

NEWS RELEASE**Railpower announces \$25 million bought deal**

MONTREAL, Quebec, January 23, 2007 – Railpower Technologies Corp. (the "Company") is pleased to announce that it has entered into an agreement to sell, on a bought deal basis, 25,000,000 units (the "Units") at a price of C\$1.00 per Unit to a syndicate of underwriters led by Canaccord Adams and Sprott Securities Inc., and including National Bank Financial Inc., Paradigm Capital Inc., and Pacific International Securities Inc. (collectively, the "Underwriters"), for gross proceeds to the Company of C\$25 million. Each Unit will consist of one common share and one-half of one common share purchase warrant. Each whole warrant will be exercisable at a price of C\$1.25 for a period of three years from the closing date.

In addition, the Underwriters have been granted an option (the "Over-allotment Option") to sell that number of additional Units as is equal to 15% of the size of the offering for market stabilization and over-allotment purposes. The Over-allotment Option may be exercised at any time, in whole or in part, until that date which is 30 days following the closing date. The offering is scheduled to close on or about February 13, 2007 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. The Company will use its best efforts to list the warrants on the Toronto Stock Exchange upon closing of the offering.

Proceeds of the offering will be used by the Company for general corporate purposes.

The securities offered have not been registered under the U.S. Securities Act of 1933, as amended, and may not be offered or sold in the United States absent registration or applicable exemption from the registration requirements. 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 (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, construction, 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.

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.

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