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**January 17, 2014**

**Update from TractivePower**

TractivePower is extremely pleased to announce the successful completion of the first test of its prototype TP56, a 3-Axle Switcher Locomotive. The test was carried out on January 16<sup>th</sup>, 2014 at TractivePower's Squamish manufacturing facilities. 40,000 lbs. of Tractive Effort were produced by the TP56, somewhat less than the rated capacity of 56,000 lbs. However, the test was made using a 24 Volt starter battery for exciting the traction alternator, rather than a higher voltage power source. Future tests will use a higher voltage power source, and TractivePower expects that these tests will produce a greater amount of Tractive Effort.

Although the purpose of this test was to measure Tractive Effort, TractivePower is also pleased to report that the locomotive ride was good, engine noise was acceptable, and there was no wheel slippage or tipping when the TP56 was pulling hard.

TractivePower has built a strong team with significant rail and related experience, both operationally, and at the business level. Its founder, Frank Donnelly, is a well-respected innovator in the rail industry with numerous rail related patents. Amongst his many accomplishments, Frank was the founder of RailPower, which introduced hybrid technology into the industry.

The TP56 is the Company's initial product and its core focus. However, the Company also has additional intellectual property, and it will look to develop other locomotive products based on this intellectual property at the appropriate stage of its development.

TractivePower has launched an initial financing to raise up to \$500,000. Members of management will be participating in the financing, and the Company has also received a lead order in this financing.

If you would like further information about TractivePower, or if you would like to receive a term sheet for the financing, please contact Marty Popoff (778) 838 3221, Simon Clarke (604) 551 9665, or Peter Ballachey (604) 240 7928.