



Announcement

28 June 2005

Ceramic Fuel Cells Limited (CFCL) is pleased to announce that it has signed a contract with German utility EWE for a commercial field trial of two CFCL fuel cell units.

This is CFCL's second international contract to provide fuel cell units to energy utilities for field trials, following its contract with Powerco in New Zealand. The purpose of these field trials is to evaluate and test the performance and reliability of CFCL's fuel cell technology and micro-CHP unit (small combined heat and power generator).

This contract with EWE is particularly significant as CFCL sees Europe, and especially Germany, as its target market for future volume production and sales. The EWE Group is the 5th largest utility in Germany, with annual sales of €6.1 billion, 5,200 staff, over one million electricity customers and 750,000 natural gas customers.

The contract follows a recent visit by senior managers of EWE to CFCL's head office in Australia to inspect CFCL's extensive research and manufacturing facilities and demonstration fuel cell units.

CFCL's CEO Brendan Dow stated 'EWE is an excellent partner and customer for these field trials, not only for their established and strong position in the German energy industry, but also because of their integrated business structure and investment in new energy solutions.'

EWE is intensively involved in renewables, fuel cell technology, direct heat supply and distributed energy management. In its 2004 Annual Report EWE writes that they are working 'closely with national research initiatives and industry in getting stationary distributed fuel-cell generation systems to the market-ready stage within the next few years.'¹ CFCL is pleased to be included in this program.

Brendan Dow said 'Up until now EWE has worked with two European fuel cell developers, Sulzer-Hexis and Vaillant. Now EWE will add CFCL's fuel cell system in a micro-CHP unit to their evaluation and development program. CFCL is pleased to become part of this select international team.'

EWE is intent on finding a fuel cell design that is suited to 'economically-viable serial production systems for environmentally-friendly turnkey co-generation plants'.² CFCL aims to meet these requirements through its flat plate fuel cell design.

CEO Brendan Dow concluded "The successful negotiation of this field trial contract has largely been due to the establishment of our European subsidiary in August 2004. Through this office we have been able to foster relationships with important energy market players such as EWE. We were very pleased to welcome EWE to our Australian facilities and look forward to proving ourselves to be competitive with the best in Europe."

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¹ EWE Annual Report, 2004, p 30

² EWE Annual Report, 2004, p 30

EWE is a multi-service energy company with core businesses of natural gas, electricity and environmental technology, gas transport and trade. Recently EWE expanded into telecommunications and IT. EWE now ranks as one of Germany's leading energy service providers, with customers mainly in Lower Saxony. With recent acquisitions and controlling interests EWE is expanding into all parts of the energy value chain.

EWE sees CFCL's natural gas fuel cell electricity generator within a micro-CHP as a good fit with their business (gas, electricity, heat and telecommunications) and future priorities.

CFCL expects to generate revenue from the field trial contract from the December 2005 quarter onwards. The parties have agreed to keep the commercial terms of the deal confidential.

This is the first of CFCL's European field trials. CFCL looks forward to announcing further field trials in the future.

ENDS

Ceramic Fuel Cells Ltd (CFCL) is a publicly listed company (ASX code CFU) and world leader in development of energy fuel cells using natural gas. CFCL's fuel cells have potential to meet significant market demand in Europe, UK and Asia for clean, efficient, green and reliable electricity for use on site and sale back into the power grid.

With 100 skilled staff and extensive patented technology, CFCL is pursuing partnerships for manufacture, production and use of its fuel cells in delivering electricity in homes, offices and industry around the world.

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