

NEWS RELEASE

TSX Symbol: P

Railpower Reports 2007 First Quarter Financial Results

MONTREAL, Quebec, May 10, 2007 – 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-month period ended March 31, 2007. *(All dollar amounts are in \$CDN unless stated otherwise.)*

Q1 07 Summary

- Produced 32 units and delivered 24 units during the first quarter of 2007
- Completed equity financing raising gross proceeds of \$34.5 million
- Revenue increased to \$25.1 million from \$2.3 million in Q1 2006
- Incurred a net loss of \$8.5 million compared to \$8.7 million in Q1 2006
- Commenced installation of first hybrid power plant or “Eco Crane™” for Terminal Systems Inc.
- Started the design of RP14BD locomotive, a new multi-genset yard locomotive

“During the quarter we were focused on the continued execution and delivery of our largest order. Despite the successful introduction of new procurement and manufacturing processes, and our ensuing ramp-up in production, we have determined that we will not be able to complete deliveries of all locomotives to our largest customer by the required deadline of June 15, 2007,” said José Mathieu, President and CEO of Railpower. “Preliminary discussions have been initiated with the customer to extend the delivery schedule.”

“In line with our strategy of expanding our range of multi-genset locomotives and increasing the market penetration of our RP-series road switchers, we introduced the new model RP14BD yard locomotive. In April 2007, we received an order from Norfolk Southern for two kits to assemble RP14BD yard locomotives. This order further validates the benefits of our low-emission, fuel-efficient RP-series multi-genset locomotives. Looking ahead, we will continue to improve our procurement and manufacturing processes, concentrate on securing new orders for our line of RP-series locomotives, and further develop our hybrid technology for derivative applications, such as rubber tyred gantry cranes.”

Financial Results

For the first quarter of 2007, revenue increased to \$25.1 million, compared to \$2.3 million in the first quarter of 2006. The Company’s increased revenue in the first quarter resulted from the delivery of 24 units, compared to delivery of three in the first quarter of 2006. As at March 31, 2007, Railpower had firm orders for 83 locomotives and three cranes.

Cost of goods sold (“COGS”) in the first quarter totaled \$26.4 million compared to \$4.1 million in the first quarter of 2006. The increase in COGS in the quarter reflects the higher number of locomotives produced during the period.

Operating expenses, including engineering and research and development (“R&D”), general and administrative (“G&A”), selling and service related expenses, for the first quarter of 2007 totaled \$7.3 million, compared to operating expenses of \$7.5 million for the first quarter of 2006.

Net loss for the first quarter of 2007 was \$8.5 million, or (\$0.12) per share, compared to a net loss of \$8.7 million, or (\$0.16) per share in the same period a year ago.

As at March 31, 2007, the Company had working capital of \$40.7 million, including cash and cash equivalents of \$12.7 million, compared to working capital of \$19.6 million, including cash and cash

equivalents of \$1.1 million as at December 31, 2006. The Company's increase in working capital resulted from the completion of a public equity offering in February 2007, raising gross proceeds of \$34.5 million. The Company believes that its current cash position will provide sufficient working capital to manufacture the remaining locomotives in the order book, fulfill related purchasing commitments, pursue sales and marketing activities and support operating expenses for the next 12 months.

Corporate Developments & Outlook

Railpower's first hybrid power plant or "Eco Crane™" for Terminal Systems Inc. ("TSI") was completed during the quarter and is currently being installed on one of TSI's rubber tyred gantry cranes at the Vancouver Harbour. The remaining two Eco Cranes™ are expected to be installed in the second half of 2007. There is 6000 to 8000 similar cranes throughout the world including around 2000 in North America.

In an effort to control cost, Railpower is exploring the possibility of operating its own manufacturing facility. During the quarter, an offer was made to purchase an existing manufacturing facility in Montreal, Quebec. The Company is completing its due diligence of the new facility, and expects to complete the purchase by the end of May 2007. Railpower anticipates commencing its manufacturing operations by July 2007. This facility would provide a shorter production cycle and would reduce future working capital requirements.

As of May 11, 2007, 52 of 98 RP- series road switcher locomotives were shipped to our largest customer. The Company does not expect to complete the delivery of 98 locomotives by the required deadline of June 15, 2007. Under the current contract, should this cause the customer to lose a portion of government subsidies obtained to fund these locomotives, Railpower would be required to reimburse the customer for such lost subsidies and also pay liquidated damages. Further, the customer would have no obligation to accept the delivery of locomotives after June 15. The Company is currently in discussions with the customer to extend the delivery schedule. The Company's management is confident that an agreement can be reached.

Railpower's consolidated financial statements and Management's Discussion and Analysis ('MD&A') as at March 31, 2007, were prepared in accordance with Canadian generally accepted accounting principles and are presented in Canadian dollars, except where indicated otherwise. The full statements and MD&A will be filed on SEDAR (www.sedar.com) and, be available via Railpower's website (www.railpower.com) later today.

Notice of Conference Call and Webcast

José Mathieu, President and CEO of Railpower, will host a conference call tomorrow at 9:00 am (EST) to review the financial results. All interested parties are invited to participate. A live audio webcast of the call will be available at www.railpower.com or www.newswire.ca. A taped replay of the conference call will also be available until Friday, May 18, 2007 by calling 416-640-1917 or 1-877-289-8525 reference number 21219970#.

About Railpower

Railpower (TSX: P), (www.railpower.com) is engaged in the development, construction, marketing and sales of specialized, patented, environmentally friendly technology systems for the transportation and related industries. Railpower's 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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