

Press Release

15 December 2011

Turbo Power Systems Inc Power Generation Development Contract with Vale Soluções em Energia

Turbo Power Systems, the innovative electrical motors, generators and power electronics company, is pleased to announce that it has entered into an agreement with Vale Soluções em Energia ("VSE") for the development of multi-megawatt power generation systems that will be used in association with VSE's gas turbines.

This agreement covers the initial Concept Phase of a program scheduled for a period of nine months and is valued at £0.7 million. It is anticipated that after this initial phase, a full hardware development phase will follow.

Peter Brown, Chief Executive Officer of TPS, commented: "Our relationship with VSE gives TPS a very real opportunity to penetrate a key global market for our technology. This agreement represents another exciting opportunity for us to work with VSE as VSE develops its position to become a leading provider to the South American market."

Related Party Transaction

VSE is the ultimate controlling shareholder of TAO Sustainable Power Solutions (UK) Limited ("Tao"), which holds 75.4% of the issued share capital of Turbo Power Systems, and is therefore a Related Party for the purposes of the AIM Rules for Companies ("AIM Rules"). Accordingly the entry into of the agreement outlined above constitutes a related party transaction for the purpose of the AIM Rules. Tao and VSE are considered to be insiders pursuant to Canadian securities law.

The Company's independent director considers, having consulted with finnCap Ltd, the Company's Nominated Adviser ("NOMAD"), that the terms of the transaction being entered into are fair and reasonable insofar as the Company's shareholders are concerned.

About Turbo Power Systems

Turbo Power Systems Inc. (TSX:TPS.TU AIM:TPS.L) is a leading UK based designer and manufacturer of innovate power solutions to a global client base. The Group's products are based on its' core technologies of power electronics and high performance electric motors and generators targeted at the energy, industrial, transport and defence markets.

For further information, please contact:

Turbo Power Systems Inc.
Peter Brown, CEO

Tel: +44 (0)20 8564 4460

FinnCap (NOMAD, broker and financial advisor)
Marc Young / Henrik Persson

Tel: +44 (0)20 7600 1658

Kreab Gavin Anderson (Financial PR)
Ken Cronin / Michael Turner

Tel: +44 (0)20 7074 1800