

FOR IMMEDIATE RELEASE

September 9, 2008

PROTONEX AWARDED \$400,000 PROGRAM FOR DEVELOPMENT OF 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 for portable, remote and mobile applications, announces that it has received a \$400,000 contract award from the U.S. Army Research Office (ARO) to further develop its solid oxide fuel cell (SOFC) power systems. This program will focus on advancing SOFC power systems on high-performance liquid fuels, including certain conventional and alternative/renewable military formulations.

Under the terms of this twelve-month contract, Protonex will adapt its existing propane-fueled SOFC systems to operate on liquid fuels such as butanol, gasoline, kerosene and desulfurized JP-8. Development work will be done at the full system level as well as at the component and sub-assembly levels to enable liquid fuel operation and demonstration. At the end of the program, hardware and test results will be delivered to the ARO.

Protonex' ability to use liquid fuels will provide military customers with several compelling advantages. First, virtually all of the commonly used military fuels today are in liquid form. Fuel cell systems that can utilize these existing military fuels will avoid the challenges and costs of setting up a logistics chain for a new fuel. Second, liquid fuels have higher energy densities than gaseous alternatives, and liquid-fueled power systems will typically provide higher performance metrics to users. Third, there has been an emerging focus by the military on alternative fuels to eliminate dependence on foreign oil and to increase national security. Virtually all renewable/alternative military fuels, including synthetics, are likely to take a liquid form and portable power systems that are compatible with these emerging fuels will offer exceptional value.

Protonex' SOFC fuel cell systems, which operate on a variety of fuel types, provide value for military, industrial and consumer users in a wide range of portable power applications. In addition to being quieter than combustion-engine generators and lighter than batteries, these fuel cell systems can efficiently process high-performance liquid fuels to maximize the energy of the complete power system, including fuel.

"We are pleased to have received this award, which will further accelerate our SOFC development efforts at Protonex," commented Jerry Martin, Vice President of SOFC Development, Protonex. "Power systems that operate on readily available fuels are in high demand by the military. Our ability to provide industry-leading solutions in that category will give us a significant competitive advantage in both military and commercial markets."

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Notes to Editors

This program is sponsored by the U.S. Army Research Office, and the information presented here does not necessarily reflect the position or the policy of the Government, and no official endorsement should be inferred.

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 ten to 1000-watt range. The Company's fuel cell systems are designed to meet the needs of military and original equipment manufacturer (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 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.