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## RAILPOWER UPDATES PROGRESS

VANCOUVER, CANADA, SEPTEMBER 12, 2001— RailPower Technologies Corporation (P-CDNX) has successfully demonstrated its Green Goat hybrid switcher in public for the first time. The world's largest hybrid freight switcher locomotive ran at Southern Railways' yards in New Westminster, British Columbia.

President and CEO, Gerard Koldyk said "The unique Green Goat performed up to all our expectations before media, industry officials and engineering inspectors. Now we aim to conclude an agreement with a Class 1 railroad company as soon as possible to enter commercial testing."

The company is moving from research and development to commercialization. The Green Goat will be built by one of the several subcontractors RailPower has been in discussions with. In conjunction, the following management changes will be made, effective October 9, 2001, Gerard Koldyk will be the President and CFO and Frank Donnelly will become the Chief Technology Officer and CEO. The current CFO and Controller, Alain Voisin, will remain as Controller.

The Tech Centre and head office will be combined into one facility, resulting in the reduction of two research engineers. Electrical research and development work and locomotive maintenance will be done in this new center as well as facilities in the USA and Canada near our customers.

Koldyk said the Memorandum of Understanding with RailPower's potential prime mover partner is unlikely to result in any agreement before expiry due to key staff leaving at the potential partner and the general state of financial markets. The financing previously announced on July 30<sup>th</sup>, 2001 is delayed until financial markets improve.

"With the changes mentioned above, RailPower is well positioned to commence and complete the commercial testing of the Green Goat, accept orders and have them contract manufactured. In addition, the company will maintain current research and development on rDirect power, a key component of the CINGL

locomotive which also has markets in distributed power and similar applications,” continued Koldyk. “The company has sufficient resources to continue these activities for an estimated two years in the unlikely event no sales occur before that time.”

The Canadian Venture Exchange has not reviewed and does not accept responsibility for the adequacy or accuracy of this release.

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