



CERAMIC FUEL CELLS LIMITED

Announcement

23 December 2005

CFCL calls EGM for fundraising and AIM listing

Ceramic Fuel Cells Limited (ASX code CFU) has today called an Extraordinary General Meeting (EGM) of shareholders to be held on Wednesday, 1 February 2006, to obtain approval to place shares for its planned secondary raising in connection with its AIM dual listing.

Update on AIM Listing

As shareholders were advised at the recent Annual General Meeting (AGM), one of the Company's current goals is to implement a dual listing on the AIM Market of the London Stock Exchange. The objectives of the Company in pursuing the dual AIM listing are to:

- obtain access to deeper capital markets
- facilitate increased demand for existing stock
- attract institutional support and build market liquidity.

Funds raised through this secondary raising will be used to fund the Company's commercialisation plans including to:

- advance its commercialisation and technology development activities
- build a European specialist ceramic powder plant
- fund the equity component of a European volume fuel cell stack manufacturing plant
- invest in research and development facilities at the Company's current manufacturing plant
- redeem the Convertible Notes issued by the Company in August 2005
- provide additional working capital.

The Company is continuing to work on the secondary raising and AIM Listing in conjunction with the Company's appointed brokers and advisers, including Libertas Capital as Nominated Advisor (Nomad) and joint UK broker, and Ambrian Partners as joint UK broker.

Rationale for EGM and benefits to shareholders

At the AGM, the Company advised its intention to conduct the secondary raising by way of a rights issue to existing shareholders, with the shortfall then placed to sophisticated investors and institutions in the UK and Europe identified by Libertas Capital and Ambrian Partners. This structure was designed to enable existing shareholders the right to participate in the raising at the same price as offered to these overseas investors.

After consultation with Libertas and Ambrian, and the Company's Australian corporate advisers, Inteq Limited, the Company has now decided to allow existing shareholders the opportunity to acquire more than their pro rata entitlement of shares in the secondary raising. To implement this, an EGM has been called for 1 February 2006. The Notice of Meeting, proxy form and explanatory memorandum are being mailed to shareholders today (and have been lodged with ASX – www.asx.com.au).

As set out in the Notice of Meeting, the Company is seeking shareholder approval to place up to A\$85 million of shares in the Company, within three months of the approval. This will be to:

- current shareholders who have indicated an interest in participating in the placement by completing and returning a form which is enclosed with the Notice of Meeting; and
- to investors acceptable to the Company, including those identified by Libertas Capital and Ambrian in the UK and Europe.

The issue price of the secondary raising will be advised in an appropriate Australian disclosure document and UK Admission Document and will be no less than 80% of the average market price of the Company's shares over the last five trading days prior to the day on which the issue is made.

The Directors have recommended the resolution to shareholders.

ENDS

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.

For further information, contact:

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