

TERP APPROVES \$US 24.4 MILLION FOR RAILPOWER HYBRID LOCOMOTIVES.

VANCOUVER, British Columbia, July 28, 2004 – Railpower Technologies Corp. (TSX: P), the world leader in hybrid locomotive technology, announced today that the Texas Emissions Reduction Program ("TERP") has approved \$US 24.39 million funding for applications involving more than 25 RailPower Green Goat® Series hybrid yard locomotives, subject to finalization of contracts.

The applications were submitted by three Class 1 railroads, two regional railroads, and three operators of industrial switcher locomotives.

The announcement of the awards was made at news conferences held today in Houston and Irving by Texas Governor, Rick Perry. Governor Perry announced \$US 80 million in TERP grants to reduce nitrogen oxide emissions, created by heavy construction equipment, locomotives, large trucks, tugboats and pushboats.

Governor Perry said, "This unique, \$80 million grant by the state working in conjunction with the private sector, shows we are not just talking about clean air, we are also investing in it. Our plans to clean the air in Houston, Dallas, Fort Worth and other areas of the state with high emissions are critical to maintaining federal funding for roads, and more importantly they are critical to protecting the public health."

"Last session, I signed legislation that will secure funding for the TERP program at a rate of more than \$100 million a year through 2008," added Governor Perry.

RailPower President and CEO, Jim Maier, said, "This is a tremendous endorsement of our technology and we thank all those companies involved in supporting our technology with applications to TERP. We will provide clarification of the final number of hybrid locomotives involved after we have discussed the awards with TERP and the applicants."

"Our technology brings very significant operating and fuel cost savings to railroad switching operators, as well as the benefits of very large reductions in NOx, particulate and greenhouse gas emissions and noise," added Maier.

TERP covers 41 counties and is modeled on the Carl Moyer Memorial Air Quality Standards Attainment Program in California. TERP is devoting approximately US\$130 million annually to help reduce emissions from mainly heavy duty trucks and off-road equipment. Funding has recently been increased under the Carl Moyer Program to US\$61 million annually. The award details are available at:

<http://www.tnrcc.state.tx.us/oprd/sips/terp.html>

RailPower's hybrid locomotives feature small diesel gensets and large banks of recyclable lead-acid batteries. Remanufactured from existing switcher locomotives, they cut oxides of nitrogen (NOx) and particulates 80-90%, while reducing greenhouse gases and diesel fuel consumption 50-80%, when compared to conventional yard switchers in the 1,000 to 2,000 horsepower range.

RailPower (TSX: P), (www.railpower.com) a leader in specialized energy technology systems for the transportation and power generation industries, is headquartered in Vancouver, BC, with its main engineering base in Erie, Pennsylvania.

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