



CERAMIC FUEL CELLS LIMITED

Clean power for your home

Company Announcement

CERAMIC FUEL CELLS ACHIEVES WORLD-BEST 60% EFFICIENCY FOR ITS ELECTRICITY GENERATOR UNITS

Thursday 19 February 2009

Melbourne-based clean energy company Ceramic Fuel Cells Limited (ASX/AIM: CFU), a global leader in fuel cell development, today announced it had achieved electrical efficiency of 60% from one of its natural gas powered fuel-cell home appliances while exporting electricity to the grid.

Because the unit will be installed in homes, there are no electricity transmission or distribution losses, making this the highest electrical efficiency ever achieved, worldwide, from any technology that converts hydrocarbon fuels into electricity.

The efficiency level is a 10% improvement on the company's most recent efficiency announcement, last December. "This milestone takes our company to a new level," said Managing Director Brendan Dow. "We have now achieved 60% efficiency in a fully integrated fuel cell and heating system, while exporting 1.5 kilowatts of electricity to the grid. This is not a laboratory test but a unit that has all the functions of a commercial unit for homes. Our company's products will be located in the home, so 60% efficiency is at the power point, with no transmission or electricity distribution losses."

Ceramic Fuel Cells' technology uses fuel cells made from ceramic materials to generate highly efficient and low emission electricity and heat from natural gas and renewable fuels. The technology began at CSIRO in 1992 and has cost \$220 million to develop. Today the company employs 100 people in Melbourne, including 60 scientists and engineers.

Ceramic Fuel Cells' units also recover heat from the electricity production process and use it to heat home hot water, increasing the units' efficiency to 85%. "We are able to trap the heat from our units and use it to heat a household's water, taking our efficiency to 85%", said Mr Dow. "Compare this to average efficiency of the current power grid in Victoria of less than 30% and it represents a huge advantage."

Higher efficiency means more power produced from the same amount of fuel, leading to savings of both costs and emissions and generating faster payback on investment. Highest electrical efficiency is a compelling competitive advantage in the huge emerging market for microgeneration units.

After transmission and distribution losses, the average electrical efficiency of conventional power stations in the European Union is less than 35%. A 2007 study of other microgeneration technologies by the UK Carbon Trust, based on a trial of 70 units (including Stirling engines and internal combustion engine) found average electrical efficiencies to be less than 10%. A Japanese Government-sponsored trial of Polymer Electrolyte Membrane (PEM) fuel cell home units showed average electrical efficiency of about 30%.

Very high electrical efficiency also opens up significant new applications and markets for the company's fuel cells, including as standalone electricity generators and charging stations for electric cars.

Ceramic Fuel Cells has also developed technology to allow the fuel cell unit to make its own water, meaning the unit can generate electricity without using mains water supply. This has significant benefits compared to conventional power plants, particularly as water becomes more scarce and expensive.

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About Ceramic Fuel Cells Limited:

Ceramic Fuel Cells Limited is a world leader in developing solid oxide fuel cell technology to provide highly efficient and low-emission electricity from widely available natural gas and renewable fuels. The company is developing such products for micro combined heat and power and distributed generation units that generate electricity and heat for homes. Ceramic Fuel Cells is developing micro combined heat and power products with leading appliance partners and utility customers in Germany, France, the United Kingdom, Holland and Japan. The company is listed on the London Stock Exchange AIM market and the Australian Securities Exchange (code CFU).

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