



2 January 2008

Ms Jill Hewitt
 Australian Securities Exchange Limited
 Exchange Plaza
 2 The Esplanade
 PERTH WA 6000

By facsimile: 9221 2020

Dear Jill,

PRICE AND VOLUME QUERY

We refer to your letter dated 2 January 2008 referring to recent changes in the market price and volume of trading of shares in Carnegie Corporation Ltd (Carnegie or the Company).

In response to your queries we advise as follows:

1. *Is the Company aware of any information concerning it that has not been announced which, if known, could be an explanation for recent trading in the securities of the Company?*

The Company is not aware of any information concerning it that has not been announced which, if known, could be an explanation for recent trading in the securities of the Company.

2. *If the answer to question 1 is yes, can an announcement be made immediately? If not, why not and when is it expected that an announcement will be made?*

Please note, if the answer to question 1 is yes and an announcement cannot be made immediately, you need to contact us to discuss this and you need to consider a trading halt.

Not Applicable.

3. *Is there any other explanation that the Company may have for the price change and increase in volume in the securities of the Company?*

The Company is aware of recent speculation in the press regarding opportunities for part-power supply to the Southern Seawater Desalination Plant (SSDP). In particular, the Company understands that it is one of 15 applicants involved in a pre-qualification process for part power supply to the SSDP in Western Australia. Although this potential commercial project is important, it is relatively small and one of a number of potential commercial opportunities being explored by Carnegie. Any inference that a decision regarding Carnegie's possible participation in the SSDP is inaccurate and premature.

As previously announced, the Company is continuing with its trials of the zero emission power and fresh water CETO technology at its facility in Fremantle, Western Australia and is some 12-18 months away from commercial deployment. The Company continues to actively assess a number of potential opportunities within Australia and internationally for commercial applications of CETO.

Furthermore, the Company believes that recent increased awareness of the importance of clean energy and water technology, particularly with the Australian Government's recent ratification of the Kyoto Protocol maybe a contributing factor to the Company's recent share price strength.

4. *Please confirm that the Company is in compliance with the listing rules and, in particular, listing rule 3.1.*

Confirmed. The Company considers that it is in compliance with the listing rules and, in particular, listing rule 3.1.

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Yours sincerely

ALAN R. BURNS
Chairman

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ASX
AUSTRALIAN SECURITIES EXCHANGE

FAXED
2 January 2008

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Mr G Mooney
Company Secretary
Carnegie Corporation Limited
PO Box 1902
WEST PERTH WA 6872

Facsimile: 9226 0130

Dear Grant

Carnegie Corporation Limited (the "Company")

PRICE QUERY

We have noted a change in the price of the Company's securities from 30.5 cents on 27 December 2007 to an intra day high of 47 cents today.

In light of the price change, please respond to each of the following questions.

1. Is the Company aware of any information concerning it that has not been announced which, if known, could be an explanation for recent trading in the securities of the Company?
2. If the answer to question 1 is yes, can an announcement be made immediately? If not, why not and when is it expected that an announcement will be made?

Please note, if the answer to question 1 is yes and an announcement cannot be made immediately, you need to contact us to discuss this and you need to consider a trading halt (see below).

3. Is there any other explanation that the Company may have for the price change and increase in volume in the securities of the Company?
4. Please confirm that the Company is in compliance with the listing rules and, in particular, listing rule 3.1.

Your response should be sent to me on facsimile number (08) 9221 2020. It should not be sent to the Company Announcements Office.

Unless the information is required immediately under listing rule 3.1, a response is requested as soon as possible and, in any event, not later than 12.30pm W DST on Wednesday 2 January 2008.

The response must be in a form suitable for release to the market. If you have any concern about release of a response, please contact me immediately.

Listing rule 3.1

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Listing rule 3.1 requires an entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. The exceptions to this requirement are set out in the rule.

In responding to this letter you should consult listing rule 3.1 and the guidance note titled "Continuous disclosure: listing rule 3.1".

If the information requested by this letter is information required to be given to ASX under listing rule 3.1 your obligation is to disclose the information immediately.

Your responsibility under listing rule 3.1 is not confined to, or necessarily satisfied by, answering the questions set out in this letter.

Trading halt

If you are unable to respond by the time requested, or if the answer to question 1 is yes and an announcement cannot be made immediately, you should consider a request for a trading halt in the company's securities. As set out in listing rule 17.1 and the guidance note titled "Trading halts" we may grant a trading halt at your request. We may require the request to be in writing. We are not required to act on your request. You must tell us each of the following.

- The reasons for the trading halt.
- How long you want the trading halt to last.
- The event you expect to happen that will end the trading halt.
- That you are not aware of any reason why the trading halt should not be granted.
- Any other information necessary to inform the market about the trading halt, or that we ask for.

The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted. If a trading halt is requested and granted and you are still unable to reply to this letter before the commencement of trading, suspension from quotation would normally be imposed by us from the commencement of trading if not previously requested by you. The same applies if you have requested a trading halt because you are unable to release information to the market, and are still unable to do so before the commencement of trading.

If you have any queries regarding any of the above, please let me know.

Yours faithfully,



Jill Hewitt
Issuers Adviser (Perth)