

## ASX Announcement

30 April 2008

### Report to Shareholders for the quarter ended 31<sup>st</sup> March 2008

- **Successful deployment and operation of first CETO 2 Wave Energy units**
- **Continued progress on Cleaner Coal Power project**
- **Acquired new solar and wind energy technologies**

#### ACTIVITIES SUMMARY

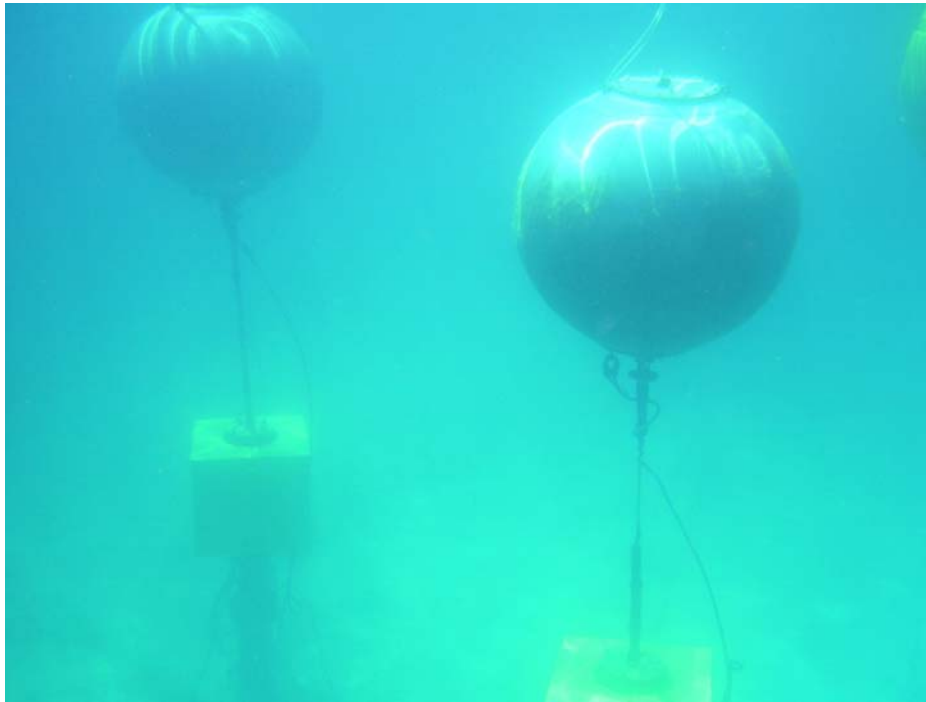
During the quarter, Carnegie Corporation Limited (ASX:CNM) has continued to focus its efforts on the ongoing development of its existing projects and expanding its exposure to the rapidly growing clean technology sector.

#### 1. CETO Wave Energy Technology

During the quarter Carnegie was pleased to report continuing progress on deployment and testing of the commercial-design CETO 2 prototype array. During the quarter two units of the nine unit CETO 2 wave energy array were deployed. The balance of the CETO 2 array is currently being manufactured and is scheduled for deployment throughout the remainder of 2008. A picture of a CETO 2 unit being prepared for deployment in February 2008 at Carnegie's Wave Energy Research Facility in Fremantle is included below.



The first two CETO 2 units deployed at the Fremantle offshore test area are pictured below.



The deployment of the CETO 2 array will be followed by the deployment of a full-scale CETO 3 unit at a deepwater test site, which will complete the CETO development programme in 2009. The securing of a suitable test site for CETO 3 is well advanced. These final aspects of development will allow CETO to be commercial-ready in 2009 as previously advised.

It was announced in March 2008 that Carnegie had been shortlisted to continue to the next stage of the contracts establishment process for the supply of Tranche 2 Renewable Energy to the Southern Seawater Desalination Plant (“SSDP”) at Binningup in Western Australia. In line with the Water Corporation’s Request for Proposal (“RFP”) process, Carnegie expects to receive and respond to the RFP during the remainder of 2008.

In parallel with the final stages of the CETO technology development, the Company is investigating a number of prospective commercial CETO Wave Energy Farm sites across Australia and internationally. As part of this process the Company has been granted an option, subject to community consultation, over a coastal site at Albany in Western Australia for the onshore land footprint of a commercial CETO wave farm.

## **2. Development of Cleaner Coal Power Technology**

Physical testing at Carnegie’s CCP prototype test centre continues according to program in conjunction with virtual Computational Fluid Dynamic (CFD) modelling. Installation of the CCP steam generation Programmable Logic Control (PLC) system is now almost complete with only final commissioning tests remaining. The installation of the PLC and data collection systems will improve the efficiency and accuracy of the prototype testing program.

During the quarter Carnegie added additional Coal Combustion and CFD Analysis capabilities to advance the development of the CCP combustion system. As previously advised, the CCP development program is on schedule and will see continued progress on having a full-scale demonstration prototype operating within 3 years.

### **3. Solar Thermal Technology**

The Company announced in February 2008 that it had acquired a new solar thermal technology. The solar thermal technology collects the thermal energy of the sun via a novel efficient means, stores it as heat in a low cost storage solution and then draws heat as required for zero emission power generation. The development, CFD refinement and data collection associated with the prototype energy collection component is continuing and the selection of a suitable test site is underway. Securing a suitable test site will facilitate larger scale development and testing of the collection and storage components of the systems.

### **4. Wind/Aerofoil Technology**

Also in February 2008, the Company announced the acquisition of a new aerofoil technology. The aerofoil technology involves a unique approach to aerofoil design, and is at the computational modelling stage. Further CFD analysis and development will occur during the remainder of 2008.

### **5. Corporate Activities**

In April, Carnegie also announced the signing of its formal Licence Agreement with AIM-listed Renewable Energy Holdings (REH) for CETO Wave Energy Technology.

Website: [www.carnegiecorp.com.au](http://www.carnegiecorp.com.au)

#### **For more information:**

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# Appendix 4C

## Quarterly report for entities admitted on the basis of commitments

Introduced 31/3/2000. Amended 30/9/2001, 24/10/2005.

Name of entity

CARNEGIE CORPORATION LTD

ABN

69 009 237 736

Quarter ended ("current quarter")

31 March 2008

### Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (9 months) \$A'000
1.1 Receipts from customers	-	-
1.2 Payments for (a) staff costs	(260)	(726)
(b) advertising and marketing	-	(5)
(c) research and development	(4,139)	(6,450)
(d) leased assets	-	-
(e) other working capital	(126)	(1,042)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	200	292
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	-	-
<b>Net operating cash flows</b>	<b>(4,325)</b>	<b>(7,931)</b>

+ See chapter 19 for defined terms.

**Appendix 4C**  
**Quarterly report for entities**  
**admitted on the basis of commitments**

	Current quarter \$A'000	Year to date (9 months) \$A'000
1.8 Net operating cash flows (carried forward)	<b>(4,325)</b>	<b>(7,931)</b>
<b>Cash flows related to investing activities</b>		
1.9 Payment for acquisition of:		
(a) businesses (item 5)	-	-
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non-current assets	(308)	(518)
(e) other non-current assets	-	-
1.10 Proceeds from disposal of:		
(a) businesses (item 5)	-	-
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non-current assets	-	-
(e) other non-current assets	-	-
1.11 Loans to other entities	-	-
1.12 Loans repaid by other entities	-	350
1.13 Other (provide details if material)	-	-
	(308)	(168)
<b>Net investing cash flows</b>		
<b>1.14 Total operating and investing cash flows</b>	<b>(4,633)</b>	<b>(8,099)</b>
<b>Cash flows related to financing activities</b>		
1.15 Proceeds from issues of shares, options, etc.	-	14,347
1.16 Proceeds from sale of forfeited shares	-	-
1.17 Proceeds from borrowings	-	-
1.18 Repayment of borrowings	-	-
1.19 Dividends paid	-	-
1.20 Other (provide details if material)	-	-
<b>Net financing cash flows</b>	-	14,347
<b>Net increase (decrease) in cash held</b>	<b>(4,633)</b>	<b>6,248</b>
1.21 Cash at beginning of quarter/year to date	11,595	714
1.22 Exchange rate adjustments to item 1.20		
1.23 <b>Cash at end of quarter</b>	<b>6,962</b>	<b>6,962</b>

+ See chapter 19 for defined terms.

**Payments to directors of the entity and associates of the directors**

**Payments to related entities of the entity and associates of the related entities**

		Current quarter \$A'000
1.24	Aggregate amount of payments to the parties included in item 1.2	194
1.25	Aggregate amount of loans to the parties included in item 1.11	-

1.26 Explanation necessary for an understanding of the transactions

Payments to Directors are consulting fees and directors fees and salary for the quarter.

**Non-cash financing and investing activities**

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

Nil

2.2 Details of outlays made by other entities to establish or increase their share in businesses in which the reporting entity has an interest

Nil

**Financing facilities available**

*Add notes as necessary for an understanding of the position. (See AASB 1026 paragraph 12.2).*

		Amount available \$A'000	Amount used \$A'000
3.1	Loan facilities	-	-
3.2	Credit standby arrangements	-	-

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**Appendix 4C**  
**Quarterly report for entities**  
**admitted on the basis of commitments**

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**Reconciliation of cash**

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
4.1 Cash on hand and at bank	734	626
4.2 Deposits at call	6,228	10,969
4.3 Bank overdraft	-	-
4.4 Other (provide details)	-	-
<b>Total: cash at end of quarter</b> (item 1.23)	<b>6,962</b>	<b>11,595</b>

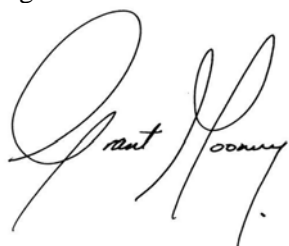
**Acquisitions and disposals of business entities**

	Acquisitions (Item 1.9(a))	Disposals (Item 1.10(a))
5.1 Name of entity	-	-
5.2 Place of incorporation or registration	-	-
5.3 Consideration for acquisition or disposal	-	-
5.4 Total net assets	-	-
5.5 Nature of business	-	-

**Compliance statement**

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act (except to the extent that information is not required because of note 2) or other standards acceptable to ASX.
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here:



Print name: GRANT J. MOONEY Company Secretary

Date: 28 April 2008

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+ See chapter 19 for defined terms.

## Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
2. The definitions in, and provisions of, *AASB 1026: Statement of Cash Flows* apply to this report except for the paragraphs of the Standard set out below.
  - 6.2 - reconciliation of cash flows arising from operating activities to operating profit or loss
  - 9.2 - itemised disclosure relating to acquisitions
  - 9.4 - itemised disclosure relating to disposals
  - 12.1(a) - policy for classification of cash items
  - 12.3 - disclosure of restrictions on use of cash
  - 13.1 - comparative information
3. Accounting Standards. ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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