

ASX Announcement

11th May 2012

Development of Bermudan CETO Project

- **Completion of the first detailed study of Bermuda's wave regime**
- **Further development of a commercial power and water project**
- **Potential contribution to Bermuda's Energy White Paper targets**

Wave energy developer Carnegie Wave Energy Limited (ASX: CWE) is pleased to announce the completion of a year-long Bermuda wave study that demonstrates the viability of the Island's wave regime for a commercial CETO wave energy project.

Over the past 12 months, Carnegie, in collaboration with Bermudian company Triton Renewable Energy Ltd, and with the technical support of the Ground Electronics Services and Bermuda Weather Service (BAS-Serco Ltd.), undertook the first detailed study of Bermuda's wave regime to explore the potential for a commercial CETO wave energy project.

The Hon. Marc A. R. Bean, JP, MP, Minister of Environment, Planning and Infrastructure Strategy commended Carnegie and Triton, saying,

"The success of this technology will serve to move Bermuda ever closer to our Energy White Paper targets of reducing our reliance on fossil fuels and increasing our reliance on renewable sources of energy. I look forward to the deployment of this promising, clean and efficient energy technology."

Tim Hasselbring, Triton's Managing Director, said,

"Bermuda is a densely populated isolated oceanic island with limited natural resources that can be called upon. This project promises significant benefits to the community in the form of job creation, significantly increased energy and freshwater security and reduced dependence on imported oil."

Carnegie's site development manager Mr. Tim Sawyer said,

"We look forward to working with the Bermudan government to further develop a commercial CETO wave energy facility in Bermuda. This would follow on from Carnegie's Perth Wave Energy Project which recently received US\$16m in Australian Federal Government and Western Australia State Government grant funding."



Carnegie's wave measuring buoy off Bermuda.

Photo courtesy of Triton

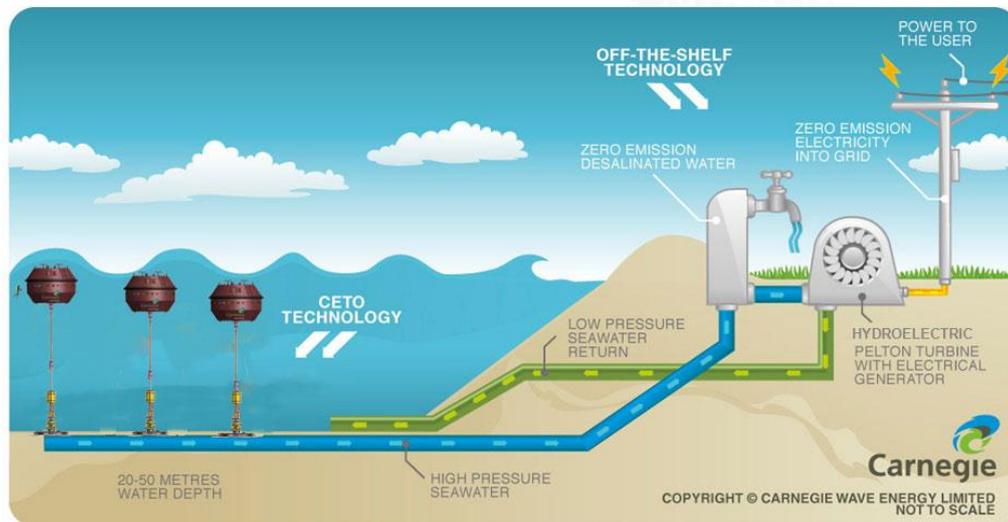
Carnegie and Triton propose to develop a commercial scale wave farm providing up to 20MW of electricity generation and desalinated water to Bermuda. In 2009, the project was selected as one of the Bermuda Electric Light Company Ltd's preferred renewable energy projects.

Remote islands offer a natural market place for Carnegie's CETO wave power system. CETO is the only wave technology that is both fully submerged and generates power and water onshore. Bermuda, like most remote islands, is largely reliant upon imported diesel for power generation which is both expensive and comes at an environmental cost. The current retail power tariff on Bermuda is 42c/kWh.

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 fully 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.

On shore, 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 ocean wave energy into zero-emission electricity and desalinated water.
- CETO is environmentally friendly, has minimal visual impact and attracts marine life.
- CETO is fully submerged in deep water away from breaking waves, beachgoers and where it is safe from storms.

About Carnegie

Carnegie Wave Energy Limited is an Australian, ASX-listed (CWE) wave energy technology developer. Carnegie is the 100% owner and developer of the CETO Wave Energy Technology intellectual property.

About Triton

Triton Renewable Energy Ltd. is a Bermudian company specialising in renewable energy project development. Triton's mission is to pioneer the generation of clean, renewable ocean energy in Bermuda.

About BAS-Serco

BAS-Serco Limited is a Bermudian joint venture company, responding to Bermuda's growing demand for outsourced public and commercial services. The Bermuda Weather Service and Ground Electronics Services are operated by BAS-Serco Ltd. as part of a contract with the Bermuda Ministry of Transport's Department of Airport Operations.