



### **PWP Statement on Portuguese Aguçadoura Project**

Following some erroneous statements made by certain media regarding the Aguçadoura Wave Farm project PWP wishes to clarify the current situation with respect to this project.

During the summer and autumn last year, 2008, PWP successfully commissioned the World's First Wave Farm off the coast of Portugal. In doing so PWP proved for the first time that wave energy could be harnessed, and transmitted to shore and into the Portuguese grid in a fully controlled manner both locally and remotely, and using multiple machines. PWP also proved the ability to deploy machines rapidly and cost effectively, as well as being able to recover machines in a similar fashion, avoiding expensive and dangerous work at sea, and using standard work boats.

The project was originally conceived by the Portuguese renewable energy company, Enersis, which developed and financed the project and which was subsequently bought by the Australian infrastructure company Babcock and Brown for €490m in December 2005.

Since the financial crisis accelerated in the last quarter of 2008 Babcock and Brown Limited (the ASX quoted holding company) has had its shares suspended and has been in a managed process of selling its assets. In November 2008 the sale of a large part of the Enersis portfolio of wind assets was concluded.

The Aguçadoura project is owned and operated by a joint venture company called Companhia da Energia Oceânica (CEO) which is currently 77% owned by a subsidiary of Babcock and Brown Limited and 23% by Pelamis Wave Power Limited. Following the official inauguration of the project in September 2008 Babcock and Brown's intention had been to form a joint venture with EDP and Efacec to develop several hundred MW of wave projects in Portugal (in a consortium known as 'Ondas de Portugal'). At the same time it was also conceived that EDP and Efacec would also purchase part of B&B's stake in CEO. The intention of the parties was to develop and install the next phase of the project – a further 25 machines. However due to the financial crises this deal was not concluded at this time.

Discussions are continuing with interested parties regarding the acquisition of Babcock and Brown's stake in the project.

As would be expected in a project of this nature there are technical issues that arise from time to time and which are tackled and solved. At present some work is being undertaken to resolve an issue relating to the location of the machine's bearings in their housings. This solution has now been fully tested and is ready for deployment with all material having now been ordered. It is expected that the machines will be ready for deployment in the same time frame as a new partner entering into the project, which remains the world's first and only wave farm to have been built and entered into operation.