

7th November 2014

## **Chairman's Address**

Looking back over the past 12 months, I would say that it has certainly been a period when Carnegie has consolidated its position as a leading international wave energy company. When I say consolidated, I mean that we have been able to implement actions that were previously difficult for us to achieve given our size and level of maturity as a technology company. Examples of how we have consolidated over the 12 months are evident in events such as (a) commissioning major components for a commercial demonstration project that is the Perth Wave Energy Project (PWE), (b) commencing construction of the power station on Garden Island, and (c) securing equity and debt for future projects, underpinning our future with a solid cash position which will help underwrite the Company's operations going forward.

More specifically, in the last 12 months we have:

- Completed the manufacture of all PWE components and onshore tested them;
- Commissioned the onshore PWE desal plant on Garden Island;
- Received \$15 million in grant payments from the state and federal governments;
- Raised \$9 million from institutional, sophisticated and retail shareholders including from our own shareholder base;
- Received a new \$11 million government grant for future CETO 6 project at Garden Island and a \$1.5 million grant for our PWE desal plant;
- Secured a \$20 million loan facility with the Clean Energy Finance Corporation;
- Secured a 10MW project site at the Wave Hub in the UK; and
- Established a number of key industry alliances.

All this has significantly added to our net asset position with a 10% increase in value over the last 12 months. And while we continue to invest heavily in R&D resulting in significant but carefully managed corporate overheads, we have booked a loss for the year of approximately \$4.1 million which has been mitigated somewhat by legacy mining royalties to the value of \$1.6 million.

It is the Board's view that a considerable amount of the expenditure incurred over the last 3 years has been spent to get us to a level where we can deliver a project capable of not just achieving success as a wave energy developer, but also of interest to governments, private sectors and power utilities around the world. The ability to fund this expenditure at our current levels is the very reason why most companies trying to enter the wave energy sector never get to the stage we are now at. We are very proud to have been able to achieve this and we are very optimistic that the deployment of PWE will bring ample reward for you as shareholders in the coming 12 months.