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TSX Symbol: P

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RAILPOWER TECHNOLOGIES CORP. ANNOUNCES BOUGHT DEAL FINANCING

VANCOUVER, British Columbia, December 2, 2004 - RailPower Technologies Corp. (TSX: P) announced today that it has entered into a bought deal financing agreement with National Bank Financial Inc.

Under the agreement, RailPower has agreed to sell 6,000,000 common shares from treasury on a "bought deal" basis to a syndicate of underwriters led by National Bank Financial at a price of \$5.20 per common share, for gross proceeds of \$31,200,000. In addition, the Company has granted the underwriters the option to purchase up to an additional 2,000,000 common shares on the same terms, exercisable at any time prior to the closing of the offering.

Net proceeds of the offering will be used (i) to accelerate our expansion into European, Australasian and other key international railroad markets, including the development of demonstration locomotives for those markets; (ii) for the development of a dedicated service and maintenance business for our locomotive fleet; and (iii) for working capital and general corporate purposes.

The common shares to be issued under this offering will be offered by way of a short form prospectus in all of the provinces of Canada. The offering is scheduled to close on or about December 21, 2004 and is subject to certain conditions including, but not limited to, the receipt of all necessary approvals including the approval of the Toronto Stock Exchange and the securities regulatory authorities.

The common shares have not been and will not be registered under the U.S. Securities Act of 1933 (the "Securities Act") and may not be offered or sold within the United States or to, or for the account of benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. This press release shall not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the securities in any state in which such offer, solicitation or sale would be unlawful.

About RailPower

RailPower's 2,000 horsepower-equivalent hybrid yard locomotives cut diesel fuel use and greenhouse gas emissions 40-70% when compared to conventional yard locomotives. They also reduce smog-precursor oxides of nitrogen (NOx) and particulate emissions by 80-90%. With their small diesel gensets instead of large conventional engines, the locomotives are extremely quiet and have low maintenance requirements.

RailPower is headquartered in North Vancouver, BC. Its main engineering and manufacturing base is in Erie, Pennsylvania, where its wholly-owned subsidiary, RailPower Hybrid Technologies Corp. is located.

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