CARNEGIE WAVE ENERGY LIMITED

ABN 69 009 237 736

NOTICE OF ANNUAL GENERAL MEETING
OF SHAREHOLDERS
AND
EXPLANATORY MEMORANDUM

TO BE HELD AT 10:00AM (WST) ON FRIDAY, 6 NOVEMBER 2015

AT

FREMANTLE SAILING CLUB, 151 MARINE TERRACE,
FREMANTLE, WESTERN AUSTRALIA

Notice is hereby given that the Annual General Meeting of Carnegie Wave Energy Limited ("the Company") will be held at Fremantle Sailing Club, 151 Marine Terrace, Fremantle, Western Australia at 10:00 AM (WST) on Friday 6, November 2015.

AGENDA

ANNUAL REPORT

To receive and consider the Annual Report of the Company and its controlled entities for the year ended 30 June 2015, which includes the Financial Report, the Directors' Report and the Auditor's Report.

RESOLUTION 1 – REMUNERATION REPORT

To consider and, if thought fit, to pass with or without amendment the following resolution as an **ordinary** resolution:
"That the Remuneration Report as set out in the Annual Report for the year ended 30 June 2015 be adopted."
Note – the vote on this resolution is advisory only and does not bind the Directors or the Company.

Voting exclusion statement
In accordance with section 250R of the Corporations Act, a vote on this Resolution must not be cast by or on behalf of a member of the Key Management Personnel whose remuneration details are included in the Remuneration Report, or a Closely Related Party of such a member.
However, a vote may be cast by such a person if:
(a) the person is appointed as proxy and the proxy form specifies how the proxy is to vote, and the vote is not cast on behalf of a person who is otherwise excluded from voting on this Resolution as described above; or
(b) the person is the Chairman voting an undirected proxy which expressly authorises the Chairman to vote the proxy on a resolution connected with the remuneration of a member of the Key Management Personnel.

RESOLUTION 2 – RE-ELECTION OF MR KIERAN O'BRIEN AS A DIRECTOR

To consider and, if thought fit, to pass with or without amendment the following resolution as an **ordinary** resolution:
"That Mr Kieran O'Brien who retires in accordance with clause 13.2 of the Constitution and being eligible for re-election, be re-elected as a Director."

RESOLUTION 3 – RE-ELECTION OF MR GRANT MOONEY AS A DIRECTOR

To consider and, if thought fit, to pass with or without amendment the following resolution as an **ordinary** resolution:
"That Mr Grant Mooney who retires in accordance with clause 13.2 of the Constitution and being eligible for re-election, be re-elected as a Director."

RESOLUTION 4 – APPROVAL OF 10% PLACEMENT FACILITY

To consider and, if thought fit, to pass with or without amendment the following resolution as a **special** resolution:
"That, pursuant to and in accordance with Listing Rule 7.1A and for all other purposes, Shareholders approve the issue of Equity Securities up to 10% of the issued capital of the Company (at the time of the issue) calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and on the terms and conditions in the Explanatory Memorandum."

Voting exclusion statement
The Company will disregard any votes cast on this Resolution by a person (and any associates of such a person) who may participate in the 10% Placement Facility and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of Shares, if this Resolution is passed.
However, the Company need not disregard a vote if:
(a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or
(b) it is cast by the Chairman as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

SNAPSHOT DATE

The Directors have determined that in accordance with Regulations 7.11.37 and 7.11.38 of the *Corporations Regulations 2001 (Cth)*, the persons eligible to attend and vote at the meeting are those persons who are registered as Shareholders as at 5.00 pm (WST) on Wednesday, 4 November 2015.

HOW TO VOTE

Shareholders can vote by either:
- attending the meeting and voting in person or by attorney or, in the case of corporate Shareholders, by appointing a corporate representative to attend and vote; or
- appointing a proxy to attend and vote on their behalf using the proxy form accompanying this Notice and by submitting their proxy appointment and voting instructions in person, by post or by facsimile.

VOTING IN PERSON (OR BY ATTORNEY)

Shareholders, or their attorneys, who plan to attend the meeting are asked to arrive at the venue 15 minutes prior to the time designated for the meeting, if possible, so that their holding may be checked against the Company's share register and attendance recorded. Attorneys should bring with them an original or certified copy of the power of attorney under which they have been authorised to attend and vote at the meeting.

BODIES CORPORATE

A Shareholder which is a body corporate may appoint an individual to act as its representative and vote in person at the meeting. The appointment must comply with the requirements of section 250D of the Corporations Act. The representative should bring to the meeting evidence of his or her appointment, including any authority under which it is signed.

PROXIES

In accordance with Section 249L of the Corporations Act, Shareholders are advised that:

- Each Shareholder has a right to appoint not more than two proxies.
- A proxy need not be a Shareholder.
- A Shareholder may specify the proportion or number of votes each appointed proxy may exercise. Where more than one proxy is appointed and the appointment does not specify the proportion or number of the Shareholder's votes each proxy may exercise, the votes will be divided equally among the proxies (i.e. where there are two proxies, each proxy may exercise half of the votes).
- If a proxy is not directed how to vote on an item of business, the proxy may vote, or abstain from voting, as they think fit.
- Should any Resolution, other than those specified in this Notice, be proposed at the meeting, a proxy may vote on that Resolution as they think fit.
- If a proxy is instructed to abstain from voting on an item of business, they are directed not to vote on the Shareholder's behalf on the poll and the Shares that are the subject of the proxy appointment will not be counted in calculating the required majority.
- Shareholders who return their proxy forms with a direction how to vote but do not nominate the identity of their proxy will be taken to have appointed the Chairman of the meeting as their proxy to vote on their behalf. If a proxy form is returned but the nominated proxy does not attend the meeting, the Chairman of the meeting will act in place of the nominated proxy and vote in accordance with any instructions. Proxy appointments in favour of the Chairman of the meeting, the secretary or any Director that do not contain a direction how to vote will be used where possible to support each of the Resolutions proposed in this Notice.
- To be effective, proxies must be lodged by 10:00 AM (WST) on Wednesday, 4 November 2015. Proxies lodged after this time will be invalid.

Proxies may be lodged by either returning a completed proxy form by post or in person to:

Security Transfer Registrars
PO Box 535
APPLECROSS WA 6953

Street Address:
Alexandrea House, Suite 1
770 Canning Highway
APPLECROSS WA 6153

or by faxing a completed proxy form to:

Fax: (+618) 9315 2233

By order of the Board

Grant J Mooney
Company Secretary
25 September 2015

CARNEGIE WAVE ENERGY LIMITED

EXPLANATORY MEMORANDUM

This Explanatory Memorandum is intended to provide Shareholders with sufficient information to assess the merits of the Resolutions contained in the accompanying Notice of Annual General Meeting of Carnegie Wave Energy Limited (the "**Company**").

This Explanatory Memorandum should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser prior to voting. Details of the definitions and abbreviations are set out in Schedule 1.

ANNUAL REPORT

There is no requirement for Shareholders to approve the Annual Report.

Shareholders will be offered the following opportunities:

(a) discuss the Annual Report which is online at www.carnegiewave.com;

(b) ask questions or make comment on the management of the Company; and

(c) ask the auditor questions about the conduct of the audit and the preparation and content of the Auditor's Report.

In addition to taking questions at the Meeting, written questions to the Chairman about the management of the Company, or to the Company's auditor about:

(a) the preparation and the content of the Auditor's Report;

(b) the conduct of the audit;

(c) accounting policies by the Company in relation to the preparation of financial statements; and

(d) the independence of the auditor in relation to the conduct of the audit,

may be submitted no later than 5 business days before the Meeting to the Company Secretary at the Company's registered office.

RESOLUTION 1– REMUNERATION REPORT

In accordance with subsection 250R(2) of the Corporations Act, the Company must put the Remuneration Report to the vote of Shareholders. The Directors' Report contains the Remuneration Report which sets out the remuneration policy for the Company and the remuneration arrangements in place for the executive Directors, specified executives and non-executive Directors.

In accordance with subsection 250R(3) of the Corporations Act, Resolution 1 is advisory only and does not bind the Directors of the Company. If Resolution 1 is not passed, the Directors will not be required to alter any of the arrangements in the Remuneration Report.

Division 9 of Part 2G.2 of the Corporations Act provides Shareholders with the opportunity to remove the whole Board except the managing director if the Remuneration Report receives a 'no' vote of 25% or more (**Strike**) at two consecutive annual general meetings.

Where a resolution on the Remuneration Report receives a Strike at two consecutive annual general meetings, the Company will be required to put to Shareholders at the second annual general meeting a resolution on whether another meeting should be held (within 90 days) at which all Directors (other than the managing director) who were in office at the date of approval of the applicable Directors' Report must stand for re-election.

The Company's Remuneration Report did not receive a Strike at the 2014 annual general meeting. If the Remuneration Report receives a Strike at this Meeting, Shareholders should be aware that if a second Strike is received at the 2016 annual general meeting, this may result in the re-election of the Board.

The Chairman will allow reasonable opportunity for Shareholders to ask questions about or comment on the Remuneration Report.

Resolution 1 is an ordinary resolution.

The Chairman intends to exercise all available proxies in favour of Resolution 1.

If the Chairman is appointed as your proxy and you have not specified the way the Chairman is to vote on Resolution 1, by signing and returning the Proxy Form, you are considered to have provided the Chairman with an express authorisation for the Chairman to vote the proxy in accordance with the Chairman's intention, even though the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel of the Company.

RESOLUTION 2

– RE-ELECTION OF MR KIERAN O'BRIEN AS A DIRECTOR

Clause 13.2 of the Constitution requires that at an annual general meeting one-third of Directors, excluding the Managing Director, for the time being shall retire from office. A retiring Director is eligible for re-election. Listing Rule 14.4 requires that a Director, excluding the Managing Director, must not hold office without re-election past the third annual general meeting following the Director's appointment or three years, whichever is longer.

In accordance with the Constitution and Listing Rule 14.4, Mr Kieran O'Brien retires by way of rotation as a Director and being eligible, offers himself for re-election as a Director.

Mr O'Brien was appointed as an Executive Director of the Company on 23 September 2010. He was most recently re-elected as a Director at the annual general meeting of the Company held on 2 November 2012.

Mr O'Brien holds a Degree in Engineering and a Masters of Business Administration from the National University of Ireland, as well as a Master's Degree in Engineering Science from University College Cork. He started his career as a Project and Design Engineer for Ireland's Electricity Supply Board (ESB), before becoming Managing Director in 1993 of the company's transmission business. He later became CEO of Ireland's Independent System Operator.

Mr O'Brien was responsible for long term strategic planning of ESB and for relations with the Irish Government and European Union in the fuel and utility sector. During his time as Managing Director, ESB National Grid Ireland deregulated its electricity industry and commenced a major programme of renewables investment.

Mr O'Brien has also participated as a specialist advisor/director on key consultancy and overseas operational project for ESB's International Consultancy, Investment and Engineering organisation. This included projects in Asia, Africa, Eastern Europe and North America.

The Board (excluding Mr O'Brien) recommends that Shareholders vote in favour of Resolution 2.

RESOLUTION 3

– RE-ELECTION OF MR GRANT MOONEY AS A DIRECTOR

Clause 13.2 of the Constitution requires that at an annual general meeting one-third of Directors, excluding the Managing Director, for the time being shall retire from office. A retiring Director is eligible for re-election. Listing Rule 14.4 requires that a Director, excluding the Managing Director, must not hold office without re-election past the third annual general meeting following the Director's appointment or three years, whichever is longer.

In accordance with the Constitution and Listing Rule 14.4, Mr Grant Mooney retires by way of rotation as a Director and being eligible, offers himself for re-election as a Director. Mr Mooney remains in the role of joint company secretary of the Company. He was most recently re-elected as a Director at the annual general meeting of the Company held on 1 November 2013.

Mr Mooney was appointed as a Director of the Company on 19 February 2008. He was appointed Chairman on 9 October 2009 and held that position until 11 May 2015. Mr Mooney remains in the role of joint company secretary of the Company. He was most recently re-elected as a Director at the annual general meeting of the Company held on 1 November 2013.

Mr Mooney is the principal of Perth-based corporate advisory firm Mooney & Partners Pty Ltd, specialising in providing corporate advisory services to ASX listed companies. Having more than 20 years of experience in equity markets in Australia and overseas, Mr Mooney has extensive expertise in capital raisings and project financings.

Mr Mooney holds directorships with several ASX listed companies across a variety of industries including technology, resources and energy. As a result, he has a depth of knowledge across a wide range of industry sectors and has extensive transaction experience.

He is a member of the Institute of Chartered Accountants in Australia.

The Board (excluding Mr Mooney) recommends that Shareholders vote in favour of Resolution 3.

RESOLUTION 4 – APPROVAL OF 10% PLACEMENT FACILITY

General

Listing Rule 7.1A enables eligible entities to issue Equity Securities up to 10% of its issued share capital through placements over a 12 month period after the annual general meeting (**10% Placement Facility**). The 10% Placement Facility is in addition to the Company's 15% placement capacity under Listing Rule 7.1.

An eligible entity for the purposes of Listing Rule 7.1A is an entity that is not included in the S&P/ASX 300 Index and has a market capitalisation of $300 million or less. The Company is an eligible entity. Based on the closing price of the Company's shares on 16 September 2015, the Company has a market capitalisation of approximately $83.1 million.

The Company is now seeking shareholder approval by way of a special resolution to have the ability to issue Equity Securities under the 10% Placement Facility.

The exact number of Equity Securities to be issued under the 10% Placement Facility will be determined in accordance with the formula prescribed in Listing Rule 7.1A.2.

As disclosed in the Company's quarterly activities reports, the Company is continuing its strategy of the targeted pursuit of commercial opportunities for CETO in Australia and internationally. The Company may use the 10% Placement Facility to participate in these commercial opportunities. The 10% Placement Facility was previously approved at the 2013 and 2014 AGMs and was not utilised in either year.

The Directors of the Company believe that Resolution 4 is in the best interests of the Company and unanimously recommend that Shareholders vote in favour of this Resolution.

Description of Listing Rule 7.1A

(a) Shareholder approval

The ability to issue Equity Securities under the 10% Placement Facility is subject to shareholder approval by way of a special resolution at an annual general meeting.

(b) Equity Securities

Any Equity Securities issued under the 10% Placement Facility must be in the same class as an existing quoted class of Equity Securities of the Company.

The Company, as at the date of the Notice, has on issue one class of quoted Equity Securities, Shares.

(c) Formula for calculating 10% Placement Facility

Listing Rule 7.1A.2 provides that eligible entities which have obtained shareholder approval at an annual general meeting may issue or agree to issue, during the 12 month period after the date of the annual general meeting, a number of Equity Securities calculated in accordance with the following formula:

(A x D) – E

where:

A is the number of shares on issue 12 months before the date of issue or agreement:

(A) plus the number of fully paid shares issued in the 12 months under an exception in Listing Rule 7.2;

(B) plus the number of partly paid shares that became fully paid in the 12 months;

(C) plus the number of fully paid shares issued in the 12 months with approval of holders of shares under Listing Rule 7.1 and 7.4. This does not include an issue of fully paid shares under the entity's 15% placement capacity without shareholder approval;

(D) less the number of fully paid shares cancelled in the 12 months.

Note that A is has the same meaning in Listing Rule 7.1 when calculating an entity's 15% placement capacity.

D is 10%

E is the number of Equity Securities issued or agreed to be issued under Listing Rule 7.1A.2 in the 12 months before the date of the issue or agreement to issue that are not issued with the approval of shareholders under Listing Rule 7.1 or 7.4.

(d) Listing Rule 7.1 and Listing Rule 7.1A

The ability of an entity to issue Equity Securities under Listing Rule 7.1A is in addition to the entity's 15% placement capacity under Listing Rule 7.1.

At the date of this Notice, the Company has on issue 1,767,695,127 Shares and currently has a capacity to issue:

(i) 230,660,835 Equity Securities under Listing Rule 7.1; and

(ii) subject to Shareholder approval being provided under Resolution 4, 173,770,084 Equity Securities under Listing Rule 7.1A.

The actual number of Equity Securities that the Company will have capacity to issue under Listing Rule 7.1A will be calculated at the date of issue of the Equity Securities in accordance with the formula prescribed in Listing Rule 7.1A.2.

(e) Minimum Issue Price

The issue price of Equity Securities issued under Listing Rule 7.1A must be not less than 75% of the VWAP of Equity Securities in the same class calculated over the 15 Trading Days on which trades in that class were recorded immediately before:

(i) the date on which the price at which the Equity Securities are to be issued is agreed; or

(ii) if the Equity Securities are not issued within 5 Trading Days of the date in paragraph (i) above, the date on which the Equity Securities are issued.

(f) 10% Placement Period

Shareholder approval of the 10% Placement Facility under Listing Rule 7.1A is valid from the date of the annual general meeting at which the approval is obtained and expires on the earlier to occur of:

(i) the date that is 12 months after the date of the annual general meeting at which the approval is obtained; or

(ii) the date of the approval by shareholders of a transaction under Listing Rules 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking),

or such longer period if allowed by ASX (**10% Placement Period**).

Listing Rule 7.1A

The effect of Resolution 4 will be to allow the Directors to issue the Equity Securities under Listing Rule 7.1A during the 10% Placement Period without using the Company's 15% placement capacity under Listing Rule 7.1.

Resolution 4 is a special resolution and therefore requires approval of 75% of the votes cast by Shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative).

Specific information required by Listing Rule 7.3A

Pursuant to and in accordance with Listing Rule 7.3A, information is provided in relation to the approval of the 10% Placement Facility as follows:

(a) The Equity Securities will be issued at an issue price of not less than 75% of the VWAP for the Company's Equity Securities over the 15 Trading Days on which trades in that class were recorded immediately before:

(i) the date on which the price at which the Equity Securities are to be issued is agreed; or

(ii) if the Equity Securities are not issued within 5 Trading Days of the date in paragraph (i) above, the date on which the Equity Securities are issued.

(b) If Resolution 4 is approved by Shareholders and the Company issues Equity Securities under the 10% Placement Facility, the existing Shareholders' voting power in the Company will be diluted as shown in the below table (in the case of Options, only if the Options are exercised). There is a risk that:

(i) the market price for the Company's Equity Securities may be significantly lower on the date of the issue of the Equity Securities than on the date of the Meeting; and

(ii) the Equity Securities may be issued at a price that is at a discount to the market price for the Company's Equity Securities on the issue date or the Equity Securities are issued as part of consideration for the acquisition of a new asset,

which may have an effect on the amount of funds raised by the issue of the Equity Securities.

The below table shows the dilution of existing Shareholders on the basis of the current market price of Shares and the current number of ordinary securities for variable "A" calculated in accordance with the formula in Listing Rule 7.1A(2) as at the date of this Notice.

The table also shows:

(i) two examples where variable “A” has increased, by 50% and 100%. Variable “A” is based on the number of ordinary securities the Company has on issue. The number of ordinary securities on issue may increase as a result of issues of ordinary securities that do not require Shareholder approval (for example, a pro rata entitlements issue or scrip issued under a takeover offer) or future specific placements under Listing Rule 7.1 that are approved at a future Shareholders’ meeting; and

(ii) two examples of where the issue price of ordinary securities has decreased by 50% and increased by 50% as against the current market price.

Variable 'A' in Listing Rule 7.1A.2		**Dilution**		
		$0.024 **50% decrease in Issue Price**	$0.047 **Issue Price**	$0.094 **100% increase in Issue Price**
Current Variable A 1,767,695,127 Shares	**10% Voting Dilution**	176,769,513 Shares	176,769,513 Shares	176,769,513 Shares
	Funds raised	$4,154,084	$8,308,167	$16,616,334
50% increase in current Variable A 2,651,542,691 Shares	**10% Voting Dilution**	265,154,269 Shares	265,154,269 Shares	265,154,269 Shares
	Funds raised	$6,231,125	$12,462,251	$24,924,501
100% increase in current Variable A 3,535,390,254 Shares	**10% Voting Dilution**	353,539,025 Shares	353,539,025 Shares	353,539,025 Shares
	Funds raised	$8,308,167	$16,616,334	$33,232,668

The table has been prepared on the following assumptions:

(A) The Company issues the maximum number of Equity Securities available under the 10% Placement Facility.

(B) No Options (including any Options issued under the 10% Placement Facility) are exercised into Shares before the date of the issue of the Equity Securities.

(C) The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.

(D) The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 10% Placement Facility, based on that Shareholder’s holding at the date of the Meeting.

(E) The table shows only the effect of issues of Equity Securities under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1.

(F) The issue of Equity Securities under the 10% Placement Facility consists only of Shares. If the issue of Equity Securities includes Options, it is assumed that those Options are exercised into Shares for the purpose of calculating the voting dilution effect on existing Shareholders.

(G) The issue price is $0.047, being the closing price of the Shares on ASX on 16 September 2015.

(c) The Company will only issue and allot the Equity Securities during the 10% Placement Period. The approval under Resolution 4 for the issue of the Equity Securities will cease to be valid in the event that Shareholders approve a transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of activities or Listing Rule 11.2 (disposal of main undertaking).

(d) The Company may seek to issue the Equity Securities for the following purposes:

(i) non-cash consideration for the development of the CETO wave energy technology and/or general working capital including the potential acquisition of new assets and investments. In such circumstances the Company will provide a valuation of the non-cash consideration as required by Listing Rule 7.1A.3; or

(ii) cash consideration. In such circumstances, the Company intends to use the funds raised towards development of the CETO wave energy technology and/or general working capital including the potential acquisition of new assets or investments (including expense associated with such acquisition).

The Company will comply with the disclosure obligations under Listing Rules 7.1A.4 and 3.10.5A upon issue of any Equity Securities.

The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue pursuant to the 10% Placement Facility. The identity of the allottees of Equity Securities will be determined on a case-by-case basis having regard to the factors including but not limited to the following:

(i) the methods of raising funds that are available to the Company, including but not limited to, rights issue or other issue in which existing security holders can participate;

(ii) the effect of the issue of the Equity Securities on the control of the Company;

(iii) the financial situation and solvency of the Company; and

(iv) advice from corporate, financial and broking advisers (if applicable).

The allottees under the 10% Placement Facility have not been determined as at the date of this Notice but may include existing substantial Shareholders and/or new Shareholders who are not related parties or associates of a related party of the Company.

Further, if the Company is successful in acquiring new assets or investments, it is likely that the allottees under the 10% Placement Facility will be the vendors of the new assets or investments.

(e) The Company has previously obtained Shareholder approval under Listing Rule 7.1A at its Annual General Meetings held in 2013 & 2014 but not utilised the facility in either year. In the 12 months preceding the date of the 2015 Annual General Meeting, the Company has issued 72,594,291 Equity Securities and this represents 4% of the total number of Equity Securities on issue at the commencement of that 12 month period. Details of each issue of Equity Securities by the Company during the 12 months preceding the date of the 2015 Annual General Meeting are set out in the table below:

Date of Issue	Number of Securities	Type of Security	Recipient of Security	Issue Price and details of any discount	Consideration & Use of Funds as at 30 September 2015
01/09/2015	1,123,470	Share[2]	Convertible Note holders	Effective issue price of $0.05 (premium to market price)	Nil consideration
10/07/2015	26,600,000	Option[1]	Employees of the Company	Option exercise price of $0.054 (premium to market price on date of issue of options)	Nil consideration

Date of Issue	**Number of Securities**	**Type of Security**	**Recipient of Security**	**Issue Price and details of any discount**	**Consideration & Use of Funds as at 30 September 2015**
17/06/2015	2,222,222	Share[5]	Convertible Note holders	$0.045 (discount of 4% to market price)	Nil consideration
17/06/2015	7,500,000	Share[3]	Clean Energy Finance Corporation	Effective issue price of $0.06 (premium to market price)	Nil consideration
4/06/2015	1,031,225	Share[2]	Convertible Note holders	Effective issue price of $0.055 (premium to market price)	Nil consideration
25/03/2015	555,556	Share[5]	Convertible Note holders	$0.045 (discount of 26% to market price)	Nil consideration
25/03/2015	2,500,000	Share[3]	Clean Energy Finance Corporation	Effective issue price of $0.06 (discount of 2% to market price)	Nil consideration
5/03/2015	555,556	Share[5]	Convertible Note holders	$0.045 (discount of 25% to market price)	Nil consideration
5/03/2015	3,400,000	Share[4]	Employees of the Company	Effective issue price of $0.05 (discount of 23% to market price)	$170,000 of which none has been spent as at the date of this notice. The funds will be used to fund development of the CETO 6 project and for working capital purposes.
23/02/2015	937,881	Share[2]	Convertible Note holders	Effective issue price of $0.063 (discount of 9% to market price)	Nil consideration
23/02/2015	2,600,000	Share[4]	Employees of the Company	Effective issue price of $0.05 (discount of 23% to market price)	$130,000 of which none has been spent as at the date of this notice. The funds will be used to fund development of the CETO 6 project and for working capital purposes.

Date of Issue	Number of Securities	Type of Security	Recipient of Security	Issue Price and details of any discount	Consideration & Use of Funds as at 30 September 2015
12/02/2015	222,223	Share[5]	Convertible Note holders	$0.045 (discount of 26% to market price)	Nil consideration
6/02/2015	2,222,223	Share[5]	Convertible Note holders	$0.045 (discount of 29% to market price)	Nil consideration
31/12/2014	10,000,000	Share[3]	Clean Energy Finance Corporation	Effective issue price of $0.054 (discount of 10% to market price)	Nil consideration
10/12/2014	1,123,935	Share[2]	Convertible Note holders	Effective issue price of $0.053 (discount of 7% to market price)	Nil consideration
10/11/2014	10,000,000	Share[1]	Director of the Company	Effective issue price of $0.03 (discount of 43% to market price)	$300,000 of which none has been spent as at the date of this notice. The funds will be used to fund development of the CETO 6 project and for working capital purposes.

Notes:

Share[1] – Issue of ordinary shares to Mike Fitzpatrick a current director of the company due to the cash exercise of share options issued under a previous capital raise, prior to Mike Fitzpatrick joining board of Directors of the Company.

Share[2] – Issue of shares to holders of Notes as a non-cash 6% p.a. coupon paid quarterly, in accordance with the terms of the Convertible Notes announced on 18 November 2013.

Share[3] – Issue of shares in lieu of a cash payment to the Clean Energy Finance Corporation as part of the establishment fees and ongoing commitment fees in accordance with the conditions of the five year $20 million loan facility announced on 19 March 2014.

Share[4] – Issue of ordinary shares to employees of the company due to the exercise of employee share options issued under the Employee Share Option plan.

Share[5] – Issue of shares to holders of Notes as a conversion to equity of the Notes.

Option[1] – Employee Options (excluding directors) exercisable at $0.054 each on or before 9 July 2018, 50% vesting 10 July 2016 and 50% vesting 10 July 2017.

(f) A voting exclusion statement is included in the Notice. At the date of the Notice, the Company has not approached any particular existing Shareholder or security holder or an identifiable class of existing security holder to participate in the issue of the Equity Securities. No existing Shareholder's votes will therefore be excluded under the voting exclusion in the Notice.

SCHEDULE 1 – GLOSSARY

10% Placement Period has the meaning given in the Explanatory Memorandum for Resolution 4.

ASX means ASX Limited ABN 98 008 624 691 and, where the context permits, the Australian Securities Exchange operated by ASX Limited.

Board means the board of Directors.

Closely Related Party means:

(a) a spouse or child of a member; or
(b) has the meaning given in section 9 of the Corporations Act.

Constitution means the constitution of the Company.

Company means Carnegie Wave Energy Limited ABN 69 009 237 736.

Corporations Act means *Corporations Act 2001* (Cth).

Director means a director of the Company.

Employee Options means an Option issued pursuant to the Carnegie Wave Energy Limited Employee Share Option Plan 2010.

Equity Security has the meaning given in the Listing Rules and ***Equity Securities*** has the corresponding meaning.

Explanatory Memorandum means this explanatory memorandum.

Key Management Personnel means persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director (whether executive or otherwise).

Listing Rules means the listing rules of the ASX.

Notice means the notice of Annual General Meeting which accompanies this Explanatory Memorandum.

Option means an option to acquire a Share.

Resolution means a resolution proposed pursuant to the Notice.

Share means an ordinary fully paid share in the capital of the Company.

Shareholder means the registered holder of a Share.

Trading Days has the meaning given in the Listing Rules.

VWAP means the volume weighted average price.

WST means Australian Western Standard Time.