

MEDIA RELEASE

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See separate statement today on this subject by Pacific Hydro Managing Director Jeff Harding who said this multi-use wave energy unit has potential to be a world first; can provide a new source of clean renewable electricity and desalinated water; fits into a world market for new electricity generation capacity forecast to increase by in excess of USD 100 billion over the next five years & has the potential to create a significant new technology manufacturing centre in Fremantle.

CARNEGIE SCORES ENERGY BREAKTHROUGH IN SEA POWER AGREEMENT WITH PACIFIC HYDRO

Renewable energy leader Pacific Hydro, is buying into and advancing a renewable energy generator to produce electricity from wave power that Carnegie Corporation has been developing in Fremantle

This is part of a highly significant dual endorsement for the Seapower project and for Carnegie, with Pacific Hydro bringing in new expertise and strategic financial support. Combined with strong support from the Commonwealth Government, who are also injecting \$600,000 as part of an R&D Start Grant offered by AusIndustry, the project now has in place the necessary funding for the construction and deployment of the first large scale prototype.

Carnegie Managing Director Alan Hopkins said the development of the first large-scale wave energy generator was already underway in Fremantle with in-sea trials now scheduled to commence early 2004.

"The relationship with Pacific Hydro (PHY) is very promising for wave energy technology," he said. "For Carnegie it means we reap the benefits from development work to date and while continuing to provide technical support to the development program, we have limited financial exposure to the development process going forward and in future have a potentially large revenue stream from electricity generated by wave energy."

"It is definitely a breakthrough as PHY is the acknowledged Australian leader in generating electricity from non-polluting, renewable wind and water. PHY has innovative hydro-electric power plants in Victoria, NSW, Western Australia and the Philippines, it will operate over 40% of Australia's wind energy capacity when its second wind farm starts generating in Victoria within a month, and is pursuing renewable energy opportunities throughout the Pacific Basin."

"Just last week PHY announced a joint venture in Fiji to generate 100 megawatts of hydro and wind power which aims to save Fiji F\$10 million annually in foreign exchange now going into diesel imports. This is a good example of the potential opening up in this area."

"Under the agreement with us, PHY has exclusive rights to develop and operate commercial wave units over 5MW in capacity. Carnegie will earn royalties from these larger units plus retain the rights to build small-scale power units less than 5MW for all areas of the world south of 10 degrees North latitude. This size of unit is considered ideal for many islands and remote communities.

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"Carnegie's wave energy generator technology is designed to economically produce pollution-free electricity and desalinated water. It has been under joint development in Fremantle by Carnegie and the research and development group of Alan Burns, who is also chairman of Carnegie."

"The consortium will trade under the new name of Seapower Pacific Pty Ltd owned 49% by PHY, 17% Carnegie, 17% Burns group, and 17% Seapower Pty Ltd."

Wave energy: *The World Energy Council has estimated global wave resources contain twice the world's current energy consumption. Research to harness this resource is increasing in response to global warming caused largely by burning fossil fuels for energy generation.*

The Seapower Pacific system: *In this project, led by Carnegie Corporation Ltd, Seapower Pty Ltd has developed a wave energy system offering competitive advantages over existing renewable energy technologies. Submerged, near shore devices on the seabed produce pipe highly pressurised seawater ashore. Hydraulic converters and generators convert this energy to electricity without the need for undersea grids or expensive marine qualified plant. The system also produces substantial fresh water via reverse osmosis desalination, by directly tapping the pressurised seawater.*

Standard units deliver approximately 2.4 MW of power on shore and 0.57 gigalitres/year of desalinated water (both @80% availability). An array of 40 of these units could produce 100MW of electricity and approx 22 gigalitres/yr of drinking water. The construction materials are concrete, rubber and steel, all with proven longevity in sub-sea conditions. The system is immune to storm destruction, and is self-tuning to tide, sea state and wave amplitude.

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