

19 December 2014

Clean Air Power Limited

("Clean Air Power" or the "Company")

Directors' Fee Salary Sacrifice and Issue of Share Options and Equity

Clean Air Power (AIM: CAP), the developer and global leader in compression-ignited natural gas engine management systems for heavy-duty engines, today announces that, as part of the cost saving plan announced on 1 October 2014 in the Interim Results, members of the Board and certain senior managers have agreed to sacrifice part of their fees or salaries in 2014 and 2015 in return for the grant of options to subscribe for a combined total of 2,510,033 new common shares of US\$0.001 each in the Company under the 2006 Share Option Plan.

The number of share options awarded to each Director or senior manager is based upon the amount of fee or salary sacrificed converted to share options at price of 4.00p. This represents 44% of the cash equivalent based on the closing share price of 2.25p on 18th December 2014.

The share options will be exercisable on 1 January 2016 or, for certain Directors, after three years, at an exercise price of US\$0.001 being the par value of the shares. There are no performance conditions attached to the share options.

The options granted include the following in respect of the Directors of the Company:

Rodney Westhead	183,750
John Pettitt	1,250,000
Neill Skinner	375,000
Bernard Lord	87,500
Robert Tyrer	83,333

Dr. Ulrich Wöhr and Prof. Dr. Karl-Viktor Schaller have also agreed to sacrifice a proportion of their fees.

Following the grant of these Options the total number of options is 11,144,402, which is equivalent to 4.3 percent of the Company's existing issued share capital.

John Pettitt, Chief Executive of Clean Air Power, said:

"I am extremely grateful to my Board colleagues and senior managers for playing their part in the cost saving measures we have implemented across the business and for their continued confidence in, and commitment to, the business."

The Company has also issued and allotted 444,444 new common shares of US\$0.001 each in the Company ("Common Shares") to its joint brokers, MC Peat & Co. LLP, in accordance with pre-agreed fee arrangements. Application will be made to the London Stock Exchange for the 444,444 new Common Shares to be admitted to trading on AIM ("Admission") and it is expected that Admission will take place on or around 9th January 2015. Following Admission, the Company's total issued share capital will consist of 257,293,583 Common Shares, all with voting rights. This is the figure

which may be used by shareholders in the Company as the denominator for the calculations in which they will determine if they are required to notify their interest in, or a change in their interest in, the share capital of the Company under the FCA's Disclosure and Transparency Rules.

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About Clean Air Power

Clean Air Power designs, develops and delivers compression-ignited natural gas engines for heavy duty transport applications. Clean Air Power's patented *MicroPilot* and *Dual-Fuel™* technology enables engines to run on natural gas mixed with diesel (or any suitable combustion fuel) providing the "spark" that ignites the gas. Substituting natural gas for diesel cuts fuel costs, emissions of carbon, nitrous oxide and particulates whilst retaining the original engine's power, efficiency and reliability characteristics. Clean Air Power operates in the US, Europe, Russia and Australia and has two commercial divisions:

Dual-Fuel™ Vehicle Systems

Delivery of patented *Dual-Fuel™* systems which include fully-interfaced systems developed in partnership with truck manufacturers and the Group's Genesis-EDGE system, developed in-house as an after-market solution. *Dual-Fuel™* is a type of system that adapt diesel engines to run on a combination of diesel and natural gas whilst retaining engine's basic infrastructure. The Division sells systems to truck manufacturers for on-line assembly, approved partners for after-market installation or direct to customers through its own installation facilities. The Division also undertakes design and development work for governments and truck manufacturers on *Dual-Fuel™* and next-generation *MicroPilot* systems.

Components

Design and manufacture of innovative hydraulic valves, injectors and filters for natural gas engines sold to truck manufacturers around the world.

Initially founded in the USA in 1991, around £50m has been invested in developing the technology with the result that 69 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.