the Consolidated Group, adjusted for, the dilutive effects of any outstanding unlisted options over ordinary shares in the parent.

Fair Value Measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified, into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

The fair value hierarchy is described as follows and is based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

Derivatives Not Designated as Hedging Instruments

Forward sale contracts for large scale generation certificates are recognised when the entity becomes a party to the contractual provisions to the instrument. The Consolidated Group has not designated these as hedging instruments and recognises the fair value gain or loss on these instruments at each balance date through the statement of profit or loss.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the large-scale generation certificates takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

Contributed Equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

New Accounting Standards for Application in Future Periods

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2018. The consolidated entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the consolidated entity, are set out below.

AASB 9 Financial Instruments

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard replaces all previous versions of AASB 9 and completes the project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. AASB 9 introduces new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost, if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, which arise on specified dates and solely principal and interest. All other financial instrument assets are to be classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading) in other comprehensive income ('OCI'). For financial liabilities, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements will use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment will be measured under a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. The standard introduces additional new disclosures.

Had the original proposed merger between EMC and TAG proceeded as expected, the Group assessed the impact of AASB 9 as not being material to its future results. However, with the termination of the original merger, the impact of AASB 9 on treatment of trade and other debtors will need to be reassessed. Management intend to complete this assessment prior to 31 December 2018. The current accounting treatment of derivatives is consistent with AASB 9. The Group has not applied hedge accounting, and the requirement to measure available for sale financial assets at fair value (currently recognized at cost) has been assessed as having an immaterial impact considering the magnitude of the investment.

AASB 15 Revenue from Contracts with Customers

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard provides a single standard for revenue recognition. The core principle of the standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard will require: contracts (either written, verbal or implied) to be identified, together with the separate performance obligations within the contract; determine the transaction price, adjusted for the time value of money excluding credit risk; allocation of the transaction price to the separate performance obligations on a basis of relative stand-alone selling price of each distinct good or service, or estimation approach if no distinct observable prices exist; and recognition of revenue when each performance obligation is satisfied. Credit risk will be presented separately as an expense rather than adjusted to revenue. For goods, the performance obligation would be satisfied when the customer obtains control of the goods. For services, the performance obligation is satisfied when the service has been provided, typically for promises to transfer services to customers. For performance obligations satisfied over time, an entity would select an appropriate measure of progress to determine how much revenue should be recognised as the performance obligation is satisfied. Contracts with customers will be presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Sufficient quantitative and qualitative disclosure is required to enable users to understand the contracts with customers; the significant judgments made in applying the guidance to those contracts; and any assets recognised from the costs to obtain or fulfil a contract with a customer.

Had the original proposed merger between EMC and TAG proceeded as expected, the Group assessed the impact of AASB 15 as not being material to its future results. However, with the termination of the original merger, the impact of AASB 15 on treatment of the Group's sales revenue will need to be reassessed. Management intend to complete this assessment prior to 31 December 2018.

AASB 16 Leases

This standard is applicable to annual reporting periods beginning on or after 1 January 2019. The standard replaces AASB 117 'Leases' and for lessees will eliminate the classifications of operating leases and finance leases. Subject to exceptions, a 'right-of-use' asset will be capitalised in the statement of financial position, measured as the present value of the unavoidable future lease payments to be made over the lease term. The exceptions relate to short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office furniture) where an accounting policy choice exists whereby either a 'right-of-use' asset is recognised or lease payments are expensed to profit or loss as incurred. A liability corresponding to the capitalised lease will also be recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. Straight-line operating lease expense recognition will be replaced with a depreciation charge for the leased asset (included in operating costs) and an interest expense on the recognised lease liability (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However, EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results will be improved as the operating expense is replaced by interest expense and depreciation in profit or loss under AASB 16. For classification within the statement of cash flows, the lease payments will be separated into both a principal (financing activities) and interest (either operating or financing activities) component.

For lessor accounting, the standard does not substantially change how a lessor accounts for leases. The Group has yet to commence an assessment of the impact of AASB 16. Management intend to commence the development of an implementation plan prior to 30 June 2019. It is expected the plan will likely involve the establishment of an implementation team whose responsibility will be to firstly gain a clear understanding of the requirements of the new Standard, and thereafter assess the potential impact on the Group (in the form of accounting and disclosure, taxation, systems, processes, and internal controls) of the new Standard. This assessment will then establish the areas that require change for the purposes of full implementation. As part of finalising the plan, Management will determine the appropriate adoption date and transition method, as well as ensuring appropriate communication with relevant stakeholders

Significant Accounting Judgements, Estimates and Assumptions

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Impairment of development asset

The Group assesses impairment of all assets at each reporting date by evaluating conditions specific to the Group and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined.

Annual impairment testing is also carried out for all intangible assets with indefinite useful lives (refer to Note 14).

Useful lives of available for use intangible assets

Acquired intellectual property and development costs in respect of an asset available for use that has a finite life is amortised over the asset's useful life. The Group assesses the useful life based on conditions specific to the Group and to the particular asset, including the expected usage of the asset by the Group, public information on estimates of useful lives of similar assets, and technical and technological obsolescence.

Business combinations and goodwill

When the consolidated group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of *AASB 139 Financial Instruments: Recognition and Measurement*, is measured at fair value with the changes in fair value recognized in the statement of profit or loss (refer to Note 14(c)). Goodwill is measured as the excess of the fair value of consideration transferred and the amount of non-controlling interest in the acquire over the net assets acquired.

Share based payment transactions

The Group measures the cost of equity settled transactions with employees by reference to the fair value of the equity instrument at the date at which they are granted. The fair value is determined by using the Black Scholes formula taking into consideration the terms and conditions upon which the instruments are granted (refer to Note 28).

Estimation of make good provision

The Group has an obligation to return the Northam Solar Farm leased land back to its condition prior to construction commencing at the end of the lease (2043). An estimate of future costs has been determined for the restoration of the land and has been discounted to present value using the Australian 10-year government bond rate. The estimate relies on Management's expectation of costs based on past experience.

NOTES TO THE FINANCIAL STATEMENTS

FOR YEAR ENDED 30 JUNE 2018

NOTE 2: REVENUE AND OTHER INCOME

	NOTE	CONSOLIDATED GROUP	
		2018	2017
		$	$
Sales revenue			
Solar, battery and microgrid		9,078,637	4,598,030
Royalty income (i)		-	452,591
Other income			
Interest income		96,725	157,942
Gain on property, plant and equipment sale		192	869
Realised loss on foreign exchange		(35,814)	(35,119)
		61,103	123,692

i. The Group holds a mining royalty with respect to a gold deposit in Western Australia. Under the royalty agreement, the Group receives a payment per ounce of gold extracted by third parties. The past and any future royalty income stream requires no expenditure or resources by the Company. Mining operations related to the royalty were suspended as of 1 January 2017.

NOTE 3: SHARE OF LOSS OF ASSOCIATE ACCOUNTED FOR USING THE EQUITY METHOD

	NOTE	CONSOLIDATED GROUP	
SHARE OF (LOSS)/PROFIT		2018	2017
		$	$
Energy Made Clean Group	31(a)	-	(578,981)
EMC Kimberley Pty Ltd	31(b)	-	(100)
		-	(579,081)

NOTE 4: DEPRECIATION AND AMORTISATION EXPENSE

	NOTE	CONSOLIDATED GROUP	
		2018	2017
		$	$
Amortisation – intellectual property	14(b)	1,111,773	1,111,773
Depreciation – property, plant and equipment	13(a)	455,104	289,347
		1,566,877	1,401,120

NOTE 5: INCOME TAX EXPENSE

	NOTE	CONSOLIDATED GROUP	
		2018	2017
		$	$
a. The components of tax expense comprise:			
Current tax expense			
Current period		-	-
Deferred tax expense			
Origination and reversal of temporary differences		(5,389,800)	(2,839,777)
Movement in deferred tax balances not recognised		5,389,800	2,839,777
		-	-
b. The prima facie tax benefit on loss from ordinary activities before income tax is reconciled to the income tax as follows:			
Prima facie tax benefit on loss from ordinary activities before income tax at 30% (2017: 30%)			
— Consolidated Group		(19,004,910)	(4,314,791)
Add:			
Tax effect of:			
— Tax rate differential		2,976	1,589
— Fair value loss on consolidation of EMC		-	490,830
— Other non-allowable items		447,612	35,748
— Non-deductible R&D costs		23,814	211,872
— Assessable government grants		-	521,776
— Share of loss/(profit) from equity accounted investment		-	173,724
— Impairment		13,140,708	-
— Share options expensed during year		-	39,475
— Movement in deferred tax balances not recognised		5,389,800	2,839,777
		-	-

The Group has tax losses carried forward of $60,394,223 (2017: $47,125,828). The tax losses do not expire under current tax legislation. Deferred tax asset has not been recognised in respect of tax losses carried forward as a formal assessment of the recoverability of the tax losses under the current tax legislation has not been performed.

NOTE 6: INTERESTS OF KEY MANAGEMENT PERSONNEL (KMP)

a. Names and positions held in economic and parent entity by key management personnel in office at any time during the financial year are:

KEY MANAGEMENT PERSON	POSITION
Terry Stinson	Non-Executive Chairman (appointed 15 November 2017)
Jeffrey Harding	Non-Executive Chairman (resigned 15 November 2017)
Michael Ottaviano	Managing Director (resigned effective 30 September 2018)
Michael Fitzpatrick	Non-Executive Director
Grant J Mooney	Non-Executive Director and Company Secretary
Mark Woodall	Non-Executive Director (appointed 15 November 2017)
John Leggate	Non-Executive Director (resigned 21 December 2017)
Kieran O'Brien	Executive Director (resigned 30 June 2018)
John Davidson	Executive Director and Managing Director of Energy Made Clean Pty Ltd (resigned 25 June 2018)
Greg Allen	Chief Operating Officer (resigned 2 May 2018)

The totals of remuneration paid to KMP of the Group during the year are as follows:

	2018	2017
	$	$
Short term employee benefits	2,180,444	1,783,499
Share based payments	-	255
Other long-term benefits	6,576	30,363
Post-employment benefits	86,355	77,448
	2,273,375	1,891,566

b. Options and Rights Holdings

Movement in equity settled options held by key management personnel is detailed below:

	BALANCE	GRANTED AS COMPENSATION	OPTIONS EXERCISED	NET CHANGE OTHER*	BALANCE 30.6.2017
Michael Fitzpatrick	5,000,000	-	-	-	5,000,000
Jeffrey Harding	5,000,000	-	-	(5,000,000)	-
Grant Mooney	15,000,000	-	-	-	15,000,000
Kieran O'Brien	10,000,000	-	-	(10,000,000)	-
John Leggate	5,000,000	-	-	(5,000,000)	-
Greg Allen	5,000,000	-	-	(5,000,000)	-
Total	45,000,000	-	-	(25,000,000)	20,000,000

** Decreased as no longer a key management personnel as at 30 June 2018.*

NOTE 6: INTERESTS OF KEY MANAGEMENT PERSONNEL (KMP) (CONTINUED)

Details of equity settled options for key management personnel outstanding at balance sheet date are as follows:

					TERMS & CONDITIONS FOR EACH GRANT		
KEY MANAGEMENT PERSONNEL	VESTED NO.	GRANTED NO.	GRANT DATE	VALUE PER OPTION AT GRANT DATE	EXERCISE PRICE	FIRST EXERCISE DATE	LAST EXERCISE DATE
Michael Fitzpatrick	5,000,000	5,000,000	25 Nov 2013	2.11 cents	6.5 cents	25 Nov 2013	24 Nov 2018
Grant Mooney	15,000,000	15,000,000	25 Nov 2013	2.11 cents	6.5 cents	25 Nov 2013	24 Nov 2018
	20,000,000	20,000,000					

All options were granted for nil consideration.

c. **Shareholdings**

Number of Shares held by Key Management Personnel

	BALANCE 30.6.2017	RECEIVED AS COMPENSATION	OPTIONS EXERCISED	NET CHANGE OTHER*	BALANCE 30.6.2018
Michael Fitzpatrick	125,365,359	-	-	-	125,365,359
Michael Ottaviano**	35,000,000	-	-	-	35,000,000
John Davidson	297,366,738	-	-	(297,366,738)	-
Jeffrey Harding	1,346,099	-	-	(1,346,099)	-
Grant J Mooney	2,628,278	-	-	-	2,628,278
Kieran O'Brien	170,000	-	-	(170,000)	-
John Leggate	100,000	-	-	(100,000)	-
Greg Allen	3,000	-	-	(3,000)	-
Total	461,979,474	-	-	(298,985,837)	162,993,637

* *Decreased as no longer a key management personnel as at 30 June 2018.*

** *Upon cessation of employment subsequent to the year-end, these shares have been returned to the Company in accordance with the provisions of the Management Incentive Equity Scheme and Mortgage charge.*

NOTE 7: AUDITORS' REMUNERATION

	NOTE	CONSOLIDATED GROUP 2018	2017
		$	$
Remuneration of the auditor of the parent entity for:			
· Auditing or reviewing the financial report		115,500	105,500

NOTES TO THE FINANCIAL STATEMENTS

FOR YEAR ENDED 30 JUNE 2018

NOTE 8: EARNINGS PER SHARE

	CONSOLIDATED GROUP 2018	2017
	$	$
Basic loss per share (cents per share)	(2.361)	(0.647)
Diluted loss per share (cents per share)	(2.361)	(0.647)
(a) Loss used in the calculation of basic and diluted EPS	(63,349,694)	(14,382,638)
(b) Weighted average number of ordinary shares used in calculation of weighted average earnings per share	2,683,572,635	2,223,789,062

As at 30 June 2017 and 30 June 2018, the outstanding options were not dilutive as the weighted average exercise price of the options were higher than the weighted average share price for the year.

There have been no other transactions involving ordinary shares or potential ordinary shares since the reporting date and before the completion of these financial statements.

NOTE 9: CASH AND CASH EQUIVALENTS

	CONSOLIDATED GROUP 2018	2017
	$	$
Cash on hand	428	3,226
Cash at bank	8,436,102	16,198,917
	8,436,530	16,202,143

NOTE 10: TRADE AND OTHER RECEIVABLES

CONSOLIDATED GROUP	GROSS AMOUNT	PAST DUE BUT NOT IMPAIRED (DAYS OVERDUE)			WITHIN TRADE TERMS
		1-30	31-60	61+	
2018	$	$	$	$	$
CURRENT					
Trade receivables	753,590	25,653	40,273	175,745	511,919
Provision for doubtful debts	(100,000)	-	-	(100,000)	-
Net trade receivables	653,590	25,653	40,273	75,745	511,919
Prepayments	239,336	-	-	-	239,336
Accrued revenue	887,971	-	-	-	887,971
Amount on retention	323,925	-	-	-	323,925
Other receivables	1,790,285*	-	-	-	1,790,285

NOTES TO THE FINANCIAL STATEMENTS

FOR YEAR ENDED 30 JUNE 2018

NOTE 10: TRADE AND OTHER RECEIVABLES (CONTINUED)

CONSOLIDATED GROUP	GROSS AMOUNT	PAST DUE BUT NOT IMPAIRED (DAYS OVERDUE)			WITHIN TRADE TERMS
		1-30	31-60	61+	
2018	**$**	**$**	**$**	**$**	**$**
Security deposits	1,117,339	-	-	-	1,117,339
	5,012,446	25,653	40,273	75,745	4,870,775
NON-CURRENT					
Security deposits	778,835	-	-	-	778,835
	778,835	-	-	-	778,835

**Includes $1,415,947 in research and development tax incentives receivable.*

CONSOLIDATED GROUP	GROSS AMOUNT	PAST DUE BUT NOT IMPAIRED (DAYS OVERDUE)			WITHIN TRADE TERMS
		1-30	31-60	61+	
2017	**$**	**$**	**$**	**$**	**$**
CURRENT					
Trade receivables	1,647,427	16,974	-	788,278	842,175
Provision for doubtful debts	(100,000)	-	-	(100,000)	-
Net trade receivables	1,547,427	16,974	-	688,278	842,175
Prepayments	800,372	-	-	-	800,372
Accrued revenue	1,331,736	-	-	-	1,331,736
Amount on retention	212,488	-	-	-	212,488
Other receivables	2,736,503*	-	-	-	2,736,503
Security deposits	107,135	-	-	-	107,135
	6,735,661	16,974	-	688,278	6,30,409
NON-CURRENT					
Security deposits	575,182	-	-	-	575,182
	575,182	-	-	-	575,182

**Includes $2,260,595 in research and development tax incentives receivable.*

NOTE 11: AVAILABLE FOR SALE FINANCIAL ASSETS

	NOTE	CONSOLIDATED GROUP	
		2018	2017
		$	$
Available for sale financial assets	i	12,414	12,414

i. Available for sale financial assets comprise:			
Unlisted investment, at cost:			
— shares in other corporations		12,414	12,414

Available for sale financial assets comprise investments in the ordinary issued capital of various entities. There are no fixed returns or fixed maturity date attached to these investments.

The fair value of unlisted available for sale financial assets cannot be reliably measured. As a result, all unlisted investments are reflected at cost.

NOTE 12: INTERESTS IN SUBSIDIARIES AND JOINT ARRANGEMENTS

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries and joint arrangements in accordance with the accounting policy described in Note 1:

	COUNTRY OF INCORPORATION	PERCENTAGE OWNED (%)[(i)]	
		2018	2017
Carnegie Recreational Watercraft Pty Ltd	Australia	100	100
CETO IP (Australia) Pty Ltd	Australia	100	100
CETO Wave Energy Chile	Chile	100	100
CETO Wave Energy Ireland	Ireland	100	100
CETO Wave Energy UK	United Kingdom	100	100
Clear Energy Pty Ltd	Australia	100	100
CMA Nominees Pty Ltd	Australia	100	100
EMC Engineering Australia Pty Ltd	Australia	100	100
EMC Kimberley Pty Ltd (ii)	Australia	100	50
Energy Made Clean Pty Ltd	Australia	100	100
New Millennium Engineering Pty Ltd	Australia	100	100
Pacific Coastal Wave Energy Corp.	Canada	95	95
Solar Farm Cunderdin Pty Ltd	Australia	100	100
Solar Farm Jurien Bay Pty Ltd	Australia	100	100
Solar Farm Kellerberrin Pty Ltd	Australia	100	100
Solar Farm Moora Pty Ltd	Australia	100	100
Solar Farm Southern Cross Pty Ltd	Australia	100	100
EMC Lendlease Joint Venture (iii)	Australia	50	50
Northam Solar Project (iii)	Australia	50	-

i. Percentage of voting power is in proportion to ownership.

ii. For the year ended 30 June 2017 was recognised as an interest in associate and not a subsidiary (refer to Note 30).

iii. Accounted for as a joint operation.

NOTE 13: PROPERTY, PLANT AND EQUIPMENT

	NOTE	CONSOLIDATED GROUP	
		2018	2017
		$	$
Plant and equipment:			
At cost		16,394,067	7,459,208
Accumulated depreciation		(1,950,999)	(957,904)
Total plant and equipment		14,443,068	6,501,304

a. Movements in Carrying Amounts

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year.

	PLANT AND EQUIPMENT
2018	$
Consolidated Group:	
Balance at the beginning of year	6,501,304
Additions	8,406,785
Assets acquired as part of business acquisition (refer to Note 31)	14,193
Disposals	(20,078)
Depreciation expense	(455,104)
Depreciation capitalised to intangible asset development	(4,032)
Carrying amount at the end of year	14,443,068
2017	
Consolidated Group:	
Balance at the beginning of year	494,724
Additions	5,448,136
Assets acquired as part of business acquisition (refer to Note 31)	893,514
Disposals	(43,491)
Depreciation expense	(289,347)
Depreciation capitalised to intangible asset development	(2,232)
Carrying amount at the end of year	6,501,304

NOTE 14: INTANGIBLE ASSETS

Intangible assets can be broken down as follows:

a. Intangibles – CETO technology development asset

	CONSOLIDATED GROUP	
	2018	2017
	$	$
Initial acquisition cost of CETO Technology – 2009	55,989,877	55,989,877
Subsequent development expenditure – CETO Technology	78,595,834	72,301,647
Grants and R&D tax incentives received	(51,544,464)	(44,293,459)
Balance as at 1 July	83,041,247	83,998,065
Movements for year ended 30 June		
Subsequent development expenditure – CETO Technology	3,323,625	6,294,186
Other grants received	(104,912)	(1,847,436)
R&D tax incentive	(1,425,693)	(5,403,568)
Impairment	(34,934,267)	-
Balance as at 30 June	49,900,000	83,041,247

The CETO technology has yet to be commercialised and is in the development phase. The cash generating unit which the CETO technology belongs comprises significant other assets at 30 June 2018, which was not the case during the prior year. Accordingly, the approach adopted for this year's valuation has been amended to a relief from royalty methodology (RRM) to value separately the CETO technology. Management has considered the RRM as being the most appropriate methodology to value CETO technology as:

- RRM is a commonly used and widely accepted method for valuing intellectual property (IP),
- A cost based approach can be used as a crosscheck using the costs required to replicate the IP. Whilst Management have details on the historical expenditure incurred in developing and maintaining the IP it is not possible to identify what proportion of the historical expenditure is now obsolete, and
- A market based approach is also rarely applied in the valuation of IP due to a lack of comparable transactions of IP from which valuation metrics can be observed and deduced.

The basic principle of the relief from royalty methodology (RRM) is that if you do not own such intellectual property (IP), you would need to pay to license it from the IP owner. By virtue of owning the asset, the IP owner is 'relieved' from the responsibility of licensing the IP from a third party. The value of that is therefore benchmarked to the hypothetical cost to license such IP from a third party.

The determination of fair value is based on 'fair value' as defined under AASB 13: Fair Value Measurement. At 30 June 2018, as the fair value has been estimated to be less than the carrying value of the CETO technology, $34,934,267 in impairment losses has been recognised as an expense.

Fair value was determined by the Company engaging a suitably qualified independent consultant after the conclusion of the financial year to prepare an independent valuation report. The RRM utilises an estimate of the forecast royalty stream that a hypothetical third party would pay to utilise the IP less the costs of commercialisation.

Key assumptions are those to which the recoverable amount of an asset or cash-generating units is most sensitive.

NOTE 14: INTANGIBLE ASSETS (CONTINUED)

The calculation of the fair value less cost of disposal is based on the following key assumptions:

- Expected revenue generated from the sale of CETO IP units, based on a minority market share of the world's installed wave energy capacity annually to 2050;
- Remaining useful life of the IP will have a life beyond the remaining patent period as new technology is developed and patented. As such, a 25 years useful life has been assumed;
- A royalty rate range of 3% to 5% with a mid-point of 4% has been applied. To determine a royalty rate range, royalty rates associated with the renewable energy sector were considered and selected. The "profit split" between a licensee and licensor of IP was also considered;
- Management estimates of the cost to Carnegie (net of grants and research & development rebates) to commercialise of $4 million for 2019 and 2020, $3 million for 2021 and 2022, and $1 million for 2023 is required to deploy a first CETO unit in 2020 and to reach full scale commercial operations by 2023;
- A tax rate of 30%;
- The assumed post-tax rate of return of 20% is based on the weighted average cost of capital plus an intangible asset premium of 2%.

b. Intangibles – Microgrid/battery technology development assets

	CONSOLIDATED GROUP	
	2018	2017
	$	$
Opening balance	4,735,471	-
Acquisition of Energy Made Clean Group (refer to Note 31)	-	5,847,244
Amortisation	(1,111,773)	(1,111,773)
Write-off*	(3,623,698)	-
	-	4,735,471

** Management have assessed the useful lives of these assets and have concluded that the pattern in which the assets' future economic benefits are expected to be consumed by the consolidated entity don't correlate to the amortisation rate. Management has therefore assessed the net realisable value of the microgrid/battery technology development assets, relating to intellectual property and know-how developed by the Energy Made Clean Group, as having a nil recoverable value.*

c. Intangibles – Goodwill

The carrying amount of goodwill acquired on the acquisition of Energy Made Clean (refer to Note 31) is allocated to the following cash-generating units:

	CONSOLIDATED GROUP	
	2018	2017
	$	$
CETO wave energy technology	4,434,046	4,434,046
Solar & battery engineering, procurement, and construction	4,434,046	4,434,046
Write-off*	(8,868,092)	-
	-	8,868,092

** Management has assessed the net realisable value of the Energy Made Clean related goodwill as having a nil recoverable value and consequently have written-off the assets to nil. This write-off of goodwill is in accordance with the accounting standard requirements regarding the allocation of impairment losses recognised at the cash generating unit level and the hierarchy to which such impairment losses need to be applied.*

NOTE 15: OTHER ASSETS

	CONSOLIDATED GROUP	
	2018	2017
	$	$
CURRENT		
Deferred expenses	-	3,278
	-	3,278

NOTE 16: TRADE AND OTHER PAYABLES

	CONSOLIDATED GROUP	
	2018	2017
	$	$
CURRENT		
Trade creditors	1,364,064	3,002,736
Accruals	3,428,983	2,381,704
Other	2,590,543	660,314
	7,383,500	6,044,754
NON-CURRENT		
Other*	64,576	570,819
	64,576	570,819

** Included within non-current trade and other payables for the period ended 30 June 2017 was an amount of contingent cash consideration of $428,669 related to the acquisition of Energy Made Clean ("EMC"). The contingent cash consideration was payable to EMC's Managing Director and founder John Davidson and was dependent upon the achievement of reaching, or partially reaching, a target of $50 million revenue for the EMC business for the two-year period ending 30 June 2018.*

The maximum contingent cash consideration payable under the EMC Share Sale Agreement was $1,000,000. The Directors had determined the fair value of the contingent cash consideration to be $428,669 at 30 June 2017. This was determined using a 50% probability weighting for achieving the revenue target and after discounting the future value of the cash payments. The 50% probability was determined by management through forward sales analysis of budgeted versus actual sales and the historical revenue achieved over the period to 30 June 2017. At the time of EMC's acquisition, the fair value of the contingent cash consideration was determined to be $679,012 (refer to Note 31) based on a 75% probability weighting.

The fair value of this contingent cash consideration has been determined in accordance with AASB 3, as outlined in Note 31.

As at 30 June 2018 the revenue targets were not achieved and therefore the $428,669 contingent cash consideration was reversed and included in Profit & Loss as a net gain on financial instruments at fair value for the year ended 30 June 2018.

NOTES TO THE FINANCIAL STATEMENTS

FOR YEAR ENDED 30 JUNE 2018

NOTE 17: PROVISIONS

	CONSOLIDATED GROUP	
	2018	2017
	$	$
CURRENT		
Annual, Long Service Leave and Other Employee Provisions	661,764	728,878
Defect Liability Period Provisions	330,000	-
	991,764	728,878
NON-CURRENT		
Annual, Long Service Leave and Other Employee Provisions	179,751	273,399
Make Good Provisions	385,116	-
	564,867	273,399

	2018	2017
	$	$
Annual, Long Service Leave and Other Employee Provisions		
Opening balance at 1 July	1,002,277	634,566
(Reduction)/additional provisions	(160,762)	85,240
Provisions assumed as part of business acquisition (refer to Note 31)	-	282,471
	841,515	1,002,277
Defect Liability Period Provisions		
Opening balance at 1 July	-	-
Additional provisions	330,000	-
	330,000	-
Make Good Provisions		
Opening balance at 1 July	-	-
Additional provisions	385,116	-
	385,116	-
Total	1,556,631	1,002,277

Provision for Long-Term Employee Benefits

A provision has been recognised for employee entitlements relating to long service leave (LSL). In calculating the present value of future cash flows in respect of LSL, the probability of LSL being taken is based on historical data. The measurement and recognition criteria relating to employee benefits have been included in Note 1 of this report.

Provision for Defect Liability Period

A provision has been recognised for defect liability periods (DLP) on work performed. In calculating the present value of future cash flows in respect of DLP, the probability and cost of DLP being taken is based on historical data.

Provision for Make Good

The Group has an obligation to return the leased land, on which the Northam Solar Farm asset it situated, back to its condition prior to construction commencing at the end of the lease. These costs are currently expected to be incurred in 2043 at the end of the project's life. An estimate of future costs has been determined for the restoration of the land and has been discounted to present value using the Australian 10-year government bond rate.

NOTE 18: BORROWINGS

a. Convertible notes

	CONSOLIDATED GROUP	
	2018	2017
	$	$
Current		
Carnegie convertible notes (i)	-	2,785,468
Non-current		
EMC convertible notes (ii)	4,337,047	4,733,715
Convertible Notes		
Balance at the beginning of the period	7,519,183	3,423,034
Placement of new convertible notes (ii)	-	5,000,000
Equity component of convertible notes	-	(32,113)
Conversion to equity during the period (i) (ii)	(3,300,000)	(890,000)
Unwinding of finance costs	117,864	144,578
Issue costs (ii)	-	(126,316)
	4,337,047	7,519,183

i. *On 18 November 2013, the Company completed a capital raising of $4.0 million by issuing 4,000 unlisted Convertible Notes at an issue price of $1,000 each ("Senior Notes"). Other financial assets as at 30 June 2016 consisted of amounts held under guarantee for the repayment of 3,690 outstanding Senior Notes (Totalling $3,690,000). These Senior Notes were cancelled and reissued on 17 November 2016 such that they no longer require amounts held under guarantee. The reissued notes have an 8.0% coupon rate (original notes: 0%) and a 3.8 cents conversion price convertible to equity at any time at the discretion of the Senior Note holder.*

In October 2017, Carnegie announced that it had entered into a Partnership Agreement with Bookitja Pty Ltd and Indigenous Business Australia (IBA) as co-equity investors in relation to the 10MW Northam Solar Farm Project. As part of this arrangement, Carnegie signed a term sheet for a $7.5 million construction debt facility for the Northam Solar Farm Project. The facility is provided by Asymmetric Credit Partners Pty Ltd, who were one of the existing convertible note holders. In order to secure the construction debt facility, Carnegie undertook a debt restructure whereby:

- *the existing $2.8 million convertible notes would be wound up and converted at the rate of $0.038, resulting in the issue of 73,684,211 ordinary Carnegie shares;*
- *existing convertible note holders would be issued (at no cost) an additional 19,649,123 Carnegie shares within 7 days of signing detailed transaction documentation;*
- *and existing convertible note holders would be issued a further 35,000,000 unlisted Carnegie options (expiring in 5 years with a fixed exercise price of $0.06 per share), within 7 days of signing detailed transaction documentation.*

The conversion of the existing convertible notes occurred during October 2017, however the issue of the additional Carnegie shares and unlisted options occurred on 8 February 2018 (Refer to Note 30). The fair values of these shares and options were calculated at the same date as the existing convertible notes were converted into ordinary shares. The fair values were calculated as follows:

Additional Carnegie Shares issued	*$943,158*
Unlisted options issued	*$840,000*
Amount recognised in Profit/Loss	*$1,783,158*

NOTE 18: BORROWINGS (CONTINUED)

ii. On 11 January 2017, the Company completed a capital raising of $5.0 million by issuing 500 unlisted Convertible Notes at an issue price of $10,000 each. These notes have an 8.0% coupon rate and a 4.0 cents conversion price convertible to equity at any time at the discretion of the note holder. As at the reporting date there are 450 notes on issue which mature on 11 January 2020.

b. Senior loan facility

Restricted access was available at the reporting date to the following lines of credit:

	CONSOLIDATED GROUP	
	2018	2017
	$	$
Total facilities		
Post-construction debt refinancing (i)	2,100,000	-
Revolving R&D debt facility (i)	4,000,000	-
Project construction debt financing (ii)	3,750,000	
	9,850,000	-
Used at the reporting date		
Current		
Revolving R&D debt facility (i)	800,000	-
Less: Unamortised borrowing costs	(77,173)	
	722,827	-
Non current		
Project construction debt financing (ii)	3,750,000	-
Unused at the reporting date		
Post-construction debt refinancing (i)	2,100,000	
Revolving R&D debt facility (i)	3,200,000	
	5,300,000	

i In March 2018, the Company signed a $2.1 million project financing facility for the post-construction debt refinancing of the Garden Island Microgrid and an additional $4.0 million revolving debt facility to support research and development activities with the Commonwealth Bank of Australia.

ii In accordance with the loan agreement between Asymmetric Credit Partners Pty Ltd and the consolidated entity, the $7.5 million facility was assigned to the Northam Solar Project Partners on 18 April 2018. The amounts drawn down at 30 June 2018 represent the consolidated entity's 50% interest in the Northam Solar Project.

NOTE 19: ISSUED CAPITAL

	CONSOLIDATED GROUP	
	2018	2017
	$	$
2,881,452,450 (2017: 2,599,475,784) fully paid ordinary shares	194,460,984	185,212,910

Ordinary shares have no par value. There is no limit to the authorised share capital of the Company.

	2018 NO.	2017 NO.
a. Ordinary shares		
At the beginning of reporting period	2,599,475,784	1,997,849,888
Shares issued during the year		
— 2 December 2016		297,142,857
— 12 January 2017		3,000,000
— 23 January 2017		1,250,000
— 24 January 2017		2,250,000
— 1 February 2017		1,836,986
— 16 February 2017 (refer to Note 18(a)(i))		1,052,632
— 14 March 2017		3,500,000
— 24 April 2017		285,646,052
— 23 June 2017 (refer to Note 18(a)(i))		5,947,369
— 9 October 2017	73,684,211	
— 8 February 2018	19,649,123	
— 16 February 2018	12,500,000	
— 23 May 2018	176,143, 332	
At reporting date	2,881,452,450	2,599,475,784

(1) On 2 December 2016, 297,142,857 ordinary shares were issued as part consideration for the Company's acquisition of the remaining 65% interest in the Energy Made Clean Group. The issue of these shares was considered to be a non-cash investing activity for the purposes of AASB 107 (refer to Note 31).

(2) Between 12 January 2017 and 14 March 2017, 11,836,986 shares were issued to employees on the exercise of options issued pursuant to an Employee Share Option Plan. 6,500,000 shares were issued at $0.054 per share and 5,336,986 shares at $0.073 per share.

(3) On 16 February 2017, 1,052,632 shares were issued on the conversion of convertible notes. The shares had an effective issue price of $0.038 per share.

(4) On 24 April 2017, the Company raised $4,672,500 by issuing 220,336,567 ordinary shares pursuant to a Share Purchase Plan to existing shareholders at an issue price of $0.067 per share. $3,275,525 was additionally raised by the issuing of 48,888,428 ordinary shares in a private placement to sophisticated investors also at an issue price of $0.067 per share. In addition to this, 16,421,055 ordinary shares were issued upon the conversion of 624 convertible notes (refer to Note 18(a)(i)).

(5) On 9 October 2017, 73,684,211 shares were issued on the conversion of convertible notes. The shares had an effective issue price of $0.038 per share.

(6) *On 8 February 2018 19,649,123 shares were issued as part fees to consultants and financiers. The shares had an effective issue price of $0.048 per share.*

(7) *On 16 February 2018, 12,500,000 shares were issued on the conversion of convertible notes. The shares had an effective issue price of $0.040 per share.*

(8) *On 23 May 2018, the Company raised $5,284,300 by issuing 176,143,332 ordinary shares pursuant to a Share Purchase Plan to existing shareholders at an issue price of $0.030 per share.*

b. Capital Management

Management controls the capital of the group in order to ensure that the Group can fund its operations and continue as a going concern.

The Group's capital is made up of ordinary share capital.

There are no externally imposed capital requirements.

Management effectively manages the Group's capital by assessing the Group's financial risks and adjusting its capital structure in response to changes in these risks and in the market. This includes the management of share issues.

There have been no changes in the strategy adopted by management to control the capital of the Group since the prior year.

NOTE 20: RESERVES

	CONSOLIDATED GROUP	
	2018	**2017**
	$	**$**
a. Foreign Currency Translation Reserve		
The foreign currency translation reserve records exchange differences arising on translation of foreign controlled subsidiaries and foreign currencies	(35,703)	7,655
b. Convertible Note/Option Reserve		
The reserve records items recognised as expenses on valuation of share options and share based payments including loan funded shares. It also records amounts classified as "equity" under the requirements of AASB 132.	4,609,958	2,905,885
Total	4,574,255	2,913,540

NOTE 21: CAPITAL AND LEASING COMMITMENTS

	CONSOLIDATED GROUP	
	2018	**2017**
	$	**$**
Operating and Finance Lease Commitments		
Not later than 1 year	732,497	712,371
Later than 1 year but not later than 5 years	310,855	593,939
Later than 5 years	513,683	-
	1,557,035	1,306,310

Operating leasing commitments consist of property leases for three properties including the Company's head office. They are all non-cancellable leases with the longest lease having an expiring term of 3 years, expiring on 30 April 2019.Finance lease commitments consist of amounts for plant and equipment.

NOTE 21: CAPITAL AND LEASING COMMITMENTS (CONTINUED)

	CONSOLIDATED GROUP	
	2018	2017
	$	$
Capital Commitments		
Not later than 1 year	2,038,705	-
Later than 1 year but not later than 5 years	-	-
Later than 5 years	-	-
	2,038,705	-

Capital commitments consist of the Groups portion of commitments to build the Northam Solar Farm due for completion in the 2019 financial year.

NOTE 22: BUSINESS RISK

In the financial year ended 30 June 2018, the Group incurred an operating loss of $63.3 million (2017: $14.4 million). As at 30 June 2018, the Group had an accumulated deficit of $137.8 million. The majority of the accumulated deficit has resulted from costs incurred in the CETO technology development program, and from associated general and administrative costs.

As the Group continues to develop its proprietary technologies, it expects to have a net decrease in cash from operating activities until it achieves positive cash flow.

The Group cannot say with certainty when it will become profitable because of the uncertainties associated with successfully commercializing a wave energy technology and that the subsidiary entity EMC has incurred losses since acquisition in 2016 and it remains uncertain as to when the EMC business will be profitable or if it will be sold. If existing resources are insufficient to satisfy the liquidity requirements, the Group may seek to sell its solar assets, additional equity or debt securities or obtain credit facilities. If the Group is unable to obtain required financing, it may be required to reduce the scope of its planned product development and commercialization efforts which could adversely affect its financial position and operating results.

NOTE 23 : OPERATING SEGMENTS

The Group identifies its operating segments based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources.

The Group is organised into two operating segments:

1) The CETO wave energy technology/microgrid build, own, operator, which:
   - Is developing and commercialising technology for zero-emission electricity generation from ocean swell, and
   - The production and selling of energy through the ownership of microgrids; and
2) Solar and battery engineering, procurement, and construction, which designs and installs solar, battery, and microgrid infrastructure for sale.

No operating segments have been aggregated to form the above reportable operating segments.

The financial information presented in the statement of comprehensive income and statement of financial position is the same as that presented to the chief operating decision maker. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the consolidated financial statements. However, financing (including finance costs and finance income), gains and losses on fair value movements through profit and loss, royalties, share of profit and losses of associates, losses on consolidation and disposal of associates, and income taxes are managed on a group basis and are not allocated to operating segments.

NOTE 23 : OPERATING SEGMENTS (CONTINUED)

Intersegment transactions are on arm's length basis and are eliminated on consolidation. Intersegment loans are initially recognised at the consideration received and earn or incur interest at prevailing market rates. Intersegment loans are eliminated on consolidation.

All amounts reported to the Board of Directors as the chief decision maker are in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the Group.

2018	CETO Wave Energy Technology/ Microgrid BOO	Solar & Battery Engineering, Procurement, and Construction	Total Segments	Adjustments and Eliminations	Consolidated
Revenue					
External customers	90,773	8,987,864	9,078,637	-	9,078,637
Inter-segment	-	5,542,516	5,542,516	(5,542,516)	-
	90,773	14,530,380	14,621,153	(5,542,516)	9,078,637
Segment loss	(42,259,531)	(20,247,767)	(62,507,298)	(842,397)	(63,349,695)
Total assets	86,005,203.	9,567,191	95,572,394	(16,514,412)	79,057,982
Total liabilities	4,355,936	9,508,301	13,864,237	3,968,394	17,832,631

2017	CETO Wave Energy Technology/ Microgrid BOO	Solar & Battery Engineering, Procurement, and Construction	Total Segments	Adjustments and Eliminations	Consolidated
Revenue					
External customers	-	4,598,030	4,598,030	-	4,598,030
Inter-segment	-	643,322	643,322	(643,322)	-
	-	5,241,352	5,241,352	(643,322)	4,598,030
Segment loss	(6,199,598)	(6,887,128)*	(13,086,726)	(1,295,912)	(14,382,638)
Total assets	123,064,849	16,751,968	139,816,817	(11,752,807)	128,064,010
Total liabilities	413,727	8,475,917	8,889,644	6,247,389	15,137,033

**The solar and battery engineering, procurement and construction segment covers the period from 2 December 2016 to 30 June 2017. This represents the portion of the reporting period post the acquisition of the remaining 65% interest in the Energy Made Clean Group.*

NOTE 24: CASH FLOW INFORMATION

	CONSOLIDATED GROUP	
	2018	2017
	$	$
Reconciliation of Cash Flow from Operations with Loss after Income Tax		
Loss after income tax	(63,349,694)	(14,382,638)
Non-cash flows in profit		
Depreciation and amortisation	1,566,877	1,401,120
Impairment	34,934,267	-
Net loss on disposal of assets	3,689	10,319
Net gain on foreign exchange	(67,258)	(9,237)
Write-off of assets	12,491,790	-
Adjustment to fair value on the acquisition of remaining interest in former associate	-	1,636,101
Net gain on financial instruments at fair value	(428,669)	(250,343)
Fair value gain on derivatives	8,300	-
Share options & loan funded shares expensed	1,786,510	131,583
Finance costs	117,866	144,577
Doubtful Debts	441,524	20,000
Professional fees related to investment in associate	-	(19,197)
Share of (profit)/loss – associate	(107,531)	579,081
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries		
Increase in trade and receivables	2,632,660	3,855,851
Increase in inventory	361,852	(491,953)
Increase in non-current assets	-	57,330
Decrease/(increase) in development assets	886,064	(1,293,312)
Increase in intellectual property assets	-	(1,111,773)
Increase/(decrease) in trade payables and accruals	1,355,560	405,246
Increase in provisions	172,209	174,243
Cashflow used in operations	(7,193,984)	(9,143,002)

NOTE 25: EVENTS AFTER THE REPORTING PERIOD

- On 17 August 2018, Carnegie announced the signing of three key binding documents including the binding sales and purchase agreements to advance the transaction to merge Carnegie's solar, battery and microgrid business, EMC with TAG.
- On 28 September 2018 the Company entered into a side letter with TAG to:
    - Change the end date for the transaction from 31 October 2018 to 30 November 2018;
    - Remove the cash component of the sale consideration previously payable by Carnegie; and
    - Renegotiate the consideration payable under the Share Purchase Agreement as a result of the removal of the cash component.

  If the parties are unable to reach agreement on the amendments to the Share Purchase Agreement by 16 October 2018, the Share Purchase Agreement will automatically terminate.
- The Group executed a Term Sheet with IBA Northam Solar Pty Ltd (IBA) on 28 September 2018 whereby IBA will acquire an additional stake in the Northam Solar Farm from Carnegie, in lieu of Carnegie funding an equity contribution of $2.5 million. The exact amount to be purchased by IBA will be determined over the coming weeks once an independent valuation has been completed.
- On 28 September 2018, the Company announced the departure of Michael Ottaviano as Managing Director and Chief Executive Officer, effective 30 September 2018 and the appointment of current Chief Technical Officer Jonathan Fievez as Chief Executive Officer effective 1 October 2018. As a consequence of the departure of Michael Ottaviano, 35 million shares held by him will be returned to the Company pursuant to the existing Management Incentive Equity Plan whereby the Company retained a mortgage over the shares which would be exercised, subject to certain conditions, upon his departure.

With the exception of the above, no other matters or circumstances not otherwise dealt with in this report or the consolidated financial statements, have arisen since the end of the financial year which significantly affected, or may significantly affect, the operations of the Consolidated Group, the results of those operations or the state of affairs of the Consolidated Group in subsequent financial years.

NOTE 26: RELATED PARTY TRANSACTIONS

Sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. The Group has not recorded any impairment on receivables relating to amounts owed by related parties.

Transactions and balances with Director related entities

a) Company secretarial services have been provided by Mooney & Partners Pty Ltd, a company associated with Grant Mooney during the financial year. These amounts have been included in the disclosures at Note 6. These transactions were undertaken under normal commercial terms.

b) Consulting services have been provided by Tallarook Ltd, a company associated with Mark Woodall during the financial year. These amounts have been included in the disclosures at Note 6. These transactions were undertaken under normal commercial terms.

c) Consulting services provided by Utility Advisory Services, a company associated with Kieran O'Brien during the financial year. These amounts have been included in the disclosures at Note 6. These transactions were undertaken under normal commercial terms.

d) On 11 January 2017, the Company completed a capital raising of $5.0 million by issuing 5,000 unlisted convertible notes (refer to Note 18(a)(ii)). 1,000 of the convertible notes to the value of $1,000,000 were issued to Log Creek Pty Ltd of which Michael Fitzpatrick is a director. The carrying value of the 1,000 convertible notes was $963,788 at 30 June 2018 ($946,743: 2017).

e) $32,532 in personal taxes were paid on Michael Ottaviano's behalf whilst he was seconded to the United Kingdom in the period ended 30 June 2017. The payments were made to ensure Michael Ottaviano was not disadvantaged both in the United Kingdon and Australia from a tax perspective. Post the secondment it was determined $32,532 was reimbursable to the Group.

NOTE 26: RELATED PARTY TRANSACTIONS (CONTINUED)

f) Balances outstanding with Director and Director related entities:

	2018	2017
JOHN DAVIDSON	**$**	**$**
Amount owing to Clean Energy Investment Holdings Limited	-	(1,667)
Amount owing from Solar Farm Carnarvon Pty Ltd	-	32,636
Contingent amount owing (refer to Note 16)	-	(428,670)
John Davidson is a director of Clean Energy Investment Holdings Limited and Solar Farm Carnarvon Pty Ltd. The balances outstanding to these entities were incurred prior to the acquisition of the remaining 65% interest in Energy Made Clean in December 2016.		
MICHAEL FITZPATRICK		
Amount owing to Log Creek Pty Ltd	(963,788)	(946,743)
MICHAEL OTTAVIANO		
Amount owing from Michael Ottaviano	32,532	-

g) Transactions and balances with Associates

I. TRANSACTIONS WITH ASSOCIATES	2018	2017
JOHN DAVIDSON	**$**	**$**
Sales to EMC Kimberley Pty Ltd	641,179	222,282
Purchases paid on behalf of EMC Kimberley Pty Ltd	-	20,236

I. BALANCES OUTSTANDING WITH ASSOCIATES	2018	2017
JOHN DAVIDSON	**$**	**$**
Amount owing from EMC Kimberley Pty Ltd	-	243,180

Refer to Note 30 for further information on EMC Kimberley Pty Ltd.

NOTE 27: FINANCIAL RISK MANAGEMENT

Financial Risk Management Policies

The Board of Directors has responsibility for, amongst other issues, monitoring and managing financial risk exposures of the Consolidated Group. The Board monitors the Group's financial risk management policies and exposures and approves financial transactions within the scope of its authority. It also reviews the effectiveness of internal controls relating to commodity price risk, counter party credit risk, currency risk, financing risk and interest rate risk.

a. Interest Rate Risk

The Consolidated Group's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates. The effective weighted average interest rates in classes of financial assets and liabilities is as follows:

NOTE 27: FINANCIAL RISK MANAGEMENT (CONTINUED)

Consolidated Group	Weighted Average Effective Interest Rate	Floating Interest Rate	Fixed Interest Rate Maturing		Non-interest Bearing	Total
			Within year	1 to 5 years		
	%	$	$	$	$	$
30 June 2018:						
Financial assets:						
Cash and cash equivalents	0.5	7,588,192	702,877	-	145,461	8,436,530
Receivables	1.24	-	1,896,175	-	3,895,108	5,791,283
Available for sale financial assets	-	-	-	-	12,414	12,414
		7,588,192	2,599,052	-	4,052,813	14,240,227
Financial liabilities:						
Accounts payable		-	-	-	7,448,076	7,448,076
Borrowings	9.2	722,827	-	8,087,047	-	8,809,874
		722,827	-	8,087,047	7,448,076	16,257,950
30 June 2017:						
Financial assets:						
Cash and cash equivalents	1.78	4,014,198	12,000,000	-	187,945	16,202,143
Receivables	2.28	-	607,317	-	6,703,526	7,310,843
Available for sale financial assets	-	-	-	-	12,414	12,414
		4,014,198	12,607,317	-	6,903,885	23,525,400
Financial liabilities:						
Accounts payable		-	-	-	6,615,573	6,615,573
Borrowings	8.0	-	2,785,468	4,733,715	-	7,519,183
		-	2,785,468	4,733,715	6,615,573	14,134,756

b. Credit Risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying amount, net of any provisions for doubtful debts, as disclosed in the Statement of Financial Position and notes to the Statement of Financial Position.

The Consolidated Group does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the Consolidated Group. Details with respect to credit risk of trade and other receivables are provided in Note 10. The credit risk on liquid funds is limited because the counter parties are banks with high credit ratings.

NOTE 27: FINANCIAL RISK MANAGEMENT (CONTINUED)

c. Net fair value

The net fair value and carrying amounts of financial assets and financial liabilities are disclosed in the Statement of Financial Position and in the notes to the Statement of Financial Position.

For unlisted investments where there is no organised financial market the net fair value has been based on a reasonable estimation of the underlying net assets or discounted cash flows of the investment, where this could not be done, they have been carried at cost. No financial assets or financial liabilities are readily traded on organised markets in standardised form other than investments.

Financial Instruments Measured at Fair Value

The financial instruments recognised at fair value in the Statement of Financial Position have been analysed and classified using a fair value hierarchy reflecting the significance of the inputs used in making the measurements. The fair value hierarchy consists of the following levels:

— quoted prices in active markets for identical assets or liabilities (Level 1);

— inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (Level 2); and

— inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

CONSOLIDATED GROUP	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
2018	**$**	**$**	**$**	**$**
Financial assets:				
Available for sale financial assets:				
— unlisted investments	-	-	12,414	12,414
	-	-	12,414	12,414
2017				
Financial assets:				
Available for sale financial assets:				
— unlisted investments	-	-	12,414	12,414
	-	-	12,414	12,414

d. Sensitivity Analysis

Interest Rate Risk

The group has performed sensitivity analysis relating to its exposure to interest rate risk, at balance date. This sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in these risks..

Interest Rate Sensitivity Analysis

At 30 June 2018, the effect on profit and equity as a result of changes in the interest rate, with all other variables remaining constant would be as follows:

NOTE 27: FINANCIAL RISK MANAGEMENT (CONTINUED)

	CONSOLIDATED GROUP	
	2018	2017
	$	$
Change in profit		
— Increase in interest rate by 1%	155,340	117,735
— Decrease in interest rate by 1%	(155,340)	(117,735)
Change in Equity		
— Increase in interest rate by 1%	155,340	117,735
— Decrease in interest rate by 1%	(155,340)	(117,735)

e. Liquidity Risk

Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Group manages this risk through the following mechanisms:

- preparing forward looking cash flow analysis in relation to its operational, investing and financing activities;
- monitoring undrawn credit facilities;
- obtaining funding from a variety of sources;
- maintaining a reputable credit profile;
- managing credit risk related to financial assets;
- investing only in surplus cash with major financial institutions; and
- comparing the maturity profile of financial liabilities with the realisation profile of financial assets.

Borrowings, trade and sundry payables are expected to be paid as followed:

	CONSOLIDATED GROUP	
CONTRACTUAL CASH FLOWS	2018	2017
	$	$
Less than 3 months	7,383,500	6,044,754
3 months to 12 months	722,827	2,785,468
1 to 5 years	8,151,623	5,304,534
	16,257,950	14,134,756

NOTE 28: SHARE BASED PAYMENTS

Types of share-based payment plans

Employee Share Option Plan

Share options are granted to executives and staff at the discretion of the Board of Directors. Share options are only granted to Director's after approval by shareholders. The plan is designed to align participants' interests with those of shareholders by increasing value of the Company's shares. Under the plan, the exercise price of the options is set by the Board of Directors at the time of issue.

Management Incentive Equity Plan

Following shareholder approval, shares were issued at market value to the Managing Director and were funded by a limited recourse loan. The share issue is not recognized as issued capital and is treated as a share option issue in accordance with accounting standards. The plan is designed to align participants' interests with those of shareholders by increasing value of the Company's shares. Subsequent to the end of the financial year, the Company announced the departure of Michael Ottaviano from the position of Managing Director and Chief Executive Officer with effect from 30 September 2018. In accordance with Michael Ottaviano's departure, the shares issued to him pursuant to the Plan will be returned to the Company in accordance with the limited recourse loan.

Consultant & Financier Share Options

Share options are granted to consultants at the discretion of the Board of Directors for services provided to the Consolidated Group. The exercise price of the options is set by the Board of Directors at the time of issue.

Consultant & Financier Shares

Shares are granted to consultants and financiers at the discretion of the Board of Directors for services provided to the Consolidated Group.

19,649,123 shares and 35,000,000 share options exercisable at $0.06 each on or before 8 February 2023 were issued to consultants and financiers during the financial years ended 30 June 2018 (2017: Nil) in relation to fees for the restructure of $2,800,000 in convertible notes (refer to Note 18(i)). No other shares or share options were issued during the financial year (2017: Nil) in relation to the above share-based payment plans.

Total options outstanding and exercisable are as follows

	CONSOLIDATED GROUP	
	NUMBER OF OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE
	$	$
Outstanding options at 1 July 2017	103,763,014	0.0663
Granted	35,000,000	0.0600
Exercised	-	-
Expired	(43,663,014)	0.0730
Outstanding at 30 June 2018	95,100,000	0.0609
Exercisable at 30 June 2018	95,100,000	0.0609

The options outstanding at 30 June 2018 had a weighted average exercise price of $0.0609 and a weighted average remaining contractual life of 1.87 years. Exercise prices range from $0.054 to $0.065 in respect to options outstanding at 30 June 2018.

NOTES TO THE FINANCIAL STATEMENTS

FOR YEAR ENDED 30 JUNE 2018

NOTE 29: PARENT INFORMATION

The following information has been extracted from the books and records of the parent and has been prepared in accordance with Australian Accounting Standards.

	CONSOLIDATED GROUP	
	2018	2017
	$	$
STATEMENT OF FINANCIAL POSITION		
ASSETS		
Current assets	9,070,880	18,928,666
Non-current assets	73,982,287	112,635,483
TOTAL ASSETS	83,053,167	131,564,149
LIABILITIES		
Current liabilities	4,652,229	12,999,638
Non-current liabilities	4,581,374	5,519,694
TOTAL LIABILITIES	9,233,603	18,519,332
EQUITY		
Issued capital	196,060,984	185,212,910
Reserves	3,009,954	2,905,885
Accumulated losses	(125,251,374)	(75,073,978)
TOTAL EQUITY	73,819,564	113,044,817
STATEMENT OF COMPREHENSIVE INCOME		
Total loss	(50,916,679)	(7,909,406)
Total comprehensive expense	(50,916,679)	(7,909,406)

Guarantees

Pursuant to the Joint Venture arrangements between Energy Made Clean Pty Ltd (EMC) and Lendlease Services Pty Limited (LLS), Carnegie Clean Energy Limited (CCE) and Lendlease Construction Australia Holdings Pty Ltd (LLCAH) have entered into a Deed of Cross Guarantee dated 16 December 2016 (Guarantee). Under the Guarantee, CCE and LLCAH each guarantee the performance of their respective subsidiaries EMC and LLS under the EMC Lendlease Joint Venture.

Contractual Commitments

The Company had entered into the following contractual commitments for the acquisition of property, plant and equipment:

	CONSOLIDATED GROUP	
CAPITAL COMMITMENTS	2018	2017
	$	$
Not later than 1 year	2,038,705	-
Later than 1 year but not later than 5 years	-	-
Later than 5 years	-	-
	2,038,705	-

Capital commitments consist of the Group's portion of commitments to build the Northam Solar Farm due for completion in the 2019 financial year.

NOTE 30. INTERESTS IN ASSOCIATE

Interests in associates are accounted for using the equity method of accounting. Information relating to associates that are material to the consolidated entity are set out below:

NAME	PRINCIPAL PLACE OF BUSINESS / COUNTRY OF INCORPORATION	OWNERSHIP INTEREST 2018	OWNERSHIP INTEREST 2017
		%	%
Energy Made Clean Group*	Australia	100.00%	100.00%
EMC Kimberley Pty Ltd **	Australia	100.00%	50.00%

* On 19 April 2016, the Company acquired a 35% stake in the Energy Made Clean Group, a West Australian based solar, battery and microgrid developer for a payment of $4,676,027 of shares and cash. The purchase was made, under accounting standards in the accounts for the year ended 30 June 2016, with the investment treated as an associate and accounted for using the equity accounting method under which no goodwill or intellectual property was recognised. During the reporting year, the investment continued to be accounted for under the equity accounting method until 1 December 2016. On 2 December 2016, the Company acquired the remaining 65% interest in the Energy Made Clean Group (refer to note 31) and thereafter was consolidated (refer to note 12).

** At 30 June 2016 the Company held a 35% interest in the Energy Made Clean Group, which in turn held a 50% interest in EMC Kimberley Pty Ltd. The Company therefore indirectly held 17.5% in EMC Kimberley Pty Ltd. On the Company acquiring the remaining 65% of the Energy Made Clean Group on 2 December 2016 its interest in EMC Kimberley Pty Ltd increased to 50%. As EMC Kimberley Pty Ltd was a joint venture arrangement with its other 50% shareholder, the Group's interest in EMC Kimberley Pty Ltd was recognised as an interest in an associate utilising the equity method until 7 February 2018, when the Energy Made Clean Group acquired the remaining 50% interest in EMC Kimberley Pty Ltd and thereafter was consolidated (refer to note 12).

a) Energy Made Clean Group

	01.12.2016
	$
Summarised statement of financial position:	
Current assets	7,977,402
Non-current assets	1,097,362
Total assets	9,074,764
Current liabilities	6,628,817
Non-current liabilities	144,523
Total liabilities	6,773,340
Net assets	2,301,424
Summarised statement of profit or loss and other comprehensive income:	**1 July to 1 December 2016**
Revenue	7,070,350
Expenses	(8,724,581)
Loss before income tax	(1,654,231)
Income tax expense	-
(Loss)/Profit after income tax	(1,654,231)
Total comprehensive (loss)/income	(1,654,231)

NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2018

NOTE 30. INTERESTS IN ASSOCIATE (CONTINUED)

a) Energy Made Clean Group (continued)

	2017
	$
Reconciliation of the consolidated entity's carrying amount	
Opening carrying amount	5,047,919
Professional fees related to investment in Energy Made Clean	19,196
Share of (loss)/profit after income tax	(578,981)
Reversal of carrying amount of interest in Energy Made Clean upon cessation of equity accounting	(4,488,134)
Closing carrying amount	-
Adjustment to fair value of interest in the Energy Made Clean on acquisition of the remaining 65% interest in Energy Made Clean	
35% share of identifiable net assets at fair value (refer to Note 31)	2,852,033
Carrying amount of equity accounted investment in Energy Made Clean prior to 100% acquisition	(4,488,134)
Loss recognised on fair value re-measurement of the 35% interest in Energy Made Clean	(1,636,101)

b) EMC Kimberley Pty Ltd

	7.02.2018	30.06.2017
	$	$
Summarised statement of financial position		
Current assets	807,274	720,869
Non-current assets	14,193	-
Total assets	821,467	720,869
Current liabilities	713,935	20,897
Total liabilities	713,935	20,897
Net assets	107,532	699,972
Summarised statement of profit or loss and other comprehensive income		
Revenue	79,271	-
Expenses	(721,740)	(49,458)
Loss before income tax	(642,469)	(49,458)
Income tax benefit	-	14,837
Loss after income tax	(642,469)	(34,621)
Total comprehensive loss	(642,469)	(34,621)

NOTE 30. INTERESTS IN ASSOCIATE (CONTINUED)

b) EMC Kimberley Pty Ltd (continued)

	7.02.2018	30.06.2017
	$	$
Reconciliation of the consolidated entity's carrying amount		
Opening carrying amount	-	-
Interest acquired on purchase of Energy Made Clean	-	100
Share of loss after income tax - limited to value of investment	-	(100)
Total assets	-	-
Adjustment to fair value of interest in the EMC Kimberley Pty Ltd on acquisition of the remaining 50% interest in EMC Kimberley Pty Ltd		
50% share of identifiable net assets at fair value (refer to Note 31)	107,532	-
Carrying amount of equity accounted investment in EMC Kimberley Pty Ltd prior to 100% acquisition	-	-
Gain recognised on fair value re-measurement of the 50% interest in EMC Kimberley Pty Ltd	107,532	-

NOTE 31: BUSINESS ACQUISITION

Energy Made Clean Group

On 2 December 2016, the Company acquired the remaining 65% of the Energy Made Clean Group (refer to Note 30) for consideration of $14,164,727 consisting of shares, cash and contingent cash. Accordingly, under accounting standards at 2 December 2016, the equity accounting method was discontinued and the Energy Made Clean Group ("EMC") was fully consolidated into the Company accounts. At 31 December 2016, the Group had not completed the initial accounting for the business combination and therefore disclosed provisional amounts in its 31 December 2016 interim financial report. At 30 June 2017, the acquisition accounting of EMC had been finalised.

Assets acquired and liabilities assumed

The fair values of the identifiable assets and liabilities of Energy Made Clean as at the date of acquisition were as follows:

2017	FAIR VALUE
	$
Cash and cash equivalents	1,751,678
Current trade and other receivables	3,779,271
Inventories	2,165,464
Other current assets	280,989
Property, plant and equipment (refer to Note 13(a))	893,514
Intangible – microgrid/battery technology development assets (refer to Note 14(b))	5,847,244
Other non-current assets	203,848

NOTE 31: BUSINESS ACQUISITION (CONTINUED)

2017	FAIR VALUE
	$
Interest bearing liabilities	(507,477)
Trade and other payables	(5,838,869)
Short-term provisions (refer to Note 17)	(282,471)
Non-current trade and other payables	(144,523)
Total identifiable net assets at fair value	8,148,668
Fair value re-measurement of interest in Energy Made Clean prior to 100% acquisition (refer to Note 30)	(2,852,033)
Goodwill (refer to Note 14(c))	8,868,092
Purchase consideration	14,164,727
Representing:	
Cash paid to vendor	1,600,000
Fair value of shares issued (refer to Note 19)	11,885,714
Fair value of contingent cash (refer to Note 16)	679,012
	14,164,726
Cash used to acquire business, net of cash acquired:	
Cash paid to vendor	1,600,000
Less: cash and cash equivalents acquired	(1,751,678)
Less: other non-current assets (deposits) acquired	(112,635)
Net cash inflow	(264,313)

The amount of revenue and profit or loss of EMC (the acquiree), excluding inter-company transactions, since acquisition date up to 30 June 2017 included in the Consolidated Statement of Comprehensive Income was:

- Revenue $4,136,056
- Loss $5,937,105

Had the acquisition occurred on 1 July 2016 the full year contribution to revenues and the consolidated loss after tax would have been:

- Consolidated revenue $8,515,059
- Consolidated loss $18,028,457

EMC Kimberley Pty Ltd

On 7 February 2018, the Company acquired the remaining 50% of EMC Kimberley Pty Ltd (refer to Note 30) for nil consideration. Accordingly, under accounting standards at 7 February 2018, the equity accounting method was discontinued and the EMC Kimberley Pty Ltd was fully consolidated into the Company accounts.

NOTE 31: BUSINESS ACQUISITION (CONTINUED)

Assets acquired and liabilities assumed

The fair values of the identifiable assets and liabilities of EMC Kimberley Pty Ltd as at the date of acquisition were as follows:

2018	FAIR VALUE
	$
Cash and cash equivalents	807,274
Property, plant and equipment (refer to Note 14(a))	14,193
Trade and other payables	(713,935)
Total identifiable net assets at fair value	107,532
Fair value re-measurement of interest in EMC Kimberley Pty Ltd prior to 100% acquisition (refer to Note 30)	-
Gain on acquisition	(107,532)
Purchase consideration	-

The amount of revenue and profit or loss of EMC Kimberley Pty Ltd (the acquiree), excluding inter-company transactions, since acquisition date up to 30 June 2018 included in the Consolidated Statement of Comprehensive Income was:

- Revenue $-
- Profit $50,302

Had the acquisition occurred on 1 July 2017 the full year contribution to revenues and the consolidated loss after tax would have been:

- Consolidated revenue $79,271
- Consolidated loss $592,167

NOTE 32: INVENTORY

	2018	2017
	$	$
Balance at beginning of period	1,389,218	-
Add: Inventory acquired as part of business acquisition (refer to Note 31)	-	2,165,464
Add: Purchases during period	10,660,324	5,204,678
Less: Cost of goods sold	(11,584,605)	(5,980,924)
Balance at end of period	464,937	1,389,218
Inventory may be broken down as follows:		
Raw materials	464,937	464,660
Goods in transit	-	111,365
Work in progress	-	813,193
	464,937	1,389,218

NOTES TO THE FINANCIAL STATEMENTS

FOR YEAR ENDED 30 JUNE 2018

NOTE 33: DERIVATIVES NOT DESIGNATED AS HEDGING INSTRUMENTS

Carnegie holds a 50% interest in the Northam Solar Farm (NSF), which expects to create large scale generation certificates (LGCs) from its renewable energy generation in future periods. Under the Renewable Energy Target Scheme (RET Scheme) renewable energy producers create a certificate for each megawatt-hour of renewable electricity they produce and liable entities are required to surrender LGCs to the Clean Energy Regulator. The price of LGCs is determined based on supply and demand for these certificates and may be impacted by the actions of market participants and any changes to existing government regulations.

The NSF holds agreements with various parties to supply LGCs at future dates. These forward contracts are not designated as cash flow hedges and are entered into for periods consistent with the expected renewable energy generation from the Partnership's assets. Any of these actions or reduced confidence in the RET scheme could adversely affect the Group's revenue and future financial performance.

The fair value of the LGCs are based on quoted forward markets, being level one inputs in the fair value hierarchy. Where a LGC is expected to be settled within 12 months they are to be disclosed as current. All other LGCs are disclosed as non-current.

	2018
	$
Current Asset	
Opening balance	-
Movement in fair value of derivatives reflected in Profit and Loss	9,750
Closing balance	9,750
Non-Current Liability	
Opening balance	-
Movement in fair value of derivatives reflected in Profit and Loss	(18,050)
Closing balance	(18,050)
Net loss on derivatives not designated as hedging instruments	
Current asset derivatives	9,750
Non-current liability derivatives	(18,050)
	(8,300)

NOTE 34: COMPANY DETAILS

The registered office and Principal place of business of the Company is:

Carnegie Clean Energy Limited

21 Barker Street
Belmont WA 6104

DIRECTORS' DECLARATION

The Directors of the Company declare that:

1. the financial statements and notes, as set out on pages 45 to 90, are in accordance with the Corporations Act 2001 and:
    a. comply with Accounting Standards and the Corporations Regulations 2001;
    b. give a true and fair view of the financial position as at 30 June 2018 and of the performance for the year ended on that date of the Consolidated Group;
2. the financial statements comply with International Financial Reporting Standards as set out in Note 1;
3. the remuneration disclosures that are contained in the Remuneration Report in the Directors Report comply with the Corporations Act 2001 and the Corporations Regulations 2001; and
4. the Managing Director and Chief Finance Officer have each declared that:
    a. the financial records of the company for the financial year have been properly maintained in accordance with section 286 of the Corporations Act 2001;
    b. the financial statements and notes for the financial year comply with the Accounting Standards; and
    c. the financial statements and notes for the financial year give a true and fair view;
5. In the Director's opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

DR MICHAEL EDWARD OTTAVIANO

Managing Director

Terry D Stinson

Chairman

Dated this 29th day of September 2018

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF CARNEGIE CLEAN ENERGY LTD

Crowe Horwath™

Report on the audit of the Financial Report

Opinion

We have audited the financial report of Carnegie Clean Energy Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2018, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements comprising a summary of significant accounting policies and the Director's Declaration.

In our opinion the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

(a) Giving a true and fair view of the Group's financial position at 30 June 2018 and of its financial performance for the year then ended; and

(b) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the *Audit of the Financial Report* section of this report. We are independent of the Group in accordance with the independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1in the financial report, which indicates that for the year ended 30 June 2018, the Group incurred a net loss after tax from continuing operations of $63,349,694 and net cash outflows from operating activities of $7,193,984 and, as of that date, the Group had cash at bank of $8,436,530. As stated in Note 1, these events and conditions, along with other matters set forth in Note 1, indicate the existence of material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KEY AUDIT MATTER AND WHY	HOW OUR AUDIT ADDRESSED THE MATTER
INTANGIBLES ASSETS – NOTE 14	
The carrying amount of intangible assets, which comprised of technology development assets (both in development phases and in use) and goodwill was a significant component of the Group's total assets at $49,900,000 at 30 June 2018. During the year, the Group recorded impairment expenses and write offs of $47,426,057 comprising: ▪ Project development costs, $34,934,267; ▪ Goodwill, $8,868,092; and ▪ Intangible assets with finite useful lives; $3,623,698. The valuation of intangible assets is a key audit matter due to: ▪ The significance of intangible assets to the Group's total assets and the significance of impairment charges to the Group's results; ▪ A significant level of judgement applied by management in assessing whether there were any indicators of impairment and determining the recoverable amount; and ▪ The sectors in which the Group operates experiencing competitive market forces which can increase the uncertainty of forecast cashflows used in valuation models. Furthermore, a significant level of judgement is required in assessing the extent to which intangible assets with finite useful lives (computer software, technology and intellectual property) will generate sufficient economic benefits to support the carrying value of these capitalised costs.	Our procedures included but were not limited to: ▪ Ensuring consistent application of management's determination of the Group's CGU's, between this year and the previous reporting period; ▪ Using the assistance of our valuation specialists to challenge the valuation methodologies employed by management's expert, including key assumptions and estimates used to determine recoverable values of intangibles not yet available for use; ▪ Assessing and challenging management's evaluation of the estimated useful lives of computer software, technology and intellectual property, as well as their evaluation of indicators that such assets maybe impaired. In assessing this, we compared the assumptions underlying the estimated future benefits to our understanding of the Group's business; ▪ Comparing the recoverable amount of each CGU to the total carrying value of the assets included in each of the CGU's, including questioning the appropriateness of inclusions or exclusions of certain assets in the CGU; ▪ Ensuring impairment losses for CGU's were appropriately allocated across assets within the CGU, in accordance with the hierarchy outlined in the accounting standards; ▪ Ensuring the appropriate recognition of impairment losses in accordance with the accounting standards; and ▪ Considering the appropriateness of disclosures in the notes to the financial statements.
RECOGNITION OF REVENUE – NOTE 2	
The Group's revenue relates to revenue generated from contracting activities. Revenue is measured on the stage of completion of contracts. The stage of completion is calculated on the proportion of total costs incurred at the reporting date compared to Management's estimation of total costs of the contract. We focused on this as a key audit risk due to the level of management estimation involved in determining the costs to complete.	Our procedures included: ▪ Documenting our understanding of Management's processes and controls regarding accounting for the Group's contract revenues; ▪ Obtaining Management's listing of projects started and completed during the year as well as those that were incomplete at 30 June 2018 and selected a sample of contracts for testing. Our procedures included: - Checking contract authorization; - Ensuring invoices are raised after the appropriate Management review and authorization; - Agreeing the stage of completion calculations by agreeing total costs to date to forecast costs; and - For contracts where it is probable that total contract costs will exceed total contract revenue, ensuring that the expected loss is recognised immediately, in accordance with *AASB 111 – Construction Contracts*.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF CARNEGIE CLEAN ENERGY LTD

KEY AUDIT MATTER AND WHY	HOW OUR AUDIT ADDRESSED THE MATTER
JOINT ARRANGEMENTS	
The Group is a party to a number of contractual arrangements, namely the EMC Lend Lease Joint Venture and the Northam Solar Project Agreement, which are accounted for as joint operations. We considered the accounting treatment in the financial statements of these arrangements as a key audit matter due to: ▪ The degree of judgement involved in determining the classification of the joint arrangements, as either a joint venture or joint operation; and ▪ The significance of the operations of the contractual arrangements to the Group's financial statements.	Our procedures included but were not limited to the following: ▪ We read and reviewed the respective contractual arrangements to evaluate the appropriate accounting treatment in accordance with the requirements of AASB 11 – Joint Arrangements; ▪ Challenged management's assessments as to the nature and structure of each of the contractual arrangements, including the existence of joint control; ▪ Ensuring the appropriate accounting treatment has been applied in the separate financial statements of the Group, in accordance with AASB 11, to account for its interests in the respective contractual arrangements; and ▪ Considering the appropriateness of disclosures in the notes to the financial statements.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's 2018 Annual Report for the year ended 30 June 2018, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based upon the work we have performed, we conclude that there is material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors' for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material mis- statement when it exists. Mis-statements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained whether a material uncertainty exists related to events and conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the group financial report. The auditor is responsible for the direction, supervision and performance of the group audit. The auditor remains solely responsible for the audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may be reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated to the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 39 to 42 of the directors' report for the year ended 30 June 2018.

In our opinion, the Remuneration Report of Carnegie Clean Energy Limited for the year ended 30 June 2018 complies with section 300A of the Corporations Act 2001.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Crowe Horwath Perth

CROWE HORWATH PERTH

CYRUS PATELL
Partner

Signed at Perth, 29 September 2018

ADDITIONAL INFORMATION

Additional information required by the Australian Stock Exchange Limited Listing Rules and not disclosed elsewhere in this report. The information was prepared based on share registry information processed up to 24 September 2018.

SPREAD OF HOLDINGS			NUMBER OF HOLDERS OF ORDINARY SHARES
1	-	1,000	263
1,001	-	5,000	602
5,001	-	10,000	994
10,001	-	100,000	5,418
100,001	-	and over	3,824

Number of Holders	11,101
Number of shareholders holding less than a marketable parcel	5,775

SUBSTANTIAL SHAREHOLDERS	
Shareholder Name	**Number of Shares**
John Rix Davidson	297,366,738

VOTING RIGHTS

All ordinary shares carry one vote per share without restriction. Options for ordinary shares do not carry any voting rights.

STATEMENT OF QUOTED SECURITIES

Listed on the Australian Stock Exchange are 2,881,452,450 fully paid shares. All ordinary shares carry one vote per share without restriction.

Options for ordinary shares do not carry any voting rights.

COMPANY SECRETARY

The name of the Company Secretary is Grant Jonathan Mooney.

Mr Mooney is the principal of Perth-based corporate advisory firm Mooney & Partners Pty Ltd, specialising in corporate compliance administration to public companies.

Currently, Mr Mooney acts as Company Secretary to several ASX listed companies across a variety of industries including technology, resources and energy and has obtained a depth of experience through his involvement in a diversity of corporate transactions. He is a member of the Institute of Chartered Accountants in Australia.

REGISTERED OFFICE

The registered office is at 21 Barker Street, Belmont, WA 6104

The telephone number is (08) 6168 8400

ADDITIONAL INFORMATION

TWENTY LARGEST HOLDERS OF EACH CLASS OF QUOTED EQUITY SECURITIES

ORDINARY FULLY PAID SHARES

SHAREHOLDER NAME	NUMBER OF SHARES	PERCENTAGE OF CAPITAL
John Rix Davidson	297,366,738	10.32%
JP Morgan Nominees Aust Ltd	116,902,369	4.06%
Log Creek Pty Ltd <88 Green A/C.	116,819,904	4.05%
BNP Paribas Nominees Pty Ltd	52,714,912	1.83%
Michael Ottaviano (Note 1)	35,000,000	1.21%
HSBC Custody Nominees Aust Ltd	34,072,143	1.18%
Cathben Pty Ltd	30,821,026	1.07%
Citicorp Nominees Pty Ltd	27,816,999	0.97%
Clean Energy Inv. Holdings Ltd	22,237,095	0.77%
Matthew Peter Fraser	19,265,032	0.67%
Bond Street Custs. Ltd	19,000,000	0.66%
Asymmetric Arbitrage Ltd	14,035,088	0.49%
Richcab Pty Ltd <Dale McKenzie Super Fund A/C>	12,727,752	0.44%
Kattaganna Pty Ltd	10,000,000	0.35%
Christopher D Dale	10,000,000	0.35%
Malcolm John Menday	9,822,226	0.34%
Richcab Pty Ltd	8,753,000	0.30%
Log Creek Pty Ltd <88 Green A/C.	8,545,455	0.30%
Lynsay & Janet Masters	7,742,541	0.27%
BNP Paribas Nominees Pty Ltd <DRP A/C>	7,719,242	0.27%
TOTAL	861,361,522	29.90%

Note 1 : The beneficial interest of the shares are no longer held by Michael Ottaviano as a result of his departure from the Company on 30 September 2018 and the Company exercising its rights under the Management Incentive Share Plan whereby the shares are returned to the Company.

ADDITIONAL INFORMATION

HOLDERS OF SECURITIES IN AN UNLISTED CLASS

OPTIONS

OPTIONHOLDER NAME	NO. OPTIONS	EXERCISE PRICE	VESTING DATE	EXERCISE DATE
Mr Jeffrey Harding	5,000,000	6.5 cents	25 November 2013	24 November 2018
Mr Michael Fitzpatrick	5,000,000	6.5 cents	25 November 2013	24 November 2018
Mr Kieran O'Brien	10,000,000	6.5 cents	25 November 2013	24 November 2018
Mr John Leggate	5,000,000	6.5 cents	25 November 2013	24 November 2018
Grant Mooney	15,000,000	6.5 cents	25 November 2013	24 November 2018
Asymmetric Arbitrage	25,000,000	6.0 cents	8 February 2018	24 November 2018
Wolf Cap PL	6,250,000	6.0 cents	8 February 2018	24 November 2018
Dale Christopher D	3,750,000	6.0 cents	8 February 2018	24 November 2018

HOLDERS OF RESTRICTED SECURITIES

SHARES

SHAREHOLDER NAME	NUMBER OF SHARES	PERCENTAGE OF CAPITAL
John Rix Davidson	148,571,429	5%

Restricted securities are escrowed until 6 December 2018.

COMPANY DIRECTORY

DIRECTORS

Terry Stinson
B.Bus Admin (Magnum Cum Laude)
(Chairman)

Michael Fitzpatrick
B.Eng (Hons), B.A (Hons), M.A (Oxon)
(Non-Executive Director)

Grant Jonathan Mooney
B.Bus, CA
(Non-Executive Director and Company Secretary)

Mark Woodall
MBA
(Non-Executive Director)

COMPANY SECRETARY

Grant Jonathan Mooney
B.Bus, CA
(Non-Executive Director and Company Secretary)

REGISTERED OFFICE

21 Barker Street
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E: enquiries@carnegiece.com
www.carnegiece.com

AUDITORS

Crowe Horwath
256 St Georges Terrace,
Perth WA 6000

SOLICITORS

DLA Piper Australia
Level 31, Central Park
152-158 St Georges Terrace
Perth WA 6000

SHARE REGISTRY

Security Transfer Australia Pty Ltd
770 Canning Highway,
Applecross WA 6153
T: +61 (8) 9628 2200

STOCK EXCHANGE

The Company's securities are quoted on the official list of the Australian Stock Exchange Limited
The home exchange being Perth
2 The Esplanade, Perth WA 6000

ASX CODE

CCE

CARNEGIE CLEAN ENERGY LIMITED

ABN 69 009 237 736

Paper and printing credentials.

ecoStar is an environmentally responsible paper made Carbon Neutral. The greenhouse gas emissions of the manufacturing process including transportation of the finished product to BJ Ball Papers Warehouses has been measured by the Edinburgh Centre for Carbon Neutral Company and the fibre source has been independently certified by the Forest Stewardship Council (FSC). ecoStar is manufactured from 100% Post Consumer Recycled paper in a Process Chlorine Free environment under the ISO 14001 environmental management system.

Carbon Neutral.

Pangolin Associates has assessed the Carbon Emissions associated with the production of the *Carnegie Clean Energy Annual Report for 2018*. From these findings, verified emission reductions units (aka Carbon Credits) have been purchased and surrendered to offset all emissions generated by the report's production.


Carnegie Clean Energy Limited
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Belmont WA 6104
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