



TSX Symbol: P

RAILPOWER REPORTS Q3 2004 RESULTS

VANCOUVER, British Columbia, November 8, 2004 – RailPower Technologies Corp. (TSX: P), a leader in specialized energy technology systems, today reported its financial results for the third quarter and nine months ended September 30, 2004.

“It was another very active quarter for RailPower, highlighted by the approval in Texas of \$US 24.4 million covering applications for more than 25 Green Goat® locomotives” said Jim Maier, President and CEO, RailPower Technologies Corp. “We also completed memoranda of understanding with partners in Sweden and Australia and began a significant demonstration with Amtrak in Washington, DC.”

“Another highlight of the third quarter was the enthusiastic reception that the Company’s new production model received at the major industry trade show in Chicago in September. The company has begun production of Green Goat® hybrid locomotives at Alstom’s facility in Calgary, AB, with initial deliveries scheduled to begin in the fourth quarter,” added Maier.

With the pre-production locomotives currently being completed in Calgary and the final pre-production Green Kid recently completed at Southern Rail in New Westminster, BC, Railpower’s demonstration fleet will comprise six locomotives. Experience has shown that demonstrations do convert customer interest into orders and these locomotives will be a key part of this continuing process.

Revenues for the three-month period ended September 30, 2004 were \$120,872, compared with \$53,435 in the prior quarter. This increase is attributable to an increase in interest revenue to \$116,372 from \$47,352, offset in part by a decline in lease revenue which was \$4,500 in the period and \$6,083 in the prior period. The increase in interest in the quarter is attributable to cash raised from the public offering in June.

Research, development and manufacturing expenditures amounted to \$3,062,274 in the third quarter, compared with \$1,605,896 in the second quarter, an increase of 91%. The increase was driven by re-engineering costs associated with the initial production run of locomotives and the implementation of final design changes to the pre-production locomotives during the manufacturing process, together with a write-down on inventory to reflect material consumed over the past twelve months in the development, production, repair and maintenance of the Company’s locomotives.

General and administrative expenses for the third quarter were \$1,495,065, an increase of 21% from the second quarter. The largest increases were in salaries, travel, consulting and marketing, offset by a gain on foreign exchange. The increases are related to RailPower’s growth, its initial production and its participation in trade shows during the quarter.

The Company recorded a loss for the three months ended September 30, 2004 of \$4,436,467, or \$(0.136) per share, (on a non-diluted basis) compared to a loss of \$2,790,684, or \$(0.109) per share, for the previous quarter. The Company had a net loss of \$994,031, or \$(0.057) per share, for the third quarter of 2003. The increased net loss reflects the higher level of activity in the current year and costs associated with the initial production run of locomotives.

“Our key focus in the coming quarters remains the move to full scale production of locomotives, fulfillment of initial sales orders and the development of a strong order book,” added Maier. “We are confident that the first locomotives, now nearing completion in Calgary, will perform well and will be worthy ambassadors of the hybrid concept for yard switching in North America. At the same time, our development efforts continue to expand our product line of locomotives for the North American market as well as those overseas.”

Revenues for the nine months ended September 30, 2004 were \$272,747, compared with \$108,323 for the same period last year. Net loss for nine-month period increased from \$2.3 million in 2003 to \$9.5 million in 2004, which reflects significantly higher expenses to support the Company’s growth.

At September 30, 2004, the Company had cash and cash equivalents totaling \$21.3 million, compared with \$18.1 million at June 30, 2004. RailPower’s working capital was \$27.4 million at the end of the third quarter, compared with \$28.8 million at the end of the second quarter.

About RailPower

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. 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 main engineering and manufacturing offices are in Erie, Pennsylvania.

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RAILPOWER TECHNOLOGIES CORP.

Consolidated Balance Sheets

Unaudited

	September 30, 2004	December 31, 2003
Assets		
Current assets:		
Cash and cash equivalents	\$ 21,294,138	\$ 13,903,184
Short-term investments	1,631,267	580,000
Interest receivable	13,905	2,857
Accounts receivable	279,954	129,509
Prepaid expenses	402,790	51,085
Deferred charges	40,922	-
Inventories	8,084,369	1,140,923
	<u>31,747,345</u>	<u>15,807,558</u>
Plant and equipment	722,380	237,594
Leasehold improvements	36,140	43,949
Patents	168,781	129,659
	<u>\$ 32,674,646</u>	<u>\$ 16,218,760</u>
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 3,985,803	\$ 812,314
Customer deposits	319,045	
	<u>4,304,848</u>	<u>812,314</u>
Unearned revenue	3,897	3,897
Shareholders' equity:		
Share capital	43,976,480	21,837,906
Contributed surplus	390,032	94,856
Deficit	(16,000,611)	(6,530,213)
	<u>28,365,901</u>	<u>15,402,549</u>
	<u>\$ 32,674,646</u>	<u>\$ 16,218,760</u>

RAILPOWER TECHNOLOGIES CORP.

Consolidated Statements of Operations and Deficit
Unaudited

	3 Months Ended September 30		9 Months Ended September 30	
	2004	2003	2004	2003
Revenues:				
Lease	\$ 4,500	\$ -	\$ 30,327	\$ 35,160
Interest	116,372	36,419	242,420	73,163
	<u>120,872</u>	<u>36,419</u>	<u>272,747</u>	<u>108,323</u>
Expenses :				
General and administrative	1,495,065	537,663	3,719,679	1,044,654
Research & Development & Mfg.	3,062,274	492,787	6,023,466	1,371,918
	<u>4,557,339</u>	<u>1,030,450</u>	<u>9,743,145</u>	<u>2,416,572</u>
Net loss for the period	(4,436,467)	(994,031)	(9,470,398)	(2,308,249)
Deficit, beginning of period	(11,564,144)	(3,964,467)	(6,530,213)	(2,650,249)
Deficit, end of period	\$ (16,000,611)	\$ (4,958,498)	\$ (16,000,611)	\$ (4,958,498)
Net loss per weighted average share:				
Basic	\$ (0.136)	\$ (0.057)	\$ (0.345)	\$ (0.148)
Weighted average number of common shares outstanding: Basic	32,564,946	17,349,602	27,451,790	15,648,741

RAILPOWER TECHNOLOGIES CORP.

Consolidated Statements of Cash Flows Unaudited

	3 Months Ended September 30		9 Months Ended September 30	
	2004	2003	2004	2003
Cash flows from operating activities				
Loss for period	\$ (4,436,467)	\$ (994,031)	\$ (9,470,398)	\$ (2,308,249)
Adjustments to reconcile net income to net cash provided by operating activities:				
Amortization	68,752	36,299	148,164	63,995
Stock based compensation	155,009	3,271	295,176	17,778
Accounts receivable	55,366	(29,226)	(150,445)	(29,912)
Interest receivable	(1,943)	(4,232)	(11,048)	(4,232)
Prepaid expenses	2,679	(79,157)	(351,705)	(80,146)
Inventories	(3,351,150)	(563,633)	(6,943,446)	(584,682)
Accounts payable and accrued liabilities	1,651,855	225,204	3,173,489	278,732
Customer Deposits	134,045	-	319,045	-
	<u>(5,721,854)</u>	<u>(1,405,505)</u>	<u>(12,991,168)</u>	<u>(2,646,716)</u>
Cash flows from investing activities				
Increase in patents	(13,132)	(9,542)	(40,874)	(27,333)
Increase in equipment	(323,405)	(55,319)	(606,110)	(69,472)
Increase in leasehold improvements	(8,880)	-	(17,279)	(21,675)
Decrease (Increase) in short-term investments	5,989,233	-	(1,051,267)	-
	<u>5,643,816</u>	<u>(64,861)</u>	<u>(1,715,530)</u>	<u>(118,480)</u>
Cash flows from financing activities:				
Issuance of common stock for cash, net of share issue costs	3,200,338	3,562,842	22,138,574	4,586,842
Deferred charges	40,922	-	(40,922)	-
	<u>3,241,260</u>	<u>3,562,842</u>	<u>22,097,652</u>	<u>4,586,842</u>
Net increase (decrease) in cash	3,163,222	2,092,476	7,390,954	1,821,646
Cash and cash equivalents, beginning of period	18,130,916	2,786,495	13,903,184	3,057,325
Cash and cash equivalents, end of period	\$ 21,294,138	\$ 4,878,971	\$ 21,294,138	\$ 4,878,971