

## **ASX Announcement**

**30 January 2009**

### **Report to Shareholders for the Quarter Ended 31<sup>st</sup> December 2008**

#### **ACTIVITIES SUMMARY**

During the quarter, Carnegie Corporation Limited (ASX: CNM) continued to make excellent technical and commercial progress.

#### **1. CETO Wave Energy Technology Development**

During the quarter Carnegie undertook the final operating and testing activities associated with the commercial design, pilot scale CETO unit (CETO 2) at its Wave Energy Research Facility at Fremantle, Western Australia. Data collection, compilation and analysis is ongoing and results have confirmed initial preliminary successful results. The project scale, commercial CETO unit (CETO 3) design is progressing well and testing of individual components underway.

#### **2. CETO Wave Energy Commercial Opportunities**

Carnegie recently announced the signing of a Memorandum of Understanding (MoU) with the Australian Government's Department of Defence. The MoU allows Carnegie and Defence to investigate the feasibility of a wave energy facility at Garden Island, Western Australia for the supply of electricity and/ or desalinated water to HMAS Stirling Naval Base located on the Island.

Earlier today, Carnegie announced the signing of a Memorandum of Understanding (MoU) with the Electricity Retail Corporation (Synergy), Western Australia's largest energy retailer. The MoU is the initial step in Carnegie and Synergy agreeing to the purchase of electricity from the first stage of a wave energy project in the south-west of Western Australia.

Carnegie has previously announced that it has 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") in Western Australia, and that it has also applied for funding under the Western Australian Government's Low Emission Energy Development Fund ("LEED"). It expects to receive notification of the outcome of both of these decisions in the near future.

Carnegie has also previously indicated it will be applying for funding for its current commercial demonstration CETO wave power project under the Federal Government's \$500 million Renewable Energy Fund, and welcomed during the quarter the announcement by the Federal Government that this fund would be fast-tracked with all the funds committed within 18 months.

### **3. Emerging Clean Technologies**

The Board continues to adopt a strategy of spending only the minimum required to fast track these projects through to concept validation and to focus the vast majority of the Companies' efforts and funds on the CETO technology and project development.

### **4. Corporate Activities**

Carnegie has now substantially completed its financial obligations under the CETO Technology Development Licence Agreement. The continued project funding from February 1, 2009 through to project scale, commercial CETO unit (CETO 3) demonstration will be carried by its Northern Hemisphere development partner, Renewable Energy Holdings Plc ("REH"). This significantly reduces Carnegie's cash burn rate and provides initial matched funding for a Government Grant.

In December 2008, the Company advised that it had successfully raised \$1.18 million through a Share Purchase Plan (SPP) to existing shareholders and a share placement (Placement) to REH. Carnegie also welcomed onto its Board of Directors, REH's Chief Executive Officer, Mike Proffitt. Apart from founding and developing REH's wind farm and biogas operations, Mike has significant power industry experience from his previous role as CEO of the Manx Electricity Authority where he initiated major capital works such as the successful commissioning of the longest AC subsea interconnector cable in the World (from Isle of Man to Blackpool) and the commissioning of a new Combined Cycle Gas Turbine (CCGT) power station together with a natural gas pipeline connection to Scotland.

#### **About the CETO Wave Energy Technology**

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 seawater that is delivered ashore via a pipeline. The high-pressure seawater is used to drive hydro turbines, generating baseload, zero-emission electricity. The high-pressure seawater can also be used to supply a reverse osmosis desalination plant, replacing greenhouse gas emitting pumps usually required for such plants.

CETO Technology characteristics include:

- CETO converts wave energy into baseload zero-emission electricity
- 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 safe from storms.

#### **Wave Energy as a renewable energy source:**

- Wave Energy is renewable energy which can power the world twice over
- Australia has the largest and best wave energy resource of any country
- 60% of the world lives within 60km of a coast, minimising transmission issues.

## **About Carnegie Corporation Ltd & CETO**

Carnegie Corporation Ltd is an Australian, ASX-listed (CNM) wave energy and clean technology developer. Carnegie is 98% owned by Australian investors. The CETO technology IP is owned by AIM-listed Renewable Energy Holdings (REH) who has a joint venture license relationship with EDF EN in the Northern Hemisphere to own and operate CETO Wave Power Projects and in the Southern Hemisphere with Carnegie Corporation to develop the CETO Wave Energy technology. Carnegie also has the exclusive rights to own and operate all commercial CETO wave farms in the Southern Hemisphere (excluding Reunion Island).

[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 December 2008

### Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (6 months) \$A'000
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) staff costs	(176)	(600)
(b) advertising and marketing	(1)	(27)
(c) research and development	(2,006)	(4,596)
(d) leased assets	-	-
(e) other working capital	(39)	(796)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	80	120
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>(2,142)</b>	<b>(5,899)</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 (6 months) \$A'000
1.8 Net operating cash flows (carried forward)	<b>(2,142)</b>	<b>(5,899)</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	(10)	(136)
(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	-	1,484
1.11 Loans to other entities	-	-
1.12 Loans repaid by other entities	-	-
1.13 Other (provide details if material)	-	-
	(10)	1,348
<b>Net investing cash flows</b>		
<b>1.14 Total operating and investing cash flows</b>	<b>(2,152)</b>	<b>(4,551)</b>
<b>Cash flows related to financing activities</b>		
1.15 Proceeds from issues of shares, options, etc.	1,136	1,136
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>	<b>1,136</b>	<b>1,136</b>
<b>Net increase (decrease) in cash held</b>	<b>(1,016)</b>	<b>(3,415)</b>
1.21 Cash at beginning of quarter/year to date	3,656	6,055
1.22 Exchange rate adjustments to item 1.20		
1.23 <b>Cash at end of quarter</b>	<b>2,640</b>	<b>2,640</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	155
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, salary and superannuation for the quarter.
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**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
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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
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**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	1,290	820
4.2 Deposits at call	1,350	2,836
4.3 Bank overdraft	-	-
4.4 Other (provide details)	-	-
<b>Total: cash at end of quarter</b> (item 1.23)	<b>2,640</b>	<b>3,656</b>

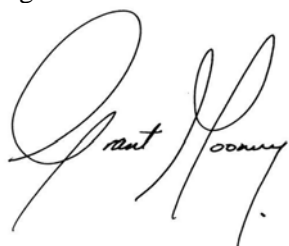
**Acquisitions and disposals of business entities**

	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: 30 January 2009

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## 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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