

ASX Announcement

29th April 2009

Report to Shareholders for the Quarter Ended 31st March 2009

ACTIVITIES SUMMARY

During the quarter, Carnegie Corporation Limited (ASX: CNM) have made significant technical and commercial progress.

1. CETO Wave Energy Technology Development

During the quarter Carnegie confirmed the completion of its CETO unit pilot plant (CETO 2) at its Wave Energy Research Facility at Fremantle, Western Australia and advised that the results confirmed excellent correlation between predicted and measured performance.

During the March quarter Carnegie has continued to progress the design and test work associated with the project scale, commercial CETO unit (CETO 3). High cycle testing of various CETO 3 components is continuing at Carnegie's Wave Energy Research Facility at Fremantle, Western Australia. Procurement of CETO 3 components is now well advanced and in line with scheduled activities. Various specialist engineering and manufacturing organisations have been engaged to deliver on non-core elements of CETO 3. The results of the quarter's technology development activities have confirmed expected design performance.

Deployment and testing of the CETO 3 units will occur at Carnegie's test site off Garden Island, Western Australia. Carnegie has previously reported its collaborative relationship with the Australian Government's Department of Defense's naval base located on Garden Island. Carnegie deployed a wave buoy off Garden Island during the quarter which will provide essential data for design verification of CETO 3.

2. CETO Wave Energy Commercial Opportunities

Carnegie advanced a number of commercial opportunities for CETO wave energy during the quarter:

- The Western Australian State Government announced that Carnegie would receive \$12.5m from the State's Low Emissions Energy Development ("LEED") fund.
- The Government of South Australia awarded Carnegie a license for an area of seabed adjacent to Port MacDonnell near Mt Gambier in the State's South-East. A wave project developed at this site has the ability to be connected into the National Electricity Market which supplies power to the majority of Australians.

- The Federal Minister for Energy, Martin Ferguson, launched the Australian Government's \$435 million Renewable Energy Demonstration Program ("REDP") at Carnegie's Wave Energy Research Facility in Fremantle, Western Australia. Carnegie has confirmed that it submitted an application for funding under REDP to support Carnegie's Commercial Demonstration Wave Power Project.
- Carnegie was advised by the Victorian Government that it had received approval to use and develop coastal Crown land for three wave energy projects at Portland, Warrnambool and Phillip Island. Initial feasibility activities will include marine survey activities, CETO unit trials, and detailed measurement of the wave climate.
- After quarter end, Carnegie and Investec Bank (Australia) Limited entered into a Heads of Agreement, which sets out their mutual intention to work together to develop Carnegie's Commercial Demonstration Wave Power Project. Subject to certain milestones and conditions being met, Investec intends to provide or procure funds of up to \$250 million for the Project.

3. Emerging Clean Technologies

Whilst the majority of Carnegie's efforts and resources are focused on developing the CETO Wave Technology, Carnegie owns a number of earlier stage, emerging clean technologies. As previously reported, the Board continues to adopt a strategy of spending only the minimum required to fast track these technologies through to concept validation and in order to preserve funds for CETO technology and project development.

Carnegie was pleased to announce in April 2009 it had been awarded a \$156,567 Climate Ready grant for its green heat exchange technology. The Australian Federal Government grant is provided on a \$1 for \$1 matched funding basis and will allow Carnegie to test the feasibility of the system over the next 12 months.

The project aims to develop an advanced tubeless heat recovery system for flue gases which would be used to pre-heat incoming combustion air. If successful, the technology will be readily employable for energy recovery in coal fired power stations as well as other fossil fuel power generation and general gas heat transfer applications, saving costs, improving system efficiency and reducing greenhouse gas emissions.

4. Corporate Activities

Carnegie is the Southern Hemisphere licensee of the CETO Wave Technology which is owned by Renewable Energy Holdings Plc (REH). Carnegie's technology license allowed for Carnegie to spend up to A\$10.3m (£4.75m) on the development of the CETO technology and in return receive the exclusive License to own and operate CETO Wave Energy projects within the Southern Hemisphere (excluding Ile de Reunion).

As previously advised Carnegie has substantially completed its development spend obligations under the license agreement. The outstanding amount of £1,000,000 is to be paid by Carnegie during 2009 in either cash or shares.

During the quarter REH took back over funding of the CETO technology development significantly reducing Carnegie's cash burn rate, the full effects of which will be evident in the June quarter cash flows.

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

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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 2009

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	(580)	(1,180)
(b) advertising and marketing	(16)	(43)
(c) research and development	(419)	(5,015)
(d) leased assets	-	-
(e) other working capital	(228)	(1,024)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	33	153
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	-	-
Net operating cash flows	(1,210)	(7,109)

+ 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)	(1,210)	(7,109)
Cash flows related to investing activities		
1.9 Payment for acquisition of:		
(a) businesses (item 5)	-	-
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non-current assets	(4)	(140)
(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	56	56
(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)	-	-
	52	1,400
Net investing cash flows		
1.14 Total operating and investing cash flows	(1,158)	(5,709)
Cash flows related to financing activities		
1.15 Proceeds from issues of shares, options, etc.	148	1,284
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)	-	-
	148	1,284
Net financing cash flows		
Net increase (decrease) in cash held	(1,010)	(4,425)
1.21 Cash at beginning of quarter/year to date	2,640	6,055
1.22 Exchange rate adjustments to item 1.20		
1.23 Cash at end of quarter	1,630	1,630

+ 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	436
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.

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	-	-

+ See chapter 19 for defined terms.

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

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	395	1,290
4.2 Deposits at call	775	1,350
4.3 Bank overdraft	-	-
4.4 Other (provide details) – <i>Guarantee facilities</i>	460	-
Total: cash at end of quarter (item 1.23)	1,630	2,640

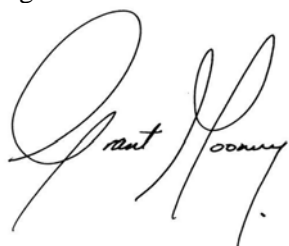
Acquisitions and disposals of business entities

	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: 29 April 2009

+ 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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