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RAILPOWER REPORTS RESULTS FOR THREE-MONTH PERIOD, CHANGES FISCAL YEAR END

VANCOUVER, British Columbia, February 17, 2004. RailPower Technologies Corp. ("RailPower"), a leader in specialized energy technology systems, today reported its financial results for the three-month period ended December 31, 2003. As previously announced, the Company received approval to change its fiscal year end from September 30 to December 31.

Highlights for the three months and subsequent period include:

- Significantly strengthened financial position with \$12.45 million private placement
- Added industry expertise and expanded Vancouver headquarters
- Announced that Railsolve Inc. was successful in qualifying seven RailPower locomotives for funding under the Texas Emissions Reduction Program ('TERP')
- Announced that CANAC Inc. would purchase two Green Goat® locomotives with funding from TERP
- Announced field trials with major railroads Burlington Northern and Santa Fe Railway Company, Canadian Pacific Railway and CSX Transportation Inc.
- Formed U.S. subsidiary as part of U.S. commercialization program

"During the period, we completed a major financing and brought on additional expertise to support the continued progress toward commercialization of our technology this year," said Jim Maier, President and CEO, RailPower Technologies Corp. "Our recent achievements, especially initial sales, give us positive momentum to start 2004. Our focus in the near-term is to generate further sales, to position ourselves to fulfill initial orders and to move into volume manufacturing during 2004 and to expand our demo fleet to support important new product trials and growing interest from potential customers."

Financial Results

Revenues for the three months ended December 31, 2003 were \$58,394, compared with \$36,419 in the preceding three-month period. Research and development expenses increased to \$849,869, from \$492,787 in the three-month period ended September 30, 2003, due mainly to increases in staffing, consulting, salaries and prototype development.

For the three months ended December 31, 2003, general and administrative expenses increased to \$780,240, from \$537,663 in the prior three-month period, as a result of higher expenses in the areas of consulting, salaries, stock-based compensation and marketing.

The Company reported a net loss for the period of \$1.6 million, or \$0.076 per share, compared with a loss of \$994,031, or \$0.057 per share, for the three months ended September 30, 2003. The higher net loss for the period is the result of increased expenditures, as the Company increased its development and sales and marketing activities during the period.

At December 31, 2003, RailPower had cash and cash equivalents of \$13.9 million, compared with \$4.9 million at September 30, 2003. Net working capital was \$14,995,244 at December 31, 2003.

RailPower significantly strengthened its financial position during the period. In October, RailPower and Sustainable Development Technology Canada (“SDTC”) jointly announced \$1.5 million funding towards the building of nine additional locomotives with Alstom Canada Inc. and CANAC Inc. subject to completion of a final contribution agreement. In November, RailPower completed a \$12.45 million private placement of 7,323,420 common shares at a price of \$1.70 per share.

About RailPower

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

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RAILPOWER TECHNOLOGIES CORP.

Balance Sheets

	December 31, 2003	September 30, 2003
Assets		
Current assets:		
Cash and cash equivalents	\$ 13,903,184	\$ 4,878,971
Short-term investments	580,000	-
Interest receivable	2,857	4,232
Accounts receivable	129,509	75,931
Prepaid expenses	51,085	92,733
Inventories	1,140,923	636,498
	<u>15,807,558</u>	<u>5,688,365</u>
Plant and equipment	237,594	125,800
Leasehold improvements	43,949	38,154
Patents	129,659	100,946
	<u>\$16,218,760</u>	<u>\$ 5,953,265</u>
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 812,314	\$ 399,184
Unearned revenue	3,897	-
Shareholders' equity:		
Share capital	21,837,906	10,494,801
Contributed surplus	94,856	17,778
Deficit	(6,530,213)	(4,958,498)
	<u>15,402,549</u>	<u>5,554,081</u>
	<u>\$16,218,760</u>	<u>\$ 5,953,265</u>

RAILPOWER TECHNOLOGIES CORP.

Statements of Operations and Deficit

	Three months ended December 31, 2003	Year ended September 30, 2003
Revenues:		
Lease	\$ -	\$ 35,160
Interest	58,394	96,111
Expenses :		
General and administrative	780,240	1,215,792
Research and development & Manufacturing	849,869	1,946,581
	1,630,109	3,162,373
Loss for the period	(1,571,715)	(3,031,102)
Deficit, beginning of period	(4,958,498)	(1,927,396)
Deficit, end of period	\$ (6,530,213)	\$ (4,958,498)
Loss per weighted average share:		
Basic	\$ (0.076)	\$ (0.198)
Weighted average number of common shares outstanding	20,808,433	15,347,198

RAILPOWER TECHNOLOGIES CORP.

Statements of Cash Flows

	Three months ended December 31, 2003	Year ended September 30, 2002
Cash flows from operating activities:		
Loss for the period	\$ (1,571,715)	\$(3,031,102)
Items not involving cash:		
Amortization	26,317	76,374
Stock based compensation	77,078	17,778
Change in non-cash operating assets and liabilities:		
Increase in accounts receivable	(53,578)	(48,534)
Decrease in interest receivable	1,375	(4,232)
Decrease in prepaid expenses	41,648	(73,526)
Increase in accounts payable and accrued liabilities	413,130	331,403
Increase in inventories	(504,425)	(636,498)
Increase in unearned revenue	3,897	-
Net cash used in operating activities	(1,566,273)	(3,368,337)
Cash flows from investing activities:		
Increase in patents	(30,213)	(32,858)
Increase in equipment	(130,019)	(103,355)
Increase in leasehold improvements	(12,387)	(24,851)
Increase in short-term investments	(580,000)	-
	(752,619)	(161,064)
Cash flows from financing activities:		
Issuance of common stock for cash, net of share issue costs	11,343,105	4,599,342
	11,343,105	4,599,342
Net increase (decrease) in cash	9,024,213	1,069,941
Cash and cash equivalents, beginning of period	4,878,971	3,809,030
Cash and cash equivalents, end of period	\$ 13,903,184	\$ 4,878,971
Supplementary information:		
Interest received	\$ 55,537	\$ 91,877