

ASX Announcement

3rd August 2010

Government Grant Payment

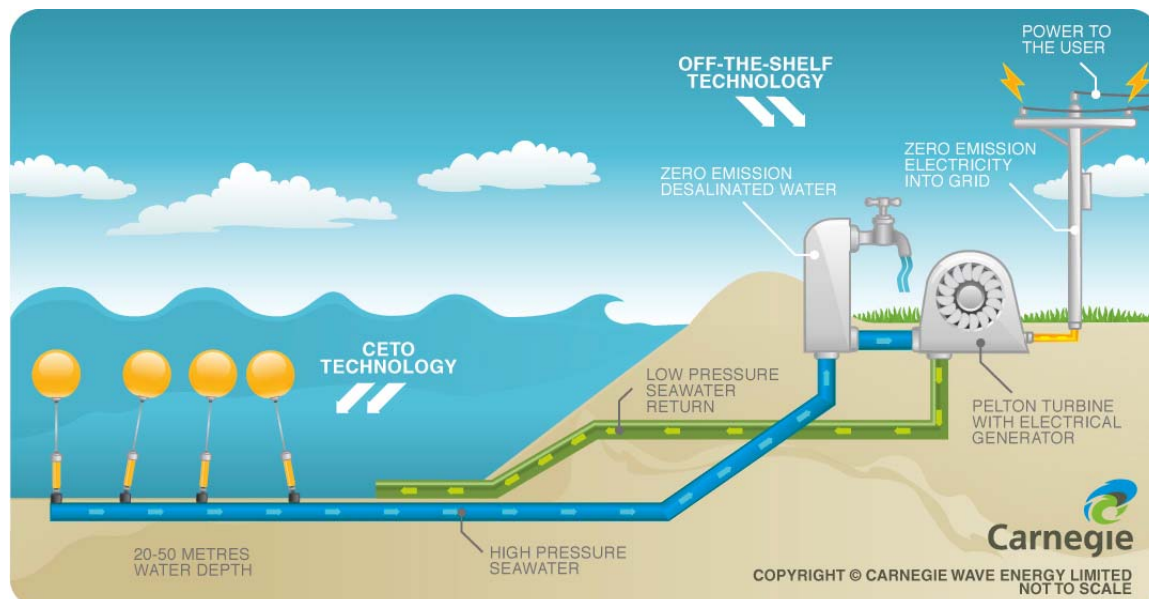
Australian Wave Energy developer, Carnegie Wave Energy Limited (ASX: CWE), is pleased to advise that it has received its second milestone payment under its \$12.5 million grant from the State Government of Western Australian.

The \$847,933 milestone payment under the financial assistance agreement is for the completion of activities associated with subsea foundation deployment, design and manufacturing, and site assessment and development for Carnegie's Perth Wave Energy Project. Carnegie has now drawn down approximately \$1.6m of the \$12.5 million grant and is currently meeting all development milestones.

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

About Carnegie

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

For more information:

Dr Michael Ottaviano
CEO & Managing Director
Carnegie Wave Energy Limited
+61 8 9486 4466
enquiries@carnegiwave.com

Media:

Sarah Allchurch
Allchurch Communications
+61 8 9381 6625
+61 412 346 412
sarah@allchurchcommunications.com

Website: www.carnegiwave.com