



FOR IMMEDIATE RELEASE

TSX Venture Symbol: P

'FIRST MAJOR SALES' AS SEVEN RAILPOWER® HYBRID LOCOMOTIVES QUALIFY FOR MULTI-MILLION DOLLAR TEXAS EMISSIONS FUNDING

VANCOUVER, British Columbia, January 14, 2004. RailPower Technologies Corp. (TSX-V: P) and Railservice, Inc. announced today that an application to qualify seven hybrid locomotives for funding under the Texas Emissions Reduction Program ('TERP'), has been successful.

Now, six 1,000 horsepower equivalent Green Kids and one 2,000 horsepower equivalent Green Goat® will be built as a sales order for Railservice, subject to finalization of contracts, for future deployment in Railservice's customer sites in Brazoria County, Texas. The TERP funding, when fully applied, will significantly subsidize the cost of the locomotives for Railservice.

RailPower® President and CEO, Jim Maier said, "This will be our first confirmed major sale once contracts are finalized. The TERP funding jump-starts the introduction of our emissions-reducing hybrid locomotives into what is one of the most polluted regions in the US, the Houston-Galveston area. The hybrids can make very real contributions to reducing smog-precursor NOx. Many yards and lines in the Houston-Galveston area either abut residential areas or run through them. Texans can not only potentially benefit from the dramatically reduced NOx and particulate levels, but also the considerably lower noise levels from our hybrid locomotives."

Maier said that TERP, which covers 41 counties, is modeled on the Carl Moyer emissions reduction incentive program in southern California. "We are obviously hoping for similar receptivity for the technology in California."

Railservice Co-CEO and Controller Tim Benjamin, stated, "TERP is a powerful incentive with it projected to significantly subsidize the cost of the hybrid locomotives under the current applications. We are very excited to be introducing RailPower technology which we anticipate will be closely observed by industry and public alike. The operating costs benefits, with major savings in fuel, lube and overall maintenance, are of particular significance to us. We now hope to have the initial contract paperwork completed with both the state of Texas and our customers by the end of February."

Railservice is a leading provider of in-plant switching, track maintenance, and other rail services. It operates a total of 127 locomotives and is a member of the US\$5.7B Marmon Group. www.railserviceinc.com.

RailPower® (TSX-V: P), (www.railpower.com) a leader in specialized energy technology systems for the transportation and power generation industries, is headquartered in Vancouver, BC. Its hybrid locomotives cut NOx and particulates 80-90% and diesel fuel use 50-80% when compared to conventional yard locomotives in the 1,000 – 2,000 horsepower range.

The TERP Program is devoting approximately US\$130 million annually to help reduce emissions from mainly heavy duty trucks and off-road equipment.

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

CONTACTS:

Nigel Horsley, Director of Communications, RailPower Technologies Corp., 604-904-0085 ext. 215.

Simon Clarke, Executive Vice President, RailPower Technologies Corp. 604-904-0085 ext 206.

Al Partlow, Railserve Marketing, 703-789-5072

Jay Hussey, Investor Relations, The Equicom Group Inc., 416-815-0700 ext. 225.

TERP Program Coordinator, Steve Dayton 512-239-6824