



CERAMIC FUEL CELLS LIMITED

Creating the energy to succeed™

News Release (not for distribution or release in the United States)
10 May 2004

Fuel Cell Developer Announces Initial Public Offer

Ceramic Fuel Cells Limited (CFCL) lodged on Friday, 7 May 2004 a prospectus with the Australian Securities and Investments Commission relating to CFCL's initial public offer of its ordinary shares to raise \$15 million and its intended listing on the Australian Stock Exchange Limited.

The funds raised will be used to commercialise and continue the development of the company's technology.

Based in Melbourne, CFCL has developed and patented a flat plate Solid Oxide Fuel Cell (SOFC) technology, an efficient technology for generating electricity and heat from fuels such as natural gas.

The offer, which is fully underwritten by broker Bell Potter Securities Ltd, opens on 17 May and closes on 11 June with an expected listing date of 28 June.

Since its establishment in 1992, CFCL has spent approximately \$128 million on developing SOFC technology, which has the potential to greatly improve fuel conversion efficiencies and provide environmental benefits throughout the world.

SOFC technology enables efficient conversion of a range of hydrocarbon fuels into electricity. This occurs without combustion in a virtually silent device and provides significant environmental benefits. The by-products of this process are heat, water and carbon dioxide, with carbon dioxide emissions significantly lower (by up to 60 per cent) than traditional combustion generators.

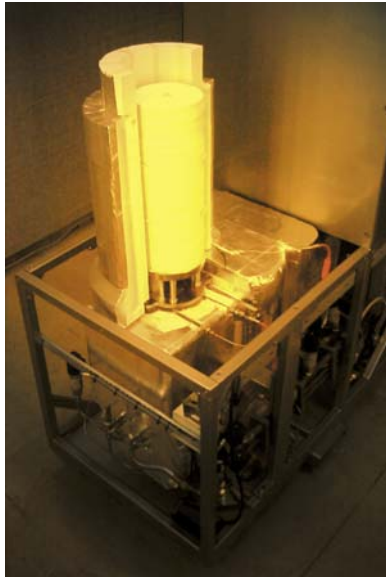
Mr Julian Dinsdale, executive chairman of Ceramic Fuel Cells Limited, said he expects in the coming years that the company's SOFC technology will be routinely applied to numerous applications in the global electricity generation market including distributed generation and domestic heating sectors.

"While we have achieved a number of significant technical milestones to date, our immediate focus is to deploy technology into products producing electrical output in the range 0.5-2 kW followed by products with electrical outputs of up to 10 kW," he said.

“As countries adopt policies consistent with the Kyoto protocol, their governments are encouraging the introduction of clean energy generating devices. For this reason, leading industrial nations such as the USA, Japan and European countries have spent or committed large amounts of funding into designing and prototyping fuel cells to meet their energy market demands.

“This share offer will help us build what can become a significant internationally competitive business.”

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[Caption for photo above: JWDinsdale.jpg]
Executive chairman of Ceramic Fuel Cells Ltd, Julian Dinsdale.

[Caption for photo left: CFCLStack-glowing.jpg]
A solid oxide fuel cell stack incorporated into CFCL's prototype 1 kW Combined Heat and Power (CHP) unit.

Other Information

The Prospectus is available in electronic form at www.cfcl.com.au or from www.bellpotter.com.au. The offer constituted by the prospectus in electronic form is available only to residents in Australia. A hard copy of the prospectus will be available by Friday, 21 May 2004 free of charge to any person in Australia by telephoning or visiting:

Bell Potter Securities Limited
Nauru House
80 Collins Street
MELBOURNE VIC 3000
Telephone: 133 788

WHI Securities Pty Limited
Level 3
14 Martin Place
SYDNEY NSW 2000
Telephone: (02) 9222 9111
Contact: Barry Dawes

About Ceramic Fuel Cells Limited:

CFCL is a developer of fuel cell systems based on SOFC (Solid Oxide Fuel Cell) technology and acknowledged globally as a leading producer of flat-plate all-ceramic SOFC and stack technology. Originally established in 1992 as a research consortium, CFCL was restructured for commercialisation in 1999. The company has more than 88 employees and 8,000 square metres of facilities for R&D and pilot production in Melbourne, Australia. CFCL offers 1-2 kW SOFC stacks, systems and application development support services to product development partners.

Further enquiries — for press only:

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Important Notice

The offer of shares will only be made in, or accompanied by, a copy of the prospectus. Anyone wishing to acquire shares will need to complete the application form that will be in, or will accompany, the prospectus (in paper copy or electronic form). This notice does not constitute an offer or invitation in any jurisdiction where, or to any person to whom, such an offer or invitation would be unlawful.