

Appendix 3B

New issue announcement, application for quotation of additional securities and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 1/7/96. Origin: Appendix 5. Amended 1/7/98, 1/9/99, 1/7/2000, 30/9/2001, 11/3/2002, 1/1/2003, 24/10/2005.

Name of entity

Ceramic Fuel Cells Limited

ABN

82 055 736 671

We (the entity) give ASX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

- | | | |
|---|---|------------------|
| 1 | +Class of +securities issued or to be issued | Unlisted options |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | 1,200,000 |

<p>3 Principal terms of the +securities (eg, if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion)</p>	<p>Two tranches of Options issued to Managing Director Brendan Dow, as approved by shareholders at the Company's annual general meeting on 26 November 2008:</p> <p>200,000 options</p> <ul style="list-style-type: none"> • Exercise Price of A\$0.46 (equal to the volume weighted average market price during February 2008). • Issue Date is 5 December 2008. • Exercise Period is 5 December 2008 – 5 December 2012. <p>1,000,000 options</p> <ul style="list-style-type: none"> • Exercise Price of A\$0.45 (equal to the volume weighted average market price during June 2008). • Issue Date is 5 December 2008. • Options vest when Mr Dow completes his current employment term (i.e. in June 2010 or earlier if the Board agrees). Exercise Period is four years from vesting.
<p>4 Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?</p> <p>If the additional securities do not rank equally, please state:</p> <ul style="list-style-type: none"> • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment 	<p>No – only fully paid ordinary shares are quoted.</p>
<p>5 Issue price or consideration</p>	<p>Nil</p>
<p>6 Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)</p>	<p>Issued to Managing Director Brendan Dow under the CFCL Directors and Employee Benefits Plan.</p>

+ See chapter 19 for defined terms.

7	Dates of entering ⁺ securities into uncertificated holdings or despatch of certificates	5 December 2008	
8	Number and ⁺ class of all ⁺ securities quoted on ASX (<i>including</i> the securities in clause 2 if applicable)	Number	⁺ Class
		344,745,674	Fully paid ordinary shares
9	Number and ⁺ class of all ⁺ securities not quoted on ASX (<i>including</i> the securities in clause 2 if applicable)	Number	⁺ Class
		See schedule 1	
10	Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	Not applicable	

Part 2 - Bonus issue or pro rata issue

11	Is security holder approval required?	N/A
12	Is the issue renounceable or non-renounceable?	N/A
13	Ratio in which the ⁺ securities will be offered	N/A
14	⁺ Class of ⁺ securities to which the offer relates	N/A
15	⁺ Record date to determine entitlements	N/A
16	Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?	N/A
17	Policy for deciding entitlements in relation to fractions	N/A

18	Names of countries in which the entity has ⁺ security holders who will not be sent new issue documents Note: Security holders must be told how their entitlements are to be dealt with. Cross reference: rule 7.7.	N/A
19	Closing date for receipt of acceptances or renunciations	N/A
20	Names of any underwriters	N/A
21	Amount of any underwriting fee or commission	N/A
22	Names of any brokers to the issue	N/A
23	Fee or commission payable to the broker to the issue	N/A
24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of ⁺ security holders	N/A
25	If the issue is contingent on ⁺ security holders' approval, the date of the meeting	N/A
26	Date entitlement and acceptance form and prospectus or Product Disclosure Statement will be sent to persons entitled	N/A
27	If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders	N/A
28	Date rights trading will begin (if applicable)	N/A
29	Date rights trading will end (if applicable)	N/A
30	How do ⁺ security holders sell their entitlements <i>in full</i> through a	N/A

+ See chapter 19 for defined terms.

- broker?
- 31 How do ⁺security holders sell *part* of their entitlements through a broker and accept for the balance?
- 32 How do ⁺security holders dispose of their entitlements (except by sale through a broker)?
- 33 ⁺Despatch date

Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

- 34 Type of securities
(tick one)
- (a) Securities described in Part 1
- (b) All other securities
Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

Tick to indicate you are providing the information or documents N/A

- 35 If the ⁺securities are ⁺equity securities, the names of the 20 largest holders of the additional ⁺securities, and the number and percentage of additional ⁺securities held by those holders
- 36 If the ⁺securities are ⁺equity securities, a distribution schedule of the additional ⁺securities setting out the number of holders in the categories
 1 - 1,000
 1,001 - 5,000
 5,001 - 10,000
 10,001 - 100,000
 100,001 and over
- 37 A copy of any trust deed for the additional ⁺securities

Entities that have ticked box 34(b)

38 Number of securities for which +quotation is sought

N/A

39 Class of +securities for which quotation is sought

N/A

40 Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?

If the additional securities do not rank equally, please state:

- the date from which they do
- the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment
- the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment

N/A

41 Reason for request for quotation now

Example: In the case of restricted securities, end of restriction period

(if issued upon conversion of another security, clearly identify that other security)

N/A

	Number	+Class
42 Number and +class of all +securities quoted on ASX (including the securities in clause 38)	N/A	

+ See chapter 19 for defined terms.

Quotation agreement

- 1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.
- 2 We warrant the following to ASX.
 - The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
 - There is no reason why those +securities should not be granted +quotation.
 - An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.
Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty
 - Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
 - If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.
- 3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.
- 4 We give ASX the information and documents required by this form. If any information or document not available now, will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.



Sign here:

Company Secretary

..... Date: 8 December 2008

Print name:

Andrew Neilson

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+ See chapter 19 for defined terms.

Schedule 1 - Ceramic Fuel Cells Limited securities not quoted on ASX

As at 8 December 2008

Share Options issued under the CFCL Share Option Plan and Directors and Employee Benefits Plan:

Grant Date	Expiry Date	Exercise price \$	Balance at 8 Dec 2008	Exercisable at 8 Dec 2008
15 May 2000	14 May 2010	1.50	60,000	60,000
25 Jul 2000	24 Jul 2010	1.50	134,000	134,000
23 Feb 2001	22 Feb 2011	1.50	1,000	1,000
27 Jul 2001	26 Jul 2011	1.50	3,000	3,000
6 May 2004	5 May 2014	2.01	170,000	170,000
1 Sep 2004	31 Aug 2014	0.77	30,000	30,000
12 Oct 2005	11 Oct 2015	0.58	347,700	-
9 Aug 2006	8 Aug 2016	0.61	150,000	150,000
24 Aug 2006	23 Aug 2016	0.59	571,520	571,520
26 Oct 2006	26 Oct 2010	0.2799	200,000	200,000
29 Aug 2007	28 Aug 2017	1.02	3,515,810	3,515,810
29 Aug 2007	28 Aug 2017	1.00	100,000	100,000
4 Dec 2007	3 Dec 2011	0.695	285,000	285,000
4 Dec 2007	3 Dec 2011	1.02	300,000	300,000
28 Mar 2008	27 Mar 2018	0.46	2,011,900	-
28 Aug 2008	27 Aug 2018	0.45	3,284,230	-
28 Aug 2008	27 Mar 2012	0.112	285,000	285,000
5 Dec 2008	5 Dec 2012	0.46	200,000	200,000
5 Dec 2008	20 Jun 2014 *	0.45	1,000,000	-
Total Number of Options			12,649,160	6,005,330

(* or earlier if the Board agrees to an earlier vesting date)

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