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**Clean Air Power Limited
("Clean Air Power" or the "Group")**

Trading update

Clean Air Power (AIM: CAP), the global leader in the development and delivery of compression-ignited natural gas systems and software for heavy duty vehicles, today provides a trading update.

Trading Update

In South East Asia, the project gateway meeting was rescheduled for June, with the outcome being that the global truck manufacturer (the "Partner") requested an extension to the first phase of its production development program for a *MicroPilot* compression-ignited natural gas engine for the South East Asian and other markets. The extension, which is being finalised and is expected to last four to six months, will collect additional data under a broader range of test conditions, including testing with natural gas compositions from different local markets. Other program activities, including the development of the engine management control system, will continue during this extension period. The project gateway to proceed to the full production program will now take place after this extended first phase and, if this extension phase is successful, it is expected that the start of production will be late 2017.

In addition, the Group has signed a supplementary contract to install a demonstration engine at one of the Partner's facilities in South East Asia in order to showcase the technology to the Partner's key stakeholders. The contract is worth \$90,000 and, coupled with the \$1 million contract announced in February 2015 to design and deliver a demonstration vehicle, is a clear statement of the Partner's commitment to the development program.

In the US, early sales of the Group's Genesis-EDGE *Dual-Fuel™* product have been considerably slower than expected, with lower oil prices creating short-term uncertainty with some potential customers. Clean Air Power is continuing to work with its distribution partners, Bruckner Truck Sales, Inc. and TEC Equipment, Inc. to market the product in the Southwestern and West Coast states, particularly in those states where grants towards the capital cost are available and diesel to natural gas differentials continue to support the business case. A series of promotional events aimed at leading fleet operators is being rolled out.

The Russian market remains challenging due to the economic situation. However, exchange rates and interest rates have reduced from the highs seen at the start of the year and the Group has recently received expressions of interest on attractive opportunities for its *Dual-Fuel™* product. The Group continues to work closely with the Russian subsidiary of its European OEM partner to position itself for a future recovery in this market.

Funding Update

In its 2014 Preliminary Results statement, Clean Air Power described the trading and financing risks that resulted in there being an uncertainty over the Group's ability to continue as a going concern. In order to address this uncertainty, the Group has identified options for alternative funding which would provide headroom in the business and finance growth in 2015. Having reviewed these alternative funding options in light of the delay in moving to the full production phase of the South East Asia project and the current trading position in the US and Russia, the Board has decided to undertake a more comprehensive review of the Group's short-term options and is in the process of appointing financial advisers to assist with this process.

John Pettitt, Chief Executive of Clean Air Power, said: *"With its strong patents, highly sophisticated engine control systems, years of know-how and the growing demand for natural gas vehicles worldwide, Clean Air Power continues to have the potential to deliver significant value. We believe that the recent decision by the **United States Environmental Protection Agency** to target a reduction in CO₂ for heavy duty trucks will be a benefit for our technology which reduces CO₂ by 20%. However, we operate in a global market where short-term economic uncertainties, particularly around oil prices, and the long development lead times that OEMs work to, over which we have little influence or control, create significant challenges for our business with its limited resources. The Board has, therefore, decided to initiate a more comprehensive review of the short-term options available to the Group with the principal aim of providing the financial stability that the Group needs."*

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Notes to Editors

About Clean Air Power

Clean Air Power designs, develops and delivers diesel ignited natural gas engines for heavy duty transport applications. Clean Air Power's technology substantially cuts 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 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.

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