



CERAMIC FUEL CELLS LIMITED

Clean power for your home

6 March 2009

**Ceramic Fuel Cells Limited
("CFCL" or "the Company")**

Notice of Extraordinary General Meeting

On 2 March 2009 Ceramic Fuel Cells Limited (AIM / ASX: CFU) announced a fundraising of approximately £9.0 million (A\$20.1 million) gross by way of a placing and subscription.

The placing and subscription are subject to shareholder approval. The Company is posting a Notice of General Meeting to shareholders which sets out further details of the placing and subscription.

A copy of the Notice and template Proxy form sent to shareholders is attached – and is also available at www.cfcl.com.au.

As previously announced the Company also intends to invite shareholders in Australia, the United Kingdom and Europe to participate in a further fundraising (at the same issue price as the placing and subscription) by way of a rights issue in Australia and an offer in the United Kingdom and Europe.

The record date for the offer in the United Kingdom and Europe is 3 March 2009. As required by the ASX Listing Rules, the record date for the rights issue will be at least six business days after the Company lodges a prospectus for the rights issue.

Full details of these offers will be announced in due course and shareholders will receive either a rights issue prospectus or an offer circular, as applicable.

For further information please contact:

Ceramic Fuel Cells Andrew Neilson Tel: +61 419 950 771 Email: investor@cfcl.com.au	Nomura Code Securities (AIM Nomad) Juliet Thompson or Chris Golden Tel: +44 (0) 207 776 1200
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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 micro combined heat and power and distributed generation units that generate electricity and heat for homes. Ceramic Fuel Cells is developing 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).

www.cfcl.com.au

Ceramic Fuel Cells Limited

Notice of Extraordinary General Meeting

Dear Shareholder

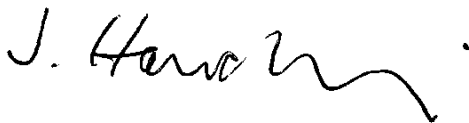
On behalf of the Directors of Ceramic Fuel Cells Limited, I am pleased to invite you to attend an Extraordinary General Meeting. Along with this Notice of Extraordinary General Meeting, you will receive a Proxy Form. (AIM Depository Interest holders will receive a 'Form of Instruction', which is similar to a proxy form.)

If you are attending the meeting, please bring your Proxy Form or Form of Instruction with you. Corporate shareholders should complete a Certificate of Appointment of Representative, to enable a representative to attend and participate in the meeting on their behalf. A form of this certificate is available from the Company's share registry.

If you are unable to attend the meeting, I encourage you to complete the Proxy Form or Form of Instruction and return it to our share registry. Instructions on how to return the forms are set out in this Notice of Extraordinary General Meeting.

On behalf of the Company I encourage you to sign up to Computershare's e-Tree service to receive shareholder information online. Just go to www.cfcl.com.au/e_Tree and follow the links to register.

Yours sincerely



Jeff Harding
Chairman

Ceramic Fuel Cells Limited (ACN 055 736 671) (**Company**) will hold an Extraordinary General Meeting at 10.00 am on **Monday 6 April 2009** at the offices of DLA Phillips Fox, Level 21, 140 William Street, Melbourne, Victoria 3000 for the following purpose.

Business

Item 1 Issue of shares

To consider and, if thought fit, pass the following resolution:

That, for the purpose of ASX Listing Rule 7.1 and for all other purposes, the members approve the issue and allotment of fully paid ordinary shares in the Company at an issue price of 5 cents or 2.2 pence per ordinary share to raise up to \$26,000,000 by way of a placement to investors based in Australia, the UK and Europe as summarised in the Explanatory Notes which accompany this Notice of Meeting.

Voting Exclusion Statement

The Company will disregard any votes cast in relation to this resolution by the persons participating in the issue of securities, as specified in the Explanatory Notes which accompany this Notice of Meeting, and any of their associates. However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

By order of the Board



Andrew Neilson, Company Secretary

6 March 2009

Proxy and Voting Information

Proxies

If you are unable to attend the Extraordinary General Meeting, please note that a shareholder entitled to attend and vote at the Extraordinary General Meeting has the right to appoint a proxy (which may be an individual or a body corporate). A proxy need not be a member of the Company. A shareholder entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise. (If proportions or numbers are not specified, each proxy may exercise half the available votes.)

A Proxy Form accompanies this Notice of Extraordinary General Meeting.

For the appointment of a proxy to be effective, you must return the completed Proxy Form (and, if the appointment is signed by the appointor's attorney, the authority under which the appointment was signed or a certified copy of the authority) to Computershare Investor Services Pty Ltd (**Computershare Australia**) at least 48 hours before the meeting.

You can send your Proxy Form to Computershare Australia by using the Reply Paid Envelope enclosed with this notice, or:

- faxing it to +61 3 9473 2555; or
- posting it to GPO Box 242, Melbourne VIC 3001, Australia.

Depository Interest holders

Holders of Depository Interests traded on the London Stock Exchange AIM market will receive a Form of Instruction instead of a Proxy form. The Form of Instruction allows the Depository Interest holder to direct the Custodian of the Depository Interest, Computershare Company Nominees Limited, to vote on their behalf at the Extraordinary General Meeting.

Depository Interest holders should return the Form of Instruction to Computershare in the United Kingdom – not to the Company or to Computershare Australia. The address and deadline for returning the form are set out in the Form of Instruction.

Corporate Representatives

Corporate shareholders wishing to appoint a representative to attend the meeting on their behalf must provide that person with a properly executed letter confirming that they are authorised to act as the company's representative. The authorisation may be effective either for this meeting only or for all meetings of the Company and should be produced prior to admission.

Eligibility to vote at the meeting

The Company has determined, for the purposes of voting at the meeting, that Company shares are taken to be held by those shareholders registered at 10am (Melbourne time) on Saturday 4 April 2009.

Registration

If you are attending the meeting, please bring your personalised Proxy Form with you. The barcode at the top of the form will make it easier for you to register to vote. If you do not bring your form, you will still be able to attend the meeting, but representatives from the Company or Computershare will need to verify your identity when registering.

Undirected Proxies

The Chairman of the Company will chair the meeting and will vote undirected proxies in favour of the resolution. The Company encourages all shareholders who submit proxies to direct their proxy how to vote on the resolution.

Explanatory Notes

These Explanatory Notes have been prepared to provide you with material information to enable you to make an informed decision in relation to the business to be conducted at the Extraordinary General Meeting of the Company. They form part of the Notice of Extraordinary General Meeting.

Item 1 Issue of shares

Background

- 1 During the second half of 2008 the Company's financial position was severely impacted by the global financial crisis. The Company held a portfolio of financial assets, comprising a mix of asset backed securities, mortgage backed securities and credit linked notes. This portfolio was put together and managed by an independent firm of treasury managers and investment advisors. All investments were rated 'A' or better when they were taken out. However, the collapse of the global credit markets made it much harder for the Company to sell these investments for cash (without taking large discounts).
- 2 As a result of these market conditions the Company has written down the value of these investments. In the accounts for the half year to 31 December 2008, the Directors have booked an impairment charge of \$27.5 million and have valued the investments on the basis of indicative selling values obtained by the Company in February 2009, which value the investment portfolio at \$6.9 million. The likely impairment of investments in these accounts was announced to the market on 17 October 2008. A further impairment was announced on 18 December 2008.
- 3 From when the impairment was announced in October 2008, the Board and management have pursued several options, in parallel, to secure further funding:
 - In addition to its UK Nominated Advisor and Broker, Nomura Code Securities Limited ("**Nomura Code**"), the Company retained a global firm of financial market advisors to identify and pursue funding options.
 - The Company and its advisors approached, and had discussions with a number of potential cornerstone investors in Australia, Asia, North America, the Middle East, Europe and the United Kingdom.
 - The Company also sought financial assistance from Governments. The Company has had discussions and meetings with senior representatives of the Victorian and Federal Governments in Australia and the North Rhine Westphalia regional Government in Germany.
 - The Company and its advisors looked to liquidate some of the financial investments, subject to market conditions and pricing obtained from several independent sources. In December 2008 the Company sold one of its investments for \$2.4 million, at a 50% discount to its face value.
 - Over several months the Company and its advisors also pursued options for maximising the value of the Company's UK plant for making high quality powders. These options included licensing the Company's relevant intellectual property and selling the plant as a standalone operation. Whilst a number of parties expressed interest in the operation, and the Company received an offer for the plant, the terms did not meet the Company's objectives.
- 4 The Company kept the market informed of these activities through updates in December 2008 and January 2009. In those announcements the Company also noted that the Company had sufficient cash without having to sell another unimpaired investment to fund its operations to the end of the first quarter 2009. In late February 2009 the Company sold one of its investments (a Euro credit-linked note) for \$2.3 million cash. The Company now has enough cash without having to sell another investment to fund its operations to late April 2009.
- 5 During late February 2009 discussions with several cornerstone investors progressed to the point where the Company and its advisors were able to enter into agreements for the Placing and Subscription (as discussed below).

Reasons for the Meeting

- 6 This meeting is being called to seek shareholder approval to issue new ordinary shares in the Company as part of a fundraising, described below. ASX Listing Rule 7.1 prohibits a listed company from issuing or agreeing to issue securities without obtaining prior shareholder approval if the result is that the amount of capital issued within the previous 12 months is greater than 15% of the total issued securities of the Company.

7 The resolution under Item 1 seeks shareholder approval under ASX Listing Rule 7.1 to issue and allot fully paid ordinary shares in the Company at an issue price of 5 cents or 2.2 pence per ordinary share to raise up to \$26,000,000 by way of a number of offers and placements of shares to investors based in Australia, the UK and Europe more fully described below.

8 The maximum number of shares to be issued should the resolution be passed is 510,299,778.

Details of the Fundraising

9 The Company proposes to raise funds from the following sources:

9.1 the issue by the Company of 201,060,637 new ordinary shares in the capital of the Company ("**Subscription Shares**") at 5 cents or 2.2 pence per share to various individual investors based in the UK, Europe and Australia to raise approximately £4,443,398 (or \$9,914,109) ("**Subscription**");

9.2 a placing of 207,986,051 new ordinary shares in the capital of the Company ("**Placing Shares**") at 2.2 pence per share to raise £4,575,693 (or \$10,209,287) ("**Placing**"); and

9.3 an offer to existing shareholders with registered addresses in the United Kingdom or the European Union to subscribe for up to 101,253,090 new ordinary shares in the capital of the Company ("**Offer Shares**") at 2.2 pence per share to raise a maximum of €2,500,000 (approximately £2,227,568) ("**Offer**").

10 The Company has also announced a non-renounceable rights issue offer to be made to ASX shareholders of the Company with registered addresses in Australia or New Zealand to issue up to 200,000,000 new ordinary shares at 5 cents per share to raise up to \$10,000,000 ("**Rights Issue**"). The ratio of the number of shares to be offered under the Rights Issue will be calculated by reference to the number of shares registered in the names of Australian and New Zealand shareholders on the record date.

11 The terms of the Rights Issue may vary from those summarised in these Explanatory Notes. The Company expects to send a prospectus in respect of the Rights Issue to its Australian and New Zealand shareholders in the week commencing 9 March 2009, however this timing may depend on regulatory approvals and is subject to change. The allotment of shares under the Rights Issue does not require shareholder approval and is summarised in these Explanatory Notes for information purposes only.

12 In connection with the Subscription, each of the investors described below has entered into a Subscription Agreement with the Company which is conditional on, amongst other things, approval by the Company's shareholders of the proposed issue and allotment of the Subscription Shares at the Extraordinary General Meeting. The Subscription investors are: A. Locke, National Nominees Ltd A/C Australian Ethical Equities Trust, Log Creek Pty Ltd, M. Mason, Moore Family Nominee Pty Ltd, Neo International Investments Ltd, N. Chambers and P. Mason. Collectively they have agreed to subscribe for 201,060,637 new ordinary shares.

13 The Placing Shares have been placed by Nomura Code on behalf of the Company in accordance with the terms of a Placing Agreement between the Company and Nomura Code. The Placing shares have been placed with the following UK and European institutional investors: Artemis, Beagle Partners, Ignis, Invesco, JPMorgan (Suisse), KBC, King & Shaxson, Nomura Code, Pictet and Walker Crips. Collectively 207,986,051 new ordinary shares have been placed with these investors.

14 The Offer Shares will be allotted pursuant to the Offer under a circular. The amount of the Offer is capped at €2,500,000 (approximately £2,227,568). The Company intends to send the circular to United Kingdom and European shareholders at about the same time as it sends out the Rights Issue prospectus. That is currently scheduled for the week commencing 9 March 2009, however this timing is subject to change. The timetable for the Offer will be set out in the circular.

Benefits of the Fundraising

15 As described above, and in announcements to the market over the past few months, the collapse of global financial markets presented the Board and management with a significant challenge. The sharp fall in liquidity and market value of the Company's investments required the Board and management to secure additional cash from new sources, in a matter of months, in extremely difficult capital markets. As described in paragraph 3 above, the Company and its advisors pursued many sources of equity and debt funding.

16 The Placing and Subscription will raise approximately \$20.1 million. In addition the Offer may raise up to €2,500,000. This cash will be used to continue to fund the Company's operations, including completing the construction of the fuel cell plant in Germany. Based on current forecasts, the Directors believe these funds will be sufficient to fund the Company's operations for at least the next 12 months.

17 The costs of the fundraising are approximately \$1 million. These costs are largely commissions and fees payable to brokers and corporate finance advisors, and legal costs.

- 18 If the Placing and Subscription is not approved, then based on the extensive work done from October 2008 to February 2009 – and the continuing very difficult markets for raising capital - the Directors believe it is unlikely that the Company would be able to secure sufficient funding from other sources in the time needed to continue as a going concern.
- 19 The issue price of the Placing Shares and Subscription Shares was agreed with the lead cornerstone investor, and subsequently with other investors. The issue price is a discount to the market price of the Company's shares immediately before the fundraising was announced. This is common when companies raise capital by issuing new shares.
- 20 The Directors recognise that issuing new shares at a discount will dilute the holdings of existing shareholders. Accordingly the Directors are giving as many existing shareholders as practicable the opportunity to invest at the same issue price, through the Offer and the Rights Issue.
- 21 The funds from the Placing and Subscription will enable the Company to continue to fund its operations. Any funds received from the Offer will also be used to fund working capital. Approval of the fundraising will also enable the Company at any time during the next 12 months to issue up to the full 15% limit referred to in ASX Listing Rule 7.1 without further approval from shareholders and without the Placing Shares, Subscription Shares or Offer Shares counting towards the calculation.

ASX Listing Rule 7.3 Information

- 22 In accordance with ASX Listing Rule 7.3, the Directors provide the following information to enable the members to approve the proposed placement of the Subscription Shares, the Placing Shares and the Offer Shares:
- The number of Subscription Shares proposed to be allotted is 201,060,637.
 - The number of Placing Shares proposed to be allotted is 207,986,051.
 - The number of Offer Shares to be allotted will not be known until the Offer closes, but the maximum number will be capped at approximately 101,253,090 (being the equivalent of the €2.5 million maximum size of the Offer).
 - The price at which each of the Subscription Shares, the Placing Shares and the Offer Shares will be issued is 5 cents or 2.2 pence per share depending on where the relevant shares are offered.
 - The names of the allottees under the Subscription and the Placing, and the number of Subscription Shares and the Placing Shares to be allotted to them, are described in paragraphs 12 and 13 above.
 - The allottees under the Offer cannot be identified at the date of this Notice of Extraordinary General Meeting but as noted above, will be Company shareholders (holding either AIM Depository Interests or ASX ordinary shares) with registered addresses in the UK or European Union.
 - The Company will disregard any votes cast in relation to this resolution by any person or body taking up Subscription Shares or Placing Shares or who is eligible to take up Offer Shares and who is already a shareholder in the Company, and any of their associates.
 - As noted above, the proceeds from the Subscription, the Placing and the Offer will strengthen the Company's balance sheet and provide the Company with further working capital to facilitate the Company's continued commercialisation activities including the development of fuel cell powered microgeneration products.
 - The Subscription Shares, the Placing Shares and the Offer Shares will rank equally with the Company's existing ordinary shares and will be quoted on the London Stock Exchange AIM market and the ASX.
- 23 It is proposed that the Subscription Shares and the Placing Shares will, subject to the satisfaction of certain conditions, be issued and allotted on 6 April 2009 and subject to approval from ASX, would begin trading on AIM at 8 am on 6 April (GMT) and on ASX at 10 am on 7 April 2009 (AEST).
- 24 It is proposed that the Offer Shares will be issued and allotted on a date falling no later than 5 July 2009 and would begin trading as soon as practicable after they are allotted.

Directors' Recommendation

- 25 The Directors unanimously recommend that members vote in favour of this resolution. The Chairman intends to vote undirected proxies in favour of this resolution.



000001 000 CFU
MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

Lodge your vote:



By Mail:

Computershare Investor Services Pty Limited
GPO Box 242 Melbourne
Victoria 3001 Australia

Alternatively you can fax your form to
(within Australia) 1800 783 447
(outside Australia) +61 3 9473 2555

For all enquiries call:

(within Australia) 1300 850 505
(outside Australia) +61 3 9415 4000

Proxy Form

For your vote to be effective it must be received by 10.00am Saturday 4 March 2009

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

Appointment of Proxy

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote as they choose. If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

Signing Instructions

Individual: Where the holding is in one name, the securityholder must sign.

Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held.

Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at www.computershare.com.

Comments & Questions: If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

Turn over to complete the form ->



View your securityholder information, 24 hours a day, 7 days a week:

www.investorcentre.com

- Review your securityholding
Update your securityholding

Your secure access information is:

SRN/HIN: I999999999



PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.

MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

Change of address. If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.



I 9999999999

I ND

Proxy Form

Please mark to indicate your directions

STEP 1 Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of Ceramic Fuel Cells Limited hereby appoint

the Chairman of the meeting **OR**

PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the proxy sees fit) at the Extraordinary General Meeting of Ceramic Fuel Cells Limited to be held at DLA Phillips Fox, Level 21, 140 William Street, Melbourne, Victoria 3000 on Monday, 6 April 2009 at 10.00am and at any adjournment of that meeting.

STEP 2 Items of Business

PLEASE NOTE: If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

Item 1 Approval of Issue of Shares

For	Against	Abstain
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business.

SIGN Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact Name _____

Contact Daytime Telephone _____

Date ____/____/____