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For immediate release

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Clean Air Power Ltd

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

Significant Contract Signing, new Development Agreement and Trading Update

Clean Air Power (AIM: CAP), the developer of Dual-Fuel combustion technology that enables heavy-duty diesel engines to operate on a combination of diesel and natural gas, is delighted to announce that it has formally signed a significant Supply Agreement with Volvo Powertrain, a separate Development Agreement with Volvo Bus Corporation and the following trading update.

Volvo Contract Signing

The new Supply and Development Agreement, initially for five years, is signed with Volvo Powertrain a subsidiary of AB Volvo, it follows 3 years of close cooperation on a product development partnership and supersedes the Letter of Intent signed in January 2009. Clean Air Power's OEM product will be marketed and supported by Volvo Truck Corporation.

Incorporating Clean Air Power's Dual-Fuel technology into these truck engines will deliver significant greenhouse gas emission reductions and fuel cost savings compared with standard diesel engines. Additionally these Dual-Fuel trucks are expected to be around 30% more energy efficient than equivalent spark ignited natural gas engines. The engines can use natural- or bio-gas as the main fuel and can also operate on only diesel, an important feature as gas distribution systems face many years of development.

The testing in commercial operation will begin in 2010 and initially take place in UK, Sweden and Thailand. Details for commercialisation will be mutually agreed upon.

The Volvo Group is one of the largest heavy duty engine manufacturers in the world. Volvo has environment as a core value and is at the leading edge of technology developments to reduce emissions and improve energy efficiency and Clean Air Power is therefore delighted to be in partnership with such a company.

Volvo Bus Agreement

Clean Air Power has also signed a development agreement with Volvo Bus Corporation regarding Dual-Fuel Volvo and Clean Air Power will jointly develop the installation of Dual-Fuel kits provided by CAP on existing bus engines to make it possible for buses from Volvo to run on Dual-Fuel in the future. The development programme is valued at £160,000.



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Trading Update

In addition, the Company is pleased to report that progress is being made across all divisions. However, sales of our Dual-Fuel units in some instances have been delayed for certain reasons outside of the Company's control.

The delay of a new gas facility in Tasmania has resulted in a backlog in the delivery of units into the Australian market. BOC Limited which is constructing the LNG facility has reported that it expects the facility to be fully operational by September this year which will then open up the Tasmanian market for the Company's technology.

The intense activity required to deliver the Volvo interface programme has impacted on the commercialisation of Clean Air Power's Genesis EDGE product. However, the company did recently announce the first order for 10 units from HAM Sp.

As a direct result of these delays, the Company anticipates that revenues for the year to 31 December 2010 will be below current market expectations. The Board emphasises that these sales will come through but will not be recognised until later in the current year and or until the first half of 2011. This will also impact upon cash generation in the current year.

As previously mentioned, good progress is being witnessed across the entire Company, including the agreements with Navistar, Inc. and the Dual-Fuel Snow-Blower project announced in May. The Company is also continuing to identify further projects with other leading engine and vehicle manufacturers. In order to retain sufficient cash resources to support existing and potential new projects, and to meet the anticipated shortfall in revenues during the current year, the Board is considering a possible equity fundraising, further details of which will be announced shortly.

Commenting on the announcement, John Pettitt, CEO of Clean Air Power said:

"We are delighted to have finalised this supply agreement with Volvo as it signifies the achievement of a major milestone set out at the time of our IPO. The agreement is the result of a long standing working relationship with Volvo and we are grateful for all the support and belief that they have shown in Clean Air Power. We also acknowledge Volvo's admirable commitment to climate change and environmental issues, having progressed with this partnership through the difficult economic climate. We are optimistic that Volvo's prestigious brand and resources will accelerate us into the commercial phase of our company's development."

For further information:-

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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 £40m has been invested in developing the technology with the result that 62 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