

ASX Announcement

27th May 2009

\$5.75 Million Capital Raising

Wave Energy Developer, Carnegie Corporation Limited (ASX: CNM) is pleased to announce a \$5.75 million share placement at an issue price of 22 cents per share ("Placement"). The Placement was arranged by Joint Lead Managers Blackswan Equities Pty Ltd and Patersons Securities Limited.

The Placement received strong interest from potential participants with firm commitments having now been received for the entire amount. The company originally intended to raise an amount of up to \$5 million, however due to demand and after scalebacks the company has now accepted oversubscriptions to raise a total of \$5.75m. The new issue has been placed to a select group of institutions and sophisticated investors pursuant to Section 708 of the Corporations Act.

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

"We are extremely pleased with the strong response to this capital raising initiative. It reflects an ever increasing understanding in the marketplace of Carnegie and the significant role that wave energy could play in Australia's future energy mix and globally."

The capital raising allows the funding requirement condition precedent in the recently announced CETO IP acquisition to be satisfied. Under the terms of Carnegie's binding Heads of Agreement with REH for the 100% purchase of the CETO IP, Carnegie was required to have a minimum cash balance to cover the remaining 2009 CETO operating budget upon completion of the transaction which was expected to be approximately \$2m. Under these terms, REH will continue to fund CETO development until the completion of the IP purchase transaction expected to be in September.

Funds raised from the Placement will be applied towards the final phase of the CETO technology development and general working capital requirements.

It is anticipated that settlement of application funds and issue of shares will take place on or about 29 May 2009. The Placement will be completed within the Company's 15% share issue capacity pursuant to ASX Listing Rule 7.1.

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 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.

The high-pressure water is used to drive hydro turbines, generating zero-emission electricity. The high-pressure water 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 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.

About Carnegie

Carnegie Corporation Ltd is an Australian, ASX-listed (CNM) wave energy and clean technology developer. Upon completion of its recently announced transaction outlined in the Heads of Agreement with Renewable Energy Holdings, the CETO Technology intellectual property and global development rights will be 100% owned by Carnegie. Pursuant to the Transaction, Carnegie will also operate a Joint Venture License Agreement with EDF EN to own and operate CETO Wave Power Projects in the Northern Hemisphere and Reunion Island.

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