

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 authorised under the Financial Services and Markets Act 2000 who specialises in advising on the acquisition of shares and other securities.

If you have sold or otherwise transferred all of your Common Shares, please forward this document together with the accompanying Form of Proxy 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.

Clean Air Power Limited and its Directors, whose names appear on page 5 of this document, accept responsibility both individually and collectively for the information contained in this document. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure this is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

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

Conditional investment in the Company of up to £5 million

Proposals to increase the authorized share capital of the Company

Waiver of requirement for an offer to be made in accordance with Rule 9 of the City Code (as defined in the Bye-laws of the Company)

Nominated Adviser & Broker

Canaccord Adams Limited

Your attention is drawn to the letter from the Chairman of Clean Air Power Limited on pages 5 to 8 of this document, which contains a unanimous recommendation by all of the Directors that you vote in favour of the resolutions to be proposed at the Special General Meeting referred to below.

Canaccord Adams Limited which is authorised and regulated in the United Kingdom by the Financial Services Authority and is a member of the London Stock Exchange, is the Company's Nominated Adviser and Broker for the purposes of the AIM Rules and is acting exclusively for the Company in connection with the Placing. Canaccord Adams Limited will not be responsible to anyone other than Company for providing the protections afforded to customers of Canaccord Adams Limited or for advising any other person on the Placing and other arrangements described in this document. Its responsibilities as Nominated Adviser under the AIM Rules are owed solely to the London Stock Exchange and are not owed to the Company or to any Director or to any other person.

Notice of a Special General Meeting of Clean Air Power Limited, to be held at 11.00am (Bermuda time) on Monday 7 April 2008 at Clarendon House, 2 Church Street, Hamilton, 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 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 the Company's Registrar, Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU as soon as possible and, in any event, so as to arrive no later than, if you are a Shareholder, 12pm on 2 April 2008 or, if you are a holder of depository interests representing common shares in the Company 12pm on 1 April 2008. 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.

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Definitions

The following definitions apply throughout this document, unless the context otherwise requires:

“Admission”	admission of the shares of the Company to be issued pursuant to the Placing to trading on AIM and such admission becoming effective in accordance with Rule 6 of the AIM Rules;
“Affiliate”	means, with respect to a person or entity, (i) a subsidiary thereof, (ii) a holding or parent company thereof, and its subsidiaries and affiliates, and (iii) any other person or entity that directly, or indirectly through one or more intermediaries, controls or is controlled by the person specified.
“AIM”	the AIM market of the London Stock Exchange;
“AIM Rules”	the rules for AIM companies published by London Stock Exchange plc;
“Bermuda Companies Act”	the Companies Act 1981 of Bermuda (as amended);
“the Board” or “the Directors”	the directors of the Company (save as stated otherwise) whose names are set out on page 5 of this document;
“Business Day”	a day, other than a Saturday, Sunday or public holidays, on which banks are generally open in London for the transaction of normal business;
“Bye-Laws”	the Bye-Laws of the Company, adopted 17 February 2006;
“Canaccord Adams”	Canaccord Adams Limited of Cardinal Place, 7 th Floor, 80 Victoria Street, London, SW1E 5JL;
“City Code”	the City Code on Takeovers and Mergers, administered by The Panel on Takeovers and Mergers;
“Common Shares”	common shares with par value of \$0.001 each in the capital of the Company;
“Company”	Clean Air Power Limited, a limited liability company incorporated and registered in Bermuda under the Bermuda Companies Act;
“Endeavor”	Endeavor Capital Management LLC of 49 Richmondville Avenue Suite 215, Westport, CT, USA;
“London Stock Exchange”	London Stock Exchange plc or its successor;
“Members”	persons registered as Shareholders;
“Official List”	the Official List of the UKLA;
“Options”	the put and call options granted to the Company and Endeavor (respectively) pursuant to the Subscription Agreement;
“Placing”	the procuring by Canaccord Adams as agent for the Company of places to subscribe for Common Shares;
“Placing Agreement”	the agreement dated 12 March 2008 between the Company and Canaccord Adams relating to the Placing and the provision by Canaccord Adams of certain settlement services in relation to the Subscription;
“Resolutions”	the resolutions set out in the notice of SGM;
“Shareholders”	holders of Common Shares;

Definitions

“SGM”	the Special General Meeting of the Company, notice of which is set out in Part III of this document;
“Subscription Agreement”	the subscription agreement dated 12 March 2008 between the Company and Endeavor setting out the terms on which Endeavor shall invest in the Company and the put and call options granted pursuant thereto, the principal terms of which are summarised in Part II of this document;
“UKLA”	the Financial Services Authority, acting in its capacity as the competent authority for the purposes of Part VI of the Financial Services and Markets Act 2000;
“Warrant Instrument”	the proposed form of warrant instrument constituting and regulating warrants to subscribe for Common Shares, the principal terms of which are summarised in Part II of this document.

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
Hans Folkessen
John Pettitt
Peter Rowse
Ulrich Wohr
Larry Wilson
Bernard Lord

Registered Office:
Clarendon House
2 Church Street
Hamilton HM11
Bermuda

14 March 2008

Dear Shareholder

Notice of Special General Meeting and conditional investment in the Company of up to £5,000,000

Introduction

The Company announced today that it has conditionally agreed a financing package with Endeavor Capital Management LLC in order to provide funds for the further commercialisation of its patented technology.

The financing package will provide proceeds of up to around £5m 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 funds. The remaining funds will be provided by another institutional investor which has agreed to invest approximately £250,000 and the Company's management which is investing a further £100,000.

It is proposed that 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 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 will (subject to the terms and conditions of the Subscription Agreement (the principal terms of which are summarised in Part II of this document)) be participating in each of the six tranches of the financing package, with the other institutional investor and management only investing in the first tranche. Based on the movement in the share price prior to the closing of each tranche, Endeavor may acquire a majority interest in the Company. Endeavor may also (subject to certain conditions) direct the Company to allocate shares issued under a tranche to such of its Affiliates as it deems appropriate from time to time. Endeavor currently holds 18.5% of the issued share capital, and is therefore a related party under the AIM rules.

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 purpose of this letter is to provide you with further information on the financing package, to explain why the Directors believe that the financing package is in the best interests of the Company and Shareholders as a whole and to seek your approval of the Resolutions.

The Directors are also 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.

Part I — Letter from the Chairman of Clean Air Power Limited

Trading Update

In January 2008, the Company's order book stood at £2.7m for delivery during the year. The Dual-Fuel™ division of the Company has delivered £1m of the previously announced £2.4m order to Mitchell Corp Pty in Australia and will deliver the remaining £1.4m in the first half of 2008. Additionally the Company intend to deliver the remaining £0.25m of the recently announced UK order for Robert Wiseman Dairies in the first half of 2008.

The steady growth of the Company's components division continues and at the beginning of 2008 had received orders for £0.5m, with the emissions division having also received an order for £0.5m in January 2008.

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 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.

The Company is very encouraged by the interest being shown in the Genesis Dual-Fuel™ product in both the UK and Europe. Late 2007 and early 2008 has seen increased sales of our flagship Dual-Fuel™ products. The recent increases in fuel costs and the greater focus on carbon emissions are trends which encourage companies to consider alternative solutions. With compelling environmental and financial drivers for our products, the goal in 2008 is for the Company to build on the significant recent progress and move towards realising the full potential of its technology.

As at the year ended 31 December 2007 the Company had £1.8m in cash exceeding the board's expectation of £1.3m.

The Company intends to announce its results for the year ended 31 December 2007 on 7th April 2008.

Details of the Placing

Conditional on, amongst other things, the approval by Shareholders at the Special General Meeting of the Resolutions, Canaccord Adams will, on behalf of the Company, conditionally place new Common Shares comprising approximately £250,000 with an institutional investor. Canaccord Adams will also provide certain settlement and other services to the Company in relation to the subscription for Common Shares by Endeavor pursuant to the Subscription Agreement and the subscription for £100,000 worth of Common Shares by the Company's management team.

The second and third tranches with Endeavor will each raise a further £500,000 before expenses, closing on 30 June 2008 and 30 September 2008 respectively. The share capital to be issued and the issue price will be determined in accordance with the pricing conditions listed below.

The issue price for Common Shares issued under the financing package is:

- (a) with respect to each Common Share issued as part of the first tranche, £0.175;
- (b) with respect to each Common Share issued as part of the remaining tranches, as follows:
 - (i) in the event the weighted average trading price for Common Shares traded on AIM for the 10 trading days immediately prior to the relevant date of subscription or receipt of notice is 35p or below, such price less a discount of 5%;
 - (ii) in the event the weighted average trading price for Common Shares traded on AIM for the 10 trading days immediately prior to the relevant date of subscription or receipt of notice is 60p or below, but not 35p or less, such price less a discount of 10%;
 - (iii) in the event the weighted average trading price for Common Shares traded on AIM for the 10 trading days immediately prior to the relevant date of subscription or receipt of notice is 80p or below, but not 60p or less, such price less a discount of 20%; and
 - (iv) in the event the weighted average trading price for Common Shares traded on AIM for the 10 trading days immediately prior to the relevant date of subscription or receipt of notice is above 80p, such price less a discount of 30%.

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. Endeavor will grant the Company the

Part I — Letter from the Chairman of Clean Air Power Limited

right (which shall become an absolute right once certain funding conditions are satisfied (as detailed in Part II) to issue to Endeavor, and the Company will grant to Endeavor the right to subscribe, for up to £3m of new Common Shares between 1 October 2008 and 30 June 2009, in increments of £1m per exercise. The price mechanics are the same as for the earlier tranches (other than tranche 1). 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 at the relevant issue price nearest to but not more than £500,000, such subscription to be on the same terms as apply to the first three tranches.

The new Common Shares will, following allotment, rank *pari passu* in all respects with the existing issued Common Shares and will have the right to receive all dividends and other distributions declared, made or paid in respect of the issued common share capital of the Company.

Accompanying each 2 shares issued pursuant to the financing package shall be a warrant (which shall be unlisted) for the purchase of 1 additional share, which may be exercised within 3 years of issue at a price being a 40% premium over the price of the shares as computed above.

In November 2007, the Company announced its intention to raise further funds. Given the current market backdrop, 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. Without this financing there would be a short fall of cash in the near term. 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 City Code

The Company Bye-Laws incorporate by reference various provisions of the City Code, including Rule 9 of the City Code which states that if any person, whether by himself or together with other persons acting in concert with him, acquires 30 per cent or more of the voting rights attributable to the Common Shares then he is obliged to make a general offer in cash to the Shareholders to acquire the balance of all the shares not held by him (or them), at not less than the highest price paid by them for any such shares within the preceding 12 months.

However, this requirement may be waived by an independent vote at a meeting of the Shareholders and, consequently, it is proposed that such a resolution be proposed at the Special General Meeting, further details of which are set out below.

It should be noted that, save as provided in the Company Bye-Laws, the City Code does not apply to the Company because it is incorporated in Bermuda and its place of central management is in Bermuda. Instead, the Board is provided with full authority to determine the application of the mandatory offer provisions in the City Code. As such, the Board has determined that, subject to Shareholder approval, any further provisions of the City Code shall not apply to acquisitions of Common Shares by Endeavor or its Affiliates.

The waiver of Endeavor's obligation to make an offer for the whole of the Company in accordance with the Company's Bye-Laws (to be granted at the Special General Meeting) will apply in respect of any and all acquisitions of additional voting rights attributable to the Common Shares, whether as contemplated by the transaction set out in this circular or otherwise. The waiver would therefore allow Endeavor to acquire a controlling interest in the Company without Endeavor having an obligation to make an offer for the balance of all the shares not held by him (or them).

Part I — Letter from the Chairman of Clean Air Power Limited

The relevant holdings of Endeavor, following completion of the financing package, will be as follows (based on the current share price):

	Consideration	Number of placing shares	Endeavor Holding	No of shares outstanding	Percentage of enlarged share capital following the placing
Endeavor prior to placing			4,968,942	26,905,479	
Management: <i>Tranche 1</i>	100,000	571,429			
Other investor	247,800	1,416,000			
Endeavor					
<i>Tranche 1</i>	652,200	3,726,857	8,695,799	32,619,765	26.66
<i>Tranche 2</i>	500,000	2,844,950	11,540,749	35,464,715	32.54
<i>Tranche 3</i>	500,000	2,844,950	14,385,700	38,309,665	37.55

In the event that the share price increases or decreases from its current level, Endeavor's holding will differ from the illustration above. For example, if the share price increases to £0.30, Endeavor's holding would increase 33.78%. In the event of a share price decrease to £0.06, Endeavor's holding would increase to 52.31%, affording it a majority interest in the Company.

The above calculations exclude any potential future warrant exercise by Endeavor which would increase their holding further.

The financing package is conditional upon the waiver of these Bye-Law provisions in accordance with the Resolutions set out in the notice of SGM.

Special General Meeting

A Special General Meeting of the Company, notice of which is set out in Part III of this document, has been convened for 11.00am (Bermuda time) on Monday 7 April 2008 at Clarendon House, 2 Church Street, Hamilton, Bermuda. The two resolutions proposed are required to ensure the Company has sufficient authorised but unissued capital to fulfil its obligations under the Subscription Agreement and that the provisions of the Bye-laws requiring a Rule 9 offer to be made are waived.

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, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU so as to be received by no later than 12pm on 2 April 2008. 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 in the Company, you will find enclosed with this document a form of direction for use 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, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU so as to be received by no later than 12pm on 1 April 2008.

Recommendation

The Directors consider, having consulted with Canaccord Adams, that the Resolutions and the transaction contemplated in this letter are fair and reasonable and in the best interests of the Company insofar as the Shareholders are concerned and therefore unanimously recommend that Shareholders vote in favour of the Resolutions as they themselves intend to do in respect of their beneficial holdings of 57,000 shares representing 0.21 per cent of the issued share capital of the Company.

Part II — Additional Information

1 RESPONSIBILITY STATEMENT

- 1.1 The Directors of the Company accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that this is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

2 SUMMARY OF KEY DOCUMENTS

2.1 Subscription Agreement

- 2.2 The Company and Endeavor have entered into the Subscription Agreement pursuant to which:

- (a) Endeavor will subscribe for an initial amount of up to £1,900,000 of Common Shares (to be calculated by reference to the relevant issue price set out below) (the “Initial Financing”); and
- (b) Endeavor will grant the Company the right (a “put” right) to issue to Endeavor, and the Company will grant Endeavor the absolute right (a “call” right) to subscribe for, up to £3,000,000 of Common Shares (to be calculated by reference to the relevant issue price set out below) (together, the “Options”).

- 2.3 The key terms are as follows:

- (a) the Initial Financing will be conditional upon:
 - (i) the passing of the Resolutions; and
 - (ii) the Company’s Directors and/or management subscribing for a minimum of £100,000 worth of Common Shares on or before 30 April 2008; and
- (b) the Initial Financing shall take place in the following three tranches:
 - (i) £652,200 worth of Common Shares on or before 30 April 2008;
 - (ii) £500,000 worth of Common Shares on 30 June 2008;
 - (iii) £500,000 worth of Common Shares on 30 September 2008;
- (c) Endeavor shall undertake to not trade any of its Common Shares within 20 calendar days prior to the date of any of the above subscriptions;
- (d) the issue price per Common Share shall be:
 - (i) in the case of the first tranche, £0.175; and
 - (ii) in the case of the remaining tranches, the weighted average trading price for a Common Share traded on AIM for the 10 trading days immediately prior to the respective date of exercise (“Average Trading Price”), less the following discounts:

Average Trading Price	Discount
35p or less	5%
Below 60p but not 35p or less	10%
Below 80p but not 60p or less	20%
80p or more	30%

- (e) for every two Common Shares issued pursuant to the Options the Company shall issue to Endeavor a warrant for the purchase of 1 additional Common Share, exercisable on the terms of the Warrant Instrument (see below).
- (f) the Options will be exercisable in increments of £1,000,000 for a limited period starting 1 October 2008 and ending 30 June 2009 (the “Option Period”)
- (g) if during the Option Period, the Company raises equity capital by the issue of further Common Shares other than to Endeavor or, Endeavor invests equity capital in the Company other than as a result of the Company’s exercise of its put or Endeavor’s exercise of its call, the monetary amount of the Company’s put right and Endeavor’s call right shall be reduced in like measure.

Part II — Additional Information

- (h) Endeavor's obligation to fund a put exercised by the Company shall:
 - (i) be on a best efforts basis until such time as Endeavor closes certain of its investment funds; and
 - (ii) become an absolute obligation of Endeavor following a closing of certain of its investment funds prior to the conclusion of the Option Period.
- (i) if Endeavor's obligation under the Put Option does not become absolute, Endeavor shall on or before December 15, 2008, subscribe for such number of Subscription Shares, excluding fractions, as have an aggregate value at the relevant issue price nearest to but not more than £500,000, on like terms to its subscriptions for the previous three tranches.
- (j) the Company's right to exercise the put option shall terminate in certain specified circumstances, including (but not limited to) circumstances in which:
 - (i) the Company's current President or Chief Technology Officer becomes incapacitated or ceases to be employed by the Company and is not replaced with a person of equivalent qualifications within 180 days; or
 - (ii) there is a significant change in the market focus of the Company's business.
- (k) on the occurrence of certain specified circumstances, Endeavor shall have the right to request, and the Company shall procure, that the Company's management evaluate and give due consideration to the possibility of the Company being listed on the Toronto Stock Exchange and whether such listing would be in the best interests of the Company.
- (l) for so long as Endeavor holds 20% or more of the issued share capital of the Company it shall have the right to require the Board to propose for election to the Board an Endeavor nominated director.
- (m) Endeavor's right to exercise the call option shall be conditional on:
 - (i) Endeavor not trading any of its Common Shares for 20 calendar days prior to the date of such exercise.
 - (ii) Endeavor having previously satisfied its obligations to subscribe for Common Shares pursuant to the Initial Financing.
- (n) the Company shall not exercise its put option within:
 - (i) 60 calendar days of it having previously exercised such option; or
 - (ii) 30 calendar days of a previously call option.

2.4 Warrant Instrument

2.4.1 For every two Common Shares subscribed for pursuant to the Initial Financing or the Options or subscribed for by the Company's management or the institutional investor pursuant to the financing package, the Company has agreed to issue such entity with a warrant for the purchase of 1 additional Common Share on the terms of the Warrant Instrument. The key terms are as follows:

- (a) warrants may be exercised within 3 years of issue;
- (b) the exercise price in relation to each Common Share to be issued pursuant to the exercise of a warrant right shall be the issue price of the original Common Shares (pursuant to which such warrants were granted), plus 40%.
- (c) if, within 30 days of the Company exercising a put right on Endeavor, Endeavor fails to subscribe for the relevant shares, any warrants granted to Endeavor or its Affiliates (other than those Affiliates created solely to accommodate a co-investment in the Company by an unrelated third party) which have not been exercised shall be cancelled by the Company.
- (d) notwithstanding the above or any other terms of the Warrant Instrument, neither Endeavor nor any of its Affiliates (other than those created solely to accommodate a co-investment in the Company by an unrelated third party) shall be permitted to exercise their warrants unless and until the earliest to occur of:
 - (i) the payment in full by Endeavor of the aggregate Common Shares which may be subscribed for pursuant to the Options;

Part II — Additional Information

- (ii) the termination of the Put Option pursuant to the Subscription Agreement; or
- (iii) the expiration of the Option Period on June 30, 2009.

2.5 Consent

Both Canaccord Adams and Endeavor have given and not withdrawn their consent to the issue of this document with the inclusion of their names and the references to them in the form and context in which they appear.

14 March 2008

Clean Air Power Limited

(Incorporated and registered in Bermuda with registered No. EC 37542)

Part III — 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, Bermuda on Monday 7 April 2008 at 11.00am (Bermuda 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 resolutions:
 - 4.1 That the authorized share capital of the Company be and is hereby increased from US\$60,000 to US\$80,000 by the creation of a further 20,000,000 common shares of US\$0.001 each, ranking pari passu in all respects with the existing authorized common shares of the Company.
 - 4.2 That any acquisitions of shares in the Company by Endeavor Capital Management LLC or its Affiliates whether or not as contemplated and described in the circular accompanying the notice of the special general meeting at which this resolution is passed, be and are hereby approved and any requirement for an offer to be made in accordance with Rule 9 of the City Code (as defined in the Bye-laws of the Company) arising therefrom be and is hereby waived for the purposes of Bye-law 15.4(1)(b) of the Bye-laws of the Company, with the intent that any acquisitions of shares in the Company by Endeavor Capital Management LLC or its Affiliates be Permitted Acquisitions for the purposes of Bye-law 15.

Dated: 14 March 2008

Evelou L. Mosley
Secretary

FORM OF PROXY

CLEAN AIR POWER LIMITED

(incorporated and registered in Bermuda under registration number 37542)

**Proxy Form for use by Shareholders in connection with the Special General Meeting (the "Meeting")
to be held at Clarendon House, 2 Church Street, Hamilton, HM11, Bermuda
on Monday 7th April 2008 at 11.00 a.m. (Bermuda time)**

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

As a holder of common shares in Clean Air Power Limited (the "Company") 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.

I/We,, of

being a member / members of the above-named Company, hereby appoint:

either the Chairman

or, [insert alternate proxy]
(delete as appropriate)

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 7th April 2008 and at any adjournment thereof.

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

RESOLUTIONS:

		For	Against	Vote Withheld
	RESOLUTION			
4.1	To increase the authorized share capital.			
4.2	To waive the Rule 9 offer requirement.			

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

Signature(s)(see note 4)

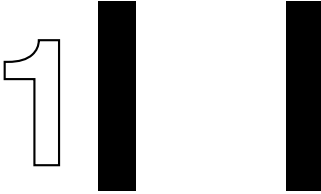
Date

Notes:

- The completion and return of this Proxy Form will not prevent you from attending in person and voting at the Meeting should you subsequently decide to do so.
- If you wish your proxy to cast all of your votes for or against a 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 specified resolutions 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 a resolution, to propose a new resolution or to adjourn the Meeting) which may properly come before the Meeting.
- The "Vote Withheld" option is provided to enable you to instruct your proxy to abstain from voting on a particular 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" a resolution.
- This Proxy Form 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 authorised representative. In the case of joint shareholders, any one shareholder may sign this Proxy Form. 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.
- To be valid, this Proxy Form (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 the office of Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU no later than 12 p.m. on Wednesday 2nd April 2008.
- Terms defined in the circular to shareholders dated 14th March 2008 shall have the same meanings when used in the Form of Proxy, unless the context otherwise requires.

BUSINESS REPLY SERVICE
Licence No. MB122

Capita Registrars
Proxies Department
PO Box 25
Beckenham
Kent
BR3 4BR



FORM OF DIRECTION

CLEAN AIR POWER LIMITED

(incorporated and registered in Bermuda under registration number 37542)

Form of Direction for use by holders of depository interests representing common shares in Clean Air Power Limited (the "Company") in connection with the Special General Meeting (the "Meeting") to be held at Clarendon House, 2 Church Street, Hamilton, HM11, Bermuda on Monday 7th April 2008 at 11.00 a.m. (Bermuda time).

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 direct Capita IRG Trustees Limited, The Depository to appoint a proxy to vote the shares represented by my/our Depository Interests 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.

RESOLUTIONS:	For	Against	Withheld
1 To increase the authorized share capital			
2 To waive the Rule 9 offer requirement			

Signature Date

Notes:

- As a registered shareholder of the Company, Capita IRG Trustees Limited ("Capita") is entitled to appoint one or more proxies to attend and vote at the Special General Meeting of the Company. Capita will appoint the Chairman of the meeting as its proxy to vote a number of shares in the Company represented by Depository Interests in respect of which it has received voting instructions from Depository Interest holders.
- Please indicate how you wish 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 shares to which such Depository Interests relate.
- Please note that the "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.
- In the case of a corporation this Form of Direction should be given under its seal or under the hand of its duly authorised officer or attorney or other person duly authorised to sign in writing.
- 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.
- To be effective, this Form of Direction and the 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, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU by not later than 12 p.m. on Tuesday 1st April 2008.
- Any alterations made to this form of direction should be initialled.
- Capita has set 12 p.m. on Tuesday 1st April 2008 as the record date for holders of Depository Interests to be entitled to direct how 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.
- Terms defined in the circular to shareholders dated 14th March 2008 shall have the same meanings when used in this Form of Direction, unless the context otherwise requires.

BUSINESS REPLY SERVICE
Licence No. MB122

Capita Registrars
Proxies Department
PO Box 25
Beckenham
Kent
BR3 4BR

