



FOR IMMEDIATE RELEASE

TSX: P

RAILPOWER ANNOUNCES CHANGES TO STOCK OPTIONS

MONTREAL, Quebec, September 18, 2006 – Railpower Technologies Corp. (TSX: P) (“Railpower”), a leader in specialized energy technology systems for the transportation industry, announced it has received the Toronto Stock Exchange approval to reprice stock options previously granted to Company employees. Options held by directors and senior management are not eligible for repricing.

The new exercise price per stock option has been set at \$1.80 which was the closing price for Railpower shares on September 14TH, 2006 and follows normal pricing procedure. There are currently 81 employees and 1,639,567 stock options that are subject to the repricing.

The Board of Directors has also approved the grant of 624,000 stock options from the current stock option pool at \$1.80 to nine members of senior management and two directors of the Board appointed in 2005. These options vest over 3 years and have a term of 5 years. Railpower has 54,966,292 shares issued and outstanding.

“Railpower has been going through a transition period from initial development to a fully operational and manufacturing company. This has resulted in a significant change and addition to the employee group and particularly senior management. It is essential through this period that the Company has financial incentives in place that are realistic and aligned with the Company’s performance and successful future growth” said Norman Gish, Chairman of the Board of Railpower.

“The stock option plan is a key component of the Company’s compensation program, as there is no pension plan yet, and it is important that it continue to retain our employees and reward them for extraordinary effort to achieve our goals,” said Gish. “We believe this initiative, at this time, is in line with the best interests of the shareholders.”

About Railpower

Railpower (TSX: P), (www.railpower.com) is a leader in specialized energy technology systems for the transportation industry. Its origins and initial focus are in the development, production, marketing and sales of specialized energy technology systems for railroad applications. Our technologies significantly reduce fuel usage, operating and maintenance costs, and emissions. While Railpower’s origins are in the transportation industry, its technologies have broad potential and applications in other markets and industries. Railpower is headquartered in Montreal, Quebec. Its U.S. office is located in Erie, Pennsylvania.

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Caution regarding forward-looking statements

Certain statements contained in this release contain forward-looking statements. When used in this document, the words “may”, “would”, “could”, “will”, “intend”, “plan”, “anticipate”, “believe”, “estimate”, “expect” and similar expressions may be used to identify forward-looking statements. Those statements reflect our current views with respect to future events or conditions, including prospective results of operations, financial position, predictions of future actions, plans or strategies. Certain material factors and assumptions were applied in drawing our conclusions and making those forward looking statements. By their nature, those statements reflect management’s current views, beliefs and assumptions and are subject to certain risks and uncertainties, known and unknown, including, without limitation, product development or manufacturing delays, changing environmental regulations, the ability to attract and retain business partners, the acceptance of our existing and new products, future levels of government funding, the need to obtain and maintain proprietary rights over our technology, competition from other technologies, the ability to access the capital required for research, product development, operations and marketing, the need to generate positive cash flow in the foreseeable future, changes in energy prices and currency levels. Many factors could cause our actual results, performance or achievements to be materially different from any future results, performance or achievements that may be expressed or implied by these forward-looking statements. Should one or more of these risks or uncertainties materialize, or should the assumptions underlying our projections or forward-looking statements prove incorrect, our actual results may vary materially from those described in this report as intended, planned, anticipated, believed, estimated, or expected. We do not intend and do not assume any obligation to update these forward-looking statements whether as a result of new information, plans, events or otherwise.