



Clean Air Power Ltd
Unit 8, Lancaster Court
Coronation Road
Cressex Business Park
High Wycombe
Bucks HP12 3TD
Tel: +44 (0)1494 527110
Fax: +44 (0)1494 557737
www.cleanairpower.com

For immediate release

13 March 2008

Clean Air Power Ltd

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

Conditional investment of up to £5million

Clean Air Power (AIM : CAP) today announces that it has agreed, subject to the passing of resolutions by the Company's shareholders at a Special General Meeting, a private financing package with Endeavor Capital Management LLC and certain other investors to provide funds for the further commercialisation of its patented technology.

Financing details

The financing package will provide proceeds of up to around £5.0m for the Company between April 2008 and June 2009. Endeavor, a longstanding and major shareholder in the Company, currently holding 18.5% of the Company's shares, has conditionally agreed to provide up to £4.65m of the new funds. The remaining funds will be provided by another institutional investor which has agreed to invest approximately £0.25m and the Company's management which is investing a further £0.10m.

The funds will be received in six tranches. The first three tranches will be; £1m on or before 30 April 2008; £0.5m on 30 June 2008; and £0.5m on 30 September 2008.

The remainder of the financing package will be available to the Company through the exercise of call and put options to be granted to Endeavor and the Company respectively. The second three tranches will each be for £1m and will (if exercised) be received between 1 October 2008 and 30 June 2009 under a mutual call/put option structure.

Endeavor's obligations will become absolute subject to the closing of certain investment funds. If Endeavor's obligation under the put option does not become absolute on or before June 30, 2008, Endeavor shall on or before December 15, 2008, subscribe for such number of Common Shares as have an aggregate value of approximately £500,000.

For every two common shares subscribed for pursuant to the financing package, the Company will issue a warrant for the purchase of one additional common share, exercisable within three years, with an exercise price at a 40% premium to the issue price.

Endeavor is required to participate in each of the six tranches of the financing package, with the other institutional investor and management only investing in the first tranche. Depending on the movement in the share price prior to the closing of each tranche, and the exercise of the latter three tranches, Endeavor may acquire a majority interest in the Company.

The Company Bye-laws incorporate by reference various provisions of the City Code, including Rule 9 of the City Code. However, this requirement may be waived by an independent vote at a meeting of the Company shareholders and, consequently, it is proposed that such a resolution, with regards to acquisition of Common Shares by Endeavor or its Affiliates, be proposed at a Special General Meeting.



Clean Air Power Ltd
Unit 8, Lancaster Court
Coronation Road
Cressex Business Park
High Wycombe
Bucks HP12 3TD
Tel: +44 (0)1494 527110
Fax: +44 (0)1494 557737
www.cleanairpower.com

Endeavor currently holds 18.5% of the issued share capital, and is therefore a related party under the AIM rules.

The Directors consider, having consulted with Canaccord Adams, that the terms of the transaction are fair and reasonable insofar as the Company's shareholders are concerned.

The placing is conditional upon the passing of resolutions by the Company's shareholders at a special general meeting.

The Directors are pleased to confirm that the Company has obtained irrevocable undertakings to vote in favour of the Resolutions from Shareholders holding approximately 67% of the issued Common Shares.

Reasons for financing

In November 2007, the Company announced its intention to raise further funds. Given the current sentiment in capital markets, the Board of Directors are pleased to have secured this significant level of funding which provides the Company with the essential funds required to continue the business operations going forward.

The funds raised will be used to further advance in-house product development, provide working capital to support existing operations and to provide resources for potential manufacturer cooperation activity.

The main objective of the Company remains to enter into a cooperation agreement whereby its Dual-Fuel™ technology is adopted by a major manufacturer. The Company recently announced that considerable progress has already been made with a major manufacturer. Although a formal agreement has not yet been reached, the Company continues to believe that the discussions could lead to a formal cooperation agreement being reached during 2008.

Special General Meeting

An extraordinary general meeting of Clean Air Power has been convened for 11.00am (Bermuda time) on Monday 7 April 2008 at Clarendon House, 2 Church Street, Hamilton, Bermuda. The circular and notice of shareholder meeting will be posted to shareholders and will be available on the Company's website.

Note: The placing is being conducted in reliance upon available exemptions from the U.S. Securities Act of 1933 in accordance with Section 4(2) thereof and Regulation D and Regulation S there under.

THIS COMMUNICATION DOES NOT CONSTITUTE AN OFFER OF SECURITIES FOR SALE IN THE UNITED STATES. THE SECURITIES REFERRED TO ABOVE MAY NOT BE OFFERED OR SOLD IN THE UNITED STATES ABSENT REGISTRATION UNDER THE U.S. SECURITIES ACT OF 1933 OR IN RELIANCE UPON AN EXEMPTION THEREFROM.



Clean Air Power Ltd
Unit 8, Lancaster Court
Coronation Road
Cressex Business Park
High Wycombe
Bucks HP12 3TD
Tel: +44 (0)1494 527110
Fax: +44 (0)1494 557737
www.cleanairpower.com

For further details please contact:

Clean Air Power

John Pettitt, Chief Executive
Peter Rowse, Finance Director

Tel: +44 (0) 1494 527110

Buchanan Communications

Charles Ryland/Ben Willey/Ben Romney

Tel: +44 (0)20 7466 5000

Canaccord Adams Ltd

Robert Finlay/Clayton Bush

Tel: +44 (0)20 7050 6500