

ASX Announcement

19th January 2009

Signing of Department of Defence Memorandum of Understanding

Carnegie Corporation Limited (ASX: CNM) is pleased to announce that it has signed a Memorandum of Understanding (MoU) with the Australian Government's Department of Defence. The MoU allows Carnegie and Defence to investigate the feasibility of a wave energy facility at Garden Island, Western Australia. Carnegie believes there is sufficient wave energy potential offshore from Garden Island to develop a wave energy project harnessing energy from the ocean to generate electricity and / or desalinated water using the CETO wave energy technology.

A Wave Energy Facility would initially be used for testing commercial scale CETO units as part of the commercial demonstration phase. This could, in the future, provide Defence on Garden Island with a standalone, sustainable, clean source of electricity and / or fresh water.

Carnegie's Managing Director, Dr Michael Ottaviano said,

"There is an inexhaustible renewable resource off Garden Island and it makes sense for Carnegie and Defence to investigate using wave energy to power the naval base located there".

About the CETO Wave Energy Technology

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 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 seawater that is delivered ashore via a pipeline. The high-pressure seawater is used to drive hydro turbines, generating baseload, zero-emission electricity. The high-pressure seawater can also be used to supply a reverse osmosis desalination plant, replacing greenhouse gas emitting pumps usually required for such plants.

CETO Technology characteristics include:

- CETO converts wave energy into baseload zero-emission electricity
- CETO is environmentally friendly, has no visual impact and attracts marine life
- CETO is fully submerged in deep water away from popular surf breaks and safe from storms.

Wave Energy as a renewable energy source:

- Wave Energy is renewable energy which can power the world twice over
- Australia has the largest and best wave energy resource of any country
- 60% of the world lives within 60km of a coast, minimising transmission issues.

About Carnegie Corporation Ltd & CETO

Carnegie Corporation Ltd is an Australian, ASX-listed (CNM) wave energy and clean technology developer. Carnegie is 98% owned by Australian investors. The CETO technology IP is owned by AIM-listed Renewable Energy Holdings (REH) who has a joint venture license relationship with EDF EN in the Northern Hemisphere to own and operate CETO Wave Power Projects and in the Southern Hemisphere with Carnegie Corporation to develop the CETO Wave Energy technology. Carnegie also has the exclusive rights to own and operate all commercial CETO wave farms in the Southern Hemisphere (excluding Reunion Island).

www.carnegiecorp.com.au

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