



Announcement

4 April 2006

Field trial update

Ceramic Fuel Cells Limited (ASX code CFU; AIM code CFU) is pleased to announce it has passed a key milestone in commercial field trials of its fuel cell-powered combined heat and power (CHP) units.

CFCL has passed 10,000 hours of operation of its fuel cell-based CHP units across its current programme of independent customer field trials. CFCL is trialling demonstration fuel cell-based CHP units in Germany, Australia and New Zealand. These units convert natural gas into electricity and heat, with significantly higher energy efficiency and lower greenhouse gas emissions than conventional methods of energy generation. The demonstration units are designed to produce 1kW of electricity, whilst capturing waste heat to provide hot water.

The ongoing trials are underway with: EWE, a leading Germany utility with annual sales of Euro 6 billion and over one million electricity customers and 750,000 gas customers; Powerco, one of New Zealand's largest gas and electricity distributors servicing some 400,000 consumers; and szencorp, a leading Australian developer of environmentally friendly buildings. CFCL also conducted a trial last year with ETTA, one of Australasia's largest and most prominent training institutions for the electricity, gas and telecom industries. The units, installed at the customers' premises, are monitored and controlled over the internet by the customer and CFCL.

Brendan Dow, CFCL Chief Executive Officer, said: "*The announcements we made last year that we had delivered fuel cells into the hands of four customers for evaluation was a turning point for CFCL. To have passed 10,000 hours of operation within these trials demonstrates that we have developed a robust fuel cell system which functions in real-world conditions.*"

The early focus of these trials has been to demonstrate that the system as a whole works reliably. We've had strong feedback from customers – namely the energy companies – that field trials are an important step in understanding our customers' needs and gaining experience in actually integrating fuel cell units into an electricity network. These trials allow us to feed back our findings into our product development, which will ultimately lead to more efficient and reliable fuel cell units."

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More information, including images for download, is available at www.cfcl.com.au

EWE

With annual sales of €6.1 billion, 5,200 staff, over one million electricity customers and 750,000 natural gas customers, the EWE group is Germany's fifth largest utility. Two demonstration units were dispatched in December 2005 and installed and commissioned at EWE's headquarters in Oldenburg, Germany, in January 2006, after receiving CE approval.

Powerco

Powerco is one of New Zealand's largest gas and electricity distributors, servicing some 400,000 consumers, representing about 46% of New Zealand's gas connections and 16% of its electricity connections. One unit was delivered to Powerco in June 2005 and is installed at Industrial Research Limited in Wellington. A second unit is due to be delivered to a Powerco partner in Tasmania, once the partner has completed site works.

szencorp

szencorp has installed one demonstration unit in its ground breaking energy efficient commercial office building at 40 Albert Road, South Melbourne. The unit was installed late last year and was commissioned in January 2006.

ETTA

Energy and Telecommunications Training Australia is one of Australasia's largest and most prominent training institutions for the electricity, gas and telecom industries. One unit was installed at ETTA's premises in Chadstone, Melbourne in August 2005, before being moved into the szencorp site (see above). CFCL has had discussions with ETTA about installing a NetGen unit at ETTA's site in 2006.