

Rule 2.7, 3.10.3, 3.10.4, 3.10.5

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 01/07/96 Origin: Appendix 5 Amended 01/07/98, 01/09/99, 01/07/00, 30/09/01, 11/03/02, 01/01/03, 24/10/05, 01/08/12, 04/03/13

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 | Fully paid ordinary shares and options to subscribe for ordinary shares. |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | Up to 1,529,530,459 new fully paid ordinary shares.
Up to 764,765,229 free attaching options to subscribe for new ordinary shares, at an exercise price of 1.1 cents each. |
| 3 | Principal terms of the +securities (e.g. 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) | The new ordinary shares will rank equally with ordinary shares already on issue.
Each options will be exercisable at an exercise price of 1.1 cents on or before 30 October 2015. On exercise of each option, one new ordinary shares will be issued, and such new ordinary shares will rank equally with ordinary shares already on issue. |

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<p>4 Do the +securities rank equally in all respects from the +issue date 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>The new ordinary shares will rank equally with existing quoted ordinary shares.</p> <p>Application for quotation of the options is being made.</p> <p>On exercise of the options, new ordinary shares will be issued and these new ordinary shares will rank equally with existing quoted ordinary shares at that time.</p>
<p>5 Issue price or consideration</p>	<p>Up to 1,529,530,459 new fully paid ordinary shares proposed to be issued at an issue price of 0.90 cents per share.</p> <p>Up to 764,765,229 free attaching options will be granted to persons to whom new ordinary shares are issued. Each option will have an exercise price of 1.1 cents.</p>
<p>6 Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)</p>	<p>The new ordinary shares are proposed to be issued, and options to subscribe for new ordinary shares are proposed to be granted, as part of a renounceable rights issue announced on 29 September 2014 to raise working capital and other purposes as described in the Prospectus issued on the same date.</p>
<p>6a Is the entity an +eligible entity that has obtained security holder approval under rule 7.1A?</p> <p>If Yes, complete sections 6b – 6h <i>in relation to the +securities the subject of this Appendix 3B</i>, and comply with section 6i</p>	<p>Yes</p>
<p>6b The date the security holder resolution under rule 7.1A was passed</p>	<p>20 November 2013</p>

+ See chapter 19 for defined terms.

6c	Number of +securities issued without security holder approval under rule 7.1	Up to 1,529,530,459 new fully paid ordinary shares . Up to 764,765,229 options to subscribe for new ordinary shares at an exercise price of 1.1 cents each.
6d	Number of +securities issued with security holder approval under rule 7.1A	Nil
6e	Number of +securities issued with security holder approval under rule 7.3, or another specific security holder approval (specify date of meeting)	Nil
6f	Number of +securities issued under an exception in rule 7.2	Up to 1,529,530,459 new fully paid ordinary shares . Up to 764,765,229 options to subscribe for new ordinary shares at an exercise price of 1.1 cents each.
6g	If +securities issued under rule 7.1A, was issue price at least 75% of 15 day VWAP as calculated under rule 7.1A.3? Include the +issue date and both values. Include the source of the VWAP calculation.	Not applicable
6h	If +securities were issued under rule 7.1A for non-cash consideration, state date on which valuation of consideration was released to ASX Market Announcements	Not applicable
6i	Calculate the entity's remaining issue capacity under rule 7.1 and rule 7.1A – complete Annexure 1 and release to ASX Market Announcements	202,261,369 under Rule 7.1 plus 239,259,026 under Rule 7.1A equals 441,520,395 Total
7	+Issue dates Note: The issue date may be prescribed by ASX (refer to the definition of issue date in rule 19.12). For example, the issue date for a pro rata entitlement issue must comply with the applicable timetable in Appendix 7A. Cross reference: item 33 of Appendix 3B.	Proposed date of issue of new shares and grant of options under the rights issue is 6 November 2014.

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	Number	+Class
8 Number and +class of all +securities quoted on ASX (including the +securities in section 2 if applicable)	2,549,217,432	Ordinary Shares

	Number	+Class
9 Number and +class of all +securities not quoted on ASX (including the +securities in section 2 if applicable)	24,800,000	Options exercisable at \$0.0378 on or before 24 March 2018.
	and 4,100,000	convertible loan notes with a face value of £4,100,000
	and 1	Convertible Security with a face value of US\$375,000
	and 1	Convertible Security with a face value of US\$450,000
	and 8,230,650	options (refer Annexure 2)

10 Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	Not applicable.
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Part 2 - Pro rata issue

11 Is security holder approval required?	No.
12 Is the issue renounceable or non-renounceable?	Renounceable.
13 Ratio in which the +securities will be offered	3 new ordinary shares offered for every 5 existing shares held by qualifying shareholders as at the record date.
14 +Class of +securities to which the offer relates	New ordinary shares; and options to subscribe for new ordinary shares.
15 +Record date to determine entitlements	7.00pm on 3 October 2014

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16	Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?	No.
17	Policy for deciding entitlements in relation to fractions	Fractional entitlements to new shares will be rounded down to the nearest whole number.
18	<p>Names of countries in which the entity has security holders who will not be sent new offer documents</p> <p><small>Note: Security holders must be told how their entitlements are to be dealt with.</small></p> <p><small>Cross reference: rule 7.7.</small></p>	UK, Netherlands, Germany, USA, Hong Kong, PRC, Singapore, Republic of Ireland, Guernsey, Jersey, Indonesia, Japan, Malaysia, Switzerland, Thailand, Canada; Fiji, France, Philippines.
19	Closing date for receipt of acceptances or renunciations	5:00 pm 29 October 2014

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20	Names of any underwriters	Not applicable.
21	Amount of any underwriting fee or commission	Not applicable.
22	Names of any brokers to the issue	Not applicable.
23	Fee or commission payable to the broker to the issue	Not applicable.
24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of security holders	Not applicable.
25	If the issue is contingent on security holders' approval, the date of the meeting	Not applicable.
26	Date entitlement and acceptance form and offer documents will be sent to persons entitled	8 October 2014
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	29 September 2014
28	Date rights trading will begin (if applicable)	8 October 2014
29	Date rights trading will end (if applicable)	22 October 2014
30	How do security holders sell their entitlements <i>in full</i> through a broker?	By following the instructions in the section headed "Sale or Disposal of your Entitlement" on the Entitlement and Acceptance Form as described in the Prospectus.
31	How do security holders sell <i>part</i> of their entitlements through a broker and accept for the	By following the instructions in the section headed "Sale or Disposal of your

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balance?

Entitlement" on the Entitlement and Acceptance Form in respect of the proportion of their entitlement that they wish to sell. In relation to the proportion of their entitlement they wish to accept, they will need to complete the accompanying Entitlement and Acceptance Form in accordance with the instructions set out on the Entitlement and Acceptance Form and return it, together with payment of application money for the full amount payable in accordance with the terms of the Prospectus.

- 32 How do security holders dispose of their entitlements (except by sale through a broker)?

Qualifying shareholders on the issuer sponsored subregister wishing to sell all or a proportion of their entitlement to another person, other than on ASX, can forward a completed standard renunciation and transfer form (which can be obtained from the Company's share registry) accompanied by the buyer's cheque for the amount (in Australian dollars) corresponding to the new shares they wish to subscribe for, in accordance with the prospectus.

Shareholders wishing to sell all or a proportion of their entitlement to or from a holding on the CHESS subregister must engage the CHESS controlling participant for that CHESS holding, and should follow the CHESS controlling participant's instructions as to the most appropriate way for the buyer to take up the entitlement, and otherwise comply with the Prospectus.

- 33 ⁺Issue date

Proposed date of issue of new shares and grant of options under the rights issue is 6 November 2014.

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

⁺ See chapter 19 for defined terms.

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- (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

- 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

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Entities that have ticked box 34(b)

38	Number of +securities for which +quotation is sought					
39	+Class of +securities for which quotation is sought					
40	<p>Do the +securities rank equally in all respects from the +issue date 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 					
41	<p>Reason for request for quotation now</p> <p>Example: In the case of restricted securities, end of restriction period</p> <p>(if issued upon conversion of another +security, clearly identify that other +security)</p>					
42	Number and +class of all +securities quoted on ASX (including the +securities in clause 38)	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 50%;">Number</th> <th style="width: 50%;">+Class</th> </tr> </thead> <tbody> <tr> <td style="height: 100px;"></td> <td></td> </tr> </tbody> </table>	Number	+Class		
Number	+Class					

+ 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 is not available now, we 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: Date: 29 September 2014
(Director)

Print name: Clifford Ashby

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Appendix 3B – Annexure 1

Calculation of placement capacity under rule 7.1 and rule 7.1A for eligible entities

Introduced 01/08/12 Amended 04/03/13

Part 1

Rule 7.1 – Issues exceeding 15% of capital	
Step 1: Calculate “A”, the base figure from which the placement capacity is calculated	
Insert number of fully paid +ordinary securities on issue 12 months before the +issue date or date of agreement to issue	1,601,287,414
Add the following: <ul style="list-style-type: none"> Number of fully paid +ordinary securities issued in that 12 month period under an exception in rule 7.2 Number of fully paid +ordinary securities issued in that 12 month period with shareholder approval Number of partly paid +ordinary securities that became fully paid in that 12 month period <p>Note:</p> <ul style="list-style-type: none"> Include only ordinary securities here – other classes of equity securities cannot be added Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed It may be useful to set out issues of securities on different dates as separate line items 	109,302,848 (Dec 2013 Share Purchase Plan) 10,000,000 (Mar 2014 Bergen Shares) 672,000,000 (Apr 2014 Share Placement) 0
Subtract the number of fully paid +ordinary securities cancelled during that 12 month period	0
“A”	2,392,590,262

+ See chapter 19 for defined terms.

Step 2: Calculate 15% of “A”	
“B”	0.15 <i>[Note: this value cannot be changed]</i>
Multiply “A” by 0.15	358,888,539
Step 3: Calculate “C”, the amount of placement capacity under rule 7.1 that has already been used	
<p>Insert number of +equity securities issued or agreed to be issued in that 12 month period <i>not counting</i> those issued:</p> <ul style="list-style-type: none"> Under an exception in rule 7.2 Under rule 7.1A With security holder approval under rule 7.1 or rule 7.4 <p><i>Note:</i></p> <ul style="list-style-type: none"> <i>This applies to equity securities, unless specifically excluded – not just ordinary securities</i> <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i> <i>It may be useful to set out issues of securities on different dates as separate line items</i> 	<p>41,134,062 Shares (Dec 2013 Overseas Offer)</p> <p>9,800,000 Shares (Mar 2014 Bergen)</p> <p>13,406,250 Shares (Apr 2014 Bergen)</p> <p>21,677,900 Shares (May 2014 Bergen)</p> <p>29,153,091 Shares (Jun 2014 Bergen)</p> <p>21,290,200 Shares (Jul 2014 Bergen)</p> <p>20,165,667 Shares (Sep 2014 Bergen)</p>
“C”	156,627,170
Step 4: Subtract “C” from [“A” x “B”] to calculate remaining placement capacity under rule 7.1	
<p>“A” x 0.15</p> <p><i>Note: number must be same as shown in Step 2</i></p>	358,888,539
<p>Subtract “C”</p> <p><i>Note: number must be same as shown in Step 3</i></p>	156,627,170
Total [“A” x 0.15] – “C”	<p>202,261,369</p> <p><i>[Note: this is the remaining placement capacity under rule 7.1]</i></p>

+ See chapter 19 for defined terms.

Part 2

Rule 7.1A – Additional placement capacity for eligible entities	
Step 1: Calculate “A”, the base figure from which the placement capacity is calculated	
“A” <i>Note: number must be same as shown in Step 1 of Part 1</i>	2,392,590,262
Step 2: Calculate 10% of “A”	
“D”	0.10 <i>Note: this value cannot be changed</i>
Multiply “A” by 0.10	239,259,026
Step 3: Calculate “E”, the amount of placement capacity under rule 7.1A that has already been used	
Insert number of +equity securities issued or agreed to be issued in that 12 month period under rule 7.1A Notes: <ul style="list-style-type: none"> <i>This applies to equity securities – not just ordinary securities</i> <i>Include here – if applicable – the securities the subject of the Appendix 3B to which this form is annexed</i> <i>Do not include equity securities issued under rule 7.1 (they must be dealt with in Part 1), or for which specific security holder approval has been obtained</i> <i>It may be useful to set out issues of securities on different dates as separate line items</i> 	0
“E”	0

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Step 4: Subtract “E” from [“A” x “D”] to calculate remaining placement capacity under rule 7.1A	
“A” x 0.10 <i>Note: number must be same as shown in Step 2</i>	239,259,026
Subtract “E” <i>Note: number must be same as shown in Step 3</i>	0
Total [“A” x 0.10] – “E”	239,259,026 <i>Note: this is the remaining placement capacity under rule 7.1A</i>

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Annexure 2

Ceramic Fuel Cells Limited securities not quoted on ASX

Share Options issued under the
CFCL Share Option Plan and Directors and Employee Benefits Plan
as at 10 September 2014

Grant Date	Expiry Date	Exercise price A \$	Balance at 10 September 2014	Exercisable at 10 September 2014
12 Oct 2005	11 Oct 2015	0.57	123,250	-
24 Aug 2006	23 Aug 2016	0.58	199,200	199,200
29 Aug 2007	28 Aug 2017	1.01	756,210	756,210
28 Mar 2008	27 Mar 2018	0.45	690,400	690,400
28 Aug 2008	27 Aug 2018	0.44	1,118,430	1,118,430
26 Jun 2009	25 Jun 2019	0.175	1,731,710	1,731,710
1 Oct 2010	30 Sep 2020	0.1825	1,439,700	1,439,700
28 Sep 2011	27 Sep 2021	0.15	2,171,750	2,171,750
Total Number of Options			8,230,650	8,107,400

+ See chapter 19 for defined terms.