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RE: **Launch of CETO Prototype**

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Please see attached, a media release covering the successful launch of the CETO wave energy unit at Henderson, Western Australia.

Yours Sincerely

Alan G Hopkins
Managing Director

CETO WAVE POWER LAUNCH AT CUTTING EDGE OF WORLD RENEWABLE ENERGY TECHNOLOGY

A world first has been achieved at the Henderson marine base in Western Australia, with the launch of an Australian designed and built and British backed wave energy generator to sit on the sea floor and produce electricity and fresh water with no fossil fuel input.

CETO is the first wave power converter to sit on the seabed, where it is invisible, safe from storms and ocean forces, and self contained. Unlike other wave energy technologies that require undersea grids and costly marine qualified plant, CETO requires only a small diameter pipe to carry high pressure seawater ashore to either a turbine to produce electricity, or to a reverse osmosis filter to produce fresh water.

The CETO wave energy converter was designed and developed by West Australian company Seapower Pacific Pty Ltd, which was acquired last month by London-listed company Renewable Energy Holdings Plc (REH). (Carnegie Corporation Ltd is a substantial shareholder in REH).

It is regarded as a breakthrough in renewable energy technology and very timely in terms of the pressing world-wide demand and urgency to produce power and water from clean, alternative, available sources.

The Australian inventor of the CETO converter, Alan Burns, said the first task in the testing phase is to pump seawater ashore at 7000kpa (1000psi) as this will determine the size of the turbine installed on shore to generate electricity, currently expected to be up to 100 kilowatts for this prototype. This is enough clean green power for 100 homes.

CETO has dual capability to produce power or fresh water and in desalination mode the prototype is expected to produce about 300,000 litres of fresh water per day.

Mr Burns said CETO's efficiency is expected to be the major advantage over other wave energy prototypes that are generating electricity offshore but experiencing substantial energy loss in piping it to land. CETO simply delivers very high pressure seawater ashore in a 125mm pipe to either a turbine or filter.

"We know that wind generated waves, like we have off the West Australian coast, have the highest concentration of energy, and now we have the technology to convert this reliable source of energy into electricity and fresh water. The prototype has brought together 25 years of development work in wave energy and is the interim step to commercial production with this technology."

The London-based chief executive of REH, Mike Proffitt, said CETO has been developed at the perfect time due to the huge international focus on renewable energy, including solar, wind and wave power.

"REH was attracted to the CETO technology because it is at the cutting edge of this valuable area of renewable energy and is delighted to be able to take it to the next stage of development," he said.

"In most of our investments we will aim to generate cashflow within two to three years and in the case of CETO have a five-year-plan to refine the plant's operating parameters and enter the commercial phase. The vision includes banks of wave energy converters on the seafloor generating power and water at competitive cost, using no fossil fuels."

"The worldwide examples of what can be achieved include wind power in California, which I recently read cost around US 20 cents per kilowatt hour to produce in the early 1980s, but with the latest wind turbines this has been reduced to around US 4 cents per kilowatt hour. The way technology is progressing, it is feasible to see the cost of electricity from wave energy coming down to this level, and lower."

Mr Proffitt said while fossil fuel costs are increasing and supply diminishing, renewable energy costs are falling and supply dramatically increasing. This is behind decisions like the European Community objective of doubling the proportion of renewable energy as a percentage of total EU energy supply from 6% to 12% by 2010, and a renewable energy electricity target of 20% by 2020. Developments like these have put wave energy and wind energy into focus.

"REH will maintain close scientific, operational and corporate relationships with all parties involved in the CETO project," he said. The two largest shareholders in REH are Australian listed companies Pacific Hydro, a leader in its own right in renewable energy, and technology developer Carnegie Corporation, both founding shareholders of Seapower Pacific."

WAVE ENERGY AND CETO** ***(from **Ceto, the sea goddess of Greek mythology)***

- Wave energy is a renewable energy resource created by wind blowing across the ocean surface. The wave power converter absorbs the energy created and pipes it to a turbine to generate electricity, using no fossil fuels.
- CETO is a milestone in renewable energy following 25 years of development work in the field worldwide. The scientific goal is to have multiple wave units working in line to produce commercial quantities of electricity plus valuable fresh water.
- CETO wave energy converters will be anchored permanently on the sea floor, as opposed to floating, or semi submersible, which protects against storms and other ocean forces. They are also self-tuning to tide, sea state and wave pattern.
- CETO is built of steel, concrete and rubber materials, all sub-sea proven.
- This CETO wave energy prototype is housed in a 20 metre steel hull. Mid May it is scheduled to be deployed in about 7 metres of water close to shore at Fremantle and to commence operating trials late July.
- The CETO prototype has a tower visible about 5 metres above sea level for access and communications during the testing and trial phase. Subsequent commercial units will not have the tower.

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