

ASX Announcement

11th March 2010



Perth Wave Energy Project Update

- **Perth Wave Energy Project on track**
- **Component manufacture and testing advanced**
- **Fremantle Offshore & Onshore testing progressing well**

Wave energy developer Carnegie Wave Energy Limited (ASX: CWE) is pleased to provide the following update on its Perth Wave Energy Project which is currently meeting all development milestones on time and budget. The Project involves the commercial demonstration of Carnegie's proprietary CETO wave technology in a 5MW project located in the waters off Garden Island in Western Australia and utilises a \$12.5 million LEED grant from the Western Australia Government.

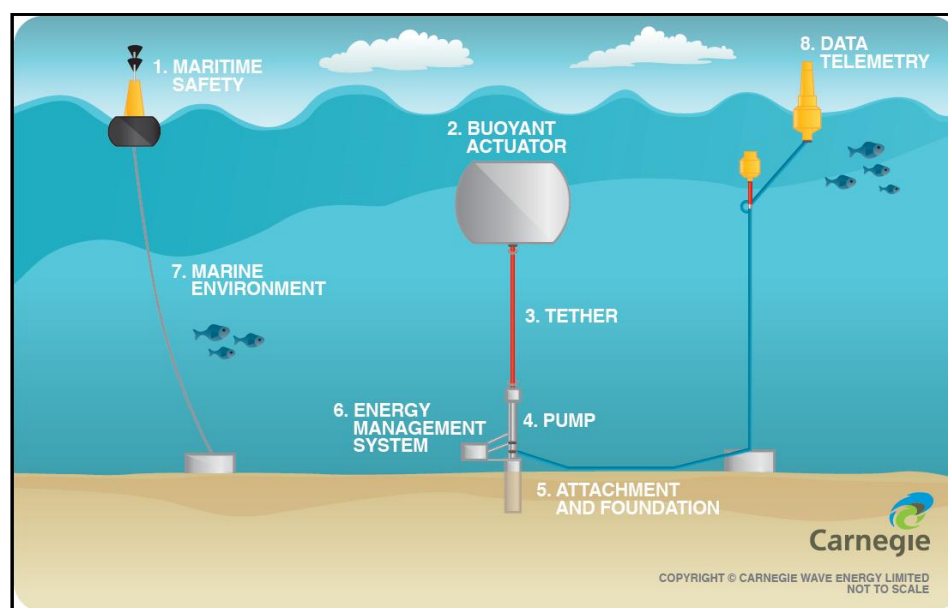
The first of the CETO 3 components are now being delivered ahead of pre-deployment testing. The tether connection (pictured below) between the Buoyant Actuator and the pump unit is the first component to be delivered and also to have successfully completed pre-deployment testing. The polyester tether was tested at the Det Norske Veritas's (DNV) testing facility in Bergen, Norway in a test procedure strictly defined according to CWE's operational requirements. The output from the applied force and total elongation was logged continuously during testing and as a result the tether's characterisation (stiffness and creep) is precisely known and endorsed by DNV.



CETO 3 tether connection at Carnegie's Fremantle Wave Facility

Manufacturers have been selected for all other key components including the pump, base attachment, buoyant actuator (BA), hydraulic system and instrumentation buoy in Australia, Europe and the United Kingdom and the components are at various stages of the manufacturing process. Testing of individual components will typically occur prior to delivery at Fremantle where assembly and pre-deployment system testing will occur ahead of the ocean deployment later this year.

The first stage of the Perth Wave Energy project involves the deployment of a single CETO 3 unit, hydraulic energy dissipation system and instrumentation buoy. The hydraulic system and instrument buoy avoids the cost associated with a physical connection to shore for the initial single unit installation. A schematic of the CETO 3 system is shown below and an interactive version is now available on the Carnegie website under the Projects link at www.carnegiwave.com/index.php?url=/projects.



CETO 3 autonomous unit operation schematic

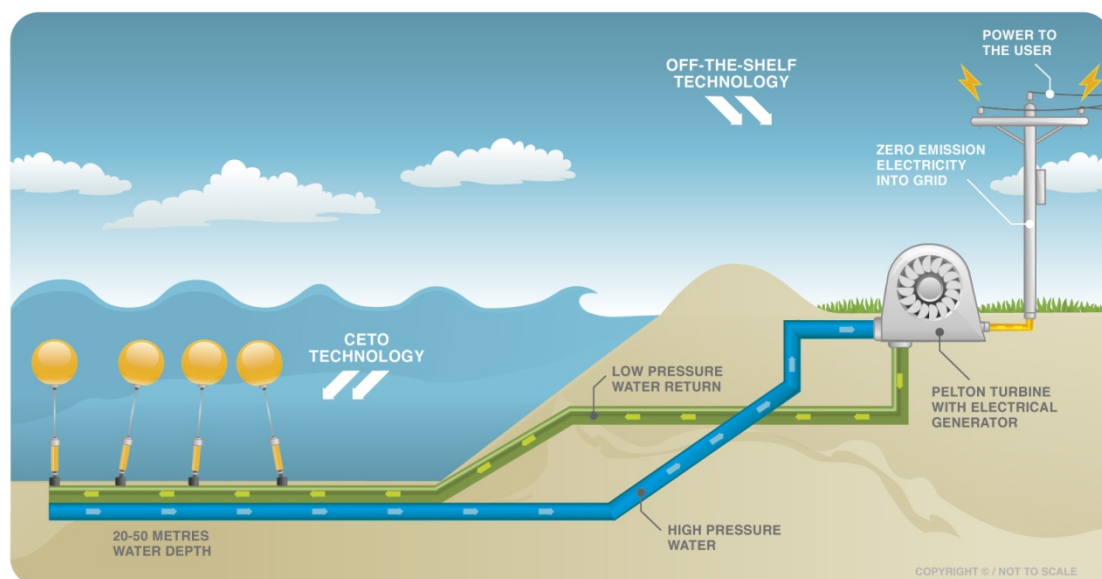
The foundation installation activities for the full scale deployment involving the jack up rig (JUP) are complete. Completion activities to prepare the foundation for deployment are underway.

Offshore testing on scaled CETO 3 units continues at Carnegie's Fremantle Wave Energy Research Facility including the testing of instrumentation, control and hydraulic equipment and Carnegie's unique energy relief buoyant actuator (ERBA). Additionally, onshore high cycle test activities of key CETO 3 components is also ongoing with this work providing invaluable service life performance data to verify the expected performance of the full scale system.

About CETO

The CETO system distinguishes itself from other wave energy devices by operating out of sight and generating electricity onshore. An array of submerged buoys is tethered to seabed pump units. The buoys move with the motion of the passing waves, driving the pumps which in turn deliver pressurised water ashore via a pipeline.

The 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 and where it is safer from storms.

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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