



CERAMIC FUEL CELLS LIMITED

CFCL extends Chairman's contract 18 October 2005

Ceramic Fuel Cells Limited (ASX code CFU) is pleased to announce that Mr Julian Dinsdale has agreed to extend his term as Chairman.

Mr Dinsdale was appointed Executive Chairman in December 2002, for an initial three-year term. Since then Mr Dinsdale has played a leading role in CFCL's IPO and listing on ASX and its progress towards commercialisation.

The Board and Mr Dinsdale believe that with the appointment in June 2005 of Mr Brendan Dow as CEO, it is no longer necessary for Mr Dinsdale to perform an 'executive' role, and have reviewed his role and remuneration package accordingly. That review was also appropriate given that one of the elements of Mr Dinsdale's remuneration, namely the success fee relating to funds raised by CFCL, expired on 30 June 2005.

The Board and Mr Dinsdale have now agreed to a revised arrangement, based on similar principles to the package approved by shareholders in November 2004, whilst re-aligning Mr Dinsdale's package to reflect his reduced executive responsibilities. Specifically, the Board and Mr Dinsdale have agreed that none of the 'performance bonus' or the 'incentive' payments approved by shareholders in November 2004 will be payable.

The Board has appointed Mr Dinsdale as Non-Executive Chairman for a new three-year term. Mr Dinsdale will receive an annual Chairman's fee of \$90,000 (plus superannuation) as approved by shareholders at the 2004 AGM.

The Board has also engaged Mr Dinsdale, via a related entity, to provide consulting services to assist CFCL to raise funds and prepare for its listing on the Alternative Investment Market of the London Stock Exchange plc ("AIM").

For these services, CFCL will pay a daily rate (capped at \$12,500 per month) plus a commission of one percent of equity raised by CFCL up to a maximum of AUD\$85 million prior to 31 December 2005 or such later date as agreed by the Board. The commission is not payable on funds raised by debt or hybrid/equity instruments, including the convertible notes on issue and the shares issued on conversion of those notes.

Subject to shareholder approval, the commission will be payable 1/3 in cash and 2/3 in ordinary fully paid shares in CFCL. Shares would be issued at the volume weighted average share price of CFCL's shares as traded on ASX for the 30 day period before CFCL is listed on AIM.

The cash component would be paid and half of the shares would be issued on or about 31 December 2005 or such later date as agreed by the Board. The remaining shares (ie one-third of the commission) would be issued on or about 31 December 2006 or such later date as agreed by the Board, up to 30 June 2007, provided Mr Dinsdale remains Chairman of CFCL at that time.

CFCL will be seeking shareholder approval to issue shares to a related party, under ASX Listing Rule 10.11. Normally Listing Rule 10.13 requires the shares to be issued within a month of the meeting. ASX has granted CFCL a waiver from this requirement, on the basis that: the terms and conditions of the shares, including the relevant performance hurdles, are disclosed in the notice; the shares will be issued no later than 30 June 2007; and CFCL's annual reports disclose details of shares that have been issued and remain to be issued, and the basis for calculating the number of shares to be issued.

Shareholders will be asked to approve the issue of shares at the AGM to be held on 23 November 2005. The resolution and explanatory notes will be set out in the notice of meeting, which CFCL expects to mail to shareholders on Wednesday 19 October 2005. CFCL will also release the notice to ASX and post a copy on www.cfcl.com.au.

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Ceramic Fuel Cells Ltd (CFCL) is a publicly listed company (ASX code CFU) and world leader in developing solid oxide fuel cells. CFCL's fuel cells have the potential to meet significant market demand in Europe, UK and Asia for clean, efficient 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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