

TRANSFORMATIONAL DEAL PROGRESSES

- **Major transaction milestone achieved**
- **Key transaction agreements executed**
- **MPower to emerge as a market leader with increased scale and enhanced national reach**

Sydney – 17 August 2018 – Tag Pacific Limited (ASX: TAG)

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Tag Pacific Limited (ASX: TAG) is pleased to advise that it's transformational deal to acquire the Energy Made Clean (EMC) business from Carnegie Clean Energy Limited (Carnegie) (ASX:CCE) has achieved a major milestone, following the execution of three key binding transaction agreements.

The acquisition is intended to capitalise on the rapidly growing off-grid and fringe-of-grid solar, battery storage and microgrid market to create a regional leader in the development, financing, Engineering, Procurement, Construction (EPC) and Build, Own, Operate (BOO) of renewables, battery storage and microgrids.

The expanded ASX-listed group, to be known as MPower, will hold a market leading position and will benefit from increased scale and enhanced national reach.

The EMC business will be fully integrated with Tag's existing MPower business with head entity, Tag Pacific, being renamed MPower upon completion. Following finalisation of the transaction, Tag and Carnegie shareholders will hold a direct investment in MPower Group Limited, an ASX-listed renewables and battery storage leader.

Tag and Carnegie have now formally executed three binding legal documents relating to the purchase of the EMC business.

Tag Chief Executive Officer, Nathan Wise said: "This is a significant step forward. As a result of the documents that have been executed, Tag is now positioned to complete the purchase of EMC, subject only to the satisfaction of a number of conditions precedent."

"We are excited by the opportunity to bring together two leading renewable and battery storage businesses and we look forward to welcoming Carnegie's shareholders into our group."

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ASX ANNOUNCEMENT (continued)

As previously reported, MPower and EMC would have had combined pro forma revenue in FY2018 in excess of \$50 million. In line with market growth expectations, revenue of the enlarged group is expected to increase in FY2019 and beyond. The combined entity would have started FY2019 with a combined committed order book of circa \$20 million and once the MPower and EMC businesses are fully integrated, the combined business is expected to have sufficient scale to enable profitability to be achieved.

The combined business will integrate the engineering, procurement and construction activities of both existing businesses under the MPower brand, maintaining their strong presence in New South Wales and Western Australia to deliver a national and regional capability. It will also integrate EMC's solar and battery storage project development pipeline in order to establish a stand-alone build, own and operate solar and microgrid asset portfolio in the future.

The overall transaction terms remain as outlined in the announcement made by the Company on 28 June 2018. Key remaining conditions precedent for completion of the transaction include Tag completing a \$4 million capital raise and the approval of both Carnegie and Tag shareholders. Further details of the transaction will be contained in the notice of meeting to be dispatched to shareholders shortly. The transaction is currently expected to complete around the end of September 2018.

ABOUT TAG

Tag Pacific Limited is a Sydney-based investment house listed on the Australian Securities Exchange with a focus on niche areas of the power industry. Tag has invested in a diverse range of companies and activities that have been brought together primarily to operate under the banner of MPower. The company's mission is to invest in the power industry in a manner that creates and enhances value over time.

ABOUT MPOWER

MPower is an Australian owned and operated subsidiary of Tag Pacific Limited and is an industry leader providing innovative, reliable products and power solutions on a national and international level. Our capabilities are like no other; we combine new and old technologies with a skilled and experienced workforce to create dependable products and power solutions that last the distance. Put simply, we have the energy to deliver and can create products and solutions from solar panels and batteries to engineering, technical support and full turn-key systems.

ASX ANNOUNCEMENT (continued)

ABOUT CARNEGIE

Carnegie Clean Energy Limited is an ASX-listed (ASX: CCE) ("CCE") solar energy, battery storage and wave energy, project developer with over 10,000 Australian shareholders. Carnegie is the 100% owner and developer of the CETO Wave Energy Technology intellectual property and is also 100% owner of leading Australian battery/solar microgrid Engineering Procurement and Construction (EPC) company Energy Made Clean (EMC). EMC specialises in the delivery of mixed renewable energy microgrid projects to islands and remote and fringe of grid communities. Carnegie is the only company in the world to offer a combination of wave, solar, wind, battery storage and desalination via microgrids which are ideally suited to islands, off grid communities and fringe of grid locations.

ABOUT ENERGY MADE CLEAN

Energy Made Clean is a leading solar and battery microgrid developer providing off-grid power and utility scale solutions. Recently named one of Australia's most innovative companies by the Australian Financial Review, EMC specialises in the delivery of mixed renewable energy microgrid projects, ideally suited to island, remote and fringe of grid communities. EMC offers an end to end renewable energy solution, dedicated to in-house research and development, custom design, construction, operation, maintenance and monitoring.

FORWARD LOOKING STATEMENTS

All statements other than statements of historical fact included in this document including, without limitation, statements regarding future plans and objectives of Tag, are forward-looking statements. Forward-looking statements can be identified by words such as "anticipate", "believe", "could", "estimate", "expect", "future", "intend", "may", "opportunity", "plan", "potential", "project", "seek", "will" and other similar words that involve risks and uncertainties. These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that are expected to take place. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of Tag, its directors and management that could cause Tag's actual results to differ materially from the results expressed or anticipated in these statements.

Tag cannot and does not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this document will actually occur and investors are cautioned not to place any reliance on these forward-looking statements. Tag does not undertake to update or revise forward-looking



ASX ANNOUNCEMENT (continued)

statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this document, except where required by applicable law and stock exchange listing requirements.

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