

Tuesday 24 July 2012

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

### **Fundraising for working capital and to maintain growth**

**Rights Issue to raise up to AUD 13.8 million at six cents per share**

**Overseas Offer to raise up to GBP 2 million at four pence per share**

Ceramic Fuel Cells Limited (AIM / ASX: CFU) a leading developer of small generators that use fuel cell technology to convert natural gas into electricity and heat for homes and other buildings, has launched a rights issue and overseas offer to existing investors to raise further working capital.

The Rights Issue is a non-renounceable 1-for-4 offer which seeks to raise up to AUD 13.8 million at an issue price of six cents per share. The Overseas Offer seeks to raise up to approximately GBP 2 million (being the pounds sterling equivalent of EUR 2.5 million) at an issue price of four pence per share. Eligible shareholders will receive either a Rights Issue prospectus or an Overseas Offer circular, as applicable, in due course. More details about the offers are set out below.

The funds raised will provide the Company with additional working capital required to continue to fund its operations and will assist the Company to increase volume production of its products.

The Company has increased its order book and revenue strongly over FY12. Revenue for FY12 is expected to be approximately AUD 6.7m (GBP 4.4m), an increase of 82 percent on FY11 revenue. In total CFCL has received orders for 639 units, a 108 percent increase from the order book as at 30 June 2011.

The Company has today also released its cashflow report for the June quarter via RNS and the Company's website, [www.cfcl.com.au](http://www.cfcl.com.au).

The issue of the shares under the Rights Issue and Overseas Offer will not require shareholder approval to disapply preemption rights.

#### **Further details:**

##### **The Rights Issue**

- The Rights Issue is a 1 for 4 non-renounceable rights issue offer to existing shareholders in Australia and New Zealand to subscribe for up to 229,870,625 new Ordinary Shares at six cents per share to raise a maximum of AUD 13.8 million (approximately GBP 9 million).
- Participants in the Rights Issue will also be entitled to apply for additional Ordinary Shares to take up any shortfall created by other participants in the Rights Issue not taking up their full entitlements. The Board of CFCL also reserves the right to issue shares to third parties in the event of a shortfall.
- The Rights Issue is not underwritten and the entitlement to participate in the Rights Issue cannot be sold.
- A prospectus for the Rights Issue is expected to be lodged with ASIC and ASX today. The prospectus and application form for the Rights Issue will be sent to eligible shareholders in Australia and New Zealand on approximately 3 August and will also be available at [www.cfcl.com.au](http://www.cfcl.com.au).

- The Record Date for participation in the Rights Issue is Wednesday 1 August 2012.
- Eligible participants should consider the prospectus in deciding whether to acquire the applicable shares and will need to complete the application form that accompanies that document.

### **The Overseas Offer**

- A circular and application form relating to the Overseas Offer will be sent to existing Shareholders with registered addresses in the United Kingdom and certain other jurisdictions into which the Company may lawfully extend the offer without the publication of a prospectus. Those shareholders entered on the register at 18:00 (London time) on Monday 23 July 2012 (the "Record Date") will be entitled to participate in the Overseas Offer.
- Such qualifying shareholders will be able to apply for any number of new Ordinary Shares at four pence per new Ordinary Share but, if the aggregate amount raised under the Overseas Offer exceeds the pounds sterling equivalent of EUR 2.5 million, shareholders will be scaled back at the directors' discretion.
- The circular and application form are expected to be mailed to all qualifying shareholders on or about 25 July 2012.
- The Overseas Offer will not be underwritten and the entitlement to participate in the Overseas Offer cannot be sold. The Overseas Offer will be subject to Admission occurring.

### **Background**

The purpose of the Rights Issue and the Overseas Offer is to raise further working capital to continue to fund the Company's operations and to assist the Company to increase volume production of its products.

In parallel, the Company is pursuing several other funding options to strengthen its balance sheet, allowing it to continue to expand production capacity, drive down manufacturing costs and increase sales towards achieving a cashflow positive position.

CFCL has commercialised its fuel cell technology into highly efficient electricity generation products and is selling these products directly to customers and via distribution partners. Our BlueGen® product provides electricity and heat for hot water for homes and other buildings. Our core Gennex™ fuel cell module is also being integrated by our development partners into mCHP products which include a boiler for additional space heating.

Over the last year we have significantly increased sales and revenue.

We have now received cumulative orders for more than 600 units, an increase of more than 100 percent on the order book as at June 2011. We are now converting these orders into revenue and cashflow, with sales of 169 units booked to revenue in FY12. This has increased revenue from AUD 3.6 million in FY11 to approximately AUD 6.7 million in FY12, an increase of 82 percent.

Our products convert natural gas into electricity at up to 60 percent electrical efficiency, with up to an additional 25 percent of energy being recovered as heat. The Directors believe this electrical efficiency is higher than any other technology in the rapidly expanding market for small scale power and heating products.

We are currently adopting a focused strategy to get to a cashflow positive position as soon as possible. This focus is necessary and appropriate given the Company's resources. In the longer term there are many other opportunities to generate value from the Company's technology, either with the appropriate resources ourselves, or with new development partners. We believe there is a very large global market for the Company's products.

