

ASX Announcement

18 January 2010

Launch of Perth Wave Energy Project

- **Perth Wave Energy Project Launched by State Government**
- **Full Scale Offshore Deployment Activities Commenced**
- **Jack Up Rig Onsite Deploying Mooring**

Australian Wave Energy developer, Carnegie Wave Energy Limited (ASX: CWE), is pleased to advise of the formal launch yesterday of its Perth Wave Energy Project by Western Australian Minister for Energy the Honorable Peter Collier at Carnegie's Wave Energy Research Facility in Fremantle, Western Australia.

Stage one of the project, which has already commenced, involves the deployment of a single stand-alone commercial scale CETO unit in the Sepia Depression, between Garden Island and Five Fathom Bank in 2010. The deployed system will consist of the mooring, a CETO unit and a data telemetry buoy. Deployment of the CETO unit will be for an initial period of up to 12 months involving periodic inspection and maintenance of components. This will be the first commercial scale wave energy unit to be deployed in Australia.

As previously reported, activities on site relating to the deployment of the first commercial scale, autonomous CETO wave energy device have already commenced. Currently the jack-up rig (JUP) owned and operated by Boskalis Australia Pty Ltd, pictured below, is on site and installing a drilled and grouted pile mooring that will form the foundation for Stage 1 of the project. It is expected that this activity will be completed shortly.



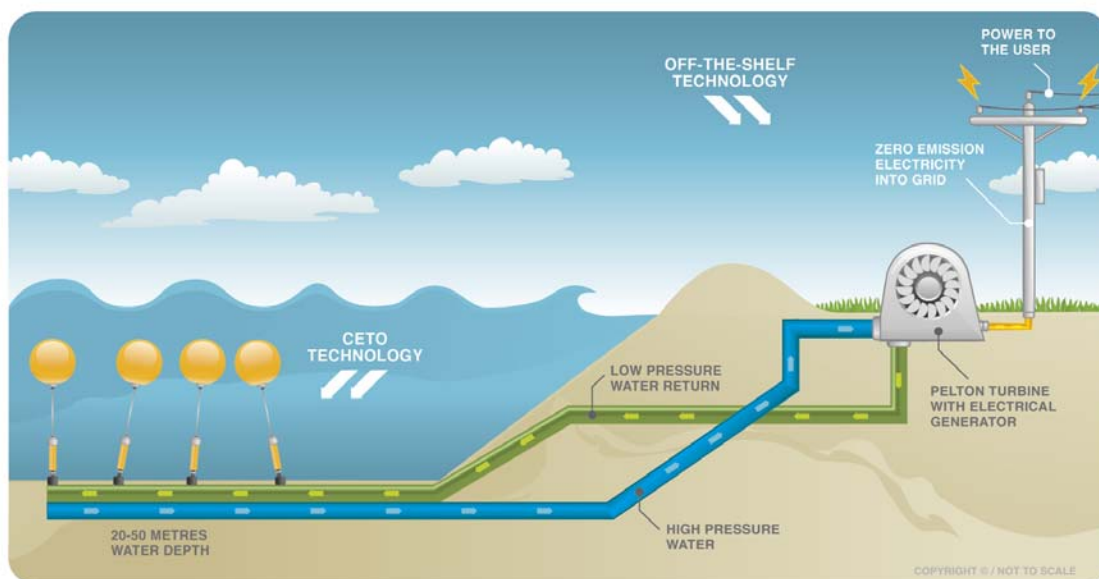
Carnegie's Chief Operating Officer, Greg Allen, said, "Upon its completion, Carnegie's Perth Wave Energy Project will be the first commercial scale wave energy project to operate in Australia. The primary aim of the project is to demonstrate the CETO technology in commercial operation for the first time however, it will also deliver Carnegie its first project-based revenues from the sale of power."

The commercial demonstration project will have a peak installed capacity of 5MW, generating sufficient power for around 3,500 households. The Project is forecast to create 30 jobs and save over 500,000 tonnes in greenhouse gas emissions over the life of the project. The project will utilise Carnegie's \$12.5 million LEED grant from the Western Australian Government announced earlier this year. Detailed cost and design activities associated with Stage 2 will be undertaken during 2010 with construction and commissioning scheduled for 2011.

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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