



FOR IMMEDIATE RELEASE

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**PROTONEX AWARDED CONTRACT OF UP TO \$1.0 MILLION TO ADVANCE
SOLID OXIDE FUEL CELL POWER SYSTEMS**

DATELINE: SOUTHBOROUGH, MA; Protonex Technology Corporation (LSE: AIM: PTX and PTXU), a leading provider of advanced fuel cell power systems today announced that it has received a contract award of up to \$1.0 million, through the University of South Carolina (USC) Research Foundation and WinTec Arrowmaker, to build, test and deliver solid oxide fuel cell (SOFC) power systems to the U.S. Army.

Under the terms of this 12-month contract, Protonex will continue to develop a fully integrated liquid fuel generator system. As part of the program, Protonex will increase the specific energy of the system through advanced fuel cell and stack development, and will increase the lifetime and reliability through rigorous testing of the completed systems. At the conclusion of the program, Protonex is expected to deliver multiple liquid-fuelled SOFC power systems to the Army for further testing and evaluation.

There is growing military and commercial interest in the use of common liquid fuels, including alternative or renewable fuels to reduce dependence on foreign oil. Solid oxide fuel cells, with their low emissions and high efficiency, are well-suited to generate electricity from these high-energy-density fuel sources. Fuel-flexible generators capable of operating on both traditional and alternative liquid fuels can provide highly efficient electricity generation from both today's transportation fuels and the biofuels of tomorrow.

Development of these small SOFC systems will provide the military with lightweight, extremely quiet and fuel efficient power systems that can be used as auxiliary power units (APUs), portable generators or field battery chargers. With further anticipated improvements, Protonex' portable SOFC systems could save more than 60% of the weight of existing power solutions and when used to power equipment directly, the fuel cell systems offer potential savings of more than 80% of the weight burden of primary batteries.

"We are very pleased to have received another significant award to further evolve our SOFC systems," stated Dr. Caine Finnerty, Director, SOFC Development for Protonex. "The U.S. military has shown much interest in advanced portable power solutions for military applications with even greater interest in systems that can operate on multiple liquid fuels. This program will allow us to develop further our liquid-fueled systems for military testing and enable us to accelerate the conversion of our leading-edge SOFC systems for military and commercial markets."

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Notes to Editors

About Protonex Technology Corporation

www.protonex.com

Protonex Technology Corporation develops and manufactures compact, lightweight and high-performance fuel cell systems for portable power applications in the 100 to 1000-watt range. The Company's fuel cell systems are designed to meet the needs of military, commercial and consumer 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 headquartered in Southborough, Massachusetts.

This announcement includes statements which are, or may be deemed to be, "forward-looking statements". All statements other than statements of historical facts included in this announcement, including, without limitation, those regarding Protonex' financial position, business strategy, plans and objectives of management for future operations (including development plans and objectives relating to Protonex' products and services) are forward-looking statements. By their nature, such forward-looking statements involve known and unknown risks, uncertainties and other important factors that could cause the actual results, performance or achievements of Protonex to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. These factors include but are not limited to those described in the Admission Document issued in connection with the Company's admission to AIM.

Forward-looking statements may and often do differ materially from actual results. Any forward-looking statements in this announcement speak only as at the date of this announcement and are subject to risks relating to future events and other risks, uncertainties and assumptions relation to Protonex' operations, results of operations, growth strategy and liquidity.