

ASX Announcement

16 November 2009



Project Update

- **5MW Western Australian project well advanced**
- **International project site announcement due shortly**
- **Australia project site pipeline remains a focus**

Wave Energy developer, Carnegie Wave Energy Limited (ASX: CWE), is pleased to provide an update to its CETO project activities.

Carnegie's 5MW small scale commercial demonstration project in the waters off Garden Island, Western Australia is on track with the autonomous (stand-alone) unit deployment, well advanced. The following preparatory activities carried out over previous months are now complete:

- Detailed marine geophysical survey – using a combination of seismic refraction, sidescan sonar and bathymetry systems, the survey determined the composition and features of the seabed across the development site to support mooring design and inform environmental baseline assessments.
- Detailed SCUBA diver surveys – to determine the environmental values of the development site and verify geophysical properties of the seabed.
- Finalisation of detailed design and installation methodology of the mooring.
- Charter of a specialist jack-up rig for installation of the mooring.
- Comprehensive consultation with key stakeholders including: Department of the Environment, Water, Heritage and the Arts; Department of Defence; Australian Fisheries Management Authority; Department of Regional Development and Lands; Department of Transport; Environmental Protection Authority; Marine Parks and Reserves Authority; Department of Environment and Conservation; Department of Mines and Petroleum; Department of Fisheries; National Native Title Tribunal; WA Museum; Fremantle Port Authority; Rockingham Shire Council; Rockingham Sea Rescue; Rockingham-Kwinana Development Council; Western Australian Recreational and Sportfishing Council Inc (RecFishWest); WA Fishing Industry Council; Western Rock Lobster Council; and Environmental conservation groups and research organisations.

The geophysical surveys were carried out with the use of a Defence Maritime Services vessel and in accordance with applicable environmental guidelines. The survey results verified expected seabed conditions and allowed finalisation of the detailed design and installation methodology for the mooring. The mooring design is based on a drilled and grouted pile and is currently being manufactured ahead of its deployment in the coming weeks (subject to final State Government approvals). Mooring deployment activities on site will be undertaken in accordance with the conditions of approval to install and operate the CETO unit and with regard for other marine users.

The first commercial scale, autonomous CETO unit is scheduled for deployment in early 2010. This will be the first commercial scale wave energy unit to be deployed in Australia.

Carnegie's 5MW project, following successful testing of the autonomous unit, will be the first commercial scale wave energy project to operate in Australia and is supported by a \$12.5 million grant from the Western Australian Government. Successful autonomous unit testing in 2010 will be the most significant milestone achieved in the development of CETO as it will prove the technology's functional performance at full scale. Development beyond this point will then focus on refining performance, extending reliability and balance of plant improvements.

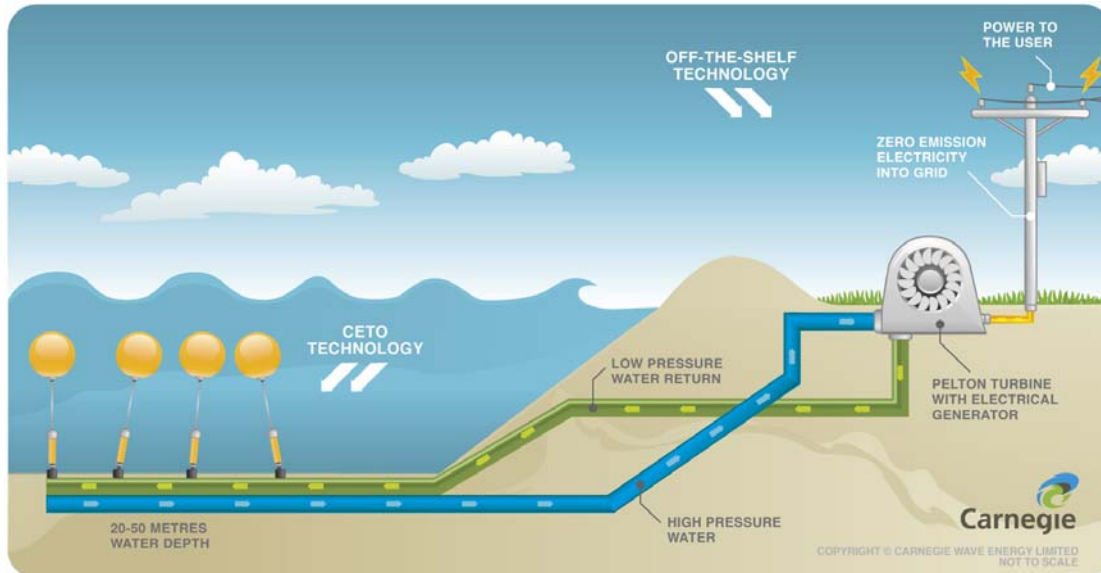
The location of the first large scale commercial project will occur at one of the CETO international sites currently being studied. Carnegie has been investigating several locations globally where high power tariffs co-exist with excellent wave resources. Some of these sites also involve mandated Government support for renewable energy generally and wave energy specifically. The combination of these factors will contribute to an attractive economic return for the first large scale project. A decision on the location of the first international project site is expected shortly.

Due to its exceptional wave resource and improving renewable energy policy framework, Australia remains an important focus for Carnegie. Carnegie will continue to develop CETO projects in Australia and to continue its feasibility activities at its current pipeline of sites across Australia.

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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