

ASX Announcement

Friday 13th June 2014

Desalination Pilot Plant Update

- AusIndustry grant milestone payment of \$143,436 received
- 100% of construction grant funding now received
- Completion of the installation of the seawater discharge outfall pipeline

Carnegie Wave Energy Limited (ASX: CWE) is pleased to provide an update on the delivery of its desalination pilot plant, part of the Perth Wave Energy Project.

Carnegie has received a quarterly grant payment of \$143,436 as part of a \$1.27m AusIndustry grant that supports the design, construction and operation of a CETO wave powered desalination pilot plant. This is the fifth quarterly payment received and takes the total funds received to date to \$949,096 which represents 100% of the construction portion of the grant funding.

Recently, the installation of the seawater discharge ocean outfall pipeline has been completed together with the last section of the onshore pipeline by contractor PIHA.

The desalination pilot plant is expected to be commissioned off electricity in the coming weeks. The commissioning process includes testing to provide baseline data of the efficiency of a conventionally powered Sea Water Reverse Osmosis (SWRO) plant. This will then be compared to the efficiency of the direct desalination wave powered SWRO system.



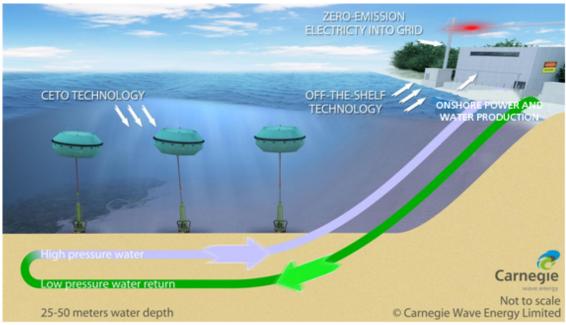
Perth Wave Energy Project pipelines connected to the power house and desalination plant, Garden Island, WA



About Carnegie

Carnegie Wave Energy Limited is an Australian, ASX-listed (ASX:CWE) wave energy technology developer. Carnegie is the 100% owner and developer of the CETO Wave Energy Technology intellectual property.

About CETO



CETO Power & Water

The CETO system is different from other wave energy devices as it operates under water where it is safer from large storms and invisible from the shore. Fully submerged buoys are tethered to seabed pump units. These buoys move with the motion of the passing waves and drive the pumps. The pumps pressurise water which is delivered onshore via a subsea pipe.

Onshore, high-pressure water is used to drive hydroelectric turbines, generating zero-emission electricity. The high-pressure water can also be used to supply a reverse osmosis desalination plant, replacing or reducing reliance on greenhouse gas-emitting, electrically-driven pumps usually required for such plants. The technology is also capable of generating power offshore should the specific characteristics of a project site require it.

CETO technology characteristics include:

- Converts ocean wave energy into zero-emission electricity and desalinated water.
- Environmentally friendly, has minimal visual impact and attracts marine life.
- Fully-submerged in deep water, away from breaking waves and beachgoers, and unaffected by storms.

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Perth Wave Energy Project ('PWEP') Fact File

- Upon completion, PWEP will be the first commercial-scale CETO grid and desalinated water connected wave energy project.
- The Perth Wave Energy Project is supported by \$13.1m in Australian Government funding through the Australian Renewable Energy Agency's Emerging Renewables Program.
- PWEP is supported by \$7.3 million from the Government of Western Australia's Low Emissions Energy Development (LEED) Fund. This is part of a larger \$10 million LEED grant, awarded to Carnegie by the Western Australian Government, to support the development of the CETO technology from concept through to completion of PWEP.
- The Desalination Pilot is supported by a \$1.27m AusIndustry grant from the Clean Technology Innovation Program.
- Utilising Carnegie's fully submerged and commercial proven CETO wave energy device.
- Providing clean, renewable energy and potable desalinated water to Australia's largest naval base, HMAS Stirling, on Garden Island in Western Australia.

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