



CERAMIC FUEL CELLS LIMITED

Creating the energy to succeed™

Announcement: European Letter of Intent 19 July 2005

Ceramic Fuel Cells Limited (CFCL) is pleased to announce that it has signed a Letter of Intent (LOI) with German utility EWE to develop fuel cell based combined heat and power (CHP) systems for the residential market.

This agreement follows the contract announced last month for CFCL (ASX Code CFU) and EWE to conduct a commercial field trial of two CFCL prototype units. This LOI extends the relationship into the next phase of commercialising fuel cell powered CHP systems for the residential market.

The LOI sets out the basis for collaboration between CFCL and EWE to determine specifications, technical standards and opportunities for commercial market development for fuel cell systems.

These activities will include defining target specifications, verifying economic and technical models and determining most suitable generator sizes. CFCL and EWE will also investigate the market development for fuel cell CHP systems including skills training and environmental benefit analysis, whilst working closely with the relevant standards and government agencies in the German domestic and pan-European markets.

Dr. Werner Brinker, Chief Executive of EWE, said: "We are particularly excited to be strengthening our relationship with CFCL to develop a fuel cell based CHP system for residential application.

"EWE already has market ready systems available using conventional combustion engines for larger buildings and is keen to build its contracting business with regard to single family homes by installing fuel cell powered CHP. EWE recognizes fuel cell powered CHP will offer us strategic market share advantages."

CFCL CEO Brendan Dow said: "This memorandum of understanding will extend our partnership arrangement with EWE. We are very pleased to be working with such a strong company in our key European target market, particularly one so involved in renewables, fuel cell technology, direct heat supply and distributed energy management."

In conclusion, Mr Dow stated: "This LOI will enable us to form a close working relationship, and for each partner to gain understandings on key issues for the appropriate development and exploitation of CFCL's technology, the applications and markets."

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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