

21 May 2008

**AFC Energy plc**  
("AFC Energy" or "the Company")

## **AFC Energy moves towards commercialisation with £4.4 million fundraising**

AFC Energy plc (AIM: AFC), the low-cost alkaline fuel cell company that generates clean electricity from by-product hydrogen, today announces it has raised gross proceeds of £4.4 million by way of a placing by Blue Oar Securities of new ordinary shares to UK investors.

### **Placing Highlights**

- 40 million new ordinary shares of 0.1 pence each are to be issued in connection with the placing, representing 31.3% of the enlarged issued share capital
- The size of the offer was increased owing to strong demand from institutional investors
- The new ordinary shares will be issued at a price of 11 pence per share, representing a discount of 4.3% to the closing price on AIM on 20 May
- Part of the proceeds from the placing will be used to provide operating capital for the completion and installation of AFC Energy systems at Akzo Nobel's Bitterfeld site in Germany, and for the development of AFC Energy's 50kW system
- Proceeds will also be used for the establishment of manufacturing processes and supply chains with third parties with the opening up of additional sales opportunities
- Application will be made to the London Stock Exchange for the new shares to be admitted to trading on AIM. It is expected that admission will become effective and that dealing will commence on 28 May 2008
- When issued, the new ordinary shares will rank equally with the Company's existing ordinary shares

### **Gerard Sauer, Chief Executive, AFC Energy plc:**

"Taking the fuel cell to the energy source to avoid many of the costs and infrastructure problems of moving hydrogen, is at the heart of the Company's strategy. The support shown by new and existing shareholders in AFC Energy is very encouraging.

"The chlorine industry, which is familiar with our type of technology, remains a very important market for AFC Energy; the chlorine industry offers significant amounts of hydrogen currently being vented and lost into the atmosphere. The funds we have raised will help us to maximise the opportunities we have identified in this and other potentially lucrative markets.

"As the Company moves towards commercialisation with shipments due to commence to AFC Energy's first customer Akzo Nobel in August this year, the Company will identify and secure

reliable third-party suppliers to provide low-cost plastic mouldings. In addition AFC Energy will shortly begin working with a manufacturing partner to assemble the final product.

“With many other industries generating by-product hydrogen, the prospects for AFC Energy are very exciting.”

Following the share placing, significant shareholders in the Company are as follows:

	Shares	%
Age of Reason Foundation	22,602,420	17.70%
Eturab Trade Corporation	8,000,000	6.27%
Harry Epstein	7,000,000	5.48%
Sarasin & Partners LLP	6,406,331	5.02%
J. M. Finn & Co. Ltd	5,280,000	4.14%
Barclays Capital	4,540,000	3.56%
South Yorkshire Pensions Authority	4,500,000	3.52%

Directors' shareholdings before and after the placing are as follows:

		Holding before share issue	%	Holding after share issue	%
Tim Yeo MP	Chairman	-	-	227,272	0.18%
Gerard Sauer	Chief Executive	1,600,000	1.82%	1,827,272	1.43%
Simon Walters	Finance Director	-	-	45,454	0.04%
Otto Carlisle	Technical Director	1,600,000	1.82%	1,600,000	1.25%
Brian Wilson	Non-exec	-	-	-	-
Dr Michael Mangan	Non-exec	-	-	-	-
Harry Epstein	Non-exec	7,000,000	7.98%	7,000,000	5.48%
Mitchell Field	Non-exec	2,366,957	2.70%	2,926,866	2.29%

For further information please visit [www.afcenergy.com](http://www.afcenergy.com) or contact:

**AFC Energy plc** 01483 276726  
Gerard Sauer, Chief Executive

**Blue Oar Securities** 020 7448 4400  
Shane Gallwey / Andrew Raca / Jerry Keen

**Madano Partnership** 020 7593 4000  
Mark Way / Graham Moonie