



ASX ANNOUNCEMENT

MPOWER TO EMERGE AS RENEWABLES LEADER IN TRANSFORMATIONAL DEAL

- **Energy Made Clean to be acquired from Carnegie Clean Energy to create a regional leader**
- **Acquisition to deliver scale and geographic expansion**
- **100% scrip acquisition**
- **11,000+ Carnegie shareholders to hold 32% of the combined group**
- **Tag Pacific to be renamed MPower**
- **EMC's development and financing capability to be integrated into MPower**
- **New vehicle to be established to own developed solar and battery storage assets**

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Sydney – 28 June 2018 – Tag Pacific Limited (ASX: TAG)

Tag Pacific Limited (ASX: TAG) ("Tag" or "Tag Pacific") is pleased to announce that it has signed an Implementation Deed for the acquisition of Energy Made Clean, a subsidiary business of Carnegie Clean Energy Limited (ASX: CCE). The acquisition capitalises on the rapidly growing off-grid and fringe-of-grid solar, battery storage and microgrid market and will create a regional leader in the development, financing, Engineering, Procurement, Construction (EPC) and Build, Own, Operate (BOO) of renewables, battery storage and microgrids.

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

The purchase price for the Energy Made Clean business is to be satisfied by Tag issuing 58,507,377 new fully paid ordinary shares ("Tag Shares") to Carnegie, which shares are to be distributed by Carnegie to the Carnegie shareholders by way of an in-specie distribution. Based on Tag's issued share capital as at the date of this announcement, on completion of the transaction, Carnegie's 11,000+ shareholders will hold approximately 32% of the ordinary shares on issue in Tag Pacific. A capital raising is also planned by Tag Pacific around the time of completion of the transaction.

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

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MPOWER.COM.AU

mpower
A Tag Company



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

In the case of Tag Pacific, in addition to any other ASX requirement, shareholder approval will be required for the purposes of ASX Listing Rule 7.1, for the purposes of item 7 of section 611 of the Corporations Act and a special resolution to approve the proposed change of name of Tag Pacific.

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

Tag Pacific Chief Executive Officer, Nathan Wise, said:

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

"The microgrid market is growing rapidly and consolidation in the sector is inevitable. The enlarged MPower business will be well placed to take a leadership position and dominate this market. We have plans to grow the combined group rapidly across our EPC, Build Own and Operate (BOO) and Products divisions. We also plan to establish a dedicated vehicle to house our BOO solar and battery assets as they are developed."

CEO and Managing Director of Carnegie Clean Energy, Dr Michael Ottaviano said:

"This is a compelling opportunity to unlock the significant potential from the microgrid market in Australia, New Zealand and the Pacific, bringing together two of the leading entities in Australia to create a national champion."

"A scrip based merger of EMC with MPower provides Carnegie Clean Energy shareholders with direct ownership of the microgrid specialist market leader and a strong financial platform for the 2019 financial year and beyond."



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The proposed transaction is subject to a number of conditions precedent including the approval of both Tag and CCE shareholders with Extraordinary General Meetings expected to be held in August. It is also subject to the novation of existing key contracts.

The ASX-listed MPower will be led by current Tag Pacific CEO, Nathan Wise, with a Board and Management team combined from each business. As the first step in a board renewal process, Tag would invite CCE to nominate two directors to join the MPower board from completion of the proposed transaction.

Key transaction terms agreed in the Implementation Deed:

- 100% scrip-based transaction
- 68% Tag, 32% CCE of the enlarged MPower
- 11,000+ CCE shareholders to receive a direct investment in MPower via an in-specie distribution of the Tag Shares, subject to approval by CCE shareholders and Tag shareholders
- Completion of the transaction is subject to the following conditions precedent, amongst others:
 - the execution of binding legal documents;
 - CCE and TAG shareholder approvals;
 - third party consents;
 - Tag Pacific raising or receiving binding commitments to raise \$4 million; and
 - no person acquiring a relevant interest in more than 15% of the voting power in CCE.
- Targeting completion by 31 August 2018
- Two CCE directors to be invited to join the MPower Board

ABOUT TAG

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

ABOUT MPOWER

MPower is an Australian owned and operated subsidiary of Tag Pacific Limited and is an industry leader providing innovative, reliable products and power solutions on a national and international level. Our capabilities are like no other; we combine new and old



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technologies with a skilled and experienced workforce to create dependable products and power solutions that last the distance. Put simply, we have the energy to deliver and can create products and solutions from solar panels and batteries to engineering, technical support and full turn-key systems.

ABOUT CARNEGIE

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

ABOUT ENERGY MADE CLEAN

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

FORWARD LOOKING STATEMENTS

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



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management that could cause Tag's actual results to differ materially from the results expressed or anticipated in these statements.

Tag cannot and does not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this document will actually occur and investors are cautioned not to place any reliance on these forward-looking statements. Tag does not undertake to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this document, except where required by applicable law and stock exchange listing requirements.

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