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RAILPOWER ANNOUNCES 'GREEN GOAT PLUS' DEVELOPMENT AND GREEN KID DEMONSTRATION LEASES WITH SOUTHERN RAIL AND US MARINES

VANCOUVER, British Columbia, September 4, 2003 – RailPower Technologies Corp., (TSX-V:P), a leader in specialized energy technology systems, announced today the results of its trial of the 'Green Goat' hybrid switcher locomotive with Pacific Harbor Line ('PHL') in Los Angeles.

RailPower also announced today two (2) initial Demonstration Leases for its smaller 1000 Horsepower 'Green Kid' hybrid switcher locomotive with Southern Railway of British Columbia (Southern Rail) and with the US Marines.

Pacific Harbor Lines (PHL)

The Ports of Los Angeles and Long Beach are the busiest in North America. The various locomotive duty cycles experienced at PHL are the toughest the Green Goat has had to experience in "real time" operations and are amongst the toughest in North America. The Green Goat performed well beyond RailPower's expectations, moving more freight cars and generating more tractive effort than ever before. In some of the various duty cycles, the Green Goat operating alone was able to replace two conventional 1,200 horsepower diesel-electric switcher locomotives.

The Green Goat operated in a number of PHL's operations, including inter modal and yard service. In PHL's heaviest yard service the Green Goat was able to successfully perform single 8 hour shifts. In 'back to back' continuous 8 hour shifts in PHL's heaviest operations, the Green Goat was able to generate the traction required, however, its current 90 kW generator set was not powerful enough to keep the batteries at optimum levels of charge throughout the whole of the second shift. RailPower has, therefore, taken the immediate decision to install a more powerful generator in the Green Goat to ensure that the battery pack is adequately charged for 24/7 continuous operation in the heaviest of switching applications. This more powerful Green Goat will be called the 'Green Goat Plus'.

RailPower is now in a position to offer its clients a range of hybrid locomotives for all switching applications be that application light, medium or heavy duty in nature and whether they operate one or two shifts per day or 24/7.

The Green Goat will be returning to Vancouver immediately for the resizing of the generator set to a Green Goat Plus configuration; also after 18 months of continual testing and, in particular, the heavy duty nature of the testing at PHL, general maintenance work is required and certain components need to be replaced and re-configured. Other design improvements learned from our 18 months of testing at UP and PHL will be incorporated into the locomotive and also into the next generation of Green Goat locomotives which are currently under construction. The Green Goat will be ready to resume its program of demonstration leases with key clients as the Green Goat Plus by the end of October.

"PHL is an extremely productive port switching operation. We are very grateful for their co-operation and ongoing enthusiasm and the experience and knowledge RailPower engineers gained, as well as the very heavy duty testing data collected. This experience has provided the confidence that we are in a position to offer a hybrid solution, with a combination of proven economic and environmental benefits, in all switch yard scenarios," commented RailPower President and CEO, Jim Maier. "PHL has indicated that they are keen to finalize their testing in November when one of the next generation Green Goat Plus locomotives will be available.," continued Maier.

PHL President, Andrew Fox, stated, "The Green Goat met our expectations for emissions, fuel consumption, tractive effort, horsepower, noise footprint and crew comfort. However, with back-to-back shifts, there is a need to enhance genset input, hence we are very pleased that RailPower is to create a Green Goat Plus version for us to test in November."

Southern Railway of British Columbia Ltd. (SRY)

RailPower's smaller, pre-production 1,000 horsepower hybrid locomotive the "Green Kid" has successfully finished commissioning at SRY, part of the Washington Companies, and has entered a 15 day demonstration lease with Southern SRY in their short line operations.

SRY's President, John van der Burch commented, "Having built both the initial Green Goat and Green Kid hybrid locomotives, we have confidence in their design and the economic and environmental benefits that they bring. This demonstration is a great opportunity for us to assess the Green Kid in our own short line operations and where the Green Goat / Green Kid might fit within our own switcher fleet of 22 locomotives."

Jim Maier stated, "SRY has been involved as a manufacturing partner to RailPower since the initial build of the Green Goat and we greatly value their commitment to our hybrid program. SRY is also a major player in the short line industry and this is a great opportunity for RailPower to demonstrate the benefits of the Green Kid in short line operations and, in particular, where our hybrid locomotives can fit within SRY's own fleet of switcher locomotives."

US Marines

After its demonstration with Southern Rail, the Green Kid will enter a demonstration lease starting in mid to late September with the US Marines at the Marine Corp Logistics Base (MCLB) at Barstow in Southern California. This lease trial will be conducted over a 30 day period to assess the feasibility of converting the US Marine Corps switchers to hybrids. The base at Barstow has seven aging switcher locomotives that the US Marines operate moving Army and Marine Corps units in and out of National Training Center Fort Irwin and Marine bases throughout Southern California.

Jim Maier stated, "We are delighted that the Green Kid is going to the US Marines for testing in their operations in Southern California and for them to assess the feasibility of converting some of their existing switchers at their Barstow base. The larger significance of this lease trial is that key rail logistics personnel from the Navy, Army and Air Force are observing it. A successful outcome, could, therefore, impact favourably in a much wider context within the US Department of Defense."

MCLB public affairs spokesperson, Bill Bokholt, said, "The Green Kid and Green Goat appear to offer distinct advantages over conventional yard switchers and MCLB Barstow is an excellent testing location since it operates the largest railhead in the Department of Defense. This is another example of the Marine Corps' continued interest in advanced technologies that appear to include significant environmental enhancements, potential cost savings and opportunities to partner with civilian industry."

Locomotives under construction

Railpower has begun the construction of 2 additional Green Goats and 3 additional Green Kids. These next generation locomotives will incorporate all of the design improvements generated from testing of the Green Goat and the commissioning of the Green Kid. The Green Goats will be pre-production locomotives configured with the Green Goat Plus design and will be available to satisfy initial purchases and/or additional demonstration leases by late Fall of 2003. The Green Kids will be production locomotives and will be available by mid Fall of 2003 to satisfy initial purchases.

RailPower's hybrid locomotives cut smog-precursor NOx and diesel particulate by 80-90%, while achieving fuel savings in the order of 50-80%, when compared to conventional yard locomotives in the 1,000-2,000 horsepower range. Their design incorporates small generators combined with large banks of recyclable, long-life batteries.

RailPower Technologies Corp. (www.railpower.com) is a leader in specialized energy technology systems for transportation and power generation. In addition to its patented locomotive technologies, it has a patent pending in respect of its rDirect power conditioning technology for distributed and remote power generation technologies.

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