

ASX Announcement

Tuesday 16th December 2014

Perth Project Update

- First CETO 5 Unit clocks up 700 operating hours
- CETO Unit and Pod #2 ready for deployment
- Western Power grid connection approvals now in place

Wave energy developer Carnegie Wave Energy Limited (ASX: CWE) is pleased to announce that the first CETO 5 Unit has now been operating for approximately 700 hours and that the second of its CETO 5 wave energy units is ready for deployment.

The first CETO 5 Unit was installed four weeks ago and has now clocked up 700 in ocean operating hours. It has experienced a range of sea states including waves up to 3.8m in height. It continues to perform in line with expectations. In tandem, works have continued onshore with the assembly and testing on the second CETO 5 Unit south of Perth at Henderson.



CETO 5 Unit #2 at Henderson, WA alongside Unit #3



The first CETO 5 Unit in operation at the Perth Project site off Garden Island, WA

Additionally, offshore works have continued with the installation of the mud mat and the lower foundation connector in preparation for the installation of the second CETO 5 Unit.



Offshore installation of Pod #2 mudmats and lower foundation connector #2

Following this initial operating period, approval to connect to the grid has been received from Western Power, who maintain and operate the electricity network in Perth. The grid connection and the installation of the second CETO 5 Unit will occur in the coming weeks. In the interim, the system is generating power against a load bank onshore.

Carnegie's Managing Director, Dr Michael Ottaviano, said:

“We’re delighted with the performance of the first CETO 5 Unit through this initial operation phase. The next step is to deploy the second CETO 5 Pod and Unit and then grid connection of the system. We will assess the need to retrieve and inspect the first CETO 5 Unit.”

Background

The Perth Wave Energy Project has been under construction for approximately 12 months beginning with the installation of the CETO 5 Unit offshore foundations last summer. The construction was preceded by some 2 years of design, approvals, offtake, financing and procurement activity. More than \$30m has been invested in the design, development and construction of the project. The CETO technology takes a unique approach to wave power by generating both power and water from the ocean swell while remaining fully submerged beneath the ocean surface, increasing its ability to survive large storms.

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

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. The technology is capable of generating power onshore or offshore depending upon the specific characteristics of a project site.

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.

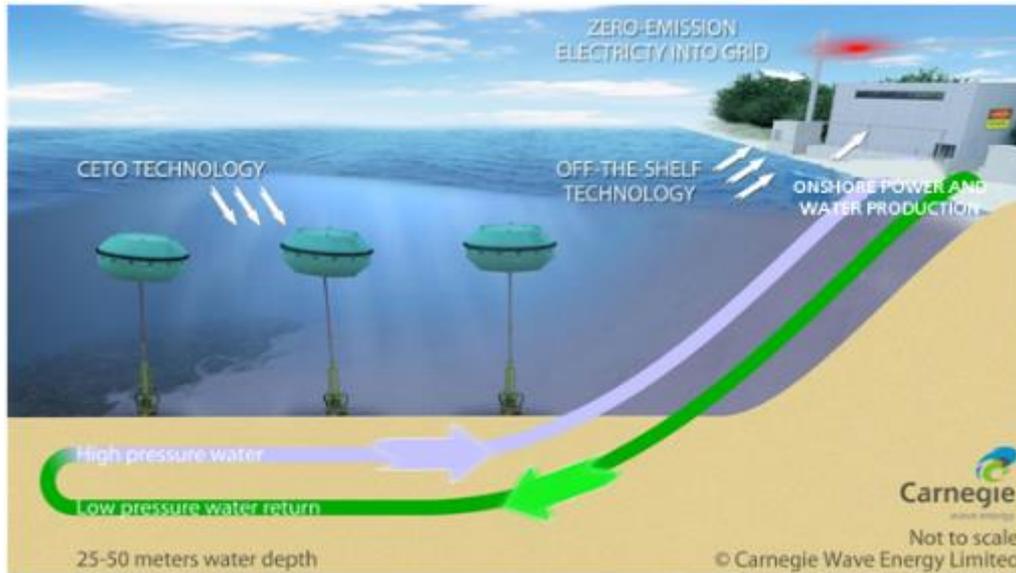
About ARENA

ARENA was established by the Australian Government as an independent agency on 1 July 2012 to make renewable energy technologies more affordable and increase the amount of renewable energy used in Australia. ARENA invests in renewable energy projects, supports research and development activities, boosts job creation and industry development, and increases knowledge about renewable energy.

Perth Wave Energy Project ('PWE') Fact File

- Upon completion, PWE 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.
- PWE 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 PWE.
- The Desalination Pilot is supported by a \$1.27m AusIndustry grant from the Clean Technology Innovation Program.
- Providing clean, renewable energy and potable desalinated water to Australia's largest naval base, HMAS Stirling, on Garden Island in Western Australia.

The CETO 5 technology being utilised in the Perth Wave Energy Project (PWE) is configured to utilise the CETO pumps to pressurise water and deliver it onshore via an underwater pipe. Then, 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.



CETO 5 (Perth Wave Energy Project) Power & Water Schematic

For more information:

Dr Michael Ottaviano

CEO & Managing Director

Carnegie Wave Energy Limited

+61 8 9486 4466

enquiries@carnegiewave.com

Website: www.carnegiewave.com