

Turbo Power Systems ('TPS' or the 'Company') Response to TSX Announcement & Amendment to Loan Agreement

TPS notes the announcement of a listing review issued by the Toronto Stock Exchange ("TSX") this morning. The announcement stated:

"**Turbo Power Systems Inc.** (the "Company") – TSX is reviewing the Common Shares (Symbol: TPS) of the Company with respect to meeting the continued listing requirements. The Company has been granted 120 days in which to regain compliance with these requirements, pursuant to the Remedial Review Process."

The board of directors of TPS will continue to consider the issues raised by the TSX and the options available for addressing these and will make further announcements in due course.

The admission of the Company's shares to trading on AIM is unaffected by today's announcement by TSX.

TAO Sustainable Power Solutions (UK) Limited ("Tao") remains fully committed to TPS and has expressed its continuing financial support of TPS' working capital requirements during 2012.

In this respect, Tao has agreed to amend its existing loan agreement, as previously notified (the "Loan Agreement") with Turbo Power Systems Limited, a wholly-owned subsidiary of the Company, to extend its finance facility by a further £1,020,000 which will bring the total sum outstanding under the Loan Agreement to £9,170,000.

The repayment of a temporary extension of the Loan Agreement of £350,000, scheduled to be made within 60 days of 21 December 2011 (as notified on that date), has been waived and is included within the gross amount repayable under the Loan Agreement.

The Loan Agreement is secured by a first charge over the assets and undertakings of Turbo Power Systems Limited, the Company's wholly-owned UK subsidiary.

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

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"). Accordingly the entry into the loan agreement with Tao constitutes a related party transaction for the purpose of the AIM Rules.

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.

For further information, please contact:

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