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RAILPOWER UPDATE

VANCOUVER, CANADA, October 11, 2002 – RailPower Technologies Corp. (“RailPower”) (TSX Venture - P) has started construction of the Green Kid at Southern Rail in Burnaby, British Columbia. The Green Kid is a smaller hybrid locomotive than the Green Goat. While the Green Goat is designed for full yard service and is capable of 2,000 horsepower, the Green Kid has been designed for a less demanding duty cycle where a power rating of up to 1,000 horsepower is sufficient. The Green Kid is largely targeted at industrial operators such as grain terminals, chemical plants, port authorities etc. which use switching locomotives to move product from their facilities to the main line. The Green Kid will be fully equipped with remote control, which is being developed and installed by Railpower.

Simon Clarke, Executive Vice President of RailPower, stated. “The cost savings, efficiencies and cleaner emissions of the Green Kid compared to traditional industrial switching locomotives are very persuasive to industrial operators. We believe that there are substantial opportunities for this locomotive in industrial operations across North America in what is a significant market within the switching industry. Indeed, the Green Kid is already starting to generate significant interest from local industrial operators in and around Vancouver with several expressing strong interest in leasing this unit. A further announcement will be made once a lease is finalized”. Construction of the Green Kid will be complete early in 2003.

RailPower’s Green Goat is more than halfway through its demonstration lease with Union Pacific Railroad (“Union Pacific”). While a number of issues, including thermal management issues, arose during the early part of the trial, these have been addressed to enable the Green Goat to successfully perform up to three shifts per day in yard service depending on Union Pacific’s daily requirements. RailPower is also using the trial to size and upgrade a number of key components to ensure that the potential of the Green Goat design is fully maximized. This process is currently underway; it is being done with minimal interruption to the trial and is expected to be completed shortly.

The Green Goat has been well received by the operators in Union Pacific’s Roseville Yard. The trial is now moving into the phase of validating and documenting the precise fuel savings and emissions reduction of the Green Goat compared to existing diesel electric switching locomotives fitted with auto shut-off devices to reduce idling. Preliminary internal studies by RailPower confirm its

own conservative estimates that the Green Goat will provide fuel savings of a minimum of 30% and will cut NO_x and diesel particulates by 80%-90%. A formal testing schedule will be implemented with Union Pacific and RailPower is confident that this will fully validate its own internal results.

RailPower has also opened a new Tech Centre in North Vancouver, while maintaining its existing project office at Southern Rail in Burnaby. This new space allows RailPower to assemble and manufacture some of the key components for the Green Goat and Green Kid thereby controlling the supply of key components for the manufacturing process. Final assembly of the key components onto locomotive frames will be completed at the facilities of RailPower's contract manufacturing partners.

Negotiations are ongoing with potential manufacturing partners for volume manufacture of the Green Goat. These potential manufacturers are large international companies with the capability and capacity to manufacture Green Goats in the volume anticipated. An announcement will be made once a manufacturing partner for the Green Goat has been finalized.

RailPower Technologies Corp. is a leader in specialized energy technology systems for transportation and power generation. In addition to its patented mainline and switcher locomotive technologies, it is developing rDirect power conditioning technology for distributed and remote power generation technologies such as micro-turbines.

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

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