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Ministerium für
Wirtschaft, Mittelstand
und Energie des Landes
Nordrhein-Westfalen



Ceramic Fuel Cells Limited

Announces Significant Milestone in Proposed Development of Fuel Cell Manufacturing Facility at Nuon Industrial Park in Germany

200 jobs for the region

North Rhine-Westphalian Government to Invest €3.2 Million

Düsseldorf, Germany, 12 December 2006 - Ceramic Fuel Cells Limited, a world leading manufacturer of solid oxide fuel cells for micro-combined heat and power (m-CHP) units, today announces that it is to develop a large-scale manufacturing facility at the Oberbruch industrial park in Heinsberg, Germany, which is owned and managed by Nuon, a leading Dutch energy company with strong developing innovative activities in Germany. The government of the State of North Rhine-Westphalia is supporting the project by providing funding worth €3.2 million.

Work on the volume manufacturing plant, which will run in two phases, will start in January 2007. The first phase is scheduled to be completed during 2009 and will involve the installation of a semi-automated production line in an existing building in the Nuon industrial park. The production line is designed to produce up to 50,000 1kW fuel cell stacks per year in a continuous 24/7 operation. The second phase will involve the installation of three additional fully automated production lines designed to produce up to 150,000 units per year in a new purpose-built factory adjacent to the existing building. Ceramic Fuel Cells have signed a lease for the existing building for phase 1 and have secured an option to buy the 'greenfield' land for phase 2. Ceramic Fuel Cells intends to fund the project through a combination of debt and equity, and is in discussion with local financiers.

Nuon is a leading supplier of gas and electricity with operations in the Netherlands, Germany and Belgium. Nuon has five million residential customers, 10,000 staff and revenue of €5 billion. The Oberbruch industrial park in Heinsberg is the headquarters of Nuon's shared services centre. Nuon provides a range of services to tenants at the industrial park, which include a number of high-tech material and engineering companies. The site also features its own large gas-powered CHP plant and wastewater treatment plant. Heinsberg has a large local skilled population and the project is expected to create approximately 200 new jobs.

Minister for Economic Affairs and Energy of the State of North Rhine-Westphalia, Christa Thoben, welcomed the construction of a fuel cell manufacturing facility in Heinsberg. At a press conference in Düsseldorf today, Ms Thoben will say:

"High-efficiency fuel cell power conversion is a key technology of the future and will enable a sustainable industry to develop here. Ceramic Fuel Cells' choice to establish itself in Heinsberg confirms the region's attractiveness and underpins the State's significance as one of the strongest energy regions in Europe."

North Rhine-Westphalia's competence in energy technology was one of the reasons the Company, which was looking for locations across Europe, chose this location.

“Ceramic Fuel Cells' decision to establish itself here could make a substantial contribution to the successful structural transformation of this region, which has been hit hard by job losses in the mining and chemical sectors,” explains the Minister.

The State and the EU are supporting the development of additional industrial parks in Oberbruch through funding.

Oberbruch has always been a place where innovative products have been developed and produced: from artificial silk, to viscose and nylon to carbon fibres for the aircraft industry – all world-famous high-performance products. *“Ceramic Fuel Cells is adding itself to the list,”* emphasises Minister Thoben.

The Economic Development Corporation North Rhine-Westphalia (GfW) actively assisted Ceramic Fuel Cells in their search for a site and successfully ran the whole process. GfW drew Ceramic Fuel Cells' attention to Oberbruch and its numerous advantages, accompanied the Company on site inspections and initiated the discussions with Nuon.

Dr Thomas Mecke, Chairman of the Board of Nuon Germany, comments:

“I would like to thank the Ministry for Economic Affairs and Energy of the State of North Rhine-Westphalia and the Economic Development Corporation for the excellent collaboration. Together we succeeded in bringing an attractive investor to the region. Nuon Germany feels strongly about sustainable industrial locations. Our innovative industrial park management enables us to offer our customers more than just amenities, such as electricity, gas and water. We also help with logistical and location development issues. Ceramic Fuel Cells will be able to focus entirely on their core business.

“A manufacturer of high-tech energy technology, Ceramic Fuel Cells, and Nuon, an innovative utilities provider, are more than a perfect match because Nuon, too, invests in clean energy and is looking for durable solutions to supply the energy of the future.”

Brendan Dow, Chief Executive Officer of Ceramic Fuel Cells Ltd, comments:

“We are delighted to have achieved another significant milestone: the identification of the site in Europe where we will build our commercial manufacturing plant. Germany is the leading market for residential fuel cell development in Europe and, with a highly skilled labour force, the region of North Rhine-Westphalia provides one of the most advanced industry clusters for fuel cell technology in Europe.

“Ceramic Fuel Cells will scale up production significantly at this plant, which will allow us to increase revenue, reduce unit costs and feed the growing market demand for fuel cell energy products.

“We welcome the leadership of the North Rhine-Westphalian government in fostering the fuel cell industry, and acknowledge their strong support for the Company's project. We are also delighted to be working with Nuon as a partner at the Heinsberg site.”

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NOTES TO EDITORS

About Ceramic Fuel Cells Limited

Ceramic Fuel Cells Limited is a world leader in developing solid oxide fuel cell (SOFC) technology which can provide reliable, energy-efficient, high-quality, and low-emission electricity from widely available natural gas and renewable fuels. Ceramic Fuel Cells is developing SOFC products for small-scale on-site micro combined heat and power (m-CHP) and distributed generation units that co-generate electricity and heat for domestic use. Ceramic Fuel Cells is listed on the London Stock Exchange AIM market and the Australian Stock Exchange (code CFU).

www.cfcl.com.au

About Nuon

Nuon Deutschland GmbH is a wholly owned subsidiary of the Dutch group nv Nuon. Nuon has been active in Germany since 2000. In addition to supplying electricity and gas to commercial and residential customers, innovative industrial park management is one of the company's core activities.

www.nuon.de
www.industriepark-oberbruch.de