

## Press Release

16 May 2007

**Ceres Power Holdings plc**  
(‘Ceres’, ‘Ceres Power’ or the ‘Company’)

### **Ceres secures regional development agency funding for fuel cell manufacturing process development**

Ceres Power, the AIM-quoted fuel cell group, today announces that it has been successful in securing a £0.5 million Exceptional Development grant from SEEDA, the South East England Development Agency. SEEDA has awarded Ceres this grant through a national DTI programme, to assist with the advance of new technology that is strategically important to the UK.

The grant will be used towards the development and commissioning of fuel cell manufacturing machinery and processes in Ceres Power’s Product Facility which is on track to begin this summer. The Product Facility will enable Ceres to validate key fuel cell manufacturing processes prior to the Company’s planned investment in a mass manufacturing plant (the “Mother Plant”) in 2008.

The Company’s strategy is to reduce risks en route to mass production, simultaneously with its product development programme. Through this concurrent approach, trials of the Company’s CHP products benefit from incorporating fuel cells manufactured using commercially viable scalable processes.

Over the past two years, Ceres has successfully recruited key employees to manage its manufacturing, engineering, procurement and quality functions to ensure a smooth transition to the automated manufacture of its fuel cell technology in preparation for mass production.

Peter Bance, CEO of Ceres Power, comments:

“We are delighted to be awarded this valuable grant to help us de-risk the mass manufacture of our fuel cells prior to investment in the Mother Plant in 2008. The Product Facility will help us to develop the capability to deliver cost effective, high quality end-products for what we anticipate could be very high market demand.”

Jeff Alexander, Executive Director Global Competitiveness at SEEDA, comments:

“This commitment illustrates how the South East of England has positioned itself for the high-growth, leading-edge technology, alternative energy sector. We are pleased to be able to support a world-class business like Ceres Power whose unique technology has the potential to address the long-term issues of energy savings, emissions reductions and fuel poverty in both private and public sector housing.”

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## About SEEDA

**The South East England Development Agency (SEEDA)** is the Government funded Agency responsible for the sustainable economic development and regeneration of the South East of England – the driving force of the UK's economy. Our aim is to create a prosperous, dynamic and inspirational region by helping businesses compete more effectively, training a highly skilled workforce, supporting and enabling our communities while safeguarding our natural resources and cherishing our rich cultural heritage.

### **The Regional Economic Strategy (RES) for South East England 2006 -2016: a world class region achieving sustainable prosperity.**

The RES has three headline targets. Progress towards all three of these will provide evidence of overall progress against the vision:

**Global Competitiveness:** Achieving an average annual increase in GVA (Gross Value Added) per capita of at least 3%.

**Smart Growth:** Increasing productivity per worker by an average 2.4% annually, from £39,000 in 2005 to at least £50,000 by 2016 (in constant prices).

**Sustainable Prosperity:** Reducing the rate of increase in the region's ecological footprint (from 6.3 global hectares per capita in 2003, currently increasing at 1.1% per capita per annum), stabilizing it and seeking to reduce it by 2016.

## About Ceres Power

Ceres is a successful AIM-listed fuel cell business developing a range of global market applications including residential combined heat and power, on-site / back-up generators and auxiliary power units for transport. The technology is based on commercially available materials for low cost manufacture and unlike many fuel cells, the Ceres cell operates on widely available fuels like natural gas and LPG, as well as on hydrogen.

Ceres has developed a new generation of Solid Oxide Fuel Cell (SOFC) technology which operates in the temperature range of 500-600° centigrade. This is substantially lower than the temperatures at which conventional SOFC materials operate, typically 800-1000° centigrade for YSZ (Yttria Stabilised Zirconia).

The inherently lower operating temperature of the Ceres CGO based SOFC technology enables thin ceramic layers to be supported by metal substrates, which, in turn, provides the basis of cell and stack designs manufactured from commercially available grades of stainless steel, providing excellent sealing integrity, mechanical robustness, and thermal shock resistance.

Fuel and air are supplied to a stack of fuel cell layers to produce electricity and heat via a solid state electrochemical process, similar to a battery. Unlike combustion in an engine or with a burner, this solid state process is highly efficient, environmentally friendly, and quiet.

The uniqueness of the Ceres metal supported SOFC technology and its operating temperature range provide the basis for a range of attractive commercial applications in terms of: fuel efficiency, with associated economic savings and reduction in carbon emissions; heat-to-power ratio ideally suited for domestic CHP applications and well matched to seasonal variations in electrical and heat demand; the ability to operate on a range of commercially available fuels including natural gas and LPG; low temperature

of operation enabling use of commercially available materials resulting in reduced product costs.

In conjunction with the Ceres stack programme, the Company has been developing the non-fuel cell elements within the complete product, known as the balance of plant ("BOP"), as part of its systems integration activities aimed at delivering products for specific customers. Because of the unique attributes of the technology, Ceres has been able to dramatically reduce the time and cost of BOP development and systems integration by utilising mature component supply chains and ordinary, low cost materials. Unlike other fuel cell designs which operate at more extreme temperatures, time-consuming and expensive bespoke solutions for BOP components are not required.