

ASX Announcement

Wednesday, 16th April 2014

CETO Desalination Pilot Plant Update

- Desalination plant Factory Acceptance Test successfully passed
- Desalination pilot plant delivered to onshore Garden Island site
- Freshwater produced to be sold to the Australian Department of Defence

Carnegie Wave Energy Limited (ASX: CWE) is pleased to announce that the CETO desalination pilot plant, part of the Perth Wave Energy Project, has now been delivered to site ahead of commissioning.

In February 2014, Carnegie announced the installation and commissioning of the seawater intake bore at the Garden Island site and progress of the manufacturing of the Desalination Pilot Plant at Perth-based MAK Industrial Water Solutions.

The CETO desalination pilot plant has now been delivered to Garden Island and installed onsite, following completion of manufacturing and Factory Acceptance Testing by MAK Industrial Water Solutions. The desalination pilot plant has been connected to the seawater intake bore and storage tanks. Additionally, the water delivery pipe has been installed, which connects the desalination plant to the Australian Government Department of Defence (Defence) water supply system.



Onshore Garden Island showing (from left to right) power house, containerised desalination plant and water storage tanks



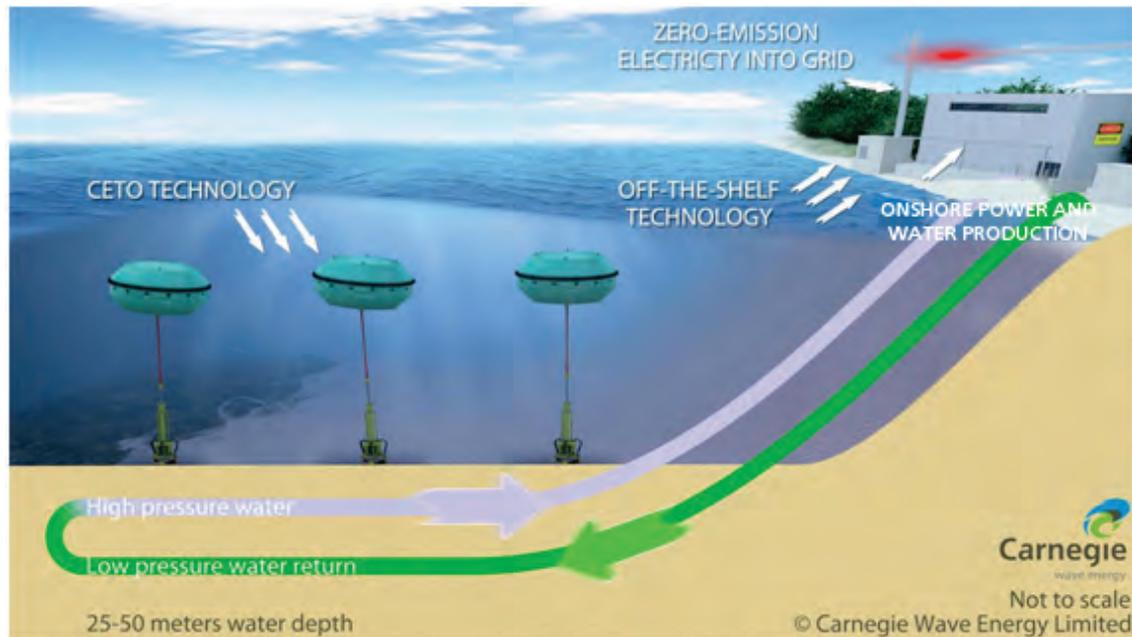
Containerised desalination pilot plant delivered to Garden Island (L), interior of desalination pilot plant (R)

The desalination pilot plant will be commissioned in the coming weeks ready for connection to the CETO hydraulic system. Portable water from the desalination pilot plant will be supplied to the Department of Defence under a Water Supply Agreement in return for a commercially competitive water tariff.

About Carnegie

[Carnegie Wave Energy Limited](http://www.carnegiewave.com) 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 ('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.

- 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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