

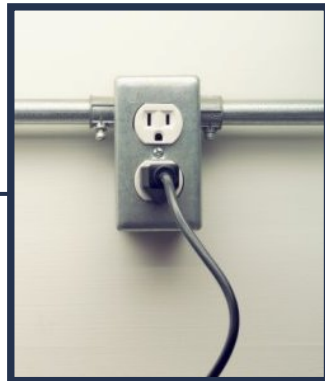
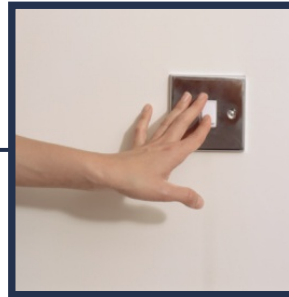


CERAMIC FUEL CELLS LIMITED

Clean power for your home

# 2006 Annual General Meeting

2006 - Year in Review



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Ceramic Fuel Cells Limited  
28 November 2006



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# 2005 – 06 Achievements

<b>Commercial/ Demand Side</b>	Australian contract with Szencorp	Test equipment licensing deal with PFT	Commissioned CHP units in Germany & Australia	EWE orders 10 NetGen units	CE approval for NetGen
		Netgen launched	Japanese, Australian & German patents for interconnects	Japanese patent for interconnect plates	Australian patents for powders & fuels
<b>Technical/Supply Side</b>		CHP field trials given EU safety approval			USA patent for 'window frame'
					EU patents for metal coatings
<b>Corporate</b>	Raised \$8.2m in convertible notes	Professor Michael Dureau joins Board	Raised \$91m & listed on AIM	Convertible notes all convert to equity	Bob Kennett joins Board
					Senior UK managers appointed
	June 2005	September 2005	December 2005	March 2006	June 2006
					September 2006



## Initial Product – micro CHP

### Fuel cell module for micro CHP and other distributed power generators for homes

- Very large market, attractive for solid oxide fuel cells
- Fuel Cell systems must be designed to meet market & product requirements
  - Maximize electrical efficiency, reduce parasitic losses
  - Heat is a useful by-product - but electricity is the main game
  - To maximize running hours, reduce the thermal output
  - Flexible modular design must be easy to integrate into appliances
  - Early products will be part of a distributed generation network
  - Use existing fuel infrastructure now (Natural Gas), renewables in the future
- CFCL's technical features meet these requirements



## Market-driven innovation

### Cells:

- Anode supported cell - lower operating temperature (750°C)
- Internally reforms gas to deliver >50% electrical efficiency

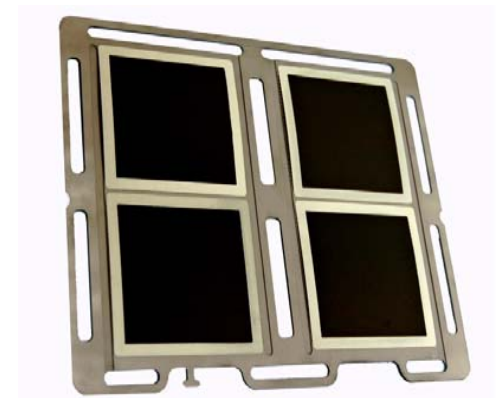
### Stack:

- Electric efficiency >50%
- Up to 85% fuel utilization
- Optimum heat transfer and gas distribution

### Balance of Plant improvements:

- 75% less air required
- Burner – 60% smaller
- Steam generator - 50% smaller, easier to manufacture, lower cost
- Heat Exchanger - 40% smaller, more efficient and cheaper
- Insulation - 50% lower heat loss

A higher power cell and a lower cost 1 kW electricity generation product, suitable for large scale manufacturing to meet commercial targets for cost and performance





## Risk management

<b>Technical</b>	<b>Commercial</b>	<b>Operational</b>
<i><b>Making fuel cells that work reliably and efficiently, in real world conditions, for a long time.</b></i>	<i><b>Choosing partners wisely.</b></i>	<i><b>Consistent materials and manufacture.</b></i>
<p><b>Commercially focused Research and product development</b></p> <p><b>Rigorous benchmarking against our peers</b></p> <p><b>Leverage a broad technology and IP portfolio</b></p> <p><b>Enshrine a culture of innovation, learning and development.</b></p>	<p><b>Strategic risk – selling breakthrough technology to powerful incumbents in a mature market.</b></p> <p><b>Carefully choose a small number of committed partners who see opportunities not threats</b></p>	<p><b>Ensure input materials meet exacting quality requirements, consistently.</b></p> <p><b>Produce our own ceramic powders.</b></p> <p><b>Work with key suppliers to formalise SOFC supply chain</b></p> <p><b>Scale up to volume manufacture.</b></p>



## 2006 – 07 Activities

### Building Demand: Products and Customers

- Demonstrate real world operating experience in field trials with customers
- Product development and integration with appliance partners

### Building Supply: Materials and Manufacturing

- Establish UK powder plant production to ensure quality supply
- Formalise supply chain, commercial and proven manufacturing processes
- European fuel cell manufacturing plant – project plan refresh, funding strategy, site preparation

### Continuous Improvement: Commercial performance and cost

- Increase production of next generation fuel cells
- Increase reliability and lifetime
- Leverage CFCL's broad experience and IP portfolio



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**Questions?**