

NEWS RELEASE

TSX Symbol: P

RAILPOWER REPORTS 2008 SECOND QUARTER FINANCIAL RESULTS

BROSSARD, Quebec, August 12, 2008 – Railpower Technologies Corp. (“Railpower” or the “Corporation”) (TSX: P), a leader in specialized energy technology systems for the transportation industry, today reported its financial results for the three and six month periods ended June 30, 2008. *(All dollar amounts are in \$CDN unless stated otherwise.)*

Q2 2008 SUMMARY

- Announced the construction of an assembly plant in Saint-Jean-sur-Richelieu, Quebec; it is expected to be operational in the first quarter of 2009;
- Closed a \$20 million private placement with Ontario Teachers' Pension Plan Board (“OTPPB”) on June 27th, 2008; the proceeds are to be used for the construction of the plant, of 2 demonstration locomotives and for working capital purposes;
- Produced and delivered 3 six-axle road switcher locomotives to Union Pacific and 2 Eco-Cranes to Terminal Systems Inc.;
- Progressed in the implementation of Enterprise Resource Planning (“ERP”) and Product Data Management (“PDM”) systems to improve the operational efficiency;
- Recorded a net loss of \$7.6 million compared to a net loss of \$34.0 million for the three months ended June 30th, 2007;
- Subsequent to the end of the quarter, on July 31, 2008, obtained an order from Virginia International Terminal (VIT) for two multi-genset, four-axle RP20BD locomotives and one hybrid GG20B locomotive.

“The last quarter was marked by important milestones in the evolution of Railpower: the launch of the construction of our plant and securing of its financing. Thanks to our partner, OTPPB, and our shareholders who voted massively in favor of the project and the related financing, Railpower will own a world class manufacturing facility enabling it to meet the expected increasing demand for its high efficiency locomotives. We are pleased to report that the construction is progressing according to the schedule and that the plant will be operational as early as the first quarter of 2009” said Mr. José Mathieu, President and CEO of Railpower.

BUSINESS OVERVIEW

During the quarter, the Corporation recorded revenues of \$4.8 million, compared to \$37.3 million in the corresponding period last year when it was executing its largest order in history. The new orders were profitable but the level of revenues received during the quarter was insufficient to cover all the expenses.

The Corporation continues to focus on securing new orders and preparing for its growth by building the new assembly plant and implementing powerful information systems to increase its operational efficiency as well as on optimizing its supply chain to improve profitability.

DETAILED FINANCIAL RESULTS

For the quarter ended June 30, 2008, revenue decreased from \$37.3 million in the corresponding period last year to \$4.8 million. The decrease is due to a lower level of sales with 3 locomotives and 2 Eco-Cranes delivered during the quarter, compared to 37 locomotives and kits for the same period last year. For the first half of 2008, revenue decreased to \$8.1 million from \$62.4 million in the first half of 2007. The Corporation delivered 6 locomotives and kits and 2 Eco-Cranes in the first half of 2008 compared to 61 locomotives and kits in the corresponding period in 2007.

The gross margin totaled (\$1.0) million in the second quarter compared to (\$8.6) million in the corresponding period in 2007. The gross margin for the first six months of 2008 was (\$1.8) million compared to (\$9.9) million in 2007. The improvement of the gross margin for the three and six month periods is mainly explained by the reduction of material cost, including inefficiencies and scrap and obsolescence, due to an expense of \$5.6 million recorded in this regard in the same period ended June 30, 2007.

Operating expenses for the quarter ended June 30, 2008 totaled \$5.4 million compared to \$7.1 million for the corresponding period in 2007. Operating expenses for the first half of 2008 were \$11.0 million compared to \$14.3 million in the corresponding period in 2007.

Net loss for the second quarter of 2008 was \$7.6 million, or \$0.08 per basic share, compared to a net loss of \$34 million, or \$0.38 per basic share for the same period last year. This decrease in the net loss is mainly explained by an improvement of the gross margin for an amount of \$7.5 million, a non-recurring expense of \$12 million recorded in June 2007 following the recall of 59 Green Goat yard switcher locomotives, an impairment charge on the demonstration, service and leased locomotives of \$3 million recorded in June 2007, and a reduction of the foreign exchange loss of \$3.1 million in 2008.

Net loss for the first half of 2008 was \$15.2 million, or \$0.17 per basic share, compared to a net loss of \$42.4 million, or \$0.52 per basic share, in the corresponding period in 2007. This decrease of the net loss is mainly explained by the same elements as for the second quarter.

On June 27th, 2008, the Corporation issued a \$20 million secured convertible debenture to Ontario Teachers' Pension Plan ("OTPPB") in connection with the private placement by OTPPB. The debenture has a maturity date on January 4th, 2013 and an interest coupon of 5% per annum, payable semi-annually in either cash or common shares at the discretion of the Corporation. The principal amount of the debenture is convertible, at the election of the holder, in whole or in part, into either common shares or Class A convertible restricted voting shares, at a conversion ratio of \$0.40 per share, representing up to 50,000,000 shares. This debenture will be transferable following the second anniversary of its issuance. The private placement was approved at the Annual and Special Meeting of shareholders held on June 26th, 2008. The initial debenture of \$35 million has also been amended and is now secured and transferable following the second anniversary of its issuance.

This new injection of capital will finance the construction of the manufacturing facility, will allow the Corporation to build additional demonstration locomotives and meet the working capital needs. Management is actively seeking new financing to sustain its operating activities. The Corporation's ability to continue as a going concern is dependent on obtaining new orders, the aforementioned financing and improving its profitability.

Railpower's consolidated financial statements and Management's Discussion and Analysis ("MD&A") as at June 30, 2008 are presented in Canadian dollars, except where indicated otherwise. Railpower's consolidated financial results as at June 30, 2008 are prepared in accordance with Canadian generally accepted accounting principles. The full financial statements and MD&A will be filed on SEDAR (www.sedar.com) today and will be available on Railpower's website (www.railpower.com) 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. The telephone numbers to access the conference call are 416-644-3427 or 1-800-588-4942 (toll free). 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 Wednesday, August 20, 2008 by calling 416-640-1917 or 1-877-289-8525 (toll free) reference number 21279788#.

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 Brossard, 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, and 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, the ability to secure new orders, the ability to retain our employees, product development or manufacturing delays, the ability of our current manufacturing supplier to meet our production demands in terms of quantity, quality and costs, our ability to reach a satisfactory agreement with another supplier if necessary or to construct our manufacturing facility on time and within the forecasted budget, 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 or new competitors, 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, potential legal liability related to the recall of our Green Goat® locomotives, 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. Unless otherwise required by law, we do not intend or do not assume any obligation to update these forward-looking statements whether as a result of new information, plans, events or otherwise.

For information, please contact:

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