

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document, you should consult an independent professional adviser authorized under the Financial Services and Markets Act 2000 if you are in the United Kingdom or, if not, from another appropriately authorised independent financial adviser.

If you have sold or otherwise transferred all of your Common Shares, please forward this document together with the accompanying Form of Proxy or Form of Direction as soon as possible to the purchaser or transferee, or to the stockbroker, bank or other agent through or to whom the sale or transfer was effected for transmission to the purchaser or transferee of your Common Shares.

This document does not constitute an offer to buy, acquire or subscribe for, or the solicitation of an offer to buy, acquire or subscribe for, Common Shares or an invitation to buy, acquire or subscribe for Common Shares.

Clean Air Power Limited

(Incorporated and registered in Bermuda under the Companies Act 1981 of Bermuda with registered No. EC 37542)

Notice of Special General Meeting

Proposal to increase the authorized share capital of the Company

Nominated Adviser & Broker

Seymour Pierce Limited

Your attention is drawn to the letter from the Chairman of Clean Air Power Limited on pages 3 and 4 of this document, which contains a unanimous recommendation by all of the Directors that you vote in favour of the resolution to be proposed at the Special General Meeting referred to below.

Notice of a Special General Meeting of Clean Air Power Limited, to be held at noon on January 18, 2012 at Clarendon House, 2 Church Street, Hamilton, HM11, Bermuda, is set out at the end of this document. You will find enclosed a Form of Proxy (unless you are a holder of Depository Interests representing common shares in the Company, in which case you will receive a Form of Direction) for use in connection with the Special General Meeting. You are requested to complete the Form of Proxy (or, as the case may be, the Form of Direction) in accordance with the instructions printed on it and return it to Capita Registrars, PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU, United Kingdom as soon as possible and, in any event, so as to arrive no later than, if you are a Shareholder, 6 p.m. (London time) on January 16, 2012, being 48 hours before the time appointed for the holding of the Special General Meeting and, if you are a holder of Depository Interests representing common shares in the Company 6 p.m. (London time) on January 15, 2012 being 72 hours before the time appointed for the holding of the Special General Meeting. Completion and return of a Form of Proxy will not preclude Shareholders from attending and voting at the Special General Meeting in person should they subsequently decide to do so. If you are a holder of depository interests representing common shares and you wish to attend and vote at the Special General Meeting in person, please inform Capita Registrars to enable the appropriate authority to be issued to you.

CONTENTS

Letter from the Chairman of Clean Air Power Limited 3

Notice of Special General Meeting 5

PART I

LETTER FROM THE CHAIRMAN OF CLEAN AIR POWER LIMITED

(Incorporated and registered in Bermuda under the Companies Act 1981 of Bermuda with registered No. EC 37542)

Directors:

Rodney Westhead
Bernard Lord
John Pettitt
Peter Rowse
Karl Viktor Schaller
Ulrich Wöhr

Registered Office:
Clarendon House
2 Church Street
Hamilton HM11
Bermuda

December 21, 2011

Dear Shareholder

Introduction

The Company announced on November 29, 2011 the successful placing of 40,064,099 new common shares of US\$0.001 each ("Common Shares"). Following this placing the Company has issued 135,089,619 of its 150,000,000 authorized Common Shares. The Company also has in issue warrants in respect of 6,700,882 Common Shares and options in respect of 6,155,130 Common Shares. The Board of Directors has proposed that the authorized share capital of the Company be increased in order to ensure that the Company has sufficient authorized but unissued share capital for any future issues of Common Shares.

Special General Meeting

A Special General Meeting of the Company, notice of which is set out in Part II of this document, has been convened for noon on January 18, 2012 at Clarendon House, 2 Church Street, Hamilton, HM11, Bermuda. The resolution proposed is to increase the authorized share capital from US\$150,000 to US\$200,000 by the authorisation of a further 50,000,000 Common Shares (the "Resolution").

Action to be taken

If you hold Common Shares, you will find enclosed with this document a Form of Proxy for use at the Special General Meeting or any adjournment thereof. Whether or not you propose to attend the Special General Meeting in person, you are asked to complete the Form of Proxy in accordance with the instructions printed thereon and return it as soon as possible to Capita Registrars, PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU, United Kingdom so as to be received by no later than 6 p.m. (London time) on January 16, 2012. Completion and return of a Form of Proxy will not preclude you from attending and voting at the meeting in person if you so wish.

If you are a holder of Depository Interests representing Common Shares, you will find enclosed with this document a Form of Direction in order to instruct the Depository how to cast your votes at the Special General Meeting or any adjournment thereof. You are asked to complete the Form of Direction in accordance with the instructions printed thereon and return it as soon as possible to Capita Registrars, PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU, United Kingdom so as to be received by no later than 6 p.m. (London time) on January 15, 2012. If you wish to attend and vote at the Special General Meeting in person, please inform Capita Registrars to enable the appropriate authority to be issued to you.

Recommendation

The Directors consider that increasing the authorized share capital is in the best interests of the Company insofar as the Shareholders are concerned and therefore unanimously recommend that Shareholders vote in favour of the Resolution as they themselves intend to do in respect of their beneficial holdings of 3,219,221 shares representing 2.38 per cent of the issued share capital of the Company.

Yours faithfully

Rodney Westhead
Chairman

PART II

NOTICE OF SPECIAL GENERAL MEETING

CLEAN AIR POWER LIMITED

(the "Company")

NOTICE IS HEREBY GIVEN that a special general meeting of the Members of the Company will be held at Clarendon House, 2 Church Street, Hamilton, HM11, Bermuda on January 18, 2012 at noon (local time) for the following purposes:

AGENDA

1. To appoint a chairman of the meeting.
2. To confirm notice.
3. To consider, if available, the minutes of the last meeting of Members.
4. To consider and, if thought fit, pass the following resolution:

That the authorized share capital of the Company be and is hereby increased from US\$150,000 to US\$200,000 by the creation of a further 50,000,000 common shares of US\$0.001 each, ranking pari passu in all respects with the existing authorized common shares of the Company.

By order of the Board

Codan Services Limited
Secretary

Dated: December 21, 2011

FORM OF PROXY

CLEAN AIR POWER LIMITED (the "Company")

(incorporated and registered in Bermuda under registration number 37542)

Form of Proxy for use by Shareholders in connection with the Special General Meeting (the "Meeting") of the Company to be held at Clarendon House, 2 Church Street, Hamilton, HM11, Bermuda on January 18, 2012 at noon.

Please read the Notice of the Meeting and the accompanying notes carefully before completing this Form of Proxy.

As a holder of Common Shares you have the right to attend, speak at and vote at the Meeting. If you cannot, or do not want to attend the Meeting, but still want to vote, you can appoint someone to attend the Meeting and vote on your behalf. That person is known as a "proxy". Your proxy does not need to be a Shareholder of the Company. Unless you indicate the name of an individual in the paragraph below, the Chairman of the Meeting will act as your proxy.

<p>I/We,....., of.....</p> <p>.....</p> <p>being a member / members of the above-named Company, hereby appoint:</p> <p>either the Chairman of the meeting</p> <p>or, [insert alternate proxy]</p> <p><i>(delete as appropriate)</i></p> <p>as my/our proxy to vote in my/our name(s) and on my/our behalf at the Special General Meeting of the Company, to be held on January 18, 2012 and at any adjournment thereof.</p>

Please clearly mark the boxes below to instruct your proxy how to vote.

		FOR	AGAINST	VOTE WITHHELD
	RESOLUTION			
4	To increase the authorized share capital of the Company to US\$200,000.			

Unless otherwise instructed, the proxy may vote as he thinks fit or abstain from voting.

Signature(s) *(see note 4)*

Date

Notes:

- 1 The completion and return of this Form of Proxy will not prevent you from attending in person and voting at the Meeting should you subsequently decide to do so.
- 2 If you wish your proxy to cast all of your votes for or against the resolution you should insert an "X" in the appropriate box. If you wish your proxy to cast only certain votes for and certain votes against, insert the relevant number of shares in the appropriate box. In the absence of instructions, your proxy may vote or abstain from voting as he or she thinks fit on the Resolution and, unless instructed otherwise, may also vote or abstain from voting as he or she thinks fit on any other business (including on a motion to amend the Resolution, to propose a new resolution or to adjourn the Meeting) which may properly come before the Meeting.
- 3 The "Vote Withheld" option is provided to enable you to instruct your proxy to abstain from voting on the Resolution. A "Vote Withheld" is not a vote in law and will not be counted in the calculation of the proportion of the votes "For" or "Against" the Resolution.
- 4 This Form of Proxy must be signed by the Shareholder or his/her attorney. Where the Shareholder is a corporation, the signature must be under seal or signed by a duly authorized representative. In the case of joint Shareholders, any one Shareholder may sign this Form of Proxy. The vote of the senior joint Shareholder (whether in person or by proxy) will be taken to the exclusion of all others, seniority being determined by the order in which the names stand in the register of members in respect of the joint shareholding.
- 5 To be valid, this Form of Proxy (together with any power of attorney or other authority under which it is signed or a certified copy of such authority or in some other way approved by the Board of Directors) must be deposited at Capita Registrars, PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU, United Kingdom) no later than 48 hours before the time appointed for the holding of the Meeting (or any adjournment).
- 6 Terms defined in the circular to Shareholders dated December 21, 2011 shall have the same meanings when used in the Form of Proxy, unless the context otherwise requires.

FORM OF DIRECTION

CLEAN AIR POWER LIMITED (the "Company")

(incorporated and registered in Bermuda under registration number 37542)

Form of Direction for use by holders of Depository Interests representing common shares in the Company ("Depository Interests") in connection with the Special General Meeting (the "Meeting") of the Company to be held at Clarendon House, 2 Church Street, Hamilton, HM11, Bermuda on January 18, 2012 at noon.

Please read the Notice of the Meeting and the accompanying notes carefully before completing this Form of Direction.

I/We.....

Please insert full name(s) and address(es) in BLOCK CAPITALS

of.....

being (a) holder(s) of Depository Interests representing common shares in the Company hereby instruct Capita IRG Trustees Limited, the Depository, to vote for me/us and on my/our behalf in person or by proxy at the Special General Meeting of the Company to be held on the above date (and at any adjournment thereof) as directed by an "X" in the relevant box below.

		FOR	AGAINST	VOTE WITHHELD
	RESOLUTION			
4	To increase the authorized share capital of the Company to US\$200,000.			

Signature Date

NOTES:

1. As a registered Shareholder of the Company, Capita IRG Trustees (Nominees) Limited ("Capita") is entitled to appoint one or more proxies to attend and vote at the Meeting. Capita will appoint the Chairman of the meeting as its proxy to vote on a number of Common Shares represented by Depository Interests in respect of which it has received voting instructions from holders of Depository Interests.
2. Please indicate how you wish your votes to be cast in respect of the Resolution by placing an "X" in the relevant box above. If this form is returned duly signed without an indication as to how Capita is to direct a proxy to vote, then Capita will not appoint a proxy in respect of the Common Shares to which such Depository Interests relate.
3. Please note that the "Vote Withheld" option is provided to enable you to direct Capita to direct a proxy to abstain on the resolution. A "Vote Withheld" is not a vote in law and will not be counted in the proportion of votes for or against the Resolution.
4. In the case of a corporation this Form of Direction should be given under its seal or under the hand of its duly authorized officer or attorney or other person duly authorized to sign in writing.
5. In the case of joint holders, a Form of Direction completed by the senior holder will be accepted to the exclusion of a Form of Direction completed by any of the other joint holders. For this purpose seniority is determined by the order in which the names stand in the register of Depository Interests in respect of the joint holding.
6. To be effective, this Form of Direction and any power of attorney or other authority under which it is signed, or a certified copy of such power or authority, must be deposited at Capita Registrars, PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU, United Kingdom no later than 72 hours before the time appointed for the holding of the Meeting (or any adjournment).
7. Any alterations made to this Form of Direction should be initialled.
8. Capita has set 6p.m. (London time) on January 15, 2012 as the record date for holders of Depository Interests to be entitled to direct how Common Shares represented by their Depository Interests should be voted at the Special General Meeting. Forms of Direction will be exercised only in respect of those persons on the register of Depository Interests and in respect of the number of Depository Interests held by such persons at that time.
9. Terms defined in the circular to Shareholders dated December 21, 2011 shall have the same meanings when used in this Form of Direction, unless the context otherwise requires.