

2 December 2013**Clean Air Power Limited
("Clean Air Power" or the "Group")****Trading Update**

Clean Air Power (AIM:CAP), the developer and global leader in Dual-Fuel engine management systems for heavy duty vehicles, today announces that demand for its Dual-Fuel™ products has resulted in systems sold to date in 2013 and forward orders from customers totalling over 400 units. This compares to 300 system sales during the whole year ended 31 December 2012. The level of unit sales is marginally behind current market expectations for the year, however as a result of the different sales mix the reported loss for the period to 31 December 2013 is now anticipated to be marginally smaller than market forecasts.

The increase in sales and forward orders in 2013 has been achieved despite constraints on expected production levels of methane-diesel vehicles by our European OEM partner ahead of the introduction of Euro 6 emissions standards in Europe in 2014. Demand for our products is expected to continue to increase in 2014 due to interest from several large UK fleet operators and the opening of a number of new natural gas refueling stations. In addition, there will be an increased supply of vehicles available to retrofit as a result of the high level of late Euro 5 vehicle purchases made by operators ahead of the imminent change to Euro 6.

Clean Air Power has continued to make progress developing a Genesis Edge Dual-Fuel product suitable for the important US market. Two trucks installed with the US product have been delivered to a global parcel company for trial and optimisation, with a further eight to be delivered before the end of the year. The high level of activity on the US project has generated a slight increase in the level of grant revenue now expected in 2013 from the Californian Energy Commission. However, largely due to previously disclosed commissioning issues with a sub contractor's test cells, the launch of the US product is now expected in the second quarter of 2014.

Clean Air Power is also developing the large Russian market where major gas supply companies are investing heavily in natural gas refuelling infrastructure. In October, the Company exhibited at GasSUF International Exhibition for Gas-Powered Vehicle Technologies in Moscow where we were positively received and well supported by the local sales organisation of a major European truck manufacturer. One demonstration Dual-Fuel vehicle has already been delivered and is operating in Russia with orders having been received for three more demonstration units.

Our clear medium term goal remains to develop OEM relationships and this strategy has been greatly benefited by the co-operation agreement signed with Ricardo in September. In partnership

with Ricardo, discussions are on-going and tangible progress has been made with major manufacturers and other partners to develop OEM products in Europe, US and Japan.

John Pettitt, Chief Executive of Clean Air Power said:

“Growing demand for our Dual-Fuel™ products in Europe has seen orders in 2013 significantly exceed those seen for the full year 2012 and I am hopeful that orders will continue to rise in what will be an opportunity rich environment in 2014. The long-term trend towards the adoption of natural gas as a road transport fuel around the world continues at pace and our strategy of developing products for the markets of Europe, Russia and the US means that we are well placed to service this rising demand.”

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Notes to Editors

About Clean Air Power

Clean Air Power is the developer and provider of Dual-Fuel™ combustion technology for heavy duty diesel engines. Dual-Fuel™ engines substantially cut fuel costs and carbon emissions without sacrificing the original engine's characteristic efficiency or reliability. Clean Air Power is well positioned to assist corporations and governments to deliver on their environmental commitments while at the same time reducing transport operators overheads.

Initially founded in the USA in 1991, around £50m has been invested in developing the technology with the result that 65 patents are currently held or pending. The holding company of the Group is based in Bermuda with operational subsidiaries in the UK, the USA and Australia. The Group was admitted to the AIM market of the London Stock Exchange in February 2006.

Further information on Clean Air Power is available at www.cleanairpower.com