

ASX Announcement

Wednesday, 12th February 2014

Desalination Pilot Plant Update

- **Manufacturing of desalination pilot well advanced**
- **Installation of seawater intake bore on Garden Island completed**
- **AusIndustry grant milestone payment of \$224,000 received**

Carnegie Wave Energy Limited (ASX: CWE) is pleased to provide an update on the delivery of its desalination pilot plant, part of the Perth Wave Energy Project.

In December 2013, Carnegie announced the award of the manufacturing and construction contract for its wave powered Desalination Pilot Plant to Perth-based MAK Industrial Water Solutions. MAK Industrial Water Solutions is an experienced provider of reverse osmosis desalination solutions throughout Western Australia and nationally.

Manufacturing of the pilot is now well advanced with the assembly of the first elements of the containerised Reverse Osmosis filtration plant. Key elements of the desalination plant control system have also now been successfully tested by process control system supplier ABB in their facilities in Victoria and now delivered to Perth. The mechanical assembly of the hydraulic motor (the key interface with the Perth Wave Energy Project onshore power plant) will now follow.



Containerised desalination plant being assembled

The containerised desalination plant is on track for Factory Acceptance Testing at MAK Industrial Water Solution's Perth facility ahead of delivery to the Garden Island onshore site in mid-March 2014.

Additionally, Carnegie can also advise that the drilling of the seawater intake bore and installation of the bore casing at the onshore site on Garden Island is now complete. The seawater intake bore was selected due to the geology of the site and the associated reduction in seawater pre-filtration systems to supply the desalination plant. Head works and commissioning of the pump set will follow in the coming weeks.



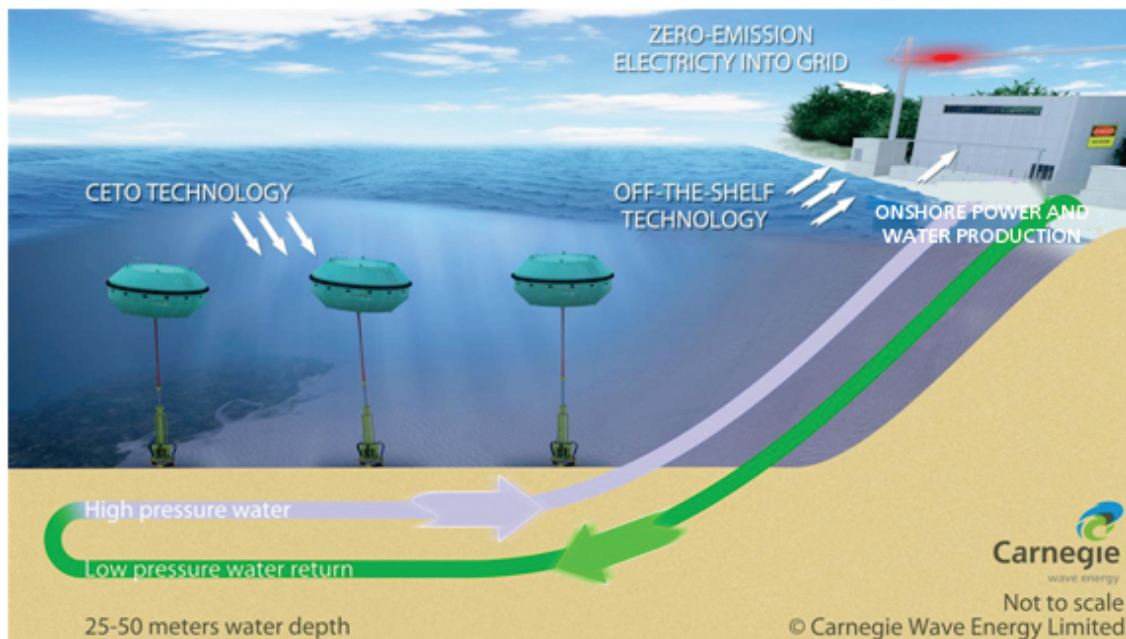
Seawater intake bore being drilled, Garden Island, WA

Carnegie also received a quarterly grant payment of \$224,462 as part of a \$1.27m AusIndustry grant that supports the design, construction and operation of a CETO wave powered desalination pilot plant. This is the fourth quarterly payment received and takes the total funds received to date to \$833,524 which is approximately 65% the total grant funding.

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. Fully submerged buoys are tethered to seabed pump units. These buoys move with the motion of the passing waves and drive the pumps. The pumps pressurise water which is delivered onshore via a subsea pipe.

Onshore, 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 or reducing reliance on greenhouse gas-emitting, electrically-driven pumps usually required for such plants. The technology is also capable of generating power offshore should the specific characteristics of a project site require it.

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 ('PWEF') Fact File

- Upon completion, PWEF 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.
- PWEF 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 PWEF.
- 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.

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