

ASX Announcement

21st December 2011

Perth Project Design and Grant Payment

- **Basis of detailed design for Perth project complete**
- **Project to be in 2 stages of 2MW + 3MW peak capacity**
- **Fourth grant milestone payment from WA Government received**
- **New project design video released and available on website**

Wave energy developer Carnegie Wave Energy Limited (ASX: CWE) is pleased to announce the completion of the basis of detailed design for its Perth Wave Energy Project (the Perth Project) at Garden Island and the corresponding fourth milestone payment from the Government of Western Australia.

The basis of detailed design of the CETO power generation system for the Perth Project includes the CETO units, offshore foundations, pipelines, onshore power generation facility and grid connection. A video animation of the design can be viewed on Carnegie's website at www.carnegiewave.com

The Project size has been financially and technically optimised through the design process and will now be delivered in two separately commissioned stages. The first stage will have a peak rated capacity of 2MW followed by a second stage of 3MW, for a total of 5MW peak rated capacity. Staged delivery allows Carnegie to demonstrate system integration, grid-connection and to deliver first power revenues in less time and with significantly less capital than a stand-alone 5MW single stage.

Completion of the basis of detailed design triggered a \$145,000 milestone completion payment under Carnegie's grant with the Government of Western Australia and this payment has now been received. Carnegie has now drawn down approximately \$2.8m (exclusive of GST) of the \$12.5 million grant with the outstanding amount available for draw down over the remainder of the 5MW project. The completion of this milestone allows the Project to progress to the next and final stage of detailed design.

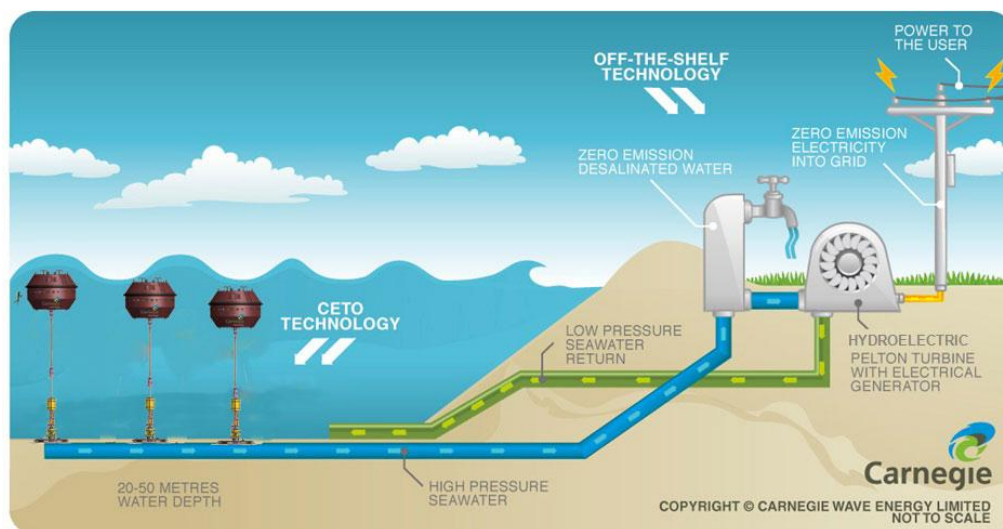
The Perth Project is the most advanced wave power project in Australia and one of a small number of project options currently being considered by Carnegie globally as the location for its first commercial demonstration project.

Carnegie's first grid-connected commercial demonstration project will deliver the Company its first project based revenue through the sale of electricity.

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 fully 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.

On shore, 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 ocean 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 breaking waves ,beachgoers and where it is safe from storms



About Carnegie

Carnegie Wave Energy Limited is an Australian, ASX-listed (CWE) wave energy technology developer. Carnegie is the 100% owner and developer of the CETO Wave Energy Technology intellectual property.

For more information:

Dr Michael Ottaviano
CEO & Managing Director
Carnegie Wave Energy Limited
+61 8 9486 4466

Email: enquiries@carnegiwave.com

Website: www.carnegiwave.com