

## Press Release

23<sup>rd</sup> February 2011

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# Turbo Power Systems amended Loan Agreement

TPS, the innovative electrical machines and electronic systems provider, announces that further to its announcement of 25 October 2010, its wholly owned UK subsidiary, Turbo Power Systems Limited, has today entered into an amended loan agreement with TAO Sustainable Power Solutions (UK) Limited ("**Tao**") (the "**Loan Agreement**") under which it is now able to drawdown up to £ 2.7 million (including the £1.9 million stated in the announcement of 25 October 2010) to fund and facilitate the further growth of the business. The requirement to extend the facility has arisen due to delays to anticipated orders. However, the outlook for future orders remains encouraging.

The loan is secured by a first charge over the assets and undertakings of Turbo Power Systems Limited, the Company's wholly owned UK subsidiary. The amended Loan Agreement reflects an addition of £0.8 million to the previously approved borrowing base of £1.9 million. All other terms of the original Loan Agreement remain unchanged.

### Key terms of the Loan Agreement

The key terms of the Loan Agreement are as follows:

- Amount: Up to £2.7 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, Ric Piper, 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.

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