NEWS RELEASE TSX Symbol: P

Railpower reports 2006 third quarter financial results and steps to improve liquidity

MONTREAL, Quebec, November 14, 2006 – Railpower Technologies Corp. (“Railpower” or the “Company”) (TSX: P), a leader in specialized energy technology systems for the transportation industry, today reported its financial results for the three and nine-month periods ended September 30, 2006. (All dollar amounts are in $CDN unless stated otherwise.)

Q3 2006 Highlights

- Cash and cash equivalents amounted to $9.1 million as of September 30, 2006 compared to $37.3 million as of June 30, 2006
- No asset-based financing agreement was reached during the third quarter of 2006 creating a liquidity problem, as discussed below
- Following the end of the quarter, the Company entered into an agreement with a major customer to accelerate payment terms to address the liquidity issue
- Cost reduction plan initiated along with key employees retention program
- Operating loss of $12.0 million for the third quarter compared to $15.2 million for the second quarter of 2006. The improvement in the operation loss is due to a provision for future contract losses of $5.7 million that had been recorded in the second quarter of 2006 partially offset by an increase of $1.3 million in warranty expenses mainly due to warranty extensions
- Sales for the third quarter amounted to $9.3 million compared to $2.7 million for the second quarter of 2006. 11 units were delivered during the last quarter compared to 3 in the previous quarter
- Production put on hold on another major contract pending renegotiation of the contract terms

Liquidity issues

As of September 30th, 2006, the Company had cash and cash equivalents of $ 9.1 million, compared to $76.8 million as at December 31, 2005 and $37.4 million as at June 30, 2006. This decrease is due to an increase in the inventory which has reached the level of $50.6 million and the timing of payments from customers which in most cases occurs after delivery. The Company has not yet been able to secure the previously announced asset based financing required during the fourth quarter of 2006 to continue to fund its operations. See Note 2 of the Financial Statements for a discussion of the ability of the Company to operate as a going concern.

The Company has reached an agreement with a major customer in order to accelerate the contract payment terms which is expected to provide sufficient liquidity to allow the Company to fund its operations until March 2007. The agreement is subject to certain conditions. Early payments shall apply to the remanufactured locomotives as long as Railpower meets its delivery schedule and the delivered locomotives perform in service. Early payments will be made as long as no other financing is put in place. However, it may be suspended should the Company fail to obtain the Environment Protection Agency (EPA) certification for its road switcher locomotives by January 15th, 2007. In such eventuality, the customer is also entitled to end the contract and get a full refund of the purchase price of the locomotives already delivered. The emissions testing will begin on November 20, 2006 and should it proceed as planned, the Company expects to meet the criteria to enable it to obtain the certification on time. In the meantime, deliveries proceed as planned as the Company has obtained a waiver from the EPA permitting it to deliver up to 30 locomotives prior to certification. Based on that exemption, three locomotives have already been delivered. The on-going production plan calls for deliveries of 3 units per week increasing to 4 at the beginning of 2007 in order to complete the program as per the contract in June 2007.

During the third quarter, management put on hold the execution of a major contract in connection with the on-going negotiations with the client. The extraordinary technical requirements under this contract cannot be met given the current state of the technology. This contract has already caused and is expected to cause the Company significant losses which represent the majority of the provision for contract losses shown on the balance sheet in the amount of $21.2 million. There is no assurance that the current discussions will result in more favorable terms. Should the current negotiations fail or the Company be unable to perform the contract due to its financial difficulties, management believes that there is a risk of a potential claim from the customer, as described in Note 8 of the Financial Statements.

The Company is continuing to search for other sources of financing to improve its cash flow and be able to fund its operations in 2007. The Company and its Board of Directors are fully engaged in looking at various financing strategies. However, at the present time, there can be no assurance that additional financing will be obtained.

In order to address its liquidity issues, Railpower has also decided to put in place a cost reduction plan which includes, among other things, the elimination of certain employment positions in various Company facilities. It is expected that the measures taken by this cost reduction plan will allow the Company to reduce overhead costs by approximately $10 million annually. These measures are expected to have no impact on the manufacturing activities and deliveries related to the current order book. The Company has also put in place a retention plan in favor of certain key employees as an incentive to remain with the Company as its success will depend upon the ability to retain qualified personnel. Pursuant to such plan, amounts up to $2.0 million in the aggregate may be paid until June 30, 2007 to these key employees. This amount is accounted for in the cost reduction program described above.

“The objective behind these difficult but necessary measures is to lower our operating costs as much as possible in light of our current level of available cash. The Company is currently facing serious liquidity issues and we are hopeful that these measures will facilitate our discussions with lenders, suppliers and potential investors” noted José Mathieu, the President and Chief Executive Officer of the Company.

“We continue to work on orders from other customers for whom 18 units are at various stages of production. Despite the current financial situation, we are in discussions with several Class 1 railroads with respect to their strategic plans for their low horsepower locomotive fleets. The customers are eager to test the Company RP-series demonstration unit starting in December 2006. We have submitted proposals for approximately 120 units to class I railroads and some industrial and overseas potential customers and are hoping to generate new orders in the following two quarters” added Mr. Mathieu.

FORWARD-LOOKING STATEMENTS

Certain statements contained in this Press Release may contain projections and “forward-looking statements” within the meaning of that phrase under Canadian and U.S. securities laws. 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 or 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, uncertainties, known and unknown, and assumptions, including, without limitation, the ability to access the capital required to fund our activities, prompt payment by our major customer for remanufactured locomotives as per the agreed to accelerated payment terms, the ability to achieve the anticipated overhead cost reductions, the ability to retain our employees, the outcome of the negotiation with another significant customer of new terms and conditions of an agreement under which the Company has discontinued the production of locomotives, 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.*

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