

**25 October 2010**  
**Turbo Power Systems Inc**  
**("TPS" or the "Company")**

**Issue of Loan Note and Related Party Transaction**

TPS, the innovative electrical machines and electronic systems provider, announces that its wholly owned UK subsidiary, Turbo Power Systems Limited, has today entered into a loan agreement with TAO Sustainable Power Solutions (UK) Limited ("Tao") (the "Loan Agreement") under which it is able to drawdown up to £1.9 million to fund and facilitate the further growth of the business. The loan is secured by a first charge over the assets and undertaking of Turbo Power Systems Limited.

Commenting on the fundraising, independent non-executive director of the Company, Ric Piper said "I am very pleased that this funding has been secured to provide the working capital needed to fund TPS's revenue pipeline. The Board remains confident for the future prospects of the Company and is pleased that Tao, as majority shareholder, remains strongly supportive of the business and the Board's strategic plans."

**Key terms of the Loan Agreement**

The key terms of the Loan Agreement are as follows:

- Amount: Up to £1.9 million
- Term: Repayable on 30 days notice expiring on or after 2 January 2012, subject to repayment on demand at any time on the occurrence of customary events of default
- Annual interest rate: 6.0%, payable quarterly in arrears
- Security: first fixed and floating charges over the assets of Turbo Power Systems Limited, the Company's wholly owned UK subsidiary

**Related Party Transaction**

Tao, which holds 75.4% of the issued share capital of the Company, is a related party for the purposes of the AIM Rules for Companies ("AIM Rules") and the entry into of the loan agreement with Tao therefore constitutes a related party transaction for the purpose of the AIM Rules. Tao is considered to be an insider pursuant to Canadian securities law.

The Company's independent director considers, having consulted with finnCap Ltd, the Company's nominated adviser, that the terms of the transactions being entered into by Turbo Power Systems Limited with Tao are fair and reasonable insofar as the Company's shareholders are concerned.

**For further information, please contact:**

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