

## **ASX Announcement**

**Wednesday, 19<sup>th</sup> March 2014**

### **\$20m Clean Energy Finance Corporation Loan Facility**

- **Carnegie signs \$20m loan facility with the Clean Energy Finance Corporation**
- **Provides part-funding for Carnegie's CETO 6 Project.**
- **First wave energy investment by Clean Energy Finance Corporation.**

**Wave energy developer Carnegie Wave Energy Limited (ASX: CWE) is pleased to announce the signing of a \$20m loan facility with the Clean Energy Finance Corporation to support the development of a CETO 6 project.**

The Clean Energy Finance Corporation (CEFC) is providing a five-year \$20 million loan facility that will provide part of the financing required for the next stage of CETO technology development and commercialisation, the CETO 6 Project. Further details on the design and location of the CETO 6 project will be released shortly.

Carnegie's Chief Executive Officer and Managing Director, Dr Michael Ottaviano, said;

"This capital from the CEFC will help Carnegie take a significant step forward in our development and commercialisation of the CETO technology and put us in a strong position to compete in the global, developing wave energy market. With our wave energy resource and technology capabilities particularly in the offshore oil and gas industries we believe there is significant potential for Australia to be a leader in this field which can create new industry and export opportunities."

Mr Oliver Yates, Chief Executive Officer of the Clean Energy Finance Corporation, said;

"Australia has the wave energy resources and the skills to become a major player in the global wave energy sector. This is an industry of the future with great potential for Australia. We are delighted to be supporting Carnegie and the development of its CETO 6 project."

The development of the CETO 6 project officially began in 2013 and is currently in the concept design stage. Carnegie has previously announced that the CETO 6 unit will have increased power output, at least twice the power capacity of the 240kW CETO 5 unit being used in the Perth Wave Energy Project (PWEF). The CETO 6 project will follow the completion of Perth Project which is currently under construction off Garden Island, Western Australia and utilises the CETO 5 generation. By delivering step changes in power and efficiency, CETO 6 will advance the CETO technology towards commercial deployment in a wide range of targeted markets globally by reducing the levelised cost of energy produced.

The loan facility is CEFC's first wave energy investment and is the first of a new hybrid corporate loan/project finance financing structure that was developed for this transaction by Carnegie and the CEFC. The new financing model is designed to fund the development of a specific project but upon drawdown places security over the assets of the company including any cash refunds the company will receive under the R&D tax incentive. While technically a corporate loan, upon drawdown, which is at Carnegie's election, this facility has a high level of structural controls akin to those found in project finance transactions. The \$20 million 5 year term facility is provided at commercial rates and fees with no concessionality. The establishment fee and commitment fees for 2014 can be paid by Carnegie through the issue of 15 million ordinary shares in Carnegie. The shares are to be issued in 3 tranches of 5 million. The first tranche of 5 million shares was issued by Carnegie on execution of the facility agreement. Further details of the facility terms will be provided once Carnegie draws down debt under the facility.

In November 2013, Carnegie completed a capital raise of \$4 million by issuing convertible notes to support the design of the CETO 6 project. On drawdown, the CEFC facility will rank as senior secured debt, accordingly the terms of Carnegie's existing Convertible Notes have now been modified to allow these to be subordinated to the CEFC facility. The modifications to the existing convertible note terms include removal of the Company's right to mandatory conversion to equity, a change in the equity conversion price from 5.5c to 4.5c and removal of the Company's right to force redemption after 18 months.

In January 2014, Carnegie announced that it had shortlisted four potential sites for its CETO 6 project – two in Australia and two internationally. The CEFC facility would support an Australian CETO 6 project by providing a significant proportion of such a project's capital requirements. Further progress has been made on the development of the CETO 6 sites and an update will be provided in the coming weeks.

The Company is not aware of any reason why the ASX would not allow trading to recommence immediately.

### **About Wave Energy**

Wave energy is considered to be the most concentrated and least variable form of renewable energy, with huge potential in Australia and globally. The World Energy Council has estimated that approximately two million megawatts could be produced from the oceans via wave power, about double current world electricity production.

Australia has arguably the largest wave energy resource in the world. In 2012 a CSIRO study found that Australia's near shore wave energy resource between Geraldton and Tasmania was equivalent to about five times Australia's total energy demand. The long-term potential for wave energy is therefore extensive, but it requires greater technological advancement. EY concluded that effective financial support was critical for Australian ocean energy technologies to be pushed down the technology cost curve and be competitive with other alternative technologies.

### **About CEFC**

The Clean Energy Finance Corporation (CEFC) invests using a commercial approach to overcome market barriers and mobilise investment in renewable energy and lower emissions technologies. These investments are improving energy productivity and lowering energy costs for businesses across Australia, and helping to develop local industries and new employment opportunities.

In 2013, the CEFC's investments of \$536 million mobilised on average \$2.90 of private sector investment for every \$1 of CEFC investment and will achieve abatement of 3.88 million tonnes of CO<sub>2</sub>e per annum. These investments will deliver a positive return to the CEFC, with a cost of abatement in the order of negative \$2.40 per tonne CO<sub>2</sub>e.

The CEFC operates under the CEFC Act 2012. More information is available at [www.cleanenergyfinancecorp.com.au](http://www.cleanenergyfinancecorp.com.au)

### **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 because it operates under water and is anchored to the ocean floor. Several fully submerged buoys are tethered to seabed pump units. The buoys move with the motion of the passing waves and drive pumps. The pumps pressurise water which is delivered onshore via an underwater 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 the 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.

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