

Press Release

5th September 2011

Turbo Power Systems Amended Loan Agreement

TPS, the innovative electrical machines and electronic systems provider, announces that its wholly owned UK subsidiary, Turbo Power Systems Limited, has today entered into an agreement to amend its existing loan agreement with TAO Sustainable Power Solutions (UK) Limited ("**Tao**") (the "**Loan Agreement**"), so as to extend its finance facility by a total £1,500,000, up to £7,800,000 to fund and facilitate the further growth of the business.

Key terms of the Loan Agreement

All other terms of the original Loan Agreement remain unchanged, and as previously notified, 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.

For the avoidance of doubt, the key terms of the Loan Agreement are as follows:

- Amount: Up to £7.8 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 transaction being entered into by Turbo Power Systems Limited with Tao is fair and reasonable insofar as the Company's shareholders are concerned.

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