

## SMALL CAP: Energy

### Carnegie Corporation (CNM)

The world's growing focus on climate change has turned around the fortunes of the small, listed West Australian clean energy company, Carnegie Corp. Initially listed on the Australian Stock Exchange in 1993 as a spin-off of oil and gas company Hardman Resources, Carnegie has signed a multimillion-dollar deal with international clean energy company Renewable Energy Holdings, to use its emission-free CETO wave technology throughout the Southern Hemisphere.

The CETO technology, named after the Greek ocean goddess, is safer for the environment than conventional energy technologies and is designed to convert sea water into zero-emission electricity and fresh water. "It's a whole lot easier doing what we're doing [with clean technology] now than it was when we started doing this seven or eight years ago," Carnegie managing director Michael Ottaviano says.

Ottaviano describes the latest agreement as a "company-transforming deal" for Carnegie, which is yet to break even. "The first plant is a \$500 million project," he says. "You could easily have as many as 10 of these in Australia, and maybe hundreds of these around the world."

The agreement will allow Carnegie to own up to 90 per cent of any CETO project in the southern hemisphere. In return the company, worth \$36.7 million, will have to spend \$6-8 million over the next 12 to 18 months funding the final stages of the technology's development.

Carnegie was originally established as a minerals exploration company, but in 2000 moved into clean-energy technology. "What we have done in the last couple of years is divest ourselves of our minerals assets," Ottaviano says. "Specifically, we spun out our western Africa minerals assets to a company called Carnegie Minerals, which is listed on the [Alternative Investment Market] in London. We still own 45 per cent of that, but I expect we will divest that at some stage."

The company will spend the next few months finding a site for its first plant, and will take another 12 months to gain regulatory approval. Ottaviano says it will be at least another three years before Carnegie breaks even. The company is discussing funding strategies for the project with the federal government. "It's been very positive so far," he says. "The talks are ongoing, but we would hope to know the outcome in a few months ... we also hope to access some debt financing."

JANE LINDHE

#### CARNEGIE CORPORATION SHARE PRICE

