



CERAMIC FUEL CELLS LIMITED

Clean power for your home

2 March 2009

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

Placing and Subscription to raise £9.0 million (A\$20.1 million)

Ceramic Fuel Cells Limited, (AIM / ASX: CFU) a leading developer of high efficiency and low emission microgeneration products for homes, is pleased to announce that, subject to the approval of its shareholders, it proposes to raise approximately £9.0 million (A\$20.1 million) gross by way of a placing of 207,986,051 new ordinary shares at 2.2 pence each with institutional investors underwritten by Nomura Code Securities Limited (the "**Placing**") and by way of a subscription of 201,060,637 new ordinary shares at 2.2 pence (or A\$0.05 as applicable) each with certain cornerstone investors in Europe and Australia (the "**Subscription**").

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 non-renounceable rights issue will raise up to A\$10 million. The offer to United Kingdom and European holders will be to raise up to approximately £2.3 million. 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.

- The Company proposes to issue a total of 409,046,688 new ordinary shares with new and existing investors as part of the Placing and Subscription to raise approximately £8.6 million (A\$19.1 million) after expenses. These new ordinary shares will represent 54% of the Company's issued share capital as enlarged by the Placing and Subscription.
- The new ordinary shares will be issued at a price of 2.2 pence (or A\$0.05 as applicable) per share. This price was agreed by the lead cornerstone investor and represents a discount of 12% to the 30 day volume-weighted average price up to when the Company commenced pricing discussions with this investor.
- The Company's half yearly results for the six month period ended 31 December 2008 were also announced today. Please see separate announcement. The Financial Report and Directors' Report are also available at www.cfcl.com.au.
- The proceeds from the Placing and Subscription will strengthen the Company's balance sheet and working capital.
- When issued, the new fully paid ordinary shares will have the rights specified in the Company's constitution and will rank equally with the Company's existing ordinary shares.
- The Placing and Subscription will be subject to shareholder approval. The Company will post a Notice of General Meeting to shareholders shortly which will set out further details of the Placing and Subscription.

- A prospectus will be made available for the rights issue in Australia. That document is expected to be made available before the end of March and will be mailed to all intended participants and will also be available at www.cfcl.com.au. Intending participants should consider the prospectus in deciding whether to take up the rights issue and will need to complete an application form attached to the prospectus.

- ENDS -

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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