

ASX Announcement

Friday 27th February 2015

Desalination Pilot Plant Update

- Desalination plant commissioned off electricity grid
- All approvals secured from Departments of Health, Defence and Water
- Supply to Department of Defence has commenced
- First grant payment for operations phase received from AusIndustry

Wave energy developer Carnegie Wave Energy Limited (ASX: CWE) is pleased to announce that its desalination plant on Garden Island in Western Australia has been successfully commissioned off electricity and is now supplying freshwater to the Department of Defence.

The Desalination Pilot Plant has been commissioned off electricity in advance of its connection to the CETO system where it will be powered by hydraulic energy produced by Carnegie's CETO wave units currently operating off the coast of Garden Island. Carnegie is running the desalination plant using conventional electricity to provide benchmark data for comparison with the wave energy desalination process.

Carnegie submitted the initial freshwater production for testing and can confirm that the desalinated water produced from the system meets Department of Health guidelines. Carnegie also finalised with the Department of Defence the Drinkable Water Quality Management Plan which ensures water quality is maintained and is provided in a safe and environmentally sustainable manner. The freshwater supplied to HMAS Stirling will be purchased by the Department of Defence under the terms of the existing Water Supply Agreement with Carnegie. Additionally, Carnegie has received all approvals and licences required from the Western Australian Department of Health and the Western Australian Department of Water.

Carnegie has recently received two milestone grant payments totalling \$193,864 as part of the \$1.27m AusIndustry grant that supports the design, construction and operation of a CETO wave powered desalination pilot plant. These are the seventh and eighth quarterly payments received and takes the total funds received to date to \$1,192,755 which represents 94% of the total grant funding available.

t: +61 8 9486 4466

f: +61 8 9486 4266





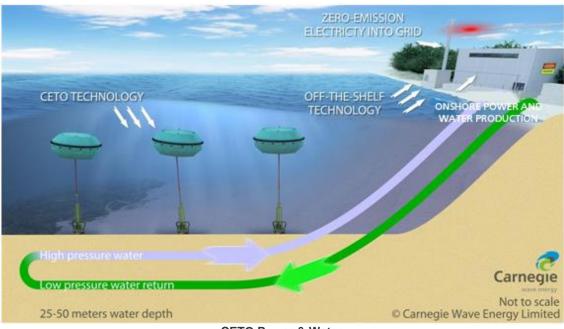


Interior and exterior of containerised desalination plant

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. The technology is capable of generating power onshore or offshore depending upon the specific characteristics of a project site.

t: +61 8 9486 4466

f: +61 8 9486 4266



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.

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.

For more information:

Dr Michael Ottaviano
CEO & Managing Director
Carnegie Wave Energy Limited
+61 8 9486 4466

enquiries@carnegiewave.com

Website: www.carnegiewave.com

t: +61 8 9486 4466

f: +61 8 9486 4266