Press Release

Second BOC contract moves Ceres fuel cell closer to market

September 5, 2005: BOC, the global industrial gases giant, is moving another step forward with Ceres Power on fuel cell technology that generates electricity from a range of cylinder gases.

Following an initial programme started last September and now successfully completed, BOC and Ceres have entered into a second agreement to carry out pre-commercial testing and development work.

Ceres Chief Executive Peter Bance said: "This important follow-up contract underscores how Ceres is progressing rapidly towards a commercial product with its world-beating fuel cell. We have moved beyond research and development and have established strong links with global partners who have excellent channels into a range of market sectors."

The original trials run for BOC assessed how fuels like LPG and propane could be used to produce electricity when it passes across the surface of the Ceres fuel cell. The fuel cell could be used to provide silent, reliable power and useable heat for a range of off-grid applications from construction sites to telecoms base stations. The two companies will move beyond the initial fuel processing trials already completed, to explore specific market applications in preparation for the launch of a commercial product.

BOC Global Director Sustainable Energy, John Carolin added: "This second-phase contract with Ceres follows on from our original technical feasibility trials which were successfully completed and showed real promise. The potential markets we have identified represent significant growth opportunities for our business around the world."

AIM-quoted Ceres, based in Crawley near Gatwick, is also working with British Gas to develop its fuel cell for use in people's homes. It will run off natural gas to produce both heat and electricity, cutting domestic energy bills and reducing greenhouse gas emissions.

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Background follows:

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.

About BOC

The BOC Group, the world-wide industrial gases, vacuum technologies and distribution services company, serves two million customers in more than 50 countries. It employs some 30,000 people and had annual sales of over £4.6 billion in 2004. Further information about the BOC Group may be obtained on the internet at www.boc.com.

BOC's sustainable energy team develops and seeks to commercialise the industrial gases applications essential to fuel cell technology. Fuel cell technology is key to the long-term development of alternative energy resources, road transport and protection of the environment and as such, BOC has become associated with a number of important trials working with customers in these sectors.