CARNEGIE CLEAN ENERGY LIMITED
ABN 69 009 237 736
AND CONTROLLED ENTITIES

FINANCIAL REPORT

FOR THE YEAR ENDED

30 JUNE 2024

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DIRECTORS' REPORT
30 JUNE 2024

The Directors present their report on Carnegie Clean Energy Limited ("the Company", or “Carnegie”) and its controlled entities, ("the Group") for the financial year ended 30 June 2024.

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 and non-executive director experience with innovation companies globally. He was formerly the Chief Executive Officer and Managing Director of Orbital Corporation Ltd, until his resignation as a director on 18 November 2019. He was a former Vice President and General Manager at Siemens AG, Chief Executive Officer and Managing Director at Synerject, Vice President at Manufacturing Outboard Marine Corporation, and Director Advanced Product and Process Development at Mercury Marine, a division of Brunswick Corp.

Mr Stinson is currently a Non-Executive Chair Talga Group Ltd, appointed February 9, 2017, and Engentus Pty Ltd, appointed April, 2021. As well as Non-Executive Director of Aurora Labs, appointed 26 February 2020.

***Michael Fitzpatrick AO** B.Eng (Hons), B.A (Hons), M.A (Oxon) (Non-Executive Director) – appointed 28 November 2012*

Committed to sustainability, Mr Fitzpatrick is a pioneer in renewable investments, including investing in Pacific Hydro, developer of the first commercial windfarm in Australia in the 1990s and the Ord Hydro-Electric Scheme.

He founded the infrastructure investment firm, Hastings Funds Management Limited, managing investments of over $3.8 billion.

Mr Fitzpatrick is an Alternative Director of Foresight Australia Limited (previously Infrastructure Capital Group), manager of Australian Infrastructure Fund Limited, a billion dollar renewables fund owning wind, solar and hydro assets.

He was a former Director of Rio Tinto Limited and Chairman of the Australian Football League.

Mr Fitzpatrick is the Chairman and Director of LATAM Autos Limited which was a listed company until 8 May 2020.

***Grant 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 Gibb River Diamonds Limited, appointed 14 October 2008, Accelerate Resources Limited, appointed 1 July 2017, Talga Group Limited, appointed 20 February 2014, Aurora Labs Limited appointed 25 March 2020, CGN Resources Limited appointed 1 July 2023 and Riedel Resources Limited appointed 31 October 2018. He was a previous Director of Greenstone Resources Limited (formerly Barra Resources Limited), until his resignation on 18 August 2021, and SRJ Technologies Limited, until his resignation on 17 January 2023. Mr Mooney is also a member of Chartered Accountants Australia and New Zealand.

Anthony Shields *B.Bus (Non-Executive Director) - appointed 25 November 2019*

Mr Shields is the Managing Director of Asymmetric Investment Management Fund Pty Ltd (Asymmetric), a Perth-based investment manager specialising in private debt, venture capital and risk management. He also sits on a number of other non-listed company boards both in Executive and Non-Executive capacities (Asymmetric Investment Management, Source Certain International, NWQ Capital and Old Perth Port). Prior to Asymmetric, Mr Shields established and managed an investment portfolio for a family office in Perth, Western Australia. He currently sits on the investment committee of Canci Group advising on investment strategy and portfolio management. Prior to his family investment roles, Mr Shields worked for Deutsche Bank in equity and derivatives sales and trading, and for Macquarie Bank as an equity analyst and in institutional equity sales and trading.

Mr Shields has not been a director of any other listed Company in the last three years.

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 (i)	644,000	4,000,000
Michael Fitzpatrick (ii)	20,430,709	-
Grant Mooney (iii)	7,000,000	2,000,000
Anthony Shields (iv)	15,539,710	7,000,000

i. Mr Stinson has an interest in 644,000 ordinary shares and 4,000,000 options which are held by Terry Stinson <Stinson Family Trust>.
ii. Mr Fitzpatrick is a Director of Log Creek Pty Ltd and therefore is deemed to have an interest in 20,430,709 ordinary shares held by Log Creek Pty Ltd.
iii. Mr Mooney is a Director of Ocean Flyers Pty Ltd and is therefore deemed to have an interest in 2,000,000 ordinary shares. Mr Mooney also holds 5,000,000 ordinary shares and 2,000,000 options in his own name.
iv. Mr Shields is a Director of Asymmetric Credit Partners Pty Ltd and therefore is deemed to have an interest in 15,539,710 ordinary shares and 5,000,000 options held by Asymmetric Credit Partners Pty Ltd and 2,000,000 options are held by A&J Shields Pty < A&J Shields Family account>.

COMPANY SECRETARY

Mr Grant Mooney held the position of company secretary during the financial year and to the date of this report.

PRINCIPAL ACTIVITIES

The principal activity of the Group during the year was the development of the CETO Wave Energy Technology.

OPERATING RESULTS

The net loss the Group for the financial year ended 30 June 2024 was $2,320,225 (2023: loss of $630,396).

DIVIDENDS

The Directors do not recommend the payment of a dividend for the financial year ended 30 June 2024. No dividends were paid during the financial year.

REVIEW OF OPERATIONS

During the year to 30 June 2024, the Group's activities included the following:

Product Development

Carnegie and its subsidiaries have secured and are delivering several project contracts which are supporting the Company's core product development activities.

CETO Wave Energy Technology: Carnegie's core wave energy technology, a submerged point absorber type wave energy converter which converts ocean waves into zero-emission electricity

- During the period, the team made significant strides in advancing CETO technology towards commercialisation, with key activities undertaken as part of the Company's ACHIEVE Programme and supported by the EuropeWave Pre-Commercial Procurement (PCP) Programme. Building upon successful completion of Phase 1 and Phase 2 of EuropeWave, the Company secured a €3.75m EuropeWave Phase 3 contract in September 2023 to deploy CETO at the Biscay Marine Energy Platform (BiMEP) in the Basque Country, having received the highest score among competitors. Phase 3 activities commenced in September 2023, with an expected completion date of May 2026.

- To date, key activities for the ACHIEVE Programme have included the signing of a Berth Reservation at Carnegie's preferred deployment location at BiMEP, the issue of various contracts for design and manufacture of key components of CETO and passing the Authority to Proceed (ATP) milestone of its EuropeWave Phase 3 contract. The ATP represented a significant milestone in the ACHIEVE Programme as it signifies confidence from the EuropeWave Buyer's Group in the team's ability to deliver a successful deployment.

- In September 2023, the Company's wholly owned subsidiary Carnegie Technologies Spain (CTS) was selected to receive a €1.2m grant as part of Spain's first competitive call of the RENMARINAS DEMOS Program, which funds marine renewable energy projects in Spain. This additional funding complements the EuropeWave contract for ACHIEVE and enables additional activities to be delivered for this key CETO deployment in Europe. This includes funding a second year of CETO operations at BiMEP, enhanced wave prediction capabilities, as well as supporting local engagement, infrastructure and operations and maintenance.

- In March 2024, Carnegie Subsidiary CTS was awarded further support of €2.1m ($3.5m AUD) for the ACHIEVE Programme through the Basque Energy Agency - Ente Vasco de la Energia (EVE). These additional funds will further support the deployment of CETO at BiMEP, financing local CETO Buoyant Actuator manufacture and enhancements to the Mooring System. This grant will also support the integration of the Reinforcement Learning Controller into the ACHIEVE Programme, a technology developed through the ongoing collaboration with Hewlett Packard Enterprise and HPE Spain.

- Subsequent to the period end, Carnegie was selected as a Technical Support Recipient under the U.S. Testing Expertise and Access to Marine Energy Research (TEAMER) program. The Project was awarded $95,000 to support a collaborative project that brings together the extensive modelling and testing expertise of both Carnegie and the National Renewable Energy Laboratory (NREL), a national laboratory of the US Department of Energy. The project will tackle the challenge of predicting accurate loads in extreme wave events, an important aspect of survivability in wave energy converters.

- The Company's wholly owned subsidiary CETO Wave Energy Ireland (CWEI) was also selected to participate in two European research and development projects.
  - CWEI awarded €45,238 to participate as an industry partner as wave energy converter use case for the WECHULL+ project. The project will be delivered by a European consortium through the Clean Energy Transition Partnership program. The funding provides an opportunity for CWEI to engage in the development of a novel concrete material for wave energy converter hulls, which could deliver valuable technical and commercial improvements to CETO.
  - CWEI awarded €38,000 to participate as an industry partner in the Mega Wave PTO Project funded by the European Commission to deliver improvements in power take-off systems. The project will be delivered by a consortium of European and UK partners and CETO will serve as one of the wave energy technologies represented in the consortium.

CETO Wave Energy Technology (continued)

- The technical and commercial promise of the CETO technology is reaffirmed by support received through competitive EuropeWave PCP Programme for the advancement of wave energy technologies, Spanish Government's RENMARINAS DEMOS Program and Basque regional energy agency EVE's support. The Company's ongoing commitment to CETO technology optimisation is also evident in its selection to participate in the TEAMER program and the WECHULL+ and Mega Wave Projects.

- Carnegie's collaboration with Hewlett Packard Enterprise on implementing reinforcement learning control for CETO was highlighted during the keynote at HPE Discover at Sphere, Las Vegas with thousands of visitors also introduced to CETO through a wave tank and animation at the exhibition.

MoorPower Wave Energy Technology: A CETO derived wave energy technology designed to deliver a sustainable energy supply for marine industries operating at a fixed moored location, reducing the reliance on diesel.

- The team has delivered the manufacture, assembly onshore and offshore testing of the MoorPower scaled demonstrator as part of the $3.4m MoorPower Scaled Demonstrator Project. This Project is supported by the Blue Economy CRC and is being delivered in collaboration with a strong consortium of partners including Huon Aquaculture and Tassal Group. Aquaculture industry partners Huon and Tassal could become the first adopters of the MoorPower commercial product.

- The MoorPower Demonstrator was deployed and operated in Carnegie's offshore test site in January 2024, immediately offshore from the Company's onshore research facility in North Fremantle, Western Australia.

- The MoorPower Demonstrator has achieved many significant milestones during its initial operational phase, with over 2,000 hours of operational data captured and analysed to date. During winter storms, the system tackled significant conditions including up to 2.36m Hmax. The core design of MoorPower has been proven with the Modules operating as predicted. In addition, the Company's modelling of the Demonstrator and future commercial units has been validated against data gathered from the operating Demonstrator and an operating feeding barge in Tasmanian waters to support the commercialisation pathway.

Mooring Tensioner Technology: A component which provides passive tension required for rotary electric power take-off systems, such as is required for CETO and MoorPower.

- The team progressed development of the Mooring Tensioner via the MoTWEC (Mooring Tensioner for the Wave Energy Converters) Project, supported by the Blue Economy CRC and being delivered in collaboration with partners.

- Project partner Advanced Composite Structures Australia (ACS-A) and Carnegie previously designed a Mooring Tensioner prototype that was manufactured by ACS-A. Carnegie designed and constructed a test rig that is capable of undertaking functional and fatigue testing on the prototype which is located at the Company's onshore research facility in Western Australia. During the period, testing has been undertaken with some breaks in operation for inspection and repair works.

Garden Island Microgrid

- Under Carnegie's Power Supply Agreement, the Department of Defence continues to purchase all power produced by the Garden Island Microgrid.

- During the period, Carnegie and a supplier agreed, without admission of liability, to settle a dispute related to the provision of solar panels to the Garden Island Microgrid on terms set out in a Deed of Settlement and Release. As part of the Settlement, the supplier paid to Carnegie the sum of $1,534,648 in consideration for releases provided by both parties.

  During the period, Carnegie sold a batch of Large-Scale Generation Certificates acquired through the continued solar generation from the Garden Island Microgrid, delivering $117,616 in revenue.

Corporate

- The Company's Annual General Meeting (AGM) was held on November 14, 2023. All resolutions were passed.
- At the AGM, a resolution was passed to undertake a consolidation of capital. Every 50 shares were consolidated into 1 share. The options currently on issue were also consolidated in accordance with Listing Rule 7.22.1. Trading in the shares transitioned to a post consolidation basis on 16 November 2023.
- During the period, a Share Purchase Plan (SPP) was completed with eligible Shareholders. Through the SPP a total of $2.134 million was raised to support Carnegie to deliver the first European CETO deployment at BiMEP.
- Carnegie completed US listing onto the OTCQB, becoming dual listed. This provides real-time access for institutional and retail investors in North America in US dollars, increases liquidity and increases access to capital in the US.

FINANCIAL POSITION

The net assets of the Group decreased by $126,123 from $21.22 million to $21.10 million as at 30 June 2024. This is predominantly the result of the net loss for the period offset by the $2.134 million of share capital raised via the SPP.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There has been no other significant change in the state of affairs of the Group to the date of this report.

SIGNIFICANT EVENTS SUBSEQUENT TO YEAR END

On 1 July 2024 the company received the funds associated with the $2.134 million (before costs) SPP which were being held on trust by Automic Group who acted as lead broker for the SPP that was completed on 26 June 2024.

There has not been any matter or circumstance that has arisen after balance date that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial periods.

FUTURE DEVELOPMENTS, PROSPECTS AND BUSINESS STRATEGIES

Strategy

The Company has two major focus areas: commercialising the CETO and MoorPower technologies. In the interest of astute capital management, Carnegie has looked for, and found, programmes and organisations to financially support these developments.

For CETO, the strategy has been to secure continued support via the EuropeWave programme since it aligns perfectly with the technology roadmap and provides significant funding to complete the companies first ocean deployment in Europe as part of Carnegie's ACHIEVE Programme. Europe is the most attractive jurisdiction for wave energy deployments currently given the targets set by the EU and the support on offer.

The focus on EuropeWave paid off with a €3.75m contract awarded for Phase 3 in early September 2023. Additionally, the work on Phase 2 and the bid for Phase 3 was ranked first amongst the three finalists selected, giving Carnegie first choice of the deployment sites on offer. Carnegie selected the Biscay Marine Energy Platofrm (BiMEP) an offshore test site in the Basque Country, Spain.

In addition, during the year, Carnegie secured additional support through the Spanish Government (€1.2m) and Basque Energy Agency (€2.1m) that provides additional capital support to the ACHIEVE Programme's deployment of CETO at BiMEP.

FUTURE DEVELOPMENTS, PROSPECTS AND BUSINESS STRATEGIES (continued)
Strategy (continued)

The strategy going forward is to use the European deployment of CETO through the ACHIEVE Programme to attract a partner to drive development of future projects, including a first array project. Importantly, being awarded top ratings in the EuropeWave programme also provides 3rd party assessment of the technology and the company, crucial inputs to the investment decisions of a project partner.

For MoorPower, the strategy has also been to demonstrate the technology in order to build confidence within the pool of potential customers. This is why the company has, with the support of the Blue Economy CRC, formed and executed a project to deploy a scaled demonstration of the MoorPower system on a barge.

The MoorPower Scaled Demonstrator project was deployed in January 2024 and completed several months of operations. With initial operational analysis validating the design and numerical models, the team is progressing to work towards securing funding to deliver the next phase of the MoorPower technology roadmap, a commercial prototype on an operating barge. This involves working with project partners, Huon and Tassal, together with the Blue Economy CRC to form the project that will see the MoorPower system at commercial scale installed on a working feed barge.

Risks

The need for renewable energy is only increasing. Governments are progressively recognising the growing risk that climate change and other related pollutants pose to health and security. There are various mechanisms in place in the major markets of the USA and Europe that support the energy transition with specific elements that focus on the emerging field of ocean energy. Whilst this support is currently growing, risks are present due the reluctance of governments and agencies to take a long term view in the face of the worsening crisis. Technologies that are mature may potentially take a larger share of the support available as they are deployable at scale today.

At the project level, risks are present for CETO (and the future planned commercial MoorPower prototype) with finalising the design and securing supply of critical components. While the designs of both CETO and MoorPower seek to predominantly use off-the-shelf items, some are bespoke and a limited number of suppliers exist to provide them. This could delay the deployment or result in poor performance or reliability once in service. In the coming 12-18 months, risks are also present for CETO related to the assembly, deployment and operation of the CETO unit at BiMEP.

For MoorPower, the risks related to deployment have reduced given the completion of the first successful operational campaign of the MoorPower Demonstrator. Deployment risks could be introduced again depending on plans for future deployments of the Demonstrator. Current risks for the MoorPower technology are related to securing and then delivering the commercial prototype on an operational barge – including finalising the commercial aquaculture host, securing funding and delivering in compliance with operational requirements of the aquaculture host.

ESG factors are predominantly positive for the Company but some risks remain. With any deployed equipment there is a risk that they break free and do environmental damage to an area where they rest. Given there are negligible fluids or chemicals onboard both CETO and MoorPower, any damage is likely to be minor. This would however impact the social licence that wave energy acquires fairly easily due to its minimal visual impact.

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 commercialising a wave energy technology. If existing resources are insufficient to satisfy the liquidity requirements, the Group may seek to sell its solar microgrid asset, issue 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 commercialisation efforts which could adversely affect its financial position and operating results.

FUTURE DEVELOPMENTS, PROSPECTS AND BUSINESS STRATEGIES (continued)
Conclusion

Carnegie is positioned incredibly well to capitalise on the global ambition to decarbonise energy production at all levels. At utility scale, project developers and utilities are both aiming to be at the forefront of this emerging technology and are actively looking for the leading companies in the field. Governments are looking to ensure that they secure the sovereign capability that comes with the first mover advantage.

For MoorPower customers, the demands for ESG reporting, particularly around emissions, are leading them to look for diesel replacements. This is evident in the first market for MoorPower, the aquaculture feeding barge market.

With two physical demonstration projects underway in Europe and Australia, Carnegie is now in a phase of high visibility which will rapidly build credibility with the supporting agencies and future customers. This is also likely to stimulate investors and build upon the strong financial position the company is in today.

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 commercialising a wave energy technology. If existing resources are insufficient to satisfy the liquidity requirements, the Group may seek to sell its solar microgrid asset, issue 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 commercialisation efforts which could adversely affect its financial position and operating results.

ENVIRONMENTAL ISSUES

The 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:

- 5,000,000 options outstanding in respect of unissued ordinary shares exercisable at $0.06250 per share on or before 28 October 2024,
- 3,000,000 options outstanding in respect of unissued ordinary shares exercisable at $0.18 per share on or before 13 October 2024,
- 8,000,000 options outstanding in respect of unissued ordinary shares exercisable at $0.18 per share on or before 22 November 2024.
- 8,600,000 options outstanding in respect of unissued ordinary shares exercisable at $0.15 per share on or before 28 September 2024.
- 2,000,000 options outstanding in respect of unissued ordinary shares exercisable at $0.15 per share on or before 25 November 2024.
- 9,600,000 options outstanding in respect of unissued ordinary shares exercisable at $0.065 per share on or before 24 July 2026.

No person entitled to exercise options had or has any right by virtue of the option to participate in any share issue of the company or any other body corporate.

No options were exercised during the year or up to the date of the report.

INDEMNIFYING OFFICERS

During or since the year end, the Company has given an indemnity or entered an agreement to indemnify, the Directors against certain risks they are exposed to as Directors of the Company.

REMUNERATION REPORT - AUDITED

This report details the nature and amount of remuneration for each Director of Carnegie Clean Energy Limited and other Key Management Personnel (KMP) being the Chief Executive Officer, Mr Jonathan Fievez.

Remuneration Policy

The remuneration policy of Carnegie Clean Energy Limited has been designed to align KMP 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 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 KMP to run and manage the Group, as well as create goal congruence between KMP and shareholders.

The Board's policy for determining the nature and amount of remuneration for KMP of the Group is as follows:

The remuneration policy, setting the terms and conditions for the Executive Directors and other senior executives, was developed by the Board of Directors after seeking professional advice from independent external consultants. The Board of Directors 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 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 2020 as the mechanism by which options may be issued to executive management and staff to adequately incentivise these individuals.

The Board of Directors reviews executive packages annually by reference to the 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. No remuneration consultants were used during the year. 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 Group.

Company Performance, Shareholder Wealth and KMP Remuneration

	2020 $	2021 $	2022 $	2023 $	2024 $
Revenue	117,668	60,955	321,938	383,737	346,921
Net loss after tax	(275,522)	(934,845)	(1,924,680)	(630,396)	(2,320,225)
Share price at year end (pre-consolidation)	0.001	0.002	0.001	0.002	N/A
Share price at year end (converted to consolidated)	0.05	0.10	0.05	0.10	0.042

REMUNERATION REPORT – AUDITED (Continued)

The remuneration for each KMP of the Group paid during the year was as follows:

Details of Remuneration for Year Ended 30 June 2024

	Actual rewards received in the period						
	Short-term benefits						
	Cash salary, leave paid and fees	Non Cash Benefits	Post Employment Benefits - Super	Other long term benefits	Share based payments**	Total	% of Remuneration Performance Based
Terry Stinson	$ 70,000	$ -	$ 7,700	$ -	$ 29,919	$ 107,619	27.80%
Anthony Shields	$ 50,000	$ -	$ 5,500	$ -	$ -	$ 55,500	-
Michael Fitzpatrick	$ 50,000	$ -	$ 5,500	$ -	$ -	$ 55,500	-
Grant Mooney*	$ 110,000	$ -	$ 5,500	$ -	$ -	$ 115,500	-
Jonathan Fievez^	$ 383,049	$ -	$ 42,135	$ -	$ 79,819	$ 505,003	15.81%
Total	**$ 663,049**	**$ -**	**$ 66,335**	**$ -**	**$ 109,738**	**$ 839,122**	**13.08%**

* Fees include $60,000 paid to Mooney & Partners Pty Ltd, a company associated with Grant Mooney, for company secretarial services.

^Fees include $93,531 bonus for the year awarded at the discretion of the Board for performance relative to annual executive performance criteria.

**Share Based Payments relate to options issued to directors and are non-cash. The value is determined by way of calculation using a Black & Scholes formula determined at the time of issue of the options following approval by shareholders at the Annual General Meeting.

Details of Remuneration for Year Ended 30 June 2023

	Actual rewards received in the period						
	Short-term benefits						
	Cash salary, leave paid and fees	Non Cash Benefits	Post Employment Benefits - Super	Other long term benefits	Share based payments**	Total	% of Remuneration Performance Based
Terry Stinson	$ 70,000	$ -	$ 7,350	$ -	$ 60,000	$ 137,350	43.68%
Anthony Shields	$ 50,000	$ -	$ 5,250	$ -	$ -	$ 55,250	-
Michael Fitzpatrick	$ 50,000	$ -	$ 5,250	$ -	$ -	$ 55,250	-
Grant Mooney*	$ 110,000	$ -	$ 5,250	$ -	$ -	$ 115,250	-
Jonathan Fievez^	$ 306,418	$ -	$ 32,174	$ -	$ 90,000	$ 428,592	21.00%
Total	**$ 586,418**	**$ -**	**$ 55,274**	**$ -**	**$ 150,000**	**$ 791,692**	**18.95%**

* Fees include $60,000 paid to Mooney & Partners Pty Ltd, a company associated with Grant Mooney, for company secretarial services.

^Fees include $26,250 bonus for the year.

**Share Based Payments relate to options issued to directors and are non-cash. The value is determined by way of calculation using a Black & Scholes formula determined at the time of issue of the options following approval by shareholders at the Annual General Meeting.

Employment Contracts of KMP

The employment conditions of KMP are formalised in Service Contracts.

The Company entered into an executive services agreement with Mr Jonathan Fievez on 27 September 2018 in respect of his employment as the CEO of the Company. The principal terms of the executive services agreement are as follows:

(i) Mr Fievez receives a base salary of $294,919 (revised 6/11/2023) per annum, excluding mandatory superannuation contributions;
(ii) a cash bonus of up to 30% of the annual gross salary may be payable annually at the discretion of the Directors.
(iii) express provisions protecting the Company's confidential information and intellectual property;
(iv) Mr Fievez may terminate the agreement by giving 3 months' notice in writing to the Company; and
(v) The Company may terminate the agreement (without cause) by giving Mr Fievez 3 months' notice in writing (or make payment in lieu of notice), unless the Company is terminating as a result of serious misconduct (or other similar grounds) by Mr Fievez, in which case no notice is required.

REMUNERATION REPORT – AUDITED (Continued)
Employment Contracts of KMP(continued)

Messrs Fitzpatrick, Mooney and Shields each receive an annual remuneration as Non-Executive Directors of $50,000 (exclusive of mandatory superannuation contributions and GST) while Mr Stinson (Chairman) receives $70,000 per annum (exclusive of mandatory superannuation contributions and GST). These salaries took effect from 1 January 2022.

Their appointment shall cease if:
(a) the Non-Executive Director resigns;
(b) at the close of any general meeting of Shareholders at which a resolution of their re-election is not approved;
(c) the Non-Executive Director is removed as a Director in accordance with the Corporations Act or the Constitution.

The Company has entered into an agreement for the provision of Company secretarial services by Mooney & Partners Pty Ltd, a company associated with director Mr Grant Mooney. The agreement provides for the provision of Company Secretarial Services to the Company for $60,000 per annum plus GST. Mooney and the Company can terminate the agreement by giving 3 months' notice to either party.

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 the Corporations Act 2001.

Other transactions with KMP and/or their related parties.

The Company has entered into an agreement for the provision of operation and maintenance services by Secure Energy Pty Ltd (Secure Energy) (Previously EMC Asset Management Pty Ltd (EMCAM)), a jointly owned solar energy microgrid operation and maintenance company. EMCAM provides services to maintain the Garden Island Solar Battery System. Secure Energy is a company jointly owned by director Mr Grant Mooney and CEO Jonathan Fievez. Secure Energy also sub leases office space from Carnegie at Rous Head Facility in Fremantle. Full details of amounts paid to Secure Energy are outlined in Note 23.

Options Holdings

Movement in equity settled options held by KMP is detailed below:

	Balance 30 June 2023	Consolidation adjustment	Rights & Options exercised	Net Change Other	Balance 30 June 2024
Michael Fitzpatrick	860,000,000	17,200,000	-	(17,200,000)	-
Grant Mooney	100,000,000	2,000,000	-	-	2,000,000
Anthony Shields	1,070,000,000	21,400,000	-	(14,400,000)	7,000,000
Terry Stinson	285,000,000	5,700,000	-	(1,700,000)	4,000,000
Jonathan Fievez	300,000,000	6,000,000	-	-	6,000,000
Total	2,615,000,000	52,300,000	-	(33,300,000)	19,000,000

REMUNERATION REPORT – AUDITED (Continued)

Details of equity settled options granted as compensation for KMP outstanding at balance date are as follows:

Terms & Conditions for Each Instrument

KMP	Consolidated Vested & Granted Number	Grant Date	Value per Instrument at Grant Date	Consolidated Exercise Price	First Exercise Date	Last Exercise Date
Jonathan Fievez	3,000,000	13 Oct 21	0.035 cent	0.18 cent	13 Oct 2021	13 Oct 2024
Anthony Shields	2,000,000	23 Nov 21	0.065 cent	0.18 cent	23 Nov 2021	22 Nov 2024
Grant Mooney	2,000,000	23 Nov 21	0.065 cent	0.18 cent	23 Nov 2021	22 Nov 2024
Terry Stinson	2,000,000	23 Nov 21	0.065 cent	0.18 cent	23 Nov 2021	22 Nov 2024
Jonathan Fievez	3,000,000	28 Sep 22	0.030 cent	0.15 cent	28 Sep 2022	28 Sep 2024
Terry Stinson	2,000,000	22 Nov 22	0.030 cent	0.15 cent	22 Nov 2022	25 Nov 2024

5 million of Mr Shields' options at 30 June 2024 relate to his previous capacity as a convertible noteholder. These were not issued as KMP compensation.

Shareholdings

Number of Shares held by KMP

	Balance 30 June 2023	Consolidation adjustment	Rights & Options Exercised	Net Change Other	Balance 30 June 2024
Terry Stinson	19,700,000	394,000	-	250,000	644,000
Michael Fitzpatrick	1,021,535,417	20,430,709	-	-	20,430,709
Grant Mooney	350,000,000	7,000,000	-	-	7,000,000
Anthony Shields	776,985,492	15,539,710	-	-	15,539,710
Jonathan Fievez	30,000,000	600,000	-	200,000	800,000
Total	2,198,220,909	43,964,419	-	450,000	44,414,419

END OF REMUNERATION REPORT

DIRECTORS' MEETINGS

There were 5 Directors' meetings held during the financial year ended 30 June 2024. Attendances were as follows:

Director	No. Meetings attended	No. Meetings held during time in office
Terry Stinson	4	4
Grant Mooney	4	4
Michael Fitzpatrick	4	4
Anthony Shields	4	4

There were also five (5) circular resolutions passed by the Board of Directors during the financial year.

NON-AUDIT SERVICES

The auditors were not engaged for any non-audit services during the financial year ended 30 June 2024.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration for the year ended 30 June 2024 has been received and can be found on page 38.

Signed on 27 August 2024 in accordance with a resolution of the Board of Directors.

GRANT MOONEY
Director

TERRY STINSON
Director

HLB MANN JUDD
ADVISORY AND ACCOUNTING

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the consolidated financial report of Carnegie Clean Energy Limited for the year ended 30 June 2024, I declare that to the best of my knowledge and belief, there have been no contraventions of:

a) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

b) any applicable code of professional conduct in relation to the audit.

Perth, Western Australia	**M R Ohm**
27 August 2024	**Partner**

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CARNEGIE CLEAN ENERGY LIMITED
ABN 69 009 237 736
AND CONTROLLED ENTITIES

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2024

	Note	Group 2024 $	2023 $
Continuing Operations			
Revenue	2	346,921	383,737
Other income			
Other income	2	100,440	1,834,592
Total revenue and other income		447,361	2,218,329
Cost of Sales			
Cost of Sales		(152,308)	-
Expenses			
Professional fees		(223,525)	(209,313)
Depreciation expense	3	(318,891)	(442,929)
Employee and Directors' expenses		(1,170,379)	(1,042,620)
Employee share-based payments	25	(111,595)	(263,989)
Finance costs		(12,909)	(10,907)
Occupancy and administration		(674,874)	(547,224)
Research expenses		(101,454)	(346,207)
Other expenses from ordinary activities		(1,651)	14,464
Total expenses and cost of sales		(2,615,278)	(2,848,725)
Loss before income tax from continuing operations		(2,320,225)	(630,396)
Income tax benefit/(expense)		-	-
Loss after tax from continuing operations		(2,320,225)	(630,396)
Other comprehensive income/(loss)			
Items that may be reclassified to profit or loss			
Exchange gains/(losses) on translating overseas controlled entities and foreign currencies		(5,475)	47,087
Total comprehensive loss for the year		(2,325,700)	(583,309)
Earnings per share from continuing operations			
Basic loss per share (cents per share)	7	(0.740)	(0.204)
Diluted loss per share (cents per share)	7	(0.740)	(0.204)

The accompanying notes form part of these financial statements.

CARNEGIE CLEAN ENERGY LIMITED
ABN 69 009 237 736
AND CONTROLLED ENTITIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2024

	Note	Group 2024 $	Group 2023 $
CURRENT ASSETS			
Cash and cash equivalents	8	3,728,673	2,003,868
Trade and other receivables	9	212,335	3,188,988
TOTAL CURRENT ASSETS		3,941,008	5,192,856
NON-CURRENT ASSETS			
Trade and other receivables	9	887,370	554,951
Other financial assets		12,414	12,414
Property, plant, and equipment	11	2,054,156	2,281,009
Leased assets – right of use	12	37,247	107,838
Intangible assets	13	15,465,386	14,339,213
TOTAL NON-CURRENT ASSETS		18,456,573	17,295,425
TOTAL ASSETS		22,397,581	22,488,281
CURRENT LIABILITIES			
Trade and other payables	14	1,041,359	913,282
Employee entitlements	15	184,589	212,931
Lease liability	16	34,216	73,223
TOTAL CURRENT LIABILITIES		1,260,164	1,199,436
NON-CURRENT LIABILITIES			
Long-term provisions	15	39,183	26,794
Lease liability	16	-	37,694
TOTAL NON-CURRENT LIABILITIES		39,183	64,488
TOTAL LIABILITIES		1,299,347	1,263,924
NET ASSETS		21,098,234	21,224,357
EQUITY			
Share capital	17	211,159,219	209,071,177
Reserves	18	979,478	899,518
Accumulated losses		(191,040,463)	(188,746,338)
TOTAL EQUITY		21,098,234	21,224,357

The accompanying notes form part of these financial statements.

CARNEGIE CLEAN ENERGY LIMITED
ABN 69 009 237 736
AND CONTROLLED ENTITIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2024

Group	Issued Capital	Accumulated Losses	Foreign Currency Reserve	Convertible Note/Option Reserve	Total
	$	$	$	$	$
Balance at 1 July 2022	**208,261,175**	**(189,092,490)**	**28,090**	**1,536,900**	**20,733,675**
Comprehensive loss					
Loss for the year	-	(630,396)	-	-	(630,396)
Other comprehensive loss	-	-	47,087	-	47,087
Total comprehensive loss for the year	-	(630,396)	47,087	-	(583,309)
Transactions with owners					
Expired options transferred	-	976,548	-	(976,548)	-
Shares issued from exercise of options	810,002	-	-	-	810,002
Share-based payment expense	-	-	-	263,989	263,989
Total transactions with owners	810,002	976,548	-	(712,559)	1,073,991
Balance at 30 June 2023	**209,071,177**	**(188,746,338)**	**75,177**	**824,341**	**21,224,357**
Balance at 1 July 2023	**209,071,177**	**(188,746,338)**	**75,177**	**824,341**	**21,224,357**
Comprehensive loss					
Loss for the year	-	(2,320,225)	-	-	(2,320,225)
Other comprehensive income	-	-	(5,475)	-	(5,475)
Total comprehensive loss for the year	-	(2,320,225)	(5,475)	-	(2,325,700)
Transactions with owners					
Expired options transferred	-	26,100	-	(26,100)	-
Shares issued	2,134,000	-	-	-	2,134,000
Share issue costs	(45,958)	-	-	-	(45,958)
Share-based payment expense	-	-	-	111,595	111,595
Total transactions with owners	2,088,042	26,100	-	85,495	2,199,637
Balance at 30 June 2024	**211,159,219**	**(191,040,463)**	**69,702**	**909,836**	**21,098,294**

The accompanying notes form part of these financial statements.

CARNEGIE CLEAN ENERGY LIMITED
ABN 69 009 237 736
AND CONTROLLED ENTITIES

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2024

	Note	Group	
		2024	**2023**
		$	**$**
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		412,519	422,113
Interest received		67,099	47,126
Payments to suppliers and employees		(2,312,820)	(2,186,596)
Net cash provided (used in) operating activities	21	(1,833,202)	(1,717,357)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for development of asset		(2,722,333)	(497,102)
Receipts for development of asset		3,086,370	-
Proceeds from warranty claim		1,534,648	-
Purchase of property, plant and equipment		(20,668)	(622,410)
Net cash provided by/ (used in) investing activities		1,878,017	(1,119,512)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		2,134,000	810,002
Share issue costs		(1,107)	-
Payments for lease liabilities	16	(89,610)	(64,300)
Return of cash from financial assets		(15,437)	-
Proceeds from return of bank guarantees		14,988	-
Payments for bank guarantees		(362,844)	-
Net cash provided by financing activities		1,679,990	745,702
Net increase/(decrease) in cash held		1,724,805	(2,091,167)
Cash and cash equivalents at beginning of financial year		2,003,868	4,095,035
Cash and cash equivalents at end of financial year		3,728,673	2,003,868

The accompanying notes form part of these financial statements.

NOTE 1. STATEMENT OF MATERIAL ACCOUNTING POLICIES

Carnegie Clean Energy Limited ("the Company") is a company domiciled in Australia. The consolidated financial statements of the Company for the year ended 30 June 2024 comprise the Company and the entities controlled by the Company ("the Group"). Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement in with the investee; and
- has the ability to its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements listed above.

The separate financial statements of the Company 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 27 August 2024.

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 Group adopted ASSB 2021-2 which amends AASB 7, AASB 101, AASB 108 and AASB 134 to require disclosure of "material accounting policy information" rather than significant accounting policies in an entity's financial statements. It also updates AASB Practice Statement 2 to provide guidance on the application of the concept of materiality to accounting policy disclosure.

The adoption of the amendment did not have a material impact on the financial statements. The Directors have reviewed all other Standards and Interpretations on issue not yet adopted for the period ended 30 June 2024. As a result of this review, the Directors have determined that there is no material impact of the Standards Interpretations on issue not yet adopted by the Company, and therefore no other change necessary to the Group accounting policies and no other changes from the new accounting standards have been adopted.

Accounting Policies

Research and development

Research costs are expensed in the period in which they are incurred. Development costs are capitalised when it is probable that the project will be a success considering its commercial and technical feasibility; the Group is able to use or sell the asset; the Group has sufficient resources and intent to complete the development; and its costs can be measured reliably. The capitalised development costs are an intangible asset not yet ready for use and are therefore not currently subject to amortisation.

NOTE 1. STATEMENT OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

Impairment of intangible assets

Intangible assets that have an indefinite useful life, or are not yet ready for use, are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying value exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cashflows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cashflow flows are grouped together to form a cash-generating unit.

Property, Plant and Equipment

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisitions of the items.

Depreciation is calculated on a straight-line basis to write off the net costs of each item of plant & equipment.

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

Class of Fixed Asset	*Depreciation Rate*
Plant and equipment	10.0% - 33.33%
Microgrid/Battery asset	15 years

Residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

Any item of property, plant and equipment is derecognised upon disposal or where there is no future economic benefit to the Group. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss. Any revaluation surplus reserve relating to the items disposed of is transferred directly to accumulated losses.

Financial Instruments

Recognition and derecognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred.

A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and initial measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at transaction price in accordance with AASB 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

NOTE 1. STATEMENT OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

Financial Instruments (continued)

Recognition and derecognition (continued)

For the purpose of subsequent measurement, financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

- amortised cost
- fair value through profit or loss (FVTPL)
- equity instruments at fair value through other comprehensive income (FVOCI)
- debt instruments at fair value through other comprehensive income (FVOCI).

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

The classification is determined by both:

- the entity's business model for managing the financial asset
- the contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

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

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

Share-based payments

Equity-settled and cash-settled share-based compensation are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either a Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the consolidated entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

NOTE 1. STATEMENT OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

Share-based payments (continued)

The cost of cash-settled transactions is initially, and at each reporting date until vested, determined by applying either the Binomial or Black-Scholes option pricing model, taking into consideration the terms and conditions on which the award was granted. The cumulative charge to profit or loss until settlement of the liability is calculated as follows:

- during the vesting period, the liability at each reporting date is the fair value of the award at that date multiplied by the expired portion of the vesting period.
- From the end of the vesting period until settlement of the award, the liability is the full fair value of the liability at the reporting date.

All changes in the liability are recognised in profit or loss. The ultimate cost of cash-settled transactions is the cash paid to settle the liability.

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the consolidated entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated entity or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

Revenue and Other Income

Revenue is recognised at an amount that reflects the consideration to which the Group is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Group: identifies the contact with a customer; identifies the performance obligations in the contract, determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods of service promised.

Sale of Goods

Revenue from the sale of goods is recognised at the point in time when the customer obtains control of the goods, which is generally at the time of delivery.

Rendering of services

Revenue from a contract to provide services is recognised over time as the services are rendered based on either a fixed price or hourly rate.

Interest

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

NOTE 1. STATEMENT OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

Revenue and Other Income (continued)

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 statement of financial position. 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 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 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.

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 proceeds.

Financial Assets

The Group has no significant financial assets held at fair value, not did it have any in the prior period.

Financial Liabilities

The Group has no significant financial liabilities held at fair value through the profit or loss, nor did it have any in the prior period.

NOTE 1. STATEMENT OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

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 assets

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 (refer to Note 13).

The CETO development asset is an intangible asset which is not yet available for use which the Group tests annually for impairment. Refer to Note 13 for details of the significant assumptions and judgements utilised in this assessment, and note 11 for property, plant and equipment.

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 valuation method taking into consideration the terms and conditions upon which the instruments are granted (refer to Note 25).

NOTE 2. REVENUE AND OTHER INCOME

The Group derives its sales revenue from the sale of goods and provision of services under AASB 15.

	Group	
	2024	2023
	$	$
Sales revenue		
Garden Island Microgrid/Electricity sales (point in time)	229,305	383,737
Sale of Large-Scale Generation Certificate (point in time)	117,616	-
	346,921	383,737
Other income		
Interest income	61,057	50,449
Insurance claim income	-	235,079
Rental income	14,952	14,416
Amount received under Deed of Settlement and release	-	1,534,648
Other income	24,431	-
	100,440	1,834,592

NOTE 3. DEPRECIATION EXPENSE

	Notes	Group 2024 $	Group 2023 $
Depreciation – property, plant, and equipment	11	22,347	14,412
Depreciation and impairment - property, plant, and equipment	11	225,953	355,358
Depreciation – right of use asset	12	70,591	73,159
		318,891	442,929

NOTE 4. INCOME TAX EXPENSE

a. The components of tax expense comprise:

	Group 2024 $	Group 2023 $
Current tax expense		
Current period	-	-
	-	-

b. The prima facie tax benefit on loss from ordinary activities before income tax is reconciled to the income tax as follows:

	Group 2024 $	Group 2023 $
Total (Loss) for the year	(2,320,225)	(630,396)
Income tax at 25% (2023: 25%)	(580,056)	(157,599)
Add/(Deduct): Tax effect of:		
— Other non-allowable items	41,889	33,094
— Non-deductible R&D costs	37,260	86,552
— Share options expenses during the year	27,899	65,998
— Movement in deferred tax balances not recognised	(29,297)	(20,998)
— Current year tax losses	450,888	-
— Prior year tax losses utilised	-	(24,905)
— Effect of lower foreign tax rates	51,417	17,858
	-	-

The Group has tax revenue losses carried forward of $52,351,793 (2023: $50,654,437) and capital tax losses carried forward of $1,239,028 (2023: $1,239,028). The tax losses do not expire under current tax legislation. A 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 5. INTERESTS OF KEY MANAGEMENT PERSONNEL (KMP)

Refer to the Remuneration Report contained in the Directors' Report for details of the remuneration paid or payable to each member of the Group's KMP for the year ended 30 June 2024. Refer to note 23 for details of other transactions with KMP and associated balances payable and receivable.

Names and positions held by KMP in office at any time during the financial year are:

Key Management Person	*Position*
Terry Stinson	Non-Executive Chairman
Michael Fitzpatrick	Non-Executive Director
Grant Mooney	Non-Executive Director and Company Secretary
Anthony Shields	Non-Executive Director
Jonathan Fievez	Chief Executive Officer

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

	Group	
	2024	**2023**
	$	**$**
Short term employee benefits	663,049	586,418
Share based payments	109,738	150,000
Post-employment benefits	66,335	55,274
	839,122	791,692

NOTE 6. AUDITOR'S REMUNERATION

	Group	
	2024	**2023**
	$	**$**
Remuneration of the current auditor of the Group for auditing or reviewing the Group's financial reports	68,240	66,819
	68,240	66,819

NOTE 7. EARNINGS/(LOSS) PER SHARE

	Group	
	2024	**2023**
	$	**$**
Basic loss per share (cents per share)	(0.740)	(0.204)
Diluted loss per share (cents per share)	(0.740)	(0.204)

	Group	
	2024	**2023**
	$	**$**
(a) Loss used in the calculation of basic and diluted EPS	(2,320,225)	(630,396)
(b) Weighted average number of ordinary shares used in the calculation of basic and diluted earnings per share	313,582,297	309,469,556

As at 30 June 2023 and 30 June 2024, the outstanding options were not dilutive as the Group made net losses in both years.

NOTE 8. CASH AND CASH EQUIVALENTS

	Group 2024 $	Group 2023 $
Cash on hand	167	167
Cash at bank	3,228,506	803,701
Term deposits	500,000	1,200,000
	3,728,673	2,003,868

NOTE 9. TRADE AND OTHER RECEIVABLES

Group 2024	Gross Amount $	Past due but not impaired (days overdue) 1-30 $	 31-60 $	 61+ $	Within trade terms $
CURRENT					
Trade receivables	37,513	-	-	-	37,513
Net trade receivables	37,513	-	-	-	37,513
Prepayments	85,217	-	-	-	85,217
Other receivables*	89,605	-	-	-	89,605
	212,335	-	-	-	212,335
NON-CURRENT					
Security deposits	887,370	-	-	-	887,370
	887,370	-	-	-	887,370

* Other receivables are mainly represented by compensation payments, GST receivable and accrued income.

Group 2023	Gross Amount $	Past due but not impaired (days overdue) 1-30 $	 31-60 $	 61+ $	Within trade terms $
CURRENT					
Trade receivables	868,230	-	-	-	868,230
Net trade receivables	868,230	-	-	-	868,230
Prepayments	63,816	-	-	-	63,816
Other receivables*	2,256,942	-	-	-	2,256,942
	3,188,988	-	-	-	3,188,988
NON-CURRENT					
Security deposits	554,951	-	-	-	554,951
	554,951	-	-	-	554,951

* Other receivables are mainly represented by compensation payments, GST receivable and accrued income.

NOTE 10. OTHER FINANCIAL ASSETS

	Group 2024 $	Group 2023 $
Non-current financial assets	12,414	12,414
Non-current financial assets comprise:		
Unlisted investment	12,414	12,414

Financial assets is comprised of an investment in the ordinary issued capital of unlisted entities.

NOTE 11. PROPERTY, PLANT AND EQUIPMENT

Plant and equipment:	Group 2024 $	Group 2023 $
At cost	3,612,083	3,612,083
Accumulated depreciation	(1,557,927)	(1,331,074)
Total plant and equipment	2,054,156	2,281,009

An impairment indicator is present because the Group's net assets are greater than its market capitalisation. An impairment test has been performed for the Microgrid/Battery asset cash-generating unit and it was concluded that the assets of the cash-generating unit are not impaired.

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.

	Group			
	Microgrid/ Battery asset 2024 $	Plant and Equipment 2024 $	Microgrid/ Battery asset 2023 $	Plant and Equipment 2023 $
Balance at the beginning of year	2,223,002	58,007	2,070,492	14,461
Additions	-	21,446	507,869	57,958
Sales	-	-	-	-
Write offs	-	-	(129,406)	-
Depreciation expense	(225,952)	(22,347)	(225,953)	(14,412)
Carrying amount at the end of year	1,997,050	57,106	2,223,002	58,007

NOTE 12. RIGHT-OF-USE ASSETS

	Group 2024 $	Group 2023 $
Cost	215,676	208,676
Accumulated amortisation	(178,429)	(100,838)
Closing balance at end of the period	37,247	107,838

NOTE 12. RIGHT-OF-USE ASSETS (CONTINUED)

	Group	
	2024	**2023**
Reconciliation - Premises	**$**	**$**
Balance at the beginning of period	107,838	173,395
Additions	7,788	7,602
Amortisation expense	(78,379)	(73,159)
Closing Balance at end of the period	37,247	107,838

NOTE 13. INTANGIBLE ASSETS

	Group	
Intangibles – CETO technology development asset	**2024**	**2023**
	$	**$**
Movements for year ended 30 June		
Opening Balance	14,339,213	14,475,353
Subsequent development expenditure – CETO Technology	2,722,333	2,075,703
Other grants received	(975,457)	(1,578,602)
R&D tax incentive	(620,703)	(633,241)
Balance as at 30 June	15,465,386	14,339,213

The CETO technology has yet to be commercialised and is in the development phase. As it is not yet ready for use, it is necessary to test the asset annually for impairment. The recoverable amount is determined as the fair value and the 'relief from royalty' methodology (RRM) is used to determine this amount. 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), and
- 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.

A market-based approach is also rarely applied in the valuation of IP due to lack of comparable transactions of IP from which valuation metrics can be observed and deducted. The basic principle of the relief from royalty methodology (RRM) is that if the intellectual property (IP) is not owned, there would need to be payment 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.* In the current year management has prepared a valuation model using the RRM. 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.

The development asset in its entirety is classified as level 3 in the fair value hierarchy.

Key assumptions are those to which the recoverable amount of an asset or cash-generating units is most sensitive. 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 share of forecast installed wave energy capacity;
- 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 15-year forecast period with a terminal value has been utilised in the financial model;
- 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;
- Management estimates of the cost to Carnegie (net of grants and research & development rebates) to commercialise would require an R&D budget of $2 million per year until 2026;
- A discount rate of 21% derived by applying the capital asset pricing model (CAPM).

During the year the Company obtained an independent assessment of the Company's valuation methodology to validate its basis of valuation. On this basis, the valuation model calculated a net-present-value (recoverable amount) range that was higher than the carrying value of the development asset at 30 June 2024. Therefore, no impairment is required.

NOTE 14. TRADE AND OTHER PAYABLES

	Group 2024 $	2023 $
Trade creditors	481,127	559,049
Accruals	560,232	354,233
	1,041,359	913,282

NOTE 15. EMPLOYEE ENTITLEMENTS

Current	*Group* 2024 $	2023 $
Annual leave accrued	74,133	83,051
Long Service Leave and Other Employee Provisions	110,456	129,880
	184,589	212,931
Non-current		
Long Service Leave and Other Employee Provisions	39,183	26,794
	39,183	26,794

Provision for Employee Benefits
A provision has been recognised for employee entitlements relating to long service leave (LSL) and annual leave. In calculating the present value of future cash flows in respect of LSL, the probability of LSL being taken is based on historical data.

NOTE 16. LEASE LIABILITY

Premises	Group 2024 $	2023 $
Current liabilities	34,216	73,223
Non-current liabilities	-	37,694
Total lease liability	34,216	110,917

Reconciliation	Group 2024 $	2023 $
Opening balance at beginning of period	110,917	167,615
Liabilities incurred during the year (i)	12,909	3,865
Principal repayments	(89,610)	(60,563)
Closing Balance 30 June	34,216	110,917

(i) Extension of Fremantle office lease to 31 December 2024.

NOTE 17. SHARE CAPITAL

	Group 2024 $	Group 2023 $
366,203,472 (2023: 312,851,474) fully paid ordinary shares	211,159,219	209,071,177

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

a. Ordinary shares (number)

	2024 No.	2023 No.
At the beginning of reporting period	15,642,573,710	15,102,573,710
Shares issued during the year		
Exercise of options 18 October 2022	-	200,000,000
Exercise of options 26 October 2022	-	200,000,000
Exercise of options 27 October 2022	-	140,000,000
Share consolidation 16 November 2023	(15,329,720,238)	-
Share Purchase Plan 26 June 2024	53,350,000	-
At reporting date	366,203,472	15,642,573,710

b. Ordinary shares ($)

	2024 $	2023 $
At the beginning of reporting period	209,071,177	208,261,177
Exercise of options 18 October 2022	-	300,000
Exercise of options 26 October 2022	-	300,000
Exercise of options 27 October 2022	-	210,000
Share Purchase Plan 26 June 2024	2,134,000	-
Share Purchase Plan costs 26 June 2024	(45,958)	-
At reporting date	211,159,219	209,071,177

c. 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 the changes in these risks and in the market. This includes the management of share issues. Options were exercised during the year.

NOTE 18. RESERVES

		Group 2024 $	Group 2023 $
a.	**Foreign Currency Translation Reserve**		
	The foreign currency translation reserve records exchange differences arising on translation of foreign controlled subsidiaries and foreign currencies.	69,642	75,176
b.	**Convertible Note/Option Reserve**		
	The reserve records items recognised as expenses on valuation of share options and share based payments. It also records amounts classified as "equity" under the requirements of AASB 132.	909,836	824,342
	Total	979,478	899,518

NOTE 19. BUSINESS RISK

The net loss of the Group for the financial year ended 30 June 2024 was $2,320,225 (2023: net loss $630,396). As at 30 June 2024, the Group had net assets of $21,098,293 (2023:21,224,357).

NOTE 20. OPERATING SEGMENTS

The Group operates in one segment 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.

Sales	**2024 $**	**2023 $**
Customers over 10% of revenue	346,921	383,737
Other customers	-	-
Total	346,921	383,737

NOTE 21. RECONCILIATION OF CASH FLOW FROM OPERATIONS WITH PROFIT/(LOSS) AFTER INCOME TAX

	Group 2024 $	Group 2023 $
Loss after income tax	(2,320,225)	(630,396)
Less Non-cash flows in loss		
Depreciation and amortisation	318,891	442,929
Movements in non-operating cashflows	65,100	65,100
Grant funding capitalised	620,703	633,241
Share based payments	111,595	263,989
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries		
(Increase)/decrease in trade and other receivables	2,951,731	(3,057,757)
Increase/(decrease) in trade payables and accruals	128,077	506,369
Increase/(decrease) in provisions	(28,342)	59,168
Net cashflow from operations	(1,833,202)	(1,717,357)

NOTE 22. EVENTS AFTER THE REPORTING PERIOD

On 1 July 2024 the company received the funds associated with the $2.134 million (before costs) SPP which were being held on trust by Automic Group who acted as lead broker for the SPP that was completed on 26 June 2024.

There has not been any matter or circumstance that has arisen after balance date that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial periods.

NOTE 23. RELATED PARTY 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. There were no loans receivable or payable with related parties at year end.

Transactions and balances with Director related entities

Company secretarial services have been provided by Mooney & Partners Pty Ltd, a company associated with Grant Mooney during the financial year. Costs of $60,0000 were incurred for these services during the year. These transactions were undertaken on an arms-length basis under normal commercial terms.

Director Grant Mooney and Chief Executive Officer Jonathan Fievez jointly own solar energy microgrid operation and maintenance company, Secure Energy Pty Ltd (previously EMC Asset Management Pty Ltd) (Secure Energy). Security Energy provides operation and maintenance services to Carnegie to maintain the Garden Island Solar Battery System. For the period, Secure Energy was paid $162,228 (2023: $559,279) inclusive of GST for those services. The Company has established a Committee comprising independent directors Anthony Shields and Terry Stinson to negotiate commercial terms of contracts with Secure Energy.

Secure Energy also subleases office space from Carnegie at the Rous Head facility in Fremantle, Western Australia. The lease is on commercial terms and was negotiated between Secure Energy and the Committee. Rent and outgoings paid to Carnegie during the year totalled to $26,073 (2023: $27,016) including GST.

Balances outstanding with Director and Director related entities:

	Payable 2024 $	Payable 2023 $	Receivable 2024 $	Receivable 2023 $
Mooney & Partners Pty Ltd	5,500	5,500	-	-
Secure Energy Pty Ltd	17,136	140,778	-	(1,786)

NOTE 24. 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 Group. The board monitors the Group's financial risk management policies and exposures and approves the 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 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:

Group			**Fixed Interest Rate Maturing**			
30 June 2024: *Financial assets*:	**Weighted Average Effective Interest Rate %**	**Floating Interest Rate $**	**Within year $**	**1 to 5 years $**	**Non-interest Bearing $**	**Total $**
Cash and equivalents	0.80%	211,512	500,000	-	3,017,161	3,728,673
Receivables	-	-	-	-	212,335	212,335
Financial assets	-	-	-	-	12,414	12,414
Non-current security deposits	0.06%	887,370	-	-	-	887,370
		1,098,882	500,000	-	3,241,910	4,840,792
Financial liabilities:						
Accounts payable		-	-	-	1,041,359	1,041,359
		-	-	-	1,041,359	1,041,359

Group			**Fixed Interest Rate Maturing**			
30 June 2023: *Financial assets:*	**Weighted Average Effective Interest Rate %**	**Floating Interest Rate $**	**Within year $**	**1 to 5 years $**	**Non-interest Bearing $**	**Total $**
Cash and equivalents	2.69%	224,446	1,200,000	-	579,422	2,003,868
Receivables	-	-	-	-	3,188,988	3,188,988
Financial assets	-	-	-	-	12,414	12,414
Non-current security deposits	0.06%	554,951	-	-	-	554,951
		779,397	1,200,000	-	3,780,824	5,760,221
Financial liabilities:						
Accounts payable		-	-	-	913,282	913,282
		-	-	-	913,282	913,282

(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 Financial Statements.

The Group does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the Group. The credit risk on liquid funds is limited because the counter parties are banks with high credit ratings.

NOTE 24. FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial Risk Management Policies (continued)

(c) **Net fair value**

The fair value of financial assets and liabilities not carried at fair value on a recurring basis approximate their carrying value.

For unlisted investments, there is no material difference between their carrying amount and fair value.

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).

2024	**Level 1 $**	**Level 2 $**	**Level 3 $**	**Total $**
Financial assets:				
— Unlisted investments	-	-	12,414	12,414
	-	-	12,414	12,414
2023				
Financial assets:				
— Unlisted investments	-	-	12,414	12,414
	-	-	12,414	12,414

(d) **Sensitivity Analysis**

Interest Rate Risk

The Group is not subject to any significant interest rate risk.

(e) **Liquidity Risk**

Liquidity risk arises form 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 variety of sources;
- 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.

NOTE 25. SHARE BASED PAYMENTS (CONTINUED)

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 Directors 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.

Consultant share options

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

Consultant shares

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

Total options outstanding and exercisable during the year are as follows;

2024

Grant Date	Expiry date	Consolidated Exercise price	Balance at the start of the year	Consolidated Balance	Granted	Expired/forfeited/ other	Balance at the end of the year
28 Oct 2019	28 Oct 2024	$0.0625	250,000,000	5,000,000	-	-	5,000,000
3 Feb 2021	3 Feb 2024	$0.0750	520,000,000	10,400,000	-	(10,400,000)	-
24 Feb 2021	24 Feb 2024	$0.0750	600,000,000	12,000,000	-	(12,000,000)	-
24 Mar 2021	23 Mar 2024	$0.0750	860,000,000	17,200,000	-	(17,200,000)	-
24 Mar 2021	25 Nov 2024	$0.1500	85,000,000	1,700,000	-	(1,700,000)	-
15 Sep 2021	15 Sep 2024	$0.1800	16,000,000	320,000	-	(320,000)	-
13 Oct 2021	13 Oct 2024	$0.1800	150,000,000	3,000,000	-	-	3,000,000
23 Nov 2021	22 Nov 2024	$0.1800	400,000,000	8,000,000	-	-	8,000,000
23 Sep 2022	28 Sep 2024	$0.1500	150,000,000	3,000,000	-	-	3,000,000
28 Oct 2022	28 Sep 2024	$0.1500	280,000,000	5,600,000	-	-	5,600,000
22 Nov 2022	25 Nov 2024	$0.1500	100,000,000	2,000,000	-	-	2,000,000
			3,411,000,000	68,220,000	-	(41,620,000)	26,600,000
Weighted average exercise price				**$0.104**		**$0.077**	**$0.156**

NOTE 25. SHARE BASED PAYMENTS (CONTINUED)

2023

Grant Date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
8 Feb 2018	24 Jan 2024	$0.06000	35,000,000	-	-	(35,000,000)	-
28 Oct 2019	28 Oct 2022	$0.00150	1,400,000,000	-	-	(1,400,000,000)	-
28 Oct 2019	28 Oct 2024	$0.00125	250,000,000	-	-	-	250,000,000
21 Jul 2020	20 Jul 2022	$0.00200	100,000,000	-	-	(100,000,000)	-
21 Jul 2020	20 Jul 2022	$0.00200	75,500,000	-	-	(75,500,000)	-
12 Jan 2021	12 Jan 2024	$0.00150	200,000,000	-	(140,000,000)	(60,000,000)	-
3 Feb 2021	3 Feb 2024	$0.00150	520,000,000	-	-	-	520,000,000
24 Feb 2021	24 Feb 2024	$0.00150	600,000,000	-	-	-	600,000,000
24 Mar 2021	23 Mar 2024	$0.00150	860,000,000	-	-	-	860,000,000
24 Mar 2021	25 Nov 2022	$0.00300	85,000,000	-	-	-	85,000,000
15 Sep 2021	15 Sep 2023	$0.00360	16,000,000	-	-	-	16,000,000
13 Oct 2021	13 Oct 2024	$0.00360	150,000,000	-	-	-	150,000,000
23 Nov 2021	22 Nov 2024	$0.00360	400,000,000	-	-	-	400,000,000
23 Sep 2022	28 Sep 2024	$0.00300	-	150,000,000	-	-	150,000,000
28 Oct 2022	28 Sep 2024	$0.00300	-	280,000,000	-	-	280,000,000
22 Nov 2022	25 Nov 2024	$0.00300	-	100,000,000	-	-	100,000,000
			4,691,500,000	530,000,000	(140,000,000)	(1,670,500,000)	3,411,000,000
Weighted average exercise price			**0.00226**	**0.00300**	**0.0015**	**0.00336**	**0.00201**

The options outstanding as at 30 June 2024 had a weighted average exercise price of $0.047 and a weighted average remaining contractual life of 0.32 years. Exercise prices range from $0.0625 to $0.18 in respect to options outstanding as at 30 June 2024.

NOTE 26. COMPANY DETAILS

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

Carnegie Clean Energy Limited
21 North Mole Drive
NORTH FREMANTLE WA 6159

NOTE 27. PARENT INFORMATION

The following information has been extracted from the books and records of the parent and has been prepared applying policies that are consistent with those of the Group.

	2024 $	2023 $
STATEMENT OF FINANCIAL POSITION		
ASSETS		
Current assets	3,299,715	3,980,692
Non-current assets	13,054,725	12,550,426
TOTAL ASSETS	16,3654,440	16,531,118
LIABILITIES		
Current liabilities	563,342	817,364
Non-current liabilities	39,022	64,488
TOTAL LIABILITIES	602,364	881,852
TOTAL NET ASSETS	15,752,076	15,649,266
EQUITY		
Issued capital	211,159,219	209,071,177
Reserves	909,837	824,342
Accumulated losses	(196,173,658)	(194,246,253)
TOTAL EQUITY	15,895,398	15,649,266
STATEMENT OF COMPREHENSIVE INCOME		
Profit/(loss) for the year	(2,096,827)	483,546
Total comprehensive income/(loss) for the year	(2,096,827)	483,546

The parent had no contingencies or material commitments as at 30 June 2024

NOTE 28. INTERESTS IN SUBSIDIARIES

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

	Country of Incorporation	Percentage Owned (%)	
		2024	2023
Carnegie Recreational Watercraft Pty Ltd	Australia	100	100
CETO IP (Australia) Pty Ltd	Australia	100	100
CETO Wave Energy Ireland	Ireland	100	100
CETO Wave Energy UK	United Kingdom	100	100
Carnegie Technologies Spain Ltd	Spain	100	100
CMA Nominees Pty Ltd	Australia	100	100
New Millennium Engineering Pty Ltd	Australia	100	100
Pacific Coast Wave Energy Corp	Canada	95	95

NOTE 29. CONTINGENCIES AND COMMITMENTS

The Group had no contingencies or material commitments as at 30 June 2024.

CONSOLIDATED ENTITY DISCLOSURE STATEMENT
FOR THE YEAR ENDED 30 JUNE 2024

The following are the details of the consolidated entities that are included in this financial report

ENTITY NAME	TYPE OF ENTITY	COUNTRY OF INCORPORATION	% HELD BY THE GROUP	TAX RESIDENCY
Carnegie Clean Energy Limited (Parent Entity)	Body Corporate	Australia		Australia
CETO IP (Australia) Pty Ltd	Body Corporate	Australia	100%	Australia
CETO Wave Energy Ireland	Body Corporate	Ireland	100%	Ireland, Australia
CETO Wave Energy UK	Body Corporate	United Kingdom	100%	United Kingdom, Australia
Carnegie Technologies Spain Ltd	Body Corporate	Spain	100%	Spain, Australia
Pacific Coast Wave Energy Canada	Body Corporate	Canada	95%	Canada, Australia
Carnegie Recreational Watercraft Pty Ltd	Body Corporate	Australia	100%	Australia
CMA Nominees Pty Ltd	Body Corporate	Australia	100%	Australia
New Millennium Engineering Pty Ltd	Body Corporate	Australia	100%	Australia

DIRECTORS' DECLARATION

The Directors of the Company declare that:

1. the financial statements, notes and consolidated entity disclosure statement, as set out on pages 39 to 64, are in accordance with the *Corporations Act 2001* and:
   a. comply with Accounting Standards and the *Corporations Regulations 2001*; and
   b. give a true and fair view of the financial position as at 30 June 2024 and of the performance for the year ended on that date of the 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 information disclosed in the consolidated entity disclosure statement is true and correct.
5. the Chief Executive Officer 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 consolidated entity disclosure statement for the financial year is true and correct;
6. 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.

GRANT MOONEY
Director

TERRY STINSON
Director

Dated this 27th day of August 2024

INDEPENDENT AUDITOR'S REPORT
To the Members of Carnegie Clean Energy Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Carnegie Clean Energy Limited ("the Company") and its controlled entities ("the Group"), which comprises the consolidated statement of financial position as at 30 June 2024, 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, notes to the financial statements, including material accounting policy information, the consolidated entity disclosure statement and the directors' 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 as at 30 June 2024 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 our report. We are independent of the Group in accordance with the auditor 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 (including Independence Standards)* ("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.

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.

We have determined the matters described below to be the key audit matters to be communicated in our report.

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Key Audit Matter	How our audit addressed the key audit matter
Carrying value of intangible assets Refer to Note 13	
As at 30 June 2024, the Group has recorded intangible assets with a value of $15,465,386 which relate to capitalised development costs and intellectual property associated with the CETO technology development asset. This asset is in the development phase and is not yet available for use. Under AASB 136 *Impairment of Assets*, intangible assets that are not yet available for use are subject to an annual impairment assessment irrespective of whether indicators of impairment exist. We consider the recoverability of intangible assets to be a key audit matter as it involved complex matters including subjectivity and judgement, it is material to users' understanding of the financial statements as a whole and it required significant auditor attention and communication with those charged with governance.	Our procedures included but were not limited to the following: - Reviewing management's processes and controls and their design and implementation; - Considering the appropriateness of the methodology and assumptions used in determining the recoverable amount; - Considering the determination of the cash-generating unit; - Ensuring amounts capitalised are appropriate under relevant accounting standards; - Considering the basis for the assumptions underlying the forecasts in the model; - Reviewing the discount rate, growth rates and other economic assumptions to available internal and external data; - Determining if recoverable amount is in excess of carrying amount; - Performing sensitivity analyses against key assumptions; - Assessing the adequacy of disclosure within the financial statements.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2024, 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 accordingly 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 on the work we have performed, we conclude that there is a 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:

(a) the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001*; and

(b) the consolidated entity disclosure statement that is true and correct in accordance with the *Corporations Act 2001*, and

for such internal control as the directors determine is necessary to enable the preparation of:

(a) the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and

(b) the consolidated entity disclosure statement that is true and correct and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group 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 misstatement when it exists. Misstatements 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 this financial report.

As part of an audit in accordance with the 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 or 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. Our conclusions are based on the audit evidence obtained up to the date of

our auditor's report. 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 report represents the underlying transactions and events in a manner that achieves fair presentation.

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 reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with 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 not 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 within the Directors' Report for the year ended 30 June 2024.

In our opinion, the Remuneration Report of Carnegie Clean Energy Limited for the year ended 30 June 2024 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.

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

Perth, Western Australia
27 August 2024

M R Ohm
Partner