

## **RAILPOWER® TO GET \$250,000 'CONTRIBUTION' FOR DEMO FLEET**

VANCOUVER, BRITISH COLUMBIA, MAY 25, 2004 -- RailPower Technologies Corp., a leader in distributed power technologies and hybrid locomotives, announced today that Transport Canada is providing a \$250,000 contribution towards the ongoing Green Goat® and Green Kid demonstration program.

It is one of 14 new projects under Transport Canada's Freight Sustainability Demonstration Program announced by Transport Minister Tony Valeri. "These projects demonstrate the transportation industry's leadership in reducing emissions and promoting sustainable transportation," said Mr. Valeri. "The innovative tools, technologies and best practices they generate will not only decrease greenhouse gas emissions but will also increase the efficiency of freight transportation."

The Freight Sustainability Demonstration Program, announced in November 2001, will allocate approximately \$4.5 million over five years for projects designed to reduce the growth of greenhouse gas emissions in the freight transportation sector. The award is subject to completion of a contribution agreement and is separate from the \$1.5 million grant announced with Sustainable Development Technologies Canada in October 2003.

Jim Maier, President and CEO, said, "This additional financial support from Transport Canada is most welcome and reflects confidence in our technology which, we feel, will ultimately make an important contribution to sustainability, particularly with its substantial fuel reduction benefits. Over two years of testing with several major railroads and other customers has demonstrated the robustness of our core design and has substantiated the fuel savings and emissions reduction benefits of our locomotives. With initial sales announced, discussions ongoing with a number of customers and growing awareness in the railroad industry, we are well placed to maximize market opportunities for our hybrid products."

"Our pre-production run of five Green Goat® hybrid locomotives in Calgary is progressing well and, following extensive internal testing, these locomotives will form part of our demonstration fleet. We anticipate that field trials of these locomotives by potential customers will begin in late July. Three will go to CSX for the initial trial period of 90 days. The other two will go to other trial programs," said Maier.

Production of the five locomotives is being done by Alstom Canada Inc. in Calgary. The cabs and electrical cabinets are being supplied from a major manufacturing partner in the US.

RailPower's final pre-production Green Kid is currently being completed at Southern Railway's New Westminster facilities. (RailPower will have three Green Kids in its demonstration fleet.) It will go for trial at James Richardson International's yard in North Vancouver. The initial prototype Green Kid has been returned to Southern Railway from Agrium's Soda Springs, Idaho, plant. It is undergoing maintenance and upgrades before continuing in the trial program. The second Green Kid recently successfully completed a trial with Dow Chemical Canada in Fort Saskatchewan, Alberta. It will be returned to Agrium's Redwater plant in Alberta for additional testing in harsh environment conditions following modifications at Southern Railway.

"We are on plan with our commercialization roll out. Supply agreements for the key components of our hybrid locomotives have been successfully negotiated and are now being supplied for our pre-production run. We now have out-sourced manufacturing capacity in both Canada and the US and we look to move into commercial production for our initial orders during the third quarter of this year," said Maier.

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