

## Press Release

### **Ceres Power takes another step towards mass production with new contract**

**12 December 2005:** Ceres Power, the AIM-quoted fuel cell group, has won a new contract that will accelerate its mass-manufacturing capability and enable it to meet the rapid growth in demand expected from its target markets.

Ceres has been awarded a £0.5 million contract by The Carbon Trust to assist development of mass production processes for its fuel cells ahead of their anticipated arrival in home and industrial products. The company is already running a test-bed production facility at its Crawley headquarters near Gatwick Airport.

Ceres Chief Executive Peter Bance said: "We are currently working with British Gas and BOC to develop marketable products based on our breakthrough technology. This new contract will help move our volume manufacturing strategy forward so that we can meet predicted market demand to the highest quality and reliability standards at the lowest possible cost."

Ceres is partnering with British Gas to incorporate its fuel cells in domestic boilers that will produce both heat and electricity. A similar programme is under way with BOC to develop fuel cell products using bottled gas for applications where connection to the grid is unfeasible or uneconomic.

Unlike many fuel cells that can operate only on pure hydrogen, the patented Ceres technology can also operate on readily available fuels like natural gas and propane. The technology is not dependent on the widespread development of a hydrogen economy, but will work effectively when this comes about.

The fuel cells can be manufactured inexpensively using low-cost materials and established mass-production techniques, and will help to reduce both energy consumption and greenhouse gas emissions.

#### **For further information contact:**

Peter Bance, Chief Executive, Ceres Power:	+44 (0) 1293 400 404
Allan Piper: First City Financial Public Relations:	+44 (0) 20 7436 7486
	+44 (0) 7736 064 982

## **How a fuel cell works**

A fuel cell operates by electrochemically combining gas -- such as LPG, propane, natural gas or hydrogen -- with oxygen taken from the air outside. While fuel cells are more like engines than batteries, to the extent that they generate energy from fuel in a tank rather than store energy, their design and construction is more akin to batteries with their flat electrolyte layers sandwiched between electrodes.

Fuel cells are solid state devices that convert fuel directly into electricity and heat at very high efficiency and in an environmentally friendly way, offering significant energy savings and emissions reductions.

## **About Ceres Power**

Ceres is a successful AIM-listed fuel cell business targeting a range of global market applications including on-site/back-up generators, residential combined heat and power, and auxiliary power units for transport. Critically, the technology uses low-cost materials and existing mass-production techniques. And unlike many fuel cells, the Ceres cell can run on widely available fuels like LPG, propane and natural gas as well as on hydrogen.

The company received major recognition for its green credentials when it became the 2003 winner of the prestigious Carbon Trust Innovation Award. More recently, Ceres secured the industry's top accolade by winning the Institute of Materials, Minerals and Mining's Gold Medal for 2005.

Since its formation in 2001, Ceres Power has raised over £25 million of funding through two rounds of private equity and its AIM IPO in November 2004. The company has many blue chip City institutions as financial backers including Fidelity, Morley, Cazenove, and Jupiter.