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TSX Symbol: P

RAILPOWER REPORTS Q1 2005 RESULTS

VANCOUVER, British Columbia, May 6, 2005 – Railpower Technologies Corp. (TSX: P) today reported its financial results for the first quarter ended March 31, 2005.

The following summarizes the key points for the period:

- Order book of 80 locomotives at quarter end compared to order book of 10 at end of first quarter 2004.
- First major order without emissions funding - 35 locomotives over four years with Canadian Pacific Railway.
- Union Pacific provisional order for 10 committed to contract subsequent to quarter end.
- Commercial production ongoing at all three of the Company's outsourced manufacturing sites with initial commercial deliveries from Railserve and MotivePower post the quarter end.
- First two commercial deliveries completed from Alstom.
- Demonstrations with CSXT, CPR and Pacific Harbor Lines during the quarter and CN post quarter end.
- Design work ongoing on pre-production Road Switcher and first International hybrid locomotive.
- Cash and cash equivalents of \$47.1 million as at March 31, 2005 compared to \$53.9 million at December 31, 2004.
- Common shares issued of 42.5 million compared to 25.0 million at March 31, 2004.
- Revenues and interest income were \$338,186 compared to \$98,440 for the quarter ended March 31, 2004.
- Net loss of \$5.3 million compared to net loss of \$2.2 million for the quarter ended March 31, 2004.
- Expenses of \$5.7 million compared to \$2.3 million for the quarter ended March 31, 2004.
- R&D and Manufacturing costs of \$3.9 million compared to \$1.4 million for the quarter ended March 31, 2004.
- Loss per weighted average share of 13 cents compared to 9 cents in the quarter ended March 31, 2004.

"The key focus throughout the quarter was on execution and making initial commercial deliveries from our manufacturing sites. Two locomotives were delivered from Alstom, one to Union Pacific Railroad and another to BNSF and, subsequent to the quarter end, initial locomotives were also completed at Railserve in Texas and MotivePower in Boise, Idaho," said Jim Maier, President and CEO. "With all facilities having completed locomotives, we anticipate production increasing in line with our production plans. Since the quarter end, increasing numbers of locomotives are moving through the production process."

"As production starts to ramp-up, our focus has now shifted to the input costs of our locomotives and generating our target margins. We have implemented measures to maximize the benefits of: moving into volume production; the gains that will come from our manufacturing partners having moved along the learning curve; and the reduction of excess costs inherent in our early designs and locomotives. We are encouraged by the results of initial measures implemented and this process is ongoing" said Maier.

“We are also making good progress on our moves to expand our product line with design and initial construction work ongoing on both our Road Switcher / Branch Line locomotive and our initial international hybrid locomotive which is being built in Scandinavia with our partner Swedish Train Technology (“STT”). We remain very excited at the market potential for our Road Switcher and the market potential internationally for our products. Our initial pre-production Road Switcher and the initial international hybrid remain on schedule for completion during the second half of 2005,” concluded Maier.

Two commercial deliveries during the quarter were approved for funding in California with these funds being payable to RailPower. These locomotives have been leased for a five year period to Union Pacific and BNSF respectively at reduced rates. Although Railpower will not record sales revenue for these locomotives, the Company will receive the benefit of the emissions funding and these locomotives will remain assets of Railpower.

Another focus during the quarter was the conversion of provisional orders into firm orders. The major achievement in this area was the conversion of the Letter of Intent for 35 locomotives over four years into an executed contract with Canadian Pacific Railway. At the end of the Quarter, Railpower had executed contracts for 57 locomotives, with provisional orders (where the customer has received approval for government funding, but not yet executed a contract) for an additional 23 locomotives. Subsequent to the end of the Quarter, the Company completed a contract with Union Pacific for 10 of the provisional orders. Railpower is continuing to work with its customers to complete contracts for the remaining 13 provisional orders. At March 31, 2004, the Company had the sale for the conversion of one locomotive under contract with provisional orders for an additional nine locomotives.

Railpower also continued to market its locomotives aggressively during the period with two pre-production locomotives under demonstration with CSXT, a third pre-production locomotive undergoing cold weather testing with CPR in Winnipeg and the fourth pre-production locomotive being shipped to Los Angeles for a demonstration with Pacific Harbor Lines. Subsequent to the quarter end, the Company also conducted a successful short term demonstration with CN in Regina. At this point, Railpower has either demonstrated or concluded a sales contract with six of the seven Class 1 railroads in North America. The Company is discussing a demonstration with the seventh.

The latest US \$150 million round of funding under the Texas Emissions Reduction Program (“TERP”) closed for applications at the end of January, 2005 with a number of customers making applications for Railpower’s locomotives. The results of these applications are expected to be announced later in the second quarter.

Railpower (TSX: [P](#); www.railpower.com), is headquartered in Vancouver, BC. Its subsidiary company, Railpower Hybrid Technologies Corp., is located in Erie, Pennsylvania.

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RAILPOWER TECHNOLOGIES CORP.

Consolidated Balance Sheets
(Expressed in Canadian dollars)
Unaudited

	March 31, 2005	December 31, 2004
Assets		
Current assets:		
Cash and cash equivalents	\$ 47,118,288	\$ 53,912,984
Restricted cash	4,239,080	4,238,122
Accounts receivable	720,537	622,805
Inventory	8,813,718	9,557,726
Prepaid expenses	1,161,939	212,256
	<u>62,053,562</u>	<u>68,543,893</u>
Plant and equipment	772,819	795,843
Lease & demonstration fleet	6,137,190	2,374,072
Patents	278,928	217,180
Deferred development costs	23,089	13,545
	<u>\$ 69,265,588</u>	<u>\$ 71,944,533</u>
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 4,732,280	\$ 5,064,283
Customer deposits	317,460	315,465
Current portion of long-term debt	393,120	130,217
	<u>5,442,860</u>	<u>5,509,965</u>
Long-term debt	3,112,200	1,041,733
Shareholders' equity:		
Share capital	86,815,793	86,331,400
Contributed surplus	701,606	543,854
Deficit	(26,806,871)	(21,482,419)
	<u>60,710,528</u>	<u>65,392,835</u>
	<u>\$ 69,265,588</u>	<u>\$ 71,944,533</u>

RAILPOWER TECHNOLOGIES CORP.

Consolidated Statements of Operations and Deficit
(Expressed in Canadian dollars)
Unaudited

	3 Months Ended March 31	
	2005	2004
Revenues:		
Lease, service and miscellaneous	\$ 17,594	\$ 19,744
Expenses		
General and administrative	1,724,048	986,391
Research & development & manufacturing	3,938,590	1,355,296
	<u>5,662,638</u>	<u>2,341,687</u>
	(5,645,044)	(2,321,943)
Other item:		
Interest income	<u>320,592</u>	<u>78,696</u>
Loss for the period	(5,324,452)	(2,243,247)
Deficit, beginning of period	<u>(21,482,419)</u>	<u>(6,530,213)</u>
Deficit, end of period	<u>\$ (26,806,871)</u>	<u>\$ (8,773,460)</u>
Net loss per weighted average share, basic	\$ (0.13)	\$ (0.09)
Weighted average number of common shares outstanding, basic	42,442,778	24,977,522

RAILPOWER TECHNOLOGIES CORP.

Consolidated Statements of Cash Flows
(Expressed in Canadian dollars)
Unaudited

	3 Months Ended March 31	
	2005	2004
Cash flows from operating activities:		
Loss for the period	\$ (5,324,452)	\$ (2,243,247)
Items not involving cash:		
Amortization	110,035	31,925
Stock-based compensation	205,936	53,446
Changes in non-cash operating assets and liabilities:		
Increase in accounts receivable	(97,732)	(10,554)
Increase in prepaid expenses	(949,683)	(245,676)
Decrease (increase) in inventory	744,008	(936,941)
Increase (decrease) in accounts payable and accrued liabilities	(332,003)	77,090
Increase in customer deposits	1,995	-
Increase in deferred expenses	-	(109,200)
Net cash used in operating activities	(5,641,896)	(3,383,157)
Cash flows from investing activities:		
Expenditures on patents	(64,373)	(7,314)
Expenditures on plant and equipment	(46,304)	(107,796)
Expenditures on lease & demonstration fleet	(3,801,200)	-
Deferred development costs	(9,544)	-
Increase in restricted cash	(958)	-
Net cash used in investing activities	(3,922,379)	(115,110)
Cash flows from financing activities:		
Issuance of long-term debt	2,358,720	-
Repayment of long-term debt	(25,350)	-
Issuance of common stock for cash, net of share issue costs	436,209	63,530
Net cash provided by financing activities	2,769,579	63,530
Net decrease in cash	(6,794,696)	(3,434,737)
Cash and cash equivalents, beginning of period	53,912,984	13,903,184
Cash and cash equivalents, end of period	\$ 47,118,288	\$ 10,468,447