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**PROTONEX AWARDED U.S. AIR FORCE CONTRACT FOR
UNMANNED AERIAL VEHICLE POWER SYSTEMS**

DATELINE: SOUTHBOROUGH, MA; January 12, 2006...Protonex Technology Corporation, a leading manufacturer of high-performance fuel cell power systems for portable and remote applications, was awarded a contract by the U.S. Air Force Research Laboratory (AFRL) to develop power systems for long-endurance micro unmanned aerial vehicles (UAV). Under the terms of the contract, Protonex will develop compact fuel cell power systems with significantly higher energy density than batteries, enabling aircraft to fly for a significantly longer duration and carry greater payload.

This award follows Protonex' previous success in demonstrating UAV power systems with the Naval Research Laboratory (NRL). In November 2005, the NRL flew the 5.6-pound 'Spider-Lion' micro UAV for three hours, 19 minutes with a Protonex fuel cell power system fueled by compressed hydrogen as the sole source of power for the duration of the flight. This demonstrated the potential of fuel cells to offer a significant improvement over batteries for long-endurance UAVs, which are used by the military for surveillance, search and rescue, chemical-biological monitoring and other missions that require extended flight times.

As development of Protonex' UAV power system continues under the AFRL contract, the Company will replace the compressed hydrogen fueling system with an advanced chemical hydride fueling technology to achieve even higher energy densities and longer flight times. With this fueling technology, currently being developed by Protonex and its partners, the Company expects to achieve flight times of eight to 12 hours.

"The long-endurance UAV application complements the goals of other programs currently underway at Protonex and will leverage the progress Protonex has made on other product platforms," stated Paul Osenar, Chief Technology Officer, Protonex Technology Corporation. "As we continue to advance fueling technologies and field trial our systems with customers, we are breaking down the primary barriers to commercial market entry."

About Protonex Technology Corporation

www.protonex.com

Protonex Technology Corporation develops and manufactures the smallest, lightest and highest performing fuel cell systems for portable power applications in the 10 to 500 watt range. The Company is meeting the needs of OEM customers for off-grid applications underserved by

existing technologies by providing customizable, stand-alone portable power solutions and systems that may be hybridized with existing power technologies. The Company is based in Southborough, Massachusetts, and has established partnerships with Northrop Grumman Corporation, Parker Hannifin Corporation and Millennium Cell Inc. to jointly develop advanced power solutions.