

ASX Announcement

6 January 2010

First Government Grant Payment

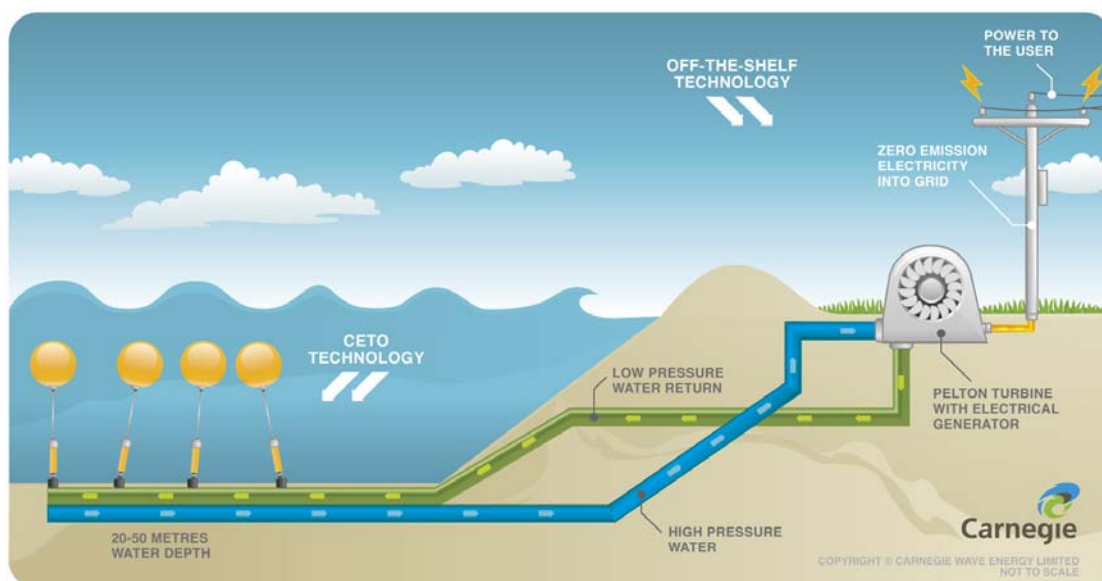
Australian Wave Energy developer, Carnegie Wave Energy Limited (ASX: CWE), is pleased to advise that it has received its first milestone payment under its \$12.5 million grant from the State of Western Australian Government.

The \$726,611 payment under the financial assistance agreement is for the completion of activities associated with the design for the commercial-scale CETO unit for Carnegie's commercial demonstration project. Activities associated with the deployment of the first commercial scale, autonomous CETO unit are now well advanced with the initial physical deployment activities currently underway. This 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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