ASX/Media Announcement

16 October 2009

Feasibility Study for Department of Defence

- **Feasibility study at Defence Communications Station at Exmouth, WA**
- **Follows agreement with Department of Defence at WA naval base**
- **Adds to Carnegie's site development pipeline**

Australian Wave Energy project developer, Carnegie Wave Energy Limited (ASX: CWE), is pleased to advise that it has been commissioned by the Commonwealth of Australia, via the Department of Defence (DoD), to assess the feasibility of utilising CETO wave energy technology to supply power to the Defence Communications Station Harold E Holt (HEH) at Exmouth in the North West of Western Australia.

HEH provides very low frequency (VLF) radio transmission to the Royal Australian Navy and the United States Navy ships and submarines on the western Pacific and Indian Oceans. The high power transmitter at HEH is considered to be the most powerful transmission station in the Southern Hemisphere.

The feasibility assessment will look at factors including wave resource, environmental values, geotechnical and geophysical conditions and connectivity to the remote HEH power system.

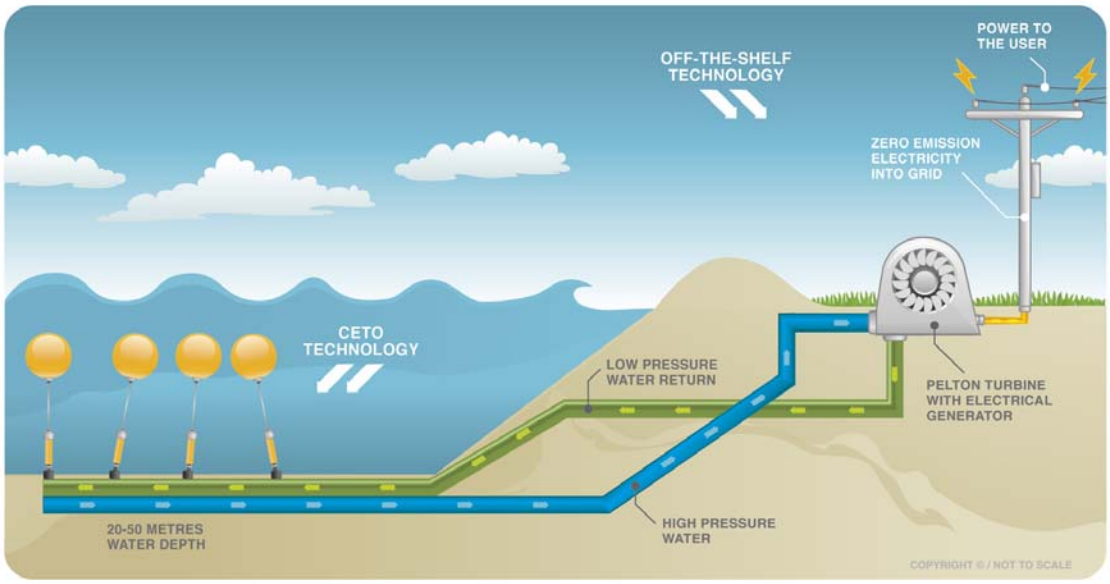
This engagement represents an opportunity to assess the viability of CETO wave energy technology to provide power into a remote isolated power system. It follows on from the recent signing of a Memorandum of Understanding with Australian Department of Defence for the planned CETO wave energy project in the waters off Garden Island in Western Australia, home to Australia's largest naval base.

The HEH site adds to Carnegie's pipeline of potential commercial sites currently under investigation in Australia and internationally. Feasibility studies continue on these potential project sites around Australia and internationally and a decision on whether the first large scale commercial demonstration project will be located in Australia is expected soon.

About CETO

The CETO system distinguishes itself from other wave energy devices by operating out of sight and being anchored to the ocean floor. An array of submerged buoys is tethered to seabed pump units. The buoys move in harmony with the motion of the passing waves, driving the pumps which in turn pressurise water that is delivered ashore via a pipeline.

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 greenhouse gas emitting electrically driven pumps usually required for such plants.



CETO Technology characteristics include:

- CETO converts wave energy into zero-emission electricity and desalinated water
- CETO is environmentally friendly, has no visual impact and attracts marine life
- CETO is fully submerged in deep water away from popular surf breaks and safe from storms.

About Carnegie

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

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