



Announcement

22 February 2006

UK Placement closes oversubscribed, raising over \$87m (£37m) for AIM Admission

Ceramic Fuel Cells Limited ("CFCL" or the "Company"), a leading flat plate solid oxide fuel cell technology company has successfully completed its UK Placement raising over \$87 million (£37 million) via an institutional placing at \$0.50 (21.25 pence) per share.

Key details of successful UK placement

CFCL is pleased to advise that it has applied to list on the AIM Market of the London Stock Exchange after raising just over \$87 million (£37 million) from UK and European institutional investors ("**UK Placement**"). Libertas Capital is the Company's nominated adviser and joint UK broker together with Ambrian Partners.

The Company has received commitments for the full amount of the UK Placement of £35 million (\$82.25 million) at an issue price of 21.25 pence (\$0.50) per share. In order to accommodate some of the strong investor demand for the UK Placement, the Company has also accepted a further £2.1875 million in oversubscriptions. The total amount committed to the UK placement is £37.1875 million or \$87 million representing 175 million new shares.

The 21.25 pence or \$0.50 per share issue price represents a 17% discount to the weighted average closing price for the five trading days before the issue date of 15 February 2006, and a 5% discount to the weighted average closing share price over the previous three months.

CFCL has applied to have its current shares, plus the shares issued under the UK Placement, admitted to the AIM market (AIM symbol CFU), with a target listing date on or around Thursday 2 March 2006. The funds committed under the UK Placement are conditional upon the Company listing on AIM by 17 March 2006. The Company will remain listed on the Australian Stock Exchange (code CFU).

Including the UK Placement, the Company will have a market capitalisation, at the placing price, of around \$144.3 million (£61.2 million).

CFCL Chairman, Julian Dinsdale, commented that some 90 new institutional investors in the United Kingdom and in Continental Europe, including many specialist socially responsible funds are to be allocated shares under the UK Placement.

"The funds raised from the UK Placement will advance CFCL's commercialisation and technology development and be invested in new manufacturing facilities in Europe, including a specialist ceramic powder manufacturing plant and a volume fuel cell stack manufacturing plant."

"CFCL plans to invest a significant portion of the proceeds from the placing in volume manufacturing facilities in Europe – the key near-term market for its products. CFCL plans to build a specialist ceramic powder plant and a volume fuel cell stack manufacturing plant. Fuel cell stacks manufactured from its plant are intended to be supplied to appliance manufacturer partners that will build m-CHP (micro combined heat and power) systems for utility customers."

Offer to Participating Shareholders of CFCL

As announced with the Notice of the General Meeting sent to shareholders on 23 December 2005, CFCL invited all existing shareholders with an interest in participating in a placement, to advise the company by 30 January 2006 ("Participating Shareholders"). There has been a good response from shareholders to be included as Participating Shareholders.

The Company is now finalising arrangements to lodge its Australian Prospectus for this Placement, which will be conducted at the same price as the UK Placement - \$0.50 per share. The Prospectus will be mailed to all Participating Shareholders in the next few weeks.

The Australian Placement will be for 5.5 million shares, to raise up to \$2.75 million. The Company has not set a minimum amount to be raised under the Placement. If the Placement of \$2.75 million is fully subscribed, then together with the £35 million (\$82.25 million) issued under the UK Placement (excluding the oversubscriptions) the Company will have raised the full amount of the \$85 million placement approved by shareholders at the EGM on 1 February 2006.

If there is strong demand for the Australian Placement, the Company may, in its absolute discretion, consider accepting oversubscriptions under the balance of the Company's 15% allocated exception to the ASX Listing Rules. Oversubscriptions of the UK Placement have also been placed on this basis.

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.

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