

ASX/Media Announcement



4 December 2009

Capital Raise

- \$3.5 million Share Placement complete
- Share Purchase Plan launched for existing shareholders
- Funding to be used to deploy first commercial scale wave power unit in Australia

Wave Energy Developer, Carnegie Wave Energy Limited (ASX: CWE) is pleased to announce the completion of a \$3.5 million share placement at an issue price of 12.5 cents per share ("Placement"), being the first part of a larger fundraising initiative which will see the Company also implement a Share Purchase Plan which may raise up to a further \$2.5 million.

The Placement received strong interest from potential participants with firm commitments having now been received for the entire amount. The new issue has been placed almost exclusively to a select group of European, American and Australian institutions with a small balance taken by sophisticated investors pursuant to Section 708 of the Corporations Act.

Funds raised from the Placement and the SPP will be applied towards deployment and commercial scale test work of the Company's first full scale CETO Wave Energy unit in the waters off Garden Island, Western Australia, as well as international site development activities and for general working capital requirements.

Carnegie Wave Energy Limited's Managing Director, Dr Michael Ottaviano, said:

"The Board took the decision to complete this placement prior to Christmas after having received interest from European institutions. We will also complete a Share Purchase Plan before Christmas to extend the benefit of the capital raise pricing to our existing shareholder base. The Board greatly appreciates their support."

The Share Purchase Plan ("SPP") allows all ordinary shareholders on the register at close of Business 5.00pm (WST) 3 December 2009 ("Record Date") to acquire shares to the value of up to \$15,000 (i.e.: 120,000 shares) at an issue price of 12.5 cents per share. The capital raising price represents a 14.5% discount to the 5 day volume average weighted price (VWAP).

Smaller investments of \$5,000 and \$10,000 are also available and full details of the SPP will follow and will be dispatched to eligible shareholders early next week.

The Company intends to limit total applications under the SPP to \$2.5 million but shall reserve the right to accept oversubscriptions based upon the level of demand.

It is anticipated that settlement of application funds and issue of shares will take place on or about Tuesday 8 December 2009. The Placement will be completed within the Company's 15% share issue capacity pursuant to ASX Listing Rule 7.1. The Placement was arranged by Lead Manager Patersons Securities Limited with the European Management undertaken by Wimmer Financial.

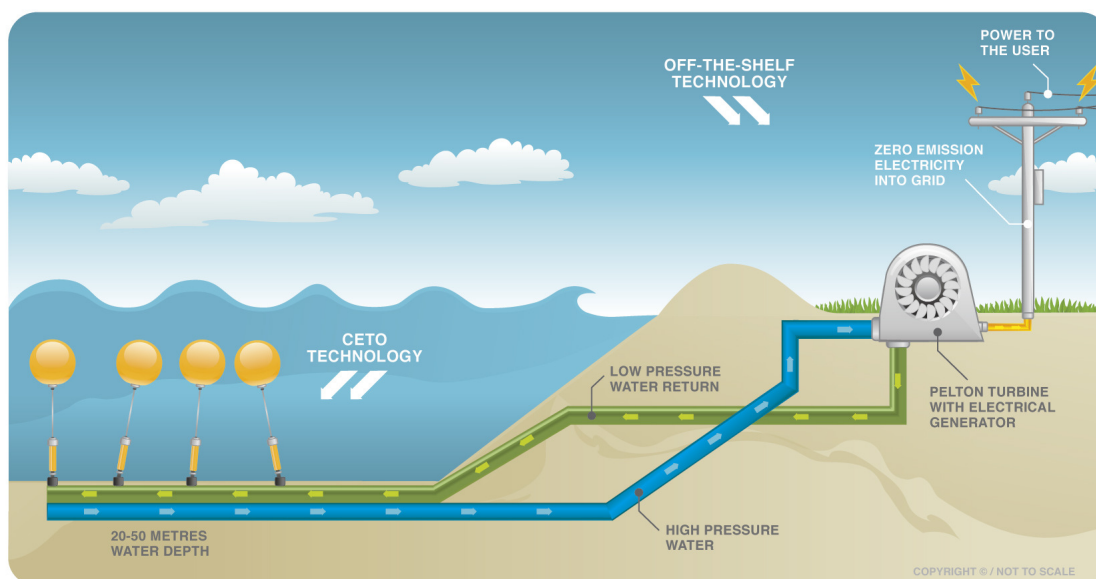
About CETO

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
- CETO is environmentally friendly, has no visual impact and attracts marine life
- CETO is fully submerged in deep water away from popular surf breaks





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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