



## MEDIA ANNOUNCEMENT

11 June 2007

**AFC Energy plc**  
**Low-cost, alkaline fuel cell company with clear route to commercialisation**

**MOU to produce clean energy signed (including US\$13.5 million initial order), exclusive supplier relationship and manufacturing JV with the government of Indonesia.**

AFC Energy plc ("AFC Energy" or "the Company") has entered into a Memorandum of Understanding ("M.O.U.") with the Government of Indonesia, and specifically with the State Ministry for Development of Disadvantaged Areas of the Republic of Indonesia.

The M.O.U. relates to the CIUP (Community Integrated Utility Program) project that aims to provide 32 million households with the ability to produce electricity and potable drinking water over the next 10 years. AFC Energy has been appointed as the exclusive fuel cell supplier to this program, whether with AFC Energy proprietary fuel cells or as an agent for third party fuel cells.

The M.O.U. contains an initial order totalling US\$13.5 million for three thousand 3.5kW systems at US\$4,500 per system. Supplies are scheduled to begin around the fourth quarter of 2008. The primary trial of 3,000 units will be in the Nabire-Papua region.

The M.O.U. also confirms that both parties undertake to enter into a joint venture to establish, within 18 months, a manufacturing facility in partnership with a number of interested Indonesian corporations. The intention is that over the following 8 – 10 years up to six million 5kW units could be manufactured.

A deposit of US\$3.15 million will be paid within 30 days of the signing of the M.O.U. in order to assist in financing and accelerating the new project.

It is intended that AFC Energy will fund the development of the manufacturing facilities required to fulfil this project with funds provided by a number of high profile public and private multinational companies. AFC Energy is engaged in early stage discussions with several parties in this respect.

Ir. Tatag Wiranto MURP, Indonesia's Deputy Minister for the Development of Disadvantaged Regions said: "We are pleased to commence this program now that we have identified a low-cost solution to the fuel cell component of the project."



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Howard White, AFC Energy's Business Development director said: "We are delighted to have been chosen exclusively to supply the fuel cell component for this landmark. The project, developed by Prof. Dr. Ir. Reginald A. Theijs, Senior Advisor to the Deputy Minister for Economic & Private Business Development, is groundbreaking in that it addresses existing shortages of the fundamental commodities in Indonesia, electricity and potable water.

"The program will utilise bio-mass and other renewable sources to produce hydrogen for AFC Energy's fuel cell to convert the hydrogen to electricity, and some of the electricity to run reverse osmosis potable water production units."

"The program has been designed to achieve a payback period of between three and five years on the installed equipment. This would mean that the program is financially self funding after the initial build up period. This project will be part of the CIUP."

Gerard Sauer, Chief Executive, AFC Energy said: "This M.O.U. is further evidence of our strategy to develop and manufacture low-cost high volume fuel cell products working well. There is ample evidence that the market place will expand if the right commercial conditions can be created."

Maxi Gunawan, co-chairman of the IBBC (Indonesian British Business Council) said: "This agreement is a showcase project that embodies the ideals that were expressed in the joint statement made between the UK and Indonesian Governments represented by Prime Minister Tony Blair and President Susilo Bambang Yudhoyono in enhancing bi-lateral relationships in trade and investment."

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### About AFC Energy:

- AFC Energy listed on the London Stock Exchange's AIM market in April 2007 (AIM ticker symbol AFC).
- AFC Energy is developing alkaline fuel cells that will produce clean energy without cost disadvantage.
- The AFC Energy fuel cell is based on proven existing technology, as used by NASA in the Apollo space missions, and by the Russian navy.
- The use of precious metals has been largely eliminated and all materials are expected to have at least a 50 year security and multiple source of supply.
- The Company's primary route to commercialisation is to provide fuel cells to locations where hydrogen is produced in large amounts as waste or by-product, such as the chlor-alkali industry.
- The Company has already received a contractual purchase order from Akzo Nobel under which it expects to deliver its first fuel cells to Akzo Nobel's Bitterfeld site during the first quarter of 2008. The Directors believe that the AFC Energy fuel cell will have a two year payback for purchasers
- AFC Energy has improved the processes and reduced the costs and number of components required in an alkaline fuel cell
- The AFC Energy fuel cell is designed to enable rapid construction and easy routine maintenance, including individual electrode replacement.