

Form 604
Corporations Act 2001
Section 671B

Notice of change of interest of substantial holder

To: Company Name/
Scheme **Ceramic Fuel Cells Limited**

ACN/ARSN 055 736 671

1. Details of substantial holder(1)

Name Mr Alasdair Locke

ACN/ARSN (if applicable) n/a

There was a change in the interests of the substantial holder on 29/04/2014

The previous notice was given to the company on 28/10/2013

The previous notice was dated 28/10/2013

2. Previous and present voting power

The total number of votes attached to all the voting shares in the company or voting interests in the scheme that the substantial holder or an associate (2) had a relevant interest (3) in when last required, and when now required, to give a substantial holding notice to the company or scheme, are as follows:

Class of securities (4)	Previous notice		Present notice	
	Person's votes	Voting power (5)	Person's votes	Voting power (5)
Ordinary shares	83,258,782	83,258,782	283,258,782	283,258,782

3. Changes in relevant interests

Particulars of each change in, or change in the nature of, relevant interests of the substantial shareholder or an associate in voting securities of the company or scheme, since the substantial holder was last required to give a substantial holding notice to the company or scheme are as follows:

Date of change	Person whose relevant interest changed	Nature of change (6)	Consideration given in relation to change (7)	Class and number of securities affected	Person's votes affected
29/04/2014	Mr Alasdair Locke	Placement	GBP 1,000,000.00	200,000,000 Ordinary shares	200,000,000
(refer also to attached Annexure A)					

4. Present relevant interests

Particulars of each relevant interest of the substantial holder in voting securities after the change are as follows:

Holder of relevant interest	Registered holder of securities	Person entitled to be registered as holder (8)	Nature of relevant interest (6)	Class and number of securities	Person's votes
Mr Alasdair Locke	Mr Alasdair Locke	Mr Alasdair Locke	Ordinary shareholder	283,258,782 Ordinary shares	283,258,782

5. Changes in association

The persons who have become associates (2) of, ceased to be associates of, or have changed the nature of their association (9) with, the substantial holder in relation to voting interests in the company or scheme are as follows:

Name and ACN (if applicable)	Nature of association
n/a	n/a


6. Addresses

The addresses of the person named in this form are as follows:

Name	Address
Mr Alasdair Locke	C/- Ceramic Fuel Cells Limited, 170 Browns Road, Noble Park, Victoria, Australia

Signature

print name Alasdair Locke capacity _____

sign here  date 2 May 2014

DIRECTIONS

- (1) If there are a number of substantial holders with similar or related relevant interests (eg. a corporation and its related corporations, or the manager and trustee of an equity trust), the names could be included in an annexure to the form. If the relevant interests of a group of persons are essentially similar, they may be referred to throughout the form as a specifically named group if the membership of each group, with the names and addresses of members is clearly set out in paragraph 6 of the form.
- (2) See the definition of "associate" in section 9 of the Corporations Act 2001.
- (3) See the definition of "relevant interest" in section 608 and 671B(7) of the Corporations Act 2001.
- (4) The voting shares of a company constitute one class unless divided into separate classes.
- (5) The person's votes divided by the total votes in the body corporate or scheme multiplied by 100.
- (6) Include details of:
 - (a) any relevant agreement or other circumstances because of which the change in relevant interest occurred. If subsection 671B(4) applies, a copy of any document setting out the terms of any relevant agreement, and a statement by the person giving full and accurate details of any contract, scheme or arrangement, must accompany this form, together with a written statement certifying this contract, scheme or arrangement; and
 - (b) any qualification of the power of a person to exercise, control the exercise of, or influence the exercise of, the voting powers or disposal of the securities to which the relevant interest relates (indicating clearly the particular securities to which the qualification applies).
- See the definition of "relevant agreement" in section 9 of the Corporations Act 2001.
- (7) Details of the consideration must include any and all benefits, money and other, that any person from whom a relevant interest was acquired has, or may, become entitled to receive in relation to that acquisition. Details must be included even if the benefit is conditional on the happening or not of a contingency. Details must be included of any benefit paid on behalf of the substantial holder or its association in relation to the acquisitions, even if they are not paid directly to the person from whom the relevant interest was acquired.
- (8) If the substantial holder is unable to determine the identity of the person (eg, if the relevant interest arises because of an option) write "unknown".
- (9) Give details, if appropriate, of the present association and any change in that associate since the last substantial holding notice.



21 March 2014

Strictly Private and Confidential

Alasdair Locke

By E-mail:

alasdair.locke@glenrinnnes.com

Arden Partners plc
Highfield Road
Edgbaston
Birmingham B15 3DU

Tel: 0121 423 8900
Fax: 0121 423 8901

www.arden-partners.co.uk

Placing Participation

Ref: **CFU/LOK**

Placing Price: 0.5p

Number of Placing Shares: **200,000,000**

Total payable at the Placing Price: **£1,000,000.00**

Dear Sir,

**Ceramic Fuel Cells Limited ("the Company")
Placing of 672,000,000 ordinary shares ("Placing")
at 0.5p per share ("Placing Price")**

We refer to our recent telephone conversation and write to confirm the terms on which you have agreed to acquire the total number of Placing Shares set out in the box above at the Placing Price free of all expenses including commission, stamp duty and stamp duty reserve tax (your "**Placing Participation**"). We enclose a copy of the announcement (the "**Announcement**"), which we anticipate will be released on **24 March 2014** which sets out further details of the Placing.

Terms defined in the Announcement shall, save where the context requires otherwise, have the same meanings in this letter. Please note that the information in this letter and the Announcement has yet to be announced or otherwise made public and as such constitutes relevant information for the purposes of section 118 of the Financial Services and Markets Act 2000 and non-public price sensitive information for the purposes of the Criminal Justice Act 1993. You should not therefore disclose the content of this letter to any third party, other than your advisers, without first obtaining our written consent. You should not therefore deal in any way in the securities of the Company until after the formal release of the Announcement as to do so may result in civil and/or criminal liability.

We are intending to enter into an agreement ("**Placing Agreement**") with the Company pursuant to which we will agree, as agent for the Company, to use reasonable endeavours to procure subscribers for the Placing Shares.

It is expected that the Placing Shares will be admitted to trading on AIM on 29 April 2014 ("**Admission**") and to trading on the Australian Stock Exchange ("**ASX**") on 29 April 2014. The Placing Shares will be issued to you fully paid and, following Admission, will rank *pari passu* in all respects with the other fully paid ordinary shares of the Company then in issue, including the right to receive any dividend made, paid or declared thereafter. The Placing Shares will be issued free from encumbrance, lien, third party right or security interest. You will not be entitled to any commission in respect of your Placing Participation.

London ◆ **Birmingham** ◆ **Bristol**

Arden Partners plc is regulated by The Financial Conduct Authority and is a member of the London Stock Exchange. Registered in the UK Number 4427253
Registered Office: Arden House, Highfield Road, Edgbaston, Birmingham B15 3DU

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Your Placing Participation is conditional on us entering into the Placing Agreement and our obligations under the Placing Agreement having become wholly unconditional (including the Placing Agreement not having been terminated prior to Admission) on or before 29 April 2014 (or such later time and date as we may agree with the Company being not later than 14 May 2014). We may terminate the Placing Agreement at any time before Admission in our absolute discretion in certain circumstances. If such right is exercised, the Placing will lapse and our rights and obligations in relation to your Placing Participation shall cease and terminate at such time, any monies received from you shall be repaid to you as soon as practicable and no claims may be made by you in respect thereof.

We should be grateful if you would complete and return the enclosed Form of Acceptance to us by fax, marked for the attention of Marcus Gehling on 0121 423 8945 or by email to marcus.gehling@arden-partners.com, as soon as possible but in any event by not later than 4:30pm 21 March 2014.

By signing and returning the enclosed Form of Acceptance, you irrevocably confirm your agreement with us and the Company on the terms and subject to the conditions set out in this letter (including the appendices) and subject to the terms of the Placing Agreement (when entered into) to subscribe for your Placing Participation and to comply fully with your obligations under this letter. **This placing letter and the Form of Acceptance are legally binding and your rights and obligations hereunder will not be capable of termination or rescission, save in the event of fraud.**

Please refer to Appendix 1 for details of the warranties you are giving in signing the Form of Acceptance. Please refer to Appendix 2 for detailed information regarding settlement procedures.

If your Placing Shares are to be delivered to a custodian or settlement agent, please ensure that a copy of this letter (including the appendices and the attached Form of Acceptance) is delivered immediately to the relevant person within that organisation.

This letter is sent to you in the course of the provision to the Company by Arden Partners plc (“**Arden**”) of services comprising regulated activities within the meaning of the rules of the Financial Conduct Authority (“**FCA**”), by whom Arden is authorised to carry on regulated activities as required by FSMA. If you have any queries regarding the Placing or the contents of this letter please contact Marcus Gehling at Arden Partners plc on 0121 423 8931.

All times and dates in this letter may be subject to amendment. We shall notify you of any changes.

This letter (including the appendices and the attached Form of Acceptance) is governed by and construed in accordance with English law and subject to the jurisdiction of the courts of England and Wales.

Yours faithfully



Steve Douglas
Director, Corporate Finance

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APPENDIX 1
WARRANTIES

You understand, confirm and accept that:

- (a) the issue of Placing Shares to you (whether as principal, agent or nominee) will not be subject to stamp duty or stamp duty reserve tax at the increased rates referred to in sections 67 or 93 (Depository Receipts) or sections 70 or 96 (Clearance Services) of the Finance Act 1986;
- (b) the Placing Shares will be issued subject to the terms and conditions of this letter; and
- (c) we are entitled to exercise or refrain from exercising any of our rights under the Placing Agreement (including the right of termination) in our absolute discretion.

Stamp duty or stamp duty reserve tax may be chargeable and neither Arden Partners plc ("Arden") nor the Company will be responsible for any resulting liability to stamp duty or stamp duty reserve tax, which shall be for you to account and in respect of which you hereby agree to indemnify, and keep indemnified, Arden and the Company.

The person named for registration purposes in your Form of Acceptance (which terms shall include the holder of the relevant CREST account) must be: (i) the person procured by you to subscribe for Placing Shares from the Company; or (ii) yourselves; or (iii) a nominee or a settlement agent of any such person or yourselves, as the case may be.

By signing and returning the Form of Acceptance you irrevocably confirm, represent, warrant and undertake to us (on our own behalf and as agent of the Company) that:

- (a) you and/or each person on whose behalf you are participating (in whole or in part) in the Placing or to whom you allocate your Placing Shares in whole or in part:
 - (i) has the capacity and authority and is entitled to enter into and perform your/its obligations as a subscriber of Placing Shares and will honour such obligations; and
 - (ii) will have the funds available to pay the full amount for the Placing Shares;
- (b) you will make payment for the Placing Shares allocated to you in accordance with this letter on the due time and date set out herein failing which the relevant Placing Shares may be placed with other subscribers as Arden may in its absolute discretion determine without liability to you;
- (c) you are a person falling within one or more of the categories of persons set out in Article 19(5) and/or Article 49 of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Financial Promotion Order") and you acknowledge and agree that this document is not being made available to persons other than those falling within paragraph 19(5) and/or Article 49 of the Financial Promotion Order and you further acknowledge and agree that you are not authorised to pass this letter to any other person;
- (d) you are a "professional client" or an "eligible counterparty" within the meaning of Chapter 3 of the Conduct of Business Sourcebook of the Financial Conduct Authority (the "FCA") and you are subscribing for the Placing Shares (which form your Placing Participation) for investment only and not with a view to resale or distribution;
- (e) you are a qualified investor for the purposes of section 86(1) of FSMA who is subscribing for the Placing Shares as principal and not on behalf of others;
- (f) if a company, you are a valid and subsisting company and have all necessary corporate capacity and authority to execute your obligations in connection with the Placing Participation;
- (g) if an individual, you have the power and authority to enter into the Form of Acceptance and have taken all action necessary to execute, deliver and exercise your rights and to perform your obligations under this placing letter and in the Form of Acceptance and such exercise and performance does not and will not result in a breach of any obligation by which you are bound;

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- (h) you do not expect us to have any duties or responsibilities towards you for providing protections afforded to our clients under the rules set out in The Financial Conduct Authority Handbook (the "FCA Handbook") or under the regulatory system (as defined in the Glossary to the FCA Handbook) (the "Rules") or advising you with regard to the Placing Shares and that you are not a customer of Arden as defined by the Rules. You agree that any payment by you will not be treated as client money governed by the Rules;
- (i) you are not a person who is resident in, or a citizen of, the United States or Japan, Canada, Republic of Ireland or the Republic of South Africa (each one an "Excluded Territory") (or an agent or nominee of such a person) or a corporation, partnership or other entity organised under the laws of any such jurisdiction (or an agent or nominee of such a person);
- (j) you are a person whose ordinary activities involve you in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of your business or that you will acquire, hold, manage and dispose of Placing Shares to be subscribed for by you for the purposes of your business;
- (k) you have: (i) conducted your own investigation with respect to the Company and the Placing Shares; (ii) received all information that you believe is necessary or appropriate in connection with your purchase of the Placing Shares; (iii) carefully reviewed and considered all information made available to you and made your own assessment and have satisfied yourselves concerning the relevant tax, legal, currency and other economic considerations relevant to your investment in the Placing Shares and (iv) such knowledge and experience in financial and business matters that you are capable of evaluating the merits and risks of your investment in the Placing Shares;
- (l) you and any accounts (as to which you have full investment discretion) for which you are acting: (i) have the ability to bear the economic risk of your investment in the Placing Shares; (ii) have adequate means of providing for your current and contingent needs; (iii) have no need for liquidity with respect to your investment in the Placing Shares and (iv) are at the present time and will be in the foreseeable future able to sustain a complete loss of your investment in the Placing Shares;
- (m) if you acquiring the Placing Shares on account of one or more persons, you have full power to make these acknowledgements, representations, warranties and agreements on behalf of such person and you will take reasonable steps to ensure that each such person will comply with its obligations as set out in this letter and the Placing Agreement;
- (n) in agreeing to subscribe for Placing Shares you have not relied on and you are not relying on any information, representation or warranty relating to the Placing, Placing Shares or the Company other than publicly available information and you have not relied on and you are not relying on any representation or warranty or agreement by Arden or the Company or any of their respective directors, employees, partners, agents or advisers or any other person except as set out in the express terms of this letter and accordingly none of Arden or the Company or any of their directors and/or employees and/or any person(s) acting on behalf of any of them shall have any liability for any information, representations or warranty except in the case of fraud;
- (o) you and any person acting on your behalf acknowledge that Arden does not owe any fiduciary or other duty to you in respect of any representations, warranties, undertakings, or indemnities in the Placing Agreement and agree to indemnify and hold harmless the Company, Arden and their respective affiliates from any and all costs, claims, liabilities and expenses arising out of or in connection with any breach of the provisions of this placing letter;
- (p) in accepting your Placing Participation you are acting either as principal or a professional client (as defined by the FCA) and for no other person and that your acceptance of your Placing Participation will not give any other person a contractual right to require the issue by the Company of any of the Placing Shares;
- (q) you irrevocably confirm Arden's discretion with regard to the Placing Agreement and agree that Arden does not owe you any fiduciary duties in respect of any claim you may have relating to the Placing;
- (r) you acknowledge and agree that the Placing Shares have not been and will not be registered under the United States Securities Act of 1933 (the "US Securities Act"), as amended or under the securities laws of any State of the United States, that the relevant clearances have not been and will not be obtained from the Securities Commission of any province of Canada and that the Placing Shares have not been and will not be registered under the securities laws of an Excluded Territory and, therefore, the Placing

Shares may not be, subject to certain exceptions, directly or indirectly, offered or sold in the United States or an Excluded Territory;

- (s) you confirm you are not a "US person" (as defined in Regulation S promulgated under the US Securities Act);
- (t) you have not purchased the Placing Shares as a result of any "directed selling efforts" within the meaning of Regulation S promulgated under the US Securities Act;
- (u) you acknowledge and agree that neither you nor any affiliate, nor any person acting on your or any affiliate's behalf, has or will offer, sell, take up, renounce, transfer or deliver directly or indirectly any Placing Shares within the United States of America ("United States") or an Excluded Territory or offer, sell, take up, renounce, transfer or deliver in favour of a resident of the United States or an Excluded Territory;
- (v) you have not offered or sold and will not offer or sell any Placing Shares in the United Kingdom except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (either as principal or agent) for the purposes of their businesses or otherwise in circumstances which have not resulted and will not result in offers of transferable securities to the public in the United Kingdom within the meaning of section 85(1) of the Financial Services and Markets Act 2000 (as amended) (the "FSMA");
- (w) you acknowledge that you have complied with all relevant laws of all territories, obtained all requisite governmental or other consents or authorities which may be required or necessary in connection with your commitment to subscribe for Placing Shares and participation in the Placing; that you have complied with all requisite formalities and that you have not taken any action or omitted to take any action which will or may result in Arden or the Company or any of their respective directors, officers, agents, employees or advisors acting in breach of the legal and regulatory requirements of any territory in connection with the Placing or your application and that you are not in a territory in which it is unlawful to make an offer to subscribe for Placing Shares or to reply to this letter;
- (x) you acknowledge and agree in connection with your participation in the Placing that Arden is not acting for you in relation to the Placing or otherwise and that Arden will not have any duties or responsibilities to you for providing the protections afforded to its customers or for advising you with regard to the Placing or the Placing Shares;
- (y) you irrevocably appoint any director of Arden as your agent for the purpose of executing and delivering to the Company and/or its registrars any documents on your behalf necessary to enable you to be registered as the holder of any of the Placing Shares offered to you in this letter;
- (z) you are not a person falling within subsections (6), (7) or (8) of sections 67 or 70 or subsections (2) and (3) of section 93 or subsection (1) of section 96 of the Finance Act 1986 (or an agent or nominee of such person);
- (aa) you have fully complied with (and will continue to comply with) the Money Laundering Regulations 2007 (the "Regulations") (as amended and supplemented) and, if you are making payment on behalf of a third party, you have obtained and recorded satisfactory evidence to verify the identity of the third party as required by the Regulations;
- (bb) you are aware and have complied (and will continue to comply) fully with your obligations in connection with money laundering under the Criminal Justice Act 1988, the Anti-Terrorism Crime and Security Act 2001, the Terrorism Act 2000, the Counter-Terrorism Act 2008 and the Proceeds of Crime Act 2002 (each as amended and supplemented);
- (cc) the Company, Arden and others will rely upon your representations, warranties, agreements and acknowledgements set forth herein, and you agree to notify the Company and Arden promptly in writing if any of your representations, warranties or acknowledgements ceases to be accurate and complete. You will indemnify the Company and its related entities and affiliates against any loss, damage or costs incurred arising out of or in relation to any breach by you of the acknowledgements, representations, warranties and agreements.

APPENDIX 2

Settlement instructions**Payment and Settlement in CREST (Uncertificated Form) in relation to Depository Interests ("DIs")**

You must complete and return the Form of Acceptance (by completing BOXES A to C). Placing Shares will be delivered against payment into the CREST system for matching and settlement where our standing settlement instructions indicate that you or your settlement agent/custodian is a CREST member. We will deliver your allocation against payment within CREST following the enablement of the DIs within CREST. The input by you or your settlement agent/custodian of a matching instruction will then allow delivery of the Placing Shares to you against payment of the issue price of 0.5p per Placing Share to be made through the CREST system on the settlement date, being 10.00 am 29 April 2014. In accepting the allocation of Placing Shares you agree that you will do all things necessary to ensure that your CREST account enables delivery and acceptance of Placing Shares to be made by 10:00 a.m. on 29 April 2014 against payment of the issue price of 0.5p per Placing Share. To ensure that you fulfil this requirement, it is essential that you or your settlement agent/custodian follow the guidelines below for matching criteria.

Our Participant Code:	DAQAQ
Trade Date:	24 March 2014
Settlement Date:	by 10.00 a.m. on 29 April 2014
Sedol Code:	B0Z5537
ISIN Code:	AU000000CFU6

You must also ensure that you or your settlement agent/custodian have a sufficient "debit cap" within CREST to facilitate settlement in addition to your/their own daily trading requirements.

Failure to follow the guidelines above for matching criteria, or to ensure sufficient "debit cap" within CREST, may lead to a claim for interest at a rate equal to 2 per cent. per annum above base rate as determined by us (accruing on a daily basis) if settlement is consequently delayed.

Please complete boxes A to C below on this form and return by fax or email to Marcus Gehling of Arden Partners plc on 0121 423 8945 or marcus.gehling@arden-partners.com by not later than 4:30pm on 21 March 2014

Ref: CFU/LOK

FORM OF ACCEPTANCE

Ceramic Fuel Cells Limited : Placing of 672,000,000 ordinary shares at 0.5p each

Placing Participation

Placing Institution: Arden Partners plc
 Number of Placing Shares: 200,000,000
 Total amount payable: in £ £1,000,000.00
PLEASE INDICATE PAYMENT CURRENCY STERLING

Please complete box A below

BOX A

I/We irrevocably undertake to subscribe for our Placing Participation as shown above and to settle such Placing Participation in accordance with the instructions given below. We further undertake to be bound by the terms and conditions set out or referred to in the Placing Letter and we give the representations, warranties and undertakings contained in the Placing Letter to Arden Partners plc.

Signed:  Organisation:
 Position: Date: 21 MARCH 2014

SETTLEMENT INSTRUCTIONS

Please ensure that you or your settlement agent/custodian follow these CREST matching criteria and matches against our Participant ID by no later than 10:00 a.m. on 29 April 2014.

Arden Participant ID: DAQAQ
 Trade date: 24 March 2014
 Settlement date: By 10:00 a.m. on 29 April 2014
 Trade system of origin: Not applicable
 Commission: Not applicable
 Consideration: As given in Form of Acceptance above
 Stamp payable: Not applicable
 PTM levy: Not applicable
 ISIN Code: AU000000CFU6
 SEDOL Code: BOZ5537

Please insert your own settlement details in box B below

BOX B

Funding booking details (account name for booking):

CREST settlement details

Participant ID:
 Member account ID:
 Custodian:

CONTACT DETAILS

Please help us to ensure that settlement is executed without delay by completing box C below

BOX C

Institution settlement contact details

Custodian settlement contact details

Name:	Name:
Telephone no/ext:	Telephone no/ext:
Fax no:	Fax no:
Email:	Email:

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