



Manager of Company Announcements
ASX Limited
Level 6
20 Bridge Street
SYDNEY NSW 2000

26 November 2014

Issue of shares and grant of options

Ceramic Fuel Cells Limited (ASX: CFU) ("**Company**") announces that it has issued a total of 196,672,080 new fully paid ordinary shares of no par value at 0.90 cents per share in the Company ("**New Shares**"). These shares were issued following the Company's renounceable pro-rata entitlement offer announced on 29 September 2014 ("**Rights Issue**"), which closed on 19 November 2014.

The Company also granted one option to subscribe for a new fully paid ordinary share in the Company for every two New Shares issued, which options shall be exercisable on or before 30 October 2015 at an exercise price of 1.1 cents each ("**Options**"). The Company announces that it granted 98,335,832 Options in connection with the Rights Issue.

The net proceeds of the Rights Issue will be used as further working capital in order to:

- fund existing operations of the Company;
- increase its sales and marketing spend in order to increase sales, particularly with regards to projects such as the recently announced iPower project in the UK;
- permit further value engineering to continue one of the key Company objectives which is to drive down manufacturing costs; and
- fund continuation of its research and product development programmes as outlined in the prospectus dated 29 September 2014. Positive technical progress with regards to lowering degradation rates was announced in June 2014 and as announced at the Annual General Meeting, encouraging progress is being made with regards to the improved robustness of the stack to thermal and power cycling.

The Board has taken into consideration a number of matters including the level of subscriptions received under this Rights Issue and the positive sales momentum just announced following the signing of the contract with iPower for the delivery of the first stage of a social housing program involving a 100kW fleet of BlueGEN unit's.

The Company has resolved to proceed with the allotment of securities to successful applicants to enable it to continue to deliver the strategies previously outlined by the Company, most recently at the Annual General Meeting held last week.

The Company has applied for the quotation of the New Shares and Options on ASX and it is expected that dealings in the New Shares and Options on ASX will commence on 27 November 2014. The Company has also made application for the admission of the New Shares to trading on AIM. It is expected that admission to AIM will commence at 8:00 a.m. on 2 December 2014.

The New Shares will rank *pari passu* in all respects with the other ordinary shares currently in issue.

Following admission of the New Shares, the number of ordinary shares with voting rights in the Company is now 2,800,354,869. This figure may be used by shareholders as the denominator for the calculations by which they will determine if they are required to notify their interest in, or a change to their interest in, their shareholding in the Company.

Yours sincerely

Mr Alasdair Locke
Chairman, Ceramic Fuel Cells Limited

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