



Notice of Annual General Meeting 2014

Dear Shareholder

On behalf of the directors of Ceramic Fuel Cells Limited, I am pleased to invite you to attend our 2014 Annual General Meeting. Along with this Notice of Annual General Meeting, you will receive a Proxy Form. AIM Depositary 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 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 Annual General Meeting. For your votes to be counted at this meeting, please return the Proxy Form or Form of Instruction by the date and times specified on these forms, and in accordance with the instructions set out on those forms and in this Notice of Annual 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

Alasdair Locke
Chairman

Meeting Details:

Time: 6:15pm (Melbourne time) on Thursday, 20 November 2014

Place: DLA Piper Australia, Level 21, 140 William Street, Melbourne, Victoria

Notice of Annual General Meeting

Notice is given that the annual general meeting of shareholders of **Ceramic Fuel Cells Limited** (ACN 055 736 671) (**CFCL or Company**) will be held at 6:15pm (Melbourne time) on Thursday, 20 November 2014 at the offices of DLA Piper Australia, Level 21, 140 William Street, Melbourne, Victoria for the purposes outlined below.

The Explanatory Notes accompany and form part of this notice of annual general meeting and provide additional information on matters to be considered at the meeting. This notice of annual general meeting and the Explanatory Notes should be read in their entirety.

Item 1: Accounts

To receive and consider the accounts, annual financial report, directors' report and auditor's report for CFCL for the year ended 30 June 2014.

Item 2: Remuneration Report

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

"That the remuneration report for the year ended 30 June 2014 be adopted."

Note – the vote of this resolution is advisory only and does not bind the directors.

Members should also note that voting restrictions may apply in respect of this resolution. Further detail is contained in the "Proxy and Voting Information" section below.

Item 3: Ratification of issue of securities to Bergen Global Opportunity Fund, LP

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

"That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, shareholders approve and ratify the issue of 105,693,108 ordinary shares to Bergen Global Opportunity Fund, LP on the terms and conditions summarised in the Explanatory Notes."

Voting Exclusion Statement

CFCL will disregard any votes cast on this resolution by:

- Bergen Global Opportunity Fund, LP; and
- any associate of Bergen Global Opportunity Fund, LP.

However, CFCL will 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.

Item 4: Re-election of Director - Mr Alasdair Locke

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

"That Mr Alasdair Locke, having retired in accordance with clause 81 of the Company's constitution, and being eligible, is re-elected as a director of the Company."

Item 5: Election of Director - Dr. Karl Föger

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

"That Dr. Karl Föger, who having been appointed as a director to fill a casual vacancy and whose appointment as a director expires at the annual general meeting of the Company, and being eligible, be elected as a director of the Company."

Item 6: Approval of additional placement capacity

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

"That, for the purpose of ASX Listing Rule 7.1A and for all other purposes, approval is given by the shareholders to allow the Company to issue equity securities up to an additional 10% of the issued capital of the Company, calculated in accordance with the formula outlined in ASX Listing Rule 7.1A.2 and on the terms and conditions outlined in the Explanatory Notes."

Voting Exclusion Statement

CFCL will disregard any votes cast on this resolution by:

- any person who may participate in the proposed issue and any person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the resolution is passed; and
- any associate of that person (or those persons).

However, CFCL will 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.

Item 7: Grant of options to Mr Robert Kennett

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

"That, for the purposes of ASX Listing Rule 10.11 and for all other purposes, shareholders approve the grant of 102,880,658 options to acquire one new fully paid ordinary share in the Company per option to Mr Robert Kennett (or his nominee), with an exercise price of A\$0.0185 per share, and on the terms and conditions summarised in the Explanatory Notes."

Voting Exclusion Statement

CFCL will disregard any votes cast on this resolution by:

- Mr Robert Kennett; and
- any associate of Mr Robert Kennett.

However, CFCL will 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.

Item 8: Grant of options to Mr Alasdair Locke

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

"That, for the purposes of ASX Listing Rule 10.11 and for all other purposes, shareholders approve the grant of 27,160,493 options to acquire one new fully paid ordinary share in the Company per option to Mr Alasdair Locke (or his nominee) with an exercise price of A\$0.0185 per share, and on the terms and conditions summarised in the Explanatory Notes."

Voting Exclusion Statement

CFCL will disregard any votes cast on this resolution by:

- Mr Alasdair Locke; and
- any associate of Mr Alasdair Locke.

However, CFCL will 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

Glenn Raines
Company Secretary
13 October 2014

Proxy and Voting Information

Proxies

A shareholder entitled to attend and vote at the annual 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 CFCL. 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 annual 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 appointer'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 of annual general meeting, or by:

- Posting it to: Computershare Investor Services Pty Limited, GPO Box 242 Melbourne, Victoria 3001 Australia;
- Delivering it to: Computershare Investor Services Pty Limited, 452 Johnston Street, Abbotsford, Victoria 3067;
- Electronically at www.investorvote.com.au by following the instructions provided;
- Faxing it to: (within Australia) 1800 783 447 or (outside Australia) +61 3 9473 2555;
- For Intermediary Online subscribers only: (custodians) www.intermediaryonline.com.

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 Clearing Pty Ltd CCNL DI a/c, to vote on their behalf at the annual general meeting.

Depository Interest holders should return the Form of Instruction to Computershare in the United Kingdom – not to CFCL or to Computershare Australia. The address and deadline for returning the form are set out in the Form of Instruction. If Depository Interest holders wish to attend the meeting they should contact Computershare's UK office for a Letter of Representation.

Electronic voting instructions via the CREST voting system

Depository Interest Holders who are CREST members and who wish to issue an Instruction through the CREST electronic voting appointment service may do so by using the procedures described in the CREST manual (available from www.euroclear.com/CREST). CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting services provider(s), who will be able to take the appropriate action on their behalf.

In order for instructions made using the CREST service to be valid, the appropriate CREST message (a CREST Voting Instruction) must be properly authenticated in accordance with the specifications of Euroclear UK & Ireland Limited (EUI) and must contain the information required for such instructions, as described in the CREST Manual.

The message, regardless of whether it relates to the voting instruction or to an amendment to the instruction given to the Depository must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID 3RA50) no later than 7:00am (UK time) on Monday, 17 November 2014. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the CREST Voting Instruction by the CREST applications host) from which the issuer's agent is able to retrieve the CREST Voting Instruction by enquiry to CREST in the manner prescribed by CREST.

CREST members and, where applicable, their CREST sponsors or voting service providers should note that EUI does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the transmission of CREST Voting Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that the CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a CREST Voting Instruction is transmitted by means of the CREST service by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The Company may treat as invalid a CREST Voting Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

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 (under the common seal of the corporation or otherwise in accordance with section 127 of the *Corporations Act 2001* (Cth) (**Corporations Act**) or signed by an attorney) 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 CFCL and should be produced by the representative prior to admission to the meeting.

Eligibility to vote at the meeting

CFCL has determined, for the purposes of voting at the meeting, that CFCL shares are taken to be held by those shareholders registered at 7:00pm (Melbourne time) on Tuesday, 18 November 2014.

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 CFCL or Computershare will need to verify your identity when registering.

Undirected Proxies

The Chairman of CFCL will chair the meeting and will vote undirected proxies in favour of all items of business (unless restricted by law or the constitution of CFCL). Shareholders wishing to appoint a proxy should carefully read the Proxy Form, including the provisions dealing with the Chairman exercising undirected proxies on remuneration related resolutions.

Other Voting Restrictions – Voting on Remuneration Resolutions

Section 250R(4) of the Corporations Act provides that a vote on a remuneration resolution must not be cast (in any capacity) by or on behalf of the following persons:

- a member of the key management personnel (details of whose remuneration are included in the remuneration report); or
- a closely related party of such a member of the key management personnel.

A closely related party includes (but is not limited to):

- the spouse, a child or a dependant of a member of key management personnel,
- a child or dependent of the spouse of the member of key management personnel,
- anyone else who is one of the family of the member of key management personnel and who may be expected to influence the member, or be influenced by the member, in the member's dealings with the Company, or
- a company controlled by the member of key management personnel.

The Company has determined that the following persons are either key management personnel or closely related parties of key management personnel and are precluded from voting on remuneration resolutions:

Directors and related parties	Executive Management Team and related parties
Robert Kennett Dr. Karl Föger Alasdair Locke Clifford Ashby	F Obernitz P A Thompson R Payne A Ballhausen

Pursuant to section 250R(5) of the Corporations Act, a person in the table above (other than the Chairman, who will cast votes in the manner described above in the section headed "Undirected Proxies") may cast a vote on remuneration resolutions if:

- the person does so as a proxy appointed by writing that specifies how the proxy is to vote on the proposed resolution; and
- the vote is not cast on behalf of any person named in the table above.

Accordingly, if any person named in the table above is appointed as a proxy (but not as a proxy for another person named in the table above) and is directed to vote in favour of remuneration resolutions, that person may vote such directed proxies in favour of the relevant resolution. This includes the Chairman voting directed proxies in favour of remuneration resolutions (unless restricted by law or the constitution of CFCL). The Chairman will also vote undirected proxies in favour of remuneration resolutions (unless restricted by law or the constitution of CFCL).

Explanatory Notes

These Explanatory Notes have been prepared to provide material information to enable shareholders to make an informed decision in relation to the business to be conducted at the annual general meeting of the Company. These Explanatory Notes form part of the notice of annual general meeting.

Shareholders are also referred to, and encouraged to read, recent announcements made by the Company both to the ASX and by way of notification to the Company's Regulatory Information Service provider for additional relevant information in relation to the Company's affairs.

Item 1: Accounts

This item gives shareholders an opportunity to ask questions on the Annual Report and on the performance of the Company generally.

The auditor (or a suitable representative) is required under the Corporations Act to attend the meeting to be available to take questions on the conduct of the audit and the preparation and content of the auditor's report.

Members who are entitled to cast a vote at the meeting may forward written questions to the auditor on these matters for response at the meeting. These should be emailed to investor@cfcl.com.au or mailed to Andrew Cronin, Partner, Pricewaterhouse Coopers, Freshwater Place, 2 Southbank Boulevard, Southbank Victoria 3006. Such written questions must be submitted no later than 5 business days before the meeting.

The Company is required by law to forward all questions to the auditor and the auditor is required to prepare a list of questions that the auditor considers are relevant to the conduct of the audit and the preparation and content of the auditor's report. The auditor may omit questions as permitted by the *Corporations Act 2001* (Cth) and therefore not necessarily all questions submitted will be responded to at the meeting.

At the meeting the Chairman will give the auditor a reasonable opportunity to answer the questions on the question list. In addition, copies of the questions will be available at the meeting.

Item 2: Remuneration Report

As required by the Corporations Act, the Remuneration Report is submitted to shareholders for consideration and adoption by way of non-binding resolution. The Company also notes that disclosing details of the Company's remuneration policies is consistent with the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*.

The Remuneration Report is set out on pages 16 to 21 of the Annual Report for the year ended 30 June 2014 accompanying this notice of annual general meeting.

Among other things, the Remuneration Report:

- explains the Board's policies on remuneration of directors and senior managers of the Company;
- discusses the link between these policies and Company performance;
- provides details of performance conditions applicable to any element of remuneration; and
- provides details of the remuneration of each director and certain key management personnel.

Shareholders will be given a reasonable opportunity to discuss the remuneration report at the meeting.

The Chairman intends to vote in favour of the resolution proposed in this Item 2 (unless restricted by law or the constitution of CFCL). For more information about voting restrictions in relation to the resolution proposed in this Item 2 please see the 'Proxy and Voting Information' section above.

Item3: Ratification of issue of securities to Bergen Global Opportunity Fund, LP

Issue of securities to Bergen Global Opportunity Fund, LP

As previously announced to the market, the Company has issued 105,693,108 ordinary shares issued to Bergen Global Opportunity Fund, LP through its nominee HSBC Custody Nominees (Australia) Limited, at a total issue price of US\$1,068,315 (approximately A\$1,153,000 or £634,000).

Bergen Global Opportunity Fund, LP also has:

- a) options to acquire 24,800,000 ordinary shares, with an exercise price equal to A\$0.0378 (approximately £0.0206), being 130% of the average of the daily volume weighted average price per share for the 20 consecutive actual trading days immediately prior to the date of the agreement between the Company and Bergen Global Opportunity Fund, LP dated 24 March 2014. Under that agreement, the Company agreed to issue various securities to Bergen Global Opportunity Fund, LP throughout the term of the agreement (**Bergen Agreement**), subject to adjustment on the terms of the Bergen Agreement; and
- b) two interest-free unsecured convertible notes from the Company; one with a face value of US\$375,000 (approximately A\$431,000 or £237,000), and the other with a face value of US\$450,000 (approximately A\$517,000 or £284,000), both of which may be converted in tranches of no less than US\$50,000 (approximately A\$57,000 or £31,000) into ordinary shares at a conversion price determined in accordance with the Bergen Agreement.

Listing Rule 7.4

As mentioned above, ASX Listing Rules 7.1 and 7.1A restrict the number of securities that the Company may issue without shareholder approval (subject to certain exemptions) in any 12 month period to 25% of the existing securities on issue. This 25% limit is referred to in this notice of annual general meeting as the Company's "placement capacity".

Listing Rule 7.4 permits an issue of securities made without shareholder approval under, and which otherwise did not breach, Listing Rule 7.1, to be subsequently ratified by shareholders so that the issue does not need to be counted towards a company's placement capacity.

Accordingly, the proposed resolution set out in Item 3 seeks ratification by shareholders of the issue of ordinary shares to Bergen Global Opportunity Fund, LP. The Company confirms that the issue of the ordinary shares which are the subject of the proposed resolution set out in this Item 3, was made in compliance with Listing Rule 7.1.

The outcome of Item 3 will have no effect on the issue of the ordinary shares issued to Bergen Global Opportunity Fund, LP, as they have already been issued. However, if the proposed resolution set out in Item 3 is passed, the ordinary shares issued to Bergen Global Opportunity Fund, LP will not be counted towards the Company's placement capacity pursuant to Listing Rule 7.1, and the Company will have the flexibility to issue further securities (if necessary) within the placement capacity without requiring shareholder approval.

If the proposed resolution set out in Item 3 is not passed, it is likely to limit the ability of the Company to issue securities in the 12 months following the issue of the ordinary shares to any party including Bergen Global Opportunity Fund, LP without prior shareholder approval.

ASX Listing Rule 7.5 Information

In accordance with ASX Listing Rule 7.5, the directors provide the following information to enable the shareholders to consider the proposed resolution set out in Item 3:

The name of the person to whom the ordinary shares were issued

Bergen Global Opportunity Fund, LP.

The number and price at which the securities were issued

The 105,693,108 ordinary shares issued to Bergen Global Opportunity Fund, LP had a total issue price of US\$1,068,315 (approximately A\$1,153,000 or £634,000) as follows:

- The 13,406,250 ordinary shares issued to Bergen Global Opportunity Fund, LP on 24 April 2014 had a total issue price of US\$200,000 (approximately A\$219,000 or £120,000);
- The 21,677,900 ordinary shares issued to Bergen Global Opportunity Fund, LP on 28 May 2014 had a total issue price of US\$200,000 (approximately A\$216,000 or £119,000);
- The 29,153,091 ordinary shares issued to Bergen Global Opportunity Fund, LP on 27 June 2014 had a total issue price of US\$300,000 (approximately A\$323,000 or £178,000);
- The 21,290,200 ordinary shares issued to Bergen Global Opportunity Fund, LP on 30 July 2014 had a total issue price of US\$200,000 (approximately A\$213,000 or £117,000);
- The 20,165,667 ordinary shares issued to Bergen Global Opportunity Fund, LP on 10 September 2014 had a total issue price of US\$168,315 (approximately A\$182,000 or £100,000).

The terms of the securities

The 105,693,108 ordinary shares issued to Bergen Global Opportunity Fund, LP were issued under the terms of the Bergen Agreement. All ordinary shares issued to Bergen Global Opportunity Fund, LP as outlined above ranked in all respects equally with the Company's existing ordinary shares.

The intended use of the funds raised

Funds received from Bergen Global Opportunity Fund, LP in connection with issue of the 105,693,108 ordinary shares issued to Bergen Global Opportunity Fund, LP provided the Company with further working capital and, in particular, to fund:

- the existing operations of the Company;
- further value engineering to drive down manufacturing costs; and
- continuation of its research and product development programmes.

The directors recommend that shareholders vote in favour of the proposed resolution set out in Item 3. The Chairman intends to direct the votes of undirected proxies in favour of the proposed resolution set out in Item 3.

Item 4: Re-election of Director - Mr Alasdair Locke

Under clause 81 of the Company's constitution, at every annual general meeting, one-third of the directors (other than an exempt managing director) or, if their number is not a multiple of three, then the number nearest to but not exceeding one-third must retire from office. Further, clause 81 provides that a retiring director will be eligible for re-election.

Mr. Locke, aged 61 and based in London, is the founder and former Executive Chairman of Abbot Group plc, an oil services company which he founded in 1990. Abbot Group was listed on the London Stock Exchange from 1995 until its sale in 2008 for £906 million to a US private equity fund.

Mr. Locke is Chairman of Argenta Holdings plc, an unlisted holding company which trades in the Lloyds of London Insurance Market and is also non-Executive Chairman of Hardy Oil and Gas plc and First Property Group plc.

Mr. Locke has personally made a substantial investment in the Company and currently holds 11.1 per cent of the Company's shares, and has been a director of the Company since September 2012. Mr. Locke holds a History and Economics Degree from the University of Oxford. Mr. Locke was Overall Scottish Entrepreneur of the Year in 1999, Grampian Industrialist of the Year in 2003 and winner of the Scottish Business Achievement Awards Trust International Business Achievement Award in 2007.

The directors (except for Mr Locke) recommend that shareholders vote in favour of the proposed resolution set out in Item 4. The Chairman of the meeting (at that time) intends to direct the votes of undirected proxies in favour of the proposed resolution set out in Item 4.

Item 5: Election of Director - Dr. Karl Föger

In accordance with clause 74 of the Company's constitution and ASX Listing Rule 14.4, any director appointed to fill a casual vacancy or as an addition to the board holds office until the next annual general meeting of the Company and is then eligible for election at that meeting.

Dr. Föger, aged 66 and based in Melbourne, was appointed as a non-executive director of the Company on 1 August 2014, following his retirement as Chief Technical Officer of the Company. He has been involved with the Company since its inception and has published several papers on solid oxide fuel cell (SOFC) technology.

Dr. Föger is an initiator of SOFC technology in Australia and has an international reputation in research and development in the energy and environmental fields. He holds a PhD in Physical Chemistry and is a Fellow of the Royal Australian Chemical Institute and an Adjunct Professor at RMIT University in Melbourne.

Dr. Föger held various research and management roles at Australia's CSIRO (Commonwealth Scientific and Industrial Research Organisation), culminating in his appointment as a Chief Research Scientist. Dr. Föger was also previously a non-executive director of Clean Coal Pty Ltd.

The directors (except for Dr. Föger) recommend that shareholders vote in favour of the proposed resolution set out in Item 5. The Chairman intends to direct the votes of undirected proxies in favour of the proposed resolution set out in Item 5.

Item 6: Approval of additional placement capacity

ASX Listing Rules

ASX Listing Rule 7.1 restricts the number of securities a listed entity may issue without shareholder approval (subject to certain exemptions) in any 12 month period to 15% of the existing securities on issue. This 15% limit is commonly referred to as the Company's "placement capacity".

ASX Listing Rule 7.1A allows an entity to seek shareholder approval by special resolution passed at an annual general meeting to have the additional capacity to issue equity securities over and above the usual 15% placement capacity. If shareholder approval is obtained, then CFCL will have capacity to issue an additional 10% of issued capital over a 12 month period without further approval.

The Company proposes to use the additional 10% placement capacity to issue further ordinary shares without shareholder approval during the period for which shareholder approval pursuant to the special resolution proposed in this Item 6 remains in force. The exact number of ordinary shares proposed to be issued under the additional 10% placement capacity will be determined in accordance with the formula prescribed in ASX Listing Rule 7.1A.2, being:

$$(A \times D) - E$$

where:

- A** is the number of fully paid ordinary shares on issue 12 months before the date of issue or date of agreement to issue:
- (A) plus the number of fully paid ordinary shares issued in the 12 months under an exception in ASX Listing Rule 7.2;
 - (B) plus the number of partly paid ordinary shares that became fully paid in the 12 months;
 - (C) plus the number of fully paid ordinary shares issued in the 12 months with approval of holders of ordinary shares under ASX Listing Rules 7.1 and 7.4;
 - (D) less the number of fully paid ordinary shares cancelled in the 12 months.
- D** is 10%.
- E** is the number of equity securities issued or agreed to be issued under ASX Listing Rule 7.1A.2 in the 12 months before the date of the issue or agreement to issue that are not issued with the approval of holders of ordinary shares under ASX Listing Rules 7.1 or 7.4.

To be eligible to seek shareholder approval in this regard, at the date of the annual general meeting, CFCL must not be included in the S&P/ASX300 Index, and must have a market capitalisation (excluding restricted securities and securities quoted on a deferred settlement basis) equal to or less than \$300 million. The Company meets these eligibility criteria.

ASX Listing Rule 7.3A Information

In accordance with ASX Listing Rule 7.3A, the directors provide the following information to enable the shareholders to consider the proposed increase of placement capacity.

- This information has been prepared on the assumption that shareholder approval for the ratification of shares issued under Item 3 of this notice of annual general meeting is obtained.
- The price at which the ordinary securities may be issued will be no less than 75% of the volume weighted average market price for ordinary shares calculated over the 15 trading days on which trades in that class were recorded immediately before:
 - a. the date on which the price at which the securities are to be issued is agreed; or
 - b. if the securities are not issued within 5 trading days of the date in paragraph (a) above, the date on which the securities are issued.
- If shareholder approval is obtained for the proposed increase in the Company's placement capacity, then upon issue of securities under the additional placement capacity, there is a risk of economic and voting dilution of existing holders of ordinary shares, including the result that existing shareholders' voting power will be diluted. Please refer to the table below for more information. There is also a risk that:
 - a. The market price for equity securities in the relevant class may be significantly lower on the issue date, as compared to the market price for those securities as at the date of this annual general meeting.
 - b. Additional equity securities may be issued under the additional placement capacity at a price that is at a discount to the market price for those equity securities on the issue date.
- As at the date of this notice of annual general meeting, the Company has 2,549,217,432 ordinary shares on issue, and would have capacity to issue:
 - a. 382,382,615 further ordinary shares under its 15% placement capacity (assuming shareholder approval for the resolution in Item 3 is obtained);
 - b. 637,304,358 further ordinary shares under its combined 15% placement capacity and additional 10% placement capacity, on the basis that the special resolution proposed in this Item 6 is approved.
- The table below shows examples of possible dilution of shareholdings of CFCL's existing shareholders, on the basis that the special resolution proposed in this Item 6 is approved and on the basis that further equity securities are issued under the additional 10% placement capacity. Note: The table below only shows possible dilution on the basis of issues of securities under the additional 10% placement capacity; the table below does not take account of issues of securities under the existing 15% placement capacity.

Variable 'A' in ASX Listing Rule 7.1A.2		Dilution		
		\$0.0045 50% decrease in Issue Price	\$0.009 Current Issue Price	\$0.018 100% increase in Issue Price
Current Variable A 2,549,217,432 shares	10% Voting Dilution	254,921,743 Shares	254,921,743 Shares	254,921,743 Shares
	Funds raised	\$1,147,148	\$2,294,296	\$4,588,591
50% increase in current Variable A 3,823,826,148 shares	10% Voting Dilution	382,382,615 Shares	382,382,615 Shares	382,382,615 Shares
	Funds raised	\$1,720,722	\$3,441,444	\$6,882,887
100% increase in current Variable A 5,098,434,864 shares	10% Voting Dilution	509,843,486 Shares	509,843,486 Shares	509,843,486 Shares
	Funds raised	\$2,294,296	\$4,588,591	\$9,177,183

- The date by which equity securities are proposed to be issued under the additional placement capacity is 12 November 2015, being 12 months after the date of this annual general meeting. This is however, subject to the fact that approval can only be sought for a period commencing on the date of the annual general meeting and expiring on the first to occur of the following:
 - a. The date that is 12 months after the date of the annual general meeting; and
 - b. The date of approval by holders of CFCL's ordinary shares of a transaction under ASX Listing Rule 11.1.2 (regarding proposed changes to nature or scale of activities) or 11.2 (regarding proposed changes involving main undertaking), on which date the approval to issue equity securities under the additional placement capacity will cease to be valid.
- The purposes for which equity securities may be issued under the additional placement capacity is to provide the Company with further working capital and to fund the existing operations of the Company, further value engineering to drive down manufacturing costs, and continuation of its research and product development programmes. No additional equity securities will be issued for non-cash consideration.
- The Company's allocation policy is dependent on the prevailing market conditions at the proposed issue pursuant to the 10% Placement Facility. The identity of the allottees of equity securities will be determined on a case-by-case basis having regard to the factors including but not limited to the following:
 - a. the methods of raising funds that are available to the Company, including but not limited to, a rights issue or other issue in which security holders can participate;
 - b. the effect of the issue of the equity securities on the control of the Company;
 - c. the financial situation and solvency of the Company; and
 - d. advice from corporate, financial and broking advisers (if applicable).

- CFCL obtained approval under ASX Listing Rule 7.1A at its 2013 annual general meeting. As such, CFCL provides the following information as required by ASX Listing Rule 7.3A.6:
 - a. The total number of equity securities issued in the 12 months preceding the date of the 2014 annual general meeting is 972,730,018, comprised of 947,930,018 fully paid ordinary shares and 24,800,000 share options. Inclusive of the share options, this represents 60.7% of the total number of equity securities on issue at the commencement of that 12 month period.
 - b. Details of all issues of equity securities by CFCL during the 12 months preceding the date of the 2014 annual general meeting are set out in the table below:

Number of equity securities issued	<ul style="list-style-type: none"> • 947,930,018 fully paid ordinary shares; • 24,800,000 share options
Class of equity securities issued and a summary of the terms of that class	<ul style="list-style-type: none"> • Fully paid ordinary shares (listed); • Options (unlisted) over fully paid ordinary (FPO) shares.
Names of the persons to whom CFCL issued the securities	<ul style="list-style-type: none"> • 30-12-2013 Australia & New Zealand Share Purchase Plan: 109,302,848 FPO shares issued to existing shareholders. • 30-12-2013 Overseas Offer: 41,134,062 FPO shares issued to institutional and sophisticated investors. • 24-3-2014 Investor Agreement: 9,800,000 FPO shares issued to Bergen Global Opportunity Fund, LP. • 24-3-2014 Investor Agreement: 10,000,000 FPO shares issued to Bergen Global Opportunity Fund, LP. • 24-3-2014 Investor Agreement: 24,800,000 share options issued to Bergen Global Opportunity Fund, LP. • 24-4-2014 Investor Agreement: 13,406,250 FPO shares issued to Bergen Global Opportunity Fund, LP. • 29-4-2014 Placing & subscription: 672,000,000 FPO shares issued to institutional and sophisticated investors. • 28-5-2014 Investor Agreement: 21,677,900 FPO shares issued to Bergen Global Opportunity Fund, LP. • 27-6-2014 Investor Agreement: 29,153,091 FPO shares issued to Bergen Global Opportunity Fund, LP. • 30-7-2014 Investor Agreement: 21,290,200 FPO shares issued to Bergen Global Opportunity Fund, LP. • 10-9-2014 Investor Agreement: 20,165,667 FPO shares issued to Bergen Global Opportunity Fund, LP.
The price at which the equity securities were issued and the discount (if any) that the issue price represented to the closing market (ASX) price on the date of issue	<ul style="list-style-type: none"> • 30-12-2013 Australia & New Zealand Share Purchase Plan: A\$0.0384 (1.1% premium). • 30-12-2013 Overseas Offer: A\$0.0384 (1.1% premium). • 24-3-2014 Investor Agreement: A\$Nil (not applicable). • 24-3-2014 Investor Agreement: A\$0.0186 (22.5% discount). • 24-4-2014 Investor Agreement: A\$0.016 (15.8% discount). • 29-4-2014 Placing & subscription: A\$0.009 (47.1% discount). • 28-5-2014 Investor Agreement: A\$0.010 (23.1% discount). • 27-6-2014 Investor Agreement: A\$0.011 (8.3% discount). • 30-7-2014 Investor Agreement: A\$0.010 (23.1% discount). • 10-9-2014 Investor Agreement: A\$0.009 (18.2% discount).

<p>The total cash consideration, the amount of that cash that has been spent, what it was spent on, and the intended use for the remaining amount of that cash (if any)</p>	<p>All shares were issued for cash consideration.</p> <p>The share options were issued for no monetary consideration, but are subject to an exercise price of A\$0.0378 per share.</p> <p>All funds received either have been, or will be, spent on the working capital requirements of the Company and to fund:</p> <ul style="list-style-type: none"> • the existing operations of the Company; • further value engineering to drive down manufacturing costs; and • continuation of its research and product development programmes. <p>Gross funds received (excluding share issue costs) on issuing FPO shares were as follows:</p> <ul style="list-style-type: none"> • 30-12-2013 Australia & New Zealand Share Purchase Plan: A\$4,197,227. • 30-12-2013 Overseas Offer: A\$1,608,973. • 24-3-2014 Investor Agreement: A\$186,077. • 24-4-2014 Investor Agreement: A\$218,914. • 29-4-2014 Placing & subscription: A\$6,089,738. • 28-5-2014 Investor Agreement: A\$216,404. • 27-6-2014 Investor Agreement: A\$323,172. • 30-7-2014 Investor Agreement: A\$212,653. • 10-9-2014 Investor Agreement: A\$181,844.
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***The directors recommend that shareholders vote in favour of the proposed special resolution set out in Item 6.
The Chairman intends to vote undirected proxies in favour of the proposed special resolution set out in Item 6.***

Item 7: Grant of options to Mr Robert Kennett

Regulatory background

Under ASX Listing Rule 10.11, the Company cannot issue securities to directors without shareholder approval. To enable the shareholders to consider the resolution proposed in Item 7, the following information is provided (also in compliance with ASX Listing Rule 10.13).

Proposed equity component of remuneration

As Managing Director of the Company, part of Mr Robert Kennett's remuneration package comprises an annual incentive of options or shares (in lieu of a cash bonus) depending on personal and Company performance against agreed key performance indicators (**KPIs**). The Board assesses performance against the KPIs after the end of each financial year and makes an offer of options based on that assessment.

For the 2014 remuneration review, the Directors propose to issue 102,880,658 options to acquire one new ordinary share each at an exercise price of A\$0.0185 each to Mr Kennett.. If approved, the options will be granted to Mr Kennett within a month of the date of the annual general meeting. The options will expire 10 years from the date of issue if not exercised prior to the expiration of that period.

Other information

Each option will be granted for no additional consideration. However, on exercise of each of them, the price of A\$0.0185 must be paid to be entitled to be issued one ordinary share in the capital of the Company.

The Company intends to use any funds raised towards its working capital requirements at that time.

Taxation

As far as the Company is aware, there are no adverse taxation consequences to the Company arising from the grant of the options.

Value of benefit

The options will not be listed on the ASX or AIM market and accordingly have no readily identifiable market value. Indicative valuations of the proposed grant of options to Mr Kennett have been determined, as set out in the table below. These valuations were calculated using a trinomial lattice option pricing model that takes into account the exercise price, the term of the option, the share price at valuation date, an expected price volatility range of the underlying share, the restrictions on exercise applied by the CFCL Securities Trading Policy, an allowance for expected early exercise, the expected dividend yield and the risk-free rate for the term of the option. The model inputs are shown in the table below.

The Company is required to expense the value of the options in the Income Statement over the vesting period – if approved, the full value of the options will be expensed immediately. Based on the indicative valuations, the approximate expense of the options to the Company is also described in the table below.

	102,880,658 Options
Parameter	Input
Consideration for grant of option	Nil
Option life (years)	10
Vesting period (years)	Nil
Exercise price	A\$0.0185 each
Share price at valuation date of 3 October 2014	A\$0.009
Expected price volatility range ¹	Initially 93.3% through to 30%
Share price multiple (of exercise price) at which early exercise expected	2.5
Expected dividend yield	Nil
Risk-free interest rate: range over option life	2.50% to 3.87%
Indicative valuation per option	A\$0.0045
Approximate P&L Expense	A\$462,963

¹. The term structure of price volatility is based on historic volatility and expected changes to future volatility.

Current remuneration

Mr Kennett's remuneration for the year to 30 June 2014 is shown below.

<i>Name</i>	<i>Cash salary & fees</i> \$	<i>Non-monetary benefits</i> \$	<i>Superannuation</i> \$	<i>Shares</i> \$	<i>Total</i> \$
R J Kennett	472,478	14,531	73,600	-	560,609

More details of Mr Kennett's remuneration are set out in the Directors' Report, as released to the ASX on 26 September 2014, and also available at www.cfcl.com.au.

Capital Structure

As at 6 October 2014, the Company had on issue 2,549,217,432 fully paid ordinary shares and 33,030,650 unlisted options. If all options proposed to be granted to Robert Kennett are granted, the number of options would increase by 102,880,658 to 135,911,308.

Until exercised the grant of the options will not impact on the number of ordinary shares on issue in the Company. If all options proposed to be granted to Mr Kennett are granted and then exercised, an additional 102,880,658 ordinary shares would be issued representing approximately 3.9% of all ordinary shares. Mr Kennett currently holds 360,000 ordinary shares in the Company, and currently holds no options to subscribe for new shares in the Company.

If all options proposed to be granted to Mr Kennett are granted, the number of options he would hold would increase to 102,880,658. If Mr Kennett exercised all such options, he would hold 103,240,658 ordinary shares in the Company, representing approximately 3.9% of the Company's issued share capital (assuming no further ordinary shares are issued).

The Company is not making, and does not propose to make, a loan to Mr Kennett to assist him in acquiring securities in connection with the resolution proposed in this Item 7.

The directors (except for Mr Robert Kennett, Dr Karl Föger and Mr Clifford Ashby) recommend that shareholders vote in favour of the proposed resolution set out in Item 7. The Chairman intends to direct the votes of undirected proxies in favour of the proposed resolution set out in Item 7.

Item 8: Grant of options to Mr Alasdair Locke

Regulatory background

As mentioned above, under ASX Listing Rule 10.11, the Company cannot issue securities to directors or their associates without shareholder approval. To enable the shareholders to consider the resolution proposed in Item 8, the following information is provided (also in compliance with ASX Listing Rule 10.13).

Proposed equity component of remuneration

For the 2014 remuneration review, the Directors propose to issue 27,160,493 options to acquire one new ordinary share each at an exercise price of A\$0.0185 each to Mr Locke. If approved, the options will be issued to Mr Locke within a month of the date of the annual general meeting. The options will expire 10 years from the date of issue if not exercised prior to the expiration of that period.

Other information

Each option will be granted for no additional consideration. However, on exercise of each of them, the price of A\$0.0185 must be paid to be entitled to be issued one ordinary share in the capital of the Company.

The Company intends to use any funds raised towards its working capital requirements at that time.

Taxation

As far as the Company is aware, there are no adverse taxation consequences to the Company arising from the issue of the options.

Value of benefit

The options will not be listed on the ASX or AIM market and accordingly have no readily identifiable market value. Indicative valuations of the proposed grant of options to Mr Locke have been determined, as set out in the table below. These valuations were calculated using a trinomial lattice option pricing model that takes into account the exercise price, the term of the option, the share price at valuation date, an expected price volatility range of the underlying share, the restrictions on exercise applied by the CFCL Securities Trading Policy, an allowance for expected early exercise, the expected dividend yield and the risk-free rate for the term of the option. The model inputs are shown in the table below.

The Company is required to expense the value of the options in the Income Statement over the vesting period – if approved, the full value of the options will be expensed immediately. Based on the indicative valuations, the approximate expense of the options to the Company is also described in the table below.

	27,160,493 Options
Parameter	Input
Consideration for grant of option	Nil
Option life (years)	10
Vesting period (years)	Nil
Exercise price	A\$0.0185 each
Share price at valuation date of 3 October 2014	A\$0.009
Expected price volatility range ¹	Initially 93.3% through to 30%
Share price multiple (of exercise price) at which early exercise expected	2.5
Expected dividend yield	Nil
Risk-free interest rate: range over option life	2.50% to 3.87%
Indicative valuation per option	A\$0.0045
Approximate P&L Expense	A\$122,222

¹. The term structure of price volatility is based on historic volatility and expected changes to future volatility.

Current remuneration

Mr Locke's remuneration for the year to 30 June 2014 is shown below.

<i>Name</i>	<i>Cash salary & fees</i> \$	<i>Non-monetary benefits</i> \$	<i>Superannuation</i> \$	<i>Shares</i> \$	<i>Total</i> \$
A Locke	119,044	-	-	-	119,044

More details of Mr Locke's remuneration are set out in the Directors' Report, as released to the ASX on 26 September 2014, and also available at www.cfcl.com.au.

Capital Structure

As at 6 October 2014, the Company had on issue 2,549,217,432 fully paid ordinary shares and 33,030,650 unlisted options. If all options proposed to be granted to Alasdair Locke are granted, the number of options would increase by 27,160,493 to 60,191,143.

Until exercised the grant of the options will not impact on the number of ordinary shares on issue in the Company. If all options proposed to be granted to Mr Locke are granted and then exercised, an additional 27,160,493 ordinary shares would be issued representing approximately 1.1% of all ordinary shares. Mr Locke currently holds 283,258,782 ordinary shares in the Company, and currently holds no options to subscribe for new shares in the Company.

If all options proposed to be granted to Mr Locke are granted, the number of options he would hold would increase to 27,160,493. If Mr Locke exercised all such options, he would hold 310,419,275 ordinary shares in the Company, representing 12.0% of the Company's issued share capital (assuming no further ordinary shares are issued).

The Company is not making, and does not propose to make, a loan to Mr Locke to assist him in acquiring securities in connection with the resolution proposed in this Item 8.

The directors (except for Mr Alasdair Locke, Dr Karl Föger and Mr Clifford Ashby) recommend that shareholders vote in favour of the proposed resolution set out in Item 8. The Chairman intends to direct the votes of undirected proxies in favour of the proposed resolution set out in Item 8.