

ASX Announcement

17 December 2009

CETO Wave Energy Update

- **Energy Relief System Performance Proven at Scale**
- **Full Scale Garden Island Deployment Activities Commenced**
- **Share Purchase Plan closes Monday 21 December 2009**

Australian Wave Energy developer, Carnegie Wave Energy Limited (ASX: CWE), is pleased to provide an update to its CETO technology development activities.

Since late in 2008 Carnegie has been focused on proving the performance of its unique energy relief buoyant actuator (ERBA) that is core to its CETO wave energy technology and is pleased to announce that performance of the device has now been proven at approximately one third scale at Carnegie's Fremantle Wave Energy Research Facility in Western Australia.

The ERBA, pictured below, is unique by virtue of its ability to self-regulate the amount of energy absorbed from an incident wave and thereby limiting the total forces transferred to the pump mechanism.



ERBA Deployed at Fremantle

Proving the functional performance of the ERBA at Fremantle is a significant technical advance and provides Carnegie with sufficient confidence to proceed to full scale deployment at its site off Perth in the waters to the west of Garden Island in 2010.

As previously reported, activities off shore from Garden Island relating to the deployment of the first commercial scale, autonomous CETO wave energy device have already commenced. These activities include the mobilisation of a jack-up rig (JUP) owned and operated by Boskalis Australian Pty Ltd, pictured below, from northern Western Australia to Henderson south of Perth earlier this week. Over the coming weeks the JUP will be fitted out with foundation installation equipment and towed to the deployment site to the west of Garden Island.

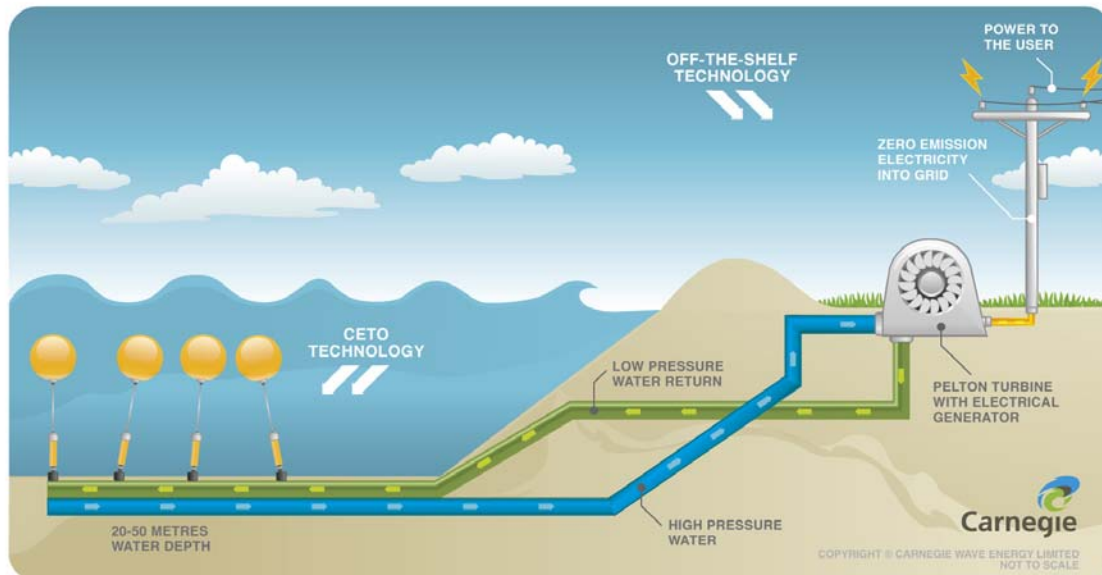


The Perth deployment will be the first commercial scale wave energy unit to be deployed in Australia.

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.

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

About Carnegie

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

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