POWERTECH INDUSTRIES INC.

INTERIM FINANCIAL STATEMENTS

December 31, 2005

(Stated in Canadian Dollars)

(Unaudited)

THE ACCOMPANYING INTERIM FINANCIAL STATEMENTS FOR THE THREE AND NINE MONTHS ENDED DECEMBER 31, 2005 AND 2004 HAVE NOT BEEN REVIEWED OR AUDITED BY THE CORPORATIONS AUDITORS

POWERTECH INDUSTRIES INC.
INTERIM BALANCE SHEETS
December 31, 2005 and March 31, 2005
(Stated in Canadian Dollars)
(Unaudited)

	December 31, 2005	March 31, 2005
ASSETS		
Current		
Cash	$ 29,318	$ 85,889
Receivables	9,315	10,181
Prepaid expenses	-	2,250
	38,633	98,320
Deferred acquisition costs – Note 4	64,492	-
	$ 103,125	$ 98,320
LIABILITIES		
Current		
Accounts payable and accrued liabilities – Notes 4 and 5	$ 79,516	$ 77,146
SHAREHOLDERS' EQUITY		
Share capital – Notes 3, 7 and 8	10,801,571	10,652,571
Share subscriptions – Notes 3, 5 and 8	-	92,500
Deficit	(10,777,962)	(10,723,897)
	23,609	21,174
	$ 103,125	$ 98,320

APPROVED BY THE DIRECTORS:

"John Toljanich"	Director	*"Douglas E. Eacrett"*	Director
John Toljanich		Douglas E. Eacrett	

SEE ACCOMPANYING NOTES

POWERTECH INDUSTRIES INC.
INTERIM STATEMENTS OF OPERATIONS
for the three and nine months ended December 31, 2005 and 2004
(Stated in Canadian Dollars)
(Unaudited)

	Three months ended December 31, 2005	Three months ended December 31, 2004	Nine months ended December 31, 2005	Nine months ended December 31, 2004
Revenues				
Interest – Note 4	$ -	$ 205,405	$ -	$ 652,015
Royalties – Note 4	-	28,119	-	71,228
	-	233,524	-	723,243
Expenses				
Audit and accounting fees	2,914	4,500	7,122	22,902
Amortization	-	130,638	-	200,643
Consulting fees	-	5,200	-	12,400
Filing fees	1,713	-	10,030	2,750
Interest – Note 4	-	145,015	-	455,939
Legal fees – Note 4	4,887	49,631	25,966	47,965
Office and miscellaneous	557	367	687	1,217
Shareholder information	-	765	-	3,909
Transfer agent fees	1,295	4,958	3,390	10,234
Travel and promotion	1,931	-	6,870	-
	13,297	341,074	54,065	757,959
Loss before other items	(13,297)	(107,550)	(54,065)	(34,716)
Other items				
Write-off of deferred development costs	-	(413,148)	-	(413,148)
Loss on sale of patents	-	(48,072)	-	(48,072)
Gain on forgiveness of loan by former controlling shareholder	-	9,454,564	-	9,454,564
Income (loss) from continuing operations	(13,297)	8,885,794	(54,065)	8,958,628
Income (loss) from discontinued operations – Schedule 1	-	740,595	-	(147,212)
Net income (loss) for the period	$ (13,297)	$ 9,626,389	$ (54,065)	$ 8,811,416

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Continued

POWERTECH INDUSTRIES INC.
INTERIM STATEMENTS OF OPERATIONS
for the three and nine months ended December 31, 2005 and 2004
(Stated in Canadian Dollars)
(Unaudited)

	Three months ended December 31, 2005	Three months ended December 31, 2004	Nine months ended December 31, 2005	Nine months ended December 31, 2004
Basic and diluted earnings (loss) per share from continuing operations	$ (0.00)	$ 0.73	$ (0.01)	$ 0.73
Basic and diluted earnings (loss) per share from discontinued operations	$ (0.00)	$ 0.06	$ (0.00)	$ (0.01)
Basic and diluted earnings (loss) per share	$ (0.00)	$ 0.79	$ (0.01)	$ 0.72
Weighted average number of shares outstanding	12,766,487	12,203,154	12,722,511	12,203,154

SEE ACCOMPANYING NOTES

POWERTECH INDUSTRIES INC.
INTERIM STATEMENTS OF DEFICIT
for the three and nine months ended December 31, 2005 and 2004
(Stated in Canadian Dollars)
(Unaudited)

	Three months ended December 31, 2005	Three months ended December 31, 2004	Nine months ended December 31, 2005	Nine months ended December 31, 2004
Deficit, beginning of the period	$ (10,764,665)	$ (20,317,698)	$ (10,723,897)	$ (19,502,725)
Net income (loss) for the period	(13,297)	9,626,389	(54,065)	8,811,416
Deficit, end of the period	$ (10,777,962)	$ (10,691,309)	$ (10,777,962)	$ (10,691,309)

SEE ACCOMPANYING NOTES

POWERTECH INDUSTRIES INC.
INTERIM STATEMENTS OF CASH FLOWS
for the three and nine months ended December 31, 2005 and 2004
(Stated in Canadian Dollars)
(Unaudited)

	Three months ended December 31, 2005	Three months ended December 31, 2004	Nine months ended December 31, 2005	Nine months ended December 31, 2004
Operating Activities				
Income (loss) from continuing operations	$ (13,297)	$ 8,885,794	$ (54,065)	$ 8,958,628
Items not affecting cash:				
Interest income	-	(205,405)	-	(652,015)
Royalties	-	(28,119)	-	(71,228)
Amortization	-	130,638	-	200,643
Interest expense	-	145,015	-	455,939
Write-off of deferred development costs	-	413,148	-	413,148
Loss on sale of patents	-	48,072	-	48,072
Gain on forgiveness of loan by former controlling shareholder	-	(9,454,564)	-	(9,454,564)
	(13,297)	(65,241)	(54,065)	(101,377)
Changes in non-cash working capital balances related to operations:				
Receivables	(3,030)	(3,461)	866	20,836
Prepaid expenses	750	2,030	2,250	1,987
Accounts payable and accrued liabilities	20,722	(16,289)	42,370	(15,412)
	(5,145)	(83,141)	(8,579)	(93,966)
Investing Activities				
Advances to subsidiary	-	(20,000)	-	(505,000)
Deferred acquisition costs	(41,639)	-	(64,492)	-
Patent costs	-	(2,357)	-	(12,549)
	(41,639)	(22,357)	(64,492)	(517,549)
Financing Activities				
Advances from former controlling shareholder	-	104,585	-	610,585
Issuance of common shares	-	-	9,000	-
Share subscriptions	-	-	7,500	-
	-	104,585	16,500	610,585
Increase (decrease) in cash during the period	(36,494)	(913)	(56,571)	(930)
Cash, beginning of the period	65,812	913	85,889	930
Cash, end of the period	$ 29,318	$ -	$ 29,318	$ -

Non-cash Transactions – Note 5

SEE ACCOMPANYING NOTES

POWERTECH INDUSTRIES INC. Schedule 1

INTERIM STATEMENTS OF DISCONTINUED OPERATIONS
for the three and nine months ended December 31, 2005 and 2004
(Stated in Canadian Dollars)
(Unaudited)

	Three months ended December 31, 2005	Three months ended December 31, 2004	Nine months ended December 31, 2005	Nine months ended December 31, 2004
Sales	$ -	$ 1,124,351	$ -	$ 2,849,106
Cost of sales	-	(881,477)	-	(1,970,381)
Gross profit	-	242,874	-	878,725
General and administrative expenses				
Accounting and legal fees	-	30,314	-	45,789
Amortization	-	72,609	-	189,396
Interest – Note 4	-	205,405	-	652,015
Management fees – Note 4	-	25,000	-	75,000
Manufacturing wages and expenses	-	269,177	-	697,604
Office, rent and telephone	-	(53,544)	-	179,257
Royalties – Note 4	-	28,119	-	71,228
Travel and trade shows	-	79,325	-	116,265
Wages and benefits	-	69,116	-	222,625
	-	725,521	-	2,249,179
Loss from discontinued operations before other	-	(482,647)	-	(1,370,454)
Other				
Gain on disposal of subsidiary – Note 2	-	1,223,242	-	1,223,242
Gain (loss) from discontinued operations	$ -	$ 740,595	$ -	$ (147,212)

SEE ACCOMPANYING NOTES

POWERTECH INDUSTRIES INC.
NOTES TO THE INTERIM FINANCIAL STATEMENTS
December 31, 2005
(Stated in Canadian Dollars)
(Unaudited)

Note 1 Interim Reporting

These unaudited interim financial statements have been prepared in accordance with the accounting principles generally accepted in Canada for interim financial information and follow the same accounting policies and methods of their application as the Company's most recent annual financial statements. These interim financial statements do not include all of the disclosure included in the annual financial statements and, accordingly, they should be read in conjunction with the annual financial statements for the year ended March 31, 2005. In the opinion of management, all adjustments considered necessary for fair presentation have been included in these financial statements. The results of operations for the interim periods are not necessarily indicative of the results of operations for the entire year.

Note 2 Discontinued Operations – Schedule 1

On December 17, 2004, the Company disposed of its wholly-owned subsidiary, Gasmaster Industries Inc. ("Gasmaster") and patents related to Gasmaster's business, both of which were transferred to the former controlling shareholder of the Company at a fair market value of $900,000. The former controlling shareholder agreed to deduct that amount from the indebtedness due with the remaining balance of the indebtedness owing to the former controlling shareholder to be written-off. The loss related to Gasmaster's operations has been disclosed up to the date of disposal as loss from discontinued operations.

The gain on disposal of the Gasmaster shares was determined as follows:

Proceeds on disposal of subsidiary	$ 900,000
Net asset deficiency of subsidiary:	
Cash	174,507
Accounts receivable	324,846
Inventory	451,608
Prepaid expenses	64,802
Capital assets	128,305
Trademarks	2,666
Accounts payable and accrued liabilities	(1,196,699)
Bank loan	(58,000)
Due to shareholder	(215,277)
	(323,242)
Gain on disposal of subsidiary	$ 1,223,242

(Stated in Canadian Dollars)

Note 3 Share Capital – Notes 7 and 8

Authorized:

100,000,000 Class A common shares without par value
50,000,000 Class B preferred shares without par value

Escrow:

At December 31, 2005, there were 1,700,000 Class A common shares held in escrow by the Company's transfer agent. The terms of the escrow agreement provide that one performance share will be released from escrow for each $0.115 of "cumulative cash flow" earned by the Company as defined by the TSX Venture Exchange. The release of these shares is subject to the approval of the regulatory authorities.

Issued:

		Number	Amount
Balance, March 31, 2005		13,903,154	$ 10,652,571
Issued for cash:			
- private placement agreements	- at $0.25	400,000	100,000
- exercise of share purchase warrants	- at $0.30	30,000	9,000
Issued for debt	- at $0.30	133,333	40,000
Balance, December 31, 2005		14,466,487	$ 10,801,571

Commitments:

Share Purchase Warrants:

At December 31, 2005, there were 370,000 share purchase warrants outstanding entitling the holders thereof the right to purchase one common share for each warrant held at $0.30 per share until April 14, 2007.

(Stated in Canadian Dollars)

Note 4 Related Party Transactions

a) During the three and nine months ended December 31, 2005 and 2004, the Company incurred the following transactions with directors of the Company or with companies with directors in common:

	Three months ended December 31, 2005	Three months ended December 31, 2004	Nine months ended December 31, 2005	Nine months ended December 31, 2004
Revenues:				
Interest	$ -	$ 205,405	$ -	$ 652,015
Royalties	-	28,119	-	71,228
	$ -	$ 233,524	$ -	$ 723,243

	Three months ended December 31, 2005	Three months ended December 31, 2004	Nine months ended December 31, 2005	Nine months ended December 31, 2004
Expenditures:				
Deferred acquisition costs	$ 23,539	$ -	$ 35,939	$ -
Interest	-	145,015	-	455,939
Legal fees	3,019	-	20,650	-
Discontinued operations				
- Interest	-	205,405	-	652,015
- Management fees	-	25,000	-	75,000
- Royalties	-	28,119	-	71,228
	$ 26,558	$ 403,539	$ 56,589	$ 1,254,182

These charges were measured by the exchange amount which is the amount agreed on by the transacting parties.

b) At December 31, 2005 and March 31, 2005, accounts payable and accrued liabilities include $34,875 and $1,498 respectively due to a director of the Company for unpaid legal fees.

Note 5 Non-cash Transactions

Investing and financing activities that do not have a direct impact on current cash flows are excluded from the statements of cash flows. During the three months ended June 30, 2005, the Company issued 133,333 common shares at $0.30 per share to settle accounts payable outstanding at March 31, 2005 of $40,000. In addition, during the three months ended June 30, 2005, the company issued 400,000 common shares at $0.25 per share pursuant to a private placement, of which $92,500 of the proceeds for this placement were received prior to March 31, 2005. These transactions were excluded from the statement of cash flows for the nine months ended December 31, 2005.

Note 6 Contingency

A possible claim has been indicated by the former president of the Company. The amount of the possible claim has not been determined. The Company's former controlling shareholder has agreed to indemnify the Company from any damages related to this possible claim.

Note 7 Commmitments – Note 8

i) By a purchase and sale agreement dated February 20, 2006, the Company agreed to purchase all of the assets and assume all of the liabilities of Denver Uranium Company, LLC ("DU"). This agreement was based on a letter of intent dated August 6, 2005 and amended October 4, 2005. DU's assets include surface and mineral rights on a uranium property located in South Dakota, USA. The assumed liabilities include US$800,000 in convertible promissory notes.

   In order to acquire the assets and assumed liabilities of DU (including the convertible promissory notes), the Company has agreed to issue 8,000,000 common shares (2,000,000 of these shares will be subject to a performance escrow agreement). Immediately following the closing of the acquisition, the Company will settle the convertible promissory notes, interest thereon and related costs by the issuance of common shares of the Company at US$0.40 per share. The Company will also use its best efforts to complete an equity financing of up to 10,000,000 at $1.00 per share for development of the property. The agreements are subject to regulatory and shareholder approval.

(Stated in Canadian Dollars)

Note 7 Commmitments – Note 8 – (cont'd)

Deferred acquisition costs to December 31, 2005 are as follows:

Deferred acquisition costs:		
Consulting fees	$	10,000
Filing fees		7,500
Legal fees		46,992
Balance, December 31, 2005	$	64,492

ii) By a letter agreement dated November 16, 2005, the Company agreed to acquire a 100% interest in 119 federal unpatented mineral claims consisting of approximately 2,300 acres situated in South Dakota, United States in consideration for the issuance by the Company of 1,000,000 common shares and 1,250,000 share purchase warrants. The warrants will entitle the holder to acquire an additional common share for one year from the closing date, at a price equal to the price of the common shares to be issued in the best efforts financing to be carried out following the closing of the purchase of DU, but in any event, not less than $1.00 per share. The agreement is subject to a production royalty ranging from 2% to 4%, dependent on the price of uranium. The property purchase agreement is also subject regulatory approval and the completion of the acquisition of DU.

Note 8 Subsequent Events – Note 7

Subsequent to December 31, 2005:

i) The Company agreed to a private placement of up to $280,000 of its securities consisting of up to 350,000 units at $0.80 per unit. Each unit will include one common share and one one-year share purchase warrant. Each warrant will entitle the holder to acquire one additional common share at $0.80 per share. The Company has received proceeds subsequent to December 31, 2005 totalling $200,000 pursuant to this private placement. The private placement is subject to regulatory approval.

ii) The Company agreed to a private placement of up to $80,000 of its securities consisting of up to 100,000 units at $0.80 per unit. Each unit will include one common share and one one-year share purchase warrant. Each warrant will entitle the holder to acquire one additional common share at $0.90 per share. The Company has received proceeds subsequent to December 31, 2005 totalling $80,000 pursuant to this private placement. The private placement is subject to regulatory approval.

POWERTECH INDUSTRIES INC.
MANAGEMENT DISCUSSION AND ANALYSIS

GENERAL

The following discussion of performance, financial condition and future prospects should be read in conjunction with the financial statements of the Company and notes thereto for the quarter and nine months ended December 31, 2005 and the year ended March 31, 2005. The date of this management discussion and analysis is February 27, 2006. Additional information is available on SEDAR at www.sedar.com.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The accompanying financial statements for Powertech Industries Inc. have been prepared by management in accordance with Canadian generally accepted accounting principles consistently applied. The most significant of these accounting principles have been set out in the financial statements. These financial statements are presented on the accrual basis of accounting. Therefore, estimates and approximations have been made using careful judgment. Recognizing that the Company is responsible for both the integrity and objectivity of the financial statements, management is satisfied that these financial statements have been fairly presented. Management maintains a system of internal controls to provide reasonable assurance that the Company's assets are safeguarded and to facilitate the preparation of relevant and timely information.

NATURE OF BUSINESS

Powertech Industries Inc. has been a holding company, which up until December 17, 2004 owned a unique radial pulsed boiler technology and a wholly owned subsidiary Gasmaster Industries Inc. ("Gasmaster").

Corporate Reorganization

On May 21, 2004, the Company received notice from its controlling shareholder, Fama Holdings Ltd. ("Fama"), that Fama was demanding repayment of its advances to the Company.

- The Company received a proposal from Fama to settle the outstanding indebtedness on the following basis:
  - All of the assets of the Company and its wholly owned subsidiary, Gasmaster, would be transferred to Fama at fair market value and Fama would agree to deduct that amount from the indebtedness owing to Fama. The remaining balance of the indebtedness owing to Fama would be written-off,
  - Fama would pay all of the outstanding accounts payable of the Company up to the date of the transfer of the assets to Fama,
  - Fama would indemnify the Company against any legal proceedings brought by the former president of the Company in connection with his termination as president of the Company.
- The board of directors of the Company unanimously approved a resolution to present Fama's proposed plan to the Company's minority shareholders.
- On October 13, 2004, the Company's minority shareholders approved the proposal and transaction.
- TSX Venture Exchange approval was received on November 24, 2004.
- The completion of documentation for the sale of the Company's assets to Fama was finalized on November 18, 2004 and on December 17, 2004, the transaction was completed.

Change in Directors and Officers

On February 22, 2005, the Company announced that further to the reorganization of the Company as described above, Garry Wong, Lee Barter and Mehrdad Aghtai resigned from their positions as directors and officers of the Company. Appointed in their place were John Toljanich, David Van Dyke and Douglas Eacrett. John Toljanich was appointed President and CEO of the Company. Both Mr. Toljanich and Mr. Van Dyke are experienced as directors of public companies being former directors of the Company as well as having served on the boards of other public companies. Mr. Eacrett is a securities lawyer and has served as a director of several other public companies. The new Board has been seeking out and assessing business opportunities for possible acquisition by the Company.

On January 24, 2005, Fama Holdings Ltd. completed the sale of its controlling interest in the Company to a number of third parties including new directors John Toljanich and David Van Dyke. The principal part of the acquisition by John Toljanich and David Van Dyke are of the escrow shares previously held by Fama, the transfer of which was approved by the TSX Venture Exchange.

Change of Business

As of December 17, 2004, the Company completed the sale of its business and assets. The Company announced on February 22, 2005 that it had agreed to a private placement of $100,000, the proceeds of the private placement to be used for business investigations, business acquisitions and general corporate purposes. Since that time, the Company reviewed a number of new business opportunities, primarily in the resource sector, and determined that the acquisition and development of uranium mineral properties represented the best opportunity for realizing shareholder value.

On August 9, 2005, the Company entered into a Letter of Intent to acquire 100% of the issued and outstanding membership units of Denver Uranium Company LLC (“DU”). The agreement was subsequently restructured as an agreement to purchase all of the assets of DU as is fully described below. DU is a private Colorado corporation that was recently formed to secure an option to lease the key surface and mineral rights necessary to develop an advanced uranium deposit in South Dakota, USA known as Dewey Burdock. The Dewey Burdock deposit was originally discovered in the 1960s by Homestake and was explored by Silver King Mines, the exploration arm of Tennessee Valley Authority (“TVA”) through to 1990 when TVA left the uranium business. Key surface and mineral rights have resided with the landowners since that time.

The principal members of DU are Wallace Mays of Denver, Colorado, and Richard Clement of Corrales, New Mexico, who are career executives in the uranium sector. Mr. Mays is a chemical engineer who spent the early part of his career with Atlantic Richfield Co. where he was responsible for the design, construction, and operation of the first in-situ leach (“ISL”) uranium mine in the USA. From 1977 to present, Mr. Mays has been involved as a principal and/or senior executive in many uranium mining ventures in the United States and abroad, including Everest Minerals Corporation and Uranium Resources, Inc., a public company listed on the TSX Venture Exchange, and he has permitted, designed, constructed, and operated numerous ISL uranium mines across the south western United States. In 1996, he was awarded membership in the Uranium Hall of Fame.

Mr. Clement is a professional geologist who spent the early part of his career, from 1967 through 1983, with Mobil Oil Corp. in the USA and Australia where he was responsible for the operations management of Mobil’s uranium exploration programs throughout the USA, development of worldwide strategy for mineral exploration, and managing country operations as Vice President / Exploration Manager of Mobil Energy Minerals Australia Inc. From 1983 through 1999, Mr. Clement was employed by Uranium Resources, Inc. ("URI"), formed in 1977 which became a Canadian public company in 1988 specializing in the ISL development of uranium deposits. Mr. Clement served as a Director and/or Senior Vice President - Exploration of URI from 1983 to 1996 and subsequently as President of URI's New Mexico subsidiary, Hydro Resources Inc. ("HRI") until 1999 where he oversaw the securing of all necessary mining permits for in-situ development of HRI's uranium deposits.

The August 9, 2005 Letter of Intent was non-binding and the transactions contemplated therein were subject to the timely completion of a bridge financing of US$800,000, satisfactory completion of due diligence reviews by each party, completion of formal binding agreements and satisfaction of regulatory requirements. The Company arranged the required bridge financing through third parties in September, 2005. With this financing in hand, DU secured several of the key surface and mineral leases at the Dewey Burdock uranium property and has continued to consolidate its land position in the area.

On February 21, 2006, the Company entered into a binding Agreement of Purchase and Sale with DU, Powertech (USA) Inc. (a recently formed wholly owned subsidiary of the Company), Richard Clement and Wallace Mays. Pursuant to the terms of the agreement, the Company has agreed to purchase all of the assets of DU in exchange for the issuance of 8,000,000 common shares of the Company and the assumption of the liabilities of DU, including the bridge loan, but excluding liabilities related to tax and to DU's officers and members. The assets purchased from DU include leases of federal claims, private mineral rights covering 11,180 acres and private surface rights covering 11,520 acres located on the Dewey Burdock property. Immediately following the closing of the Agreement of Purchase and Sale with DU, the Company will settle the bridge loan pursuant to a Loan Conversion Agreement dated February 21, 2006 between the Company and the bridge lenders, and issue approximately 2,200,000 common shares in full settlement of this loan. These agreements are subject to final regulatory and shareholder approval.

The transaction will not result in a change of control of the Company because, pursuant to the terms of the Agreement, DU is required to immediately transfer the 8,000,000 common shares to its two members, Wallace Mays and Richard Clement, and no party will hold greater than a 20% interest in the Company following closing. 2,000,000 of the 8,000,000 shares will be subject to a Performance Escrow Agreement dated February 22, 2006 whereby they will be released from escrow upon either the successful permitting to commercial production of the Dewey Burdock property or the acquisition of a second uranium property of merit by the Company through the efforts of Mr. Mays or Mr. Clement. The TSX Venture Exchange may also impose a time release escrow over some or all of the 8,000,000 shares in accordance with their policies.

The Company intends to complete an equity financing of up to $10,000,000 in conjunction with the closing of the transaction to fund its new business initiatives including the permitting and development of the Dewey Burdock property. The DU asset purchase is an arms' length transaction.

The management of the Company has agreed, following closing, to nominate a Board of Directors consisting 50% of nominees of the vendors, to include Mr. Mays and Mr. Clement, and 50% of nominees of the Company. Should the proposed Board consist of an uneven number, the additional member will be mutually agreed between the parties. The Company's head office for its uranium business will be located in Denver, Colorado. It is presently planned that the board of directors of the Company following closing will consist of Wallace Mays, Richard Clement, Douglas Eacrett, and Tom Doyle, who is a nominee of current management of the Company. In conjunction with closing, current directors John Toljanich and David Van Dyke has agreed to resign from the board to accommodate the new nominees and they intend to transfer their existing escrow shares in the Company to two of the incoming principals, subject to regulatory approval.

Further to its initiative to consolidate the Dewey Burdock uranium resource, Powertech also entered into a binding property purchase agreement with Energy Metals Corp. ("EMC") on November 18, 2005 whereby the Company will acquire from EMC a 100% interest in 119 mineral claims covering approximately 2,300 acres in the Dewey Burdock area, subject to a production royalty based upon the price of uranium. Powertech has agreed to issue one million shares and 1.25 million share purchase warrants as consideration for the mineral claims. The warrants will entitle the holder to acquire one additional share of the Company at a price equal to the price of the shares of the Company that will be issued in the equity financing planned by the Company in conjunction with the closing of the DU acquisition, but in any event not less than $1.00 per share. Closing of the EMC purchase is subject to regulatory approval and the completion by the Company of the acquisition of the DU assets.

Prior to entering into the above described agreements to secure the Dewey Burdock property, R.B. Smith & Assoc. was engaged to prepare a National Instrument 43-101 independent geological report on the property. The report, dated December 15, 2005, verified an inferred uranium resource on the properties to be controlled by the Company of 7.6 million pounds contained in 1,800,000 tons of host rock averaging a grade of 0.21% uranium oxide. Subject to completion of an evaluation drilling program to enhance the quality of the resource such that it can be considered a measured resource for the purposes of a full feasibility study, the report concluded that sufficient uranium exists on the property to support a stand alone in-situ leach production facility, and sufficient to warrant the development expenditures set out in the report. The report was filed on SEDAR on January 18, 2006 and is available for review at www.sedar.com.

SELECTED ANNUAL INFORMATION

(Note: on a consolidated basis for the periods ended March 31, 2004 and March 31, 2003)

Year Ended	March 31, 2005	March 31, 2004	March 31, 2003
Statement of Operations			
Sales	N/A	$ 2,875,907	$ 2,123,069
Income (loss) from continuing operations	$ 8,926,040	$ (102,517)	$(2,845,867)
Loss from discontinued operations	$ (147,212)	(2,592,945)	N/A
Net earnings (loss) for the year	$ 8,778,828	$ (2,695,462)	$ (2,845,867)
Basic and diluted earnings (loss) per share	$ 0.72	$ (0.22)	$ (0.23)
Balance Sheet			
Total assets	$ 98,320	$ 1,844,838	$ 2,115,732
Due to controlling shareholder	N/A	$ 9,288,040	$ 7,253,688
Long-term debt	N/A	$ 43,500	$ 101,500

RESULTS OF OPERATIONS

During the year ended March 31, 2005, the Company sold its patents and its wholly-owned subsidiary, Gasmaster to its former controlling shareholder Fama Holdings Ltd. in exchange for the indebtedness owed to Fama. This transaction resulted in a gain on disposal of Gasmaster of $9,454,564. Also, as a result of the disposal of the business carried on by Gasmaster, the Company wrote-off deferred development costs of $413,148 relating to the boiler technology.

The Company's financial statements for the year ended March 31, 2005 are presented on a non-consolidated basis and the Company's revenues were interest and royalties due from Gasmaster. These revenues were non-cash in nature and were written off in conjunction with the sale of Gasmaster. The Company showed net income of $8,778,828 for the year or $0.72 per share. This net income figure was non-cash in nature. It should be noted that the Company's cash flows used in operating activities were $100,577 during the period.

SUMMARY OF QUARTERLY RESULTS (Unaudited)

Selected financial information for the quarters ended December 31, 2005, September 30, 2005, June 30, 2005, March 31, 2005, and December 31, 2004 (non-consolidated) and September 30, 2004, June 30, 2004, and March 31, 2004 (consolidated).

	3rd Quarter	2nd Quarter	1st Quarter	4th Quarter
Three Months Ended	December 31, 2005	September 30, 2005	June 30, 2005	March 31, 2005
Sales	N/A	N/A	N/A	N/A
Cost of Goods Sold	N/A	N/A	N/A	N/A
Gross Margin	N/A	N/A	N/A	N/A
Gross Margin as a % of Sales	N/A	N/A	N/A	N/A
Expenses	$13,297	$22,347	$ 18,421	$ 689,185
EBITDA	$ (13,297)	$(22,347)	$ (18,421)	$ (689,185)

Three Months Ended	3rd Quarter December 31, 2004	2nd Quarter September 30, 2004	1st Quarter June 30, 2004	4th Quarter March 31, 2004
Sales	N/A	$ 1,140,969	$ 583,786	$ 777,053
Cost of Goods Sold	N/A	701,841	385,841	453,776
Gross Margin	N/A	439,640	197,945	323,277
Gross Margin as a % of Sales	N/A	38.5%	33.9%	41.6%
Expenses	101,362	481,107	467,136	1,256,651
EBITDA	$ (101,362)	$ (41,467)	$ (269,191)	$ (933,374)

During the quarter ended December 31, 2005, the Company continued to focus on conducting due diligence on the Denver Uranium asset acquisition and moving this potential transaction forward towards completion. The Company's operating expenses and its deferred acquisition expenses were directly related to this potential acquisition and general and administrative costs related to the maintenance of its public listing.

FINANCING, LIQUIDITY AND CAPITAL RESOURCES

As at December 31, 2005, the Company had cash reserves of $29,318 and a net working capital deficiency of $40,883. Subsequent to December 31, 2005, the Company agreed to two private placements. On January 23, 2006, the Company agreed to a private placement of $280,000 of its securities consisting of 350,000 units at $0.80 per unit, each unit consisting of one common share and one warrant, each warrant entitling the holder to purchase an additional common share at a price of $0.80 per share for a period of one year following issuance of the warrants. The Company has received proceeds totaling $200,000 pursuant to this private placement. On February 8, 2006, the Company agreed to a private placement of $80,000 of its securities consisting of 100,000 units at $0.80 per unit, each unit consisting of one common share and one warrant, each warrant entitling the holder to purchase an additional common share at a price of $0.90 per share for a period of one year following issuance of the warrants. The private placements are subject to regulatory approval. At the date of this filing statement, the Company has received proceeds of $280,000 with respect to these private placements.

The proceeds of the above described private placements will be used to eliminate the working capital deficiency as well as for general corporate purposes, and to advance the DU asset acquisition to closing. The Company believes that, with the completion of the above described private placements, it will have sufficient cash on hand to pay its ongoing public company administrative expenses and the anticipated transaction costs to complete the DU asset acquisition as discussed herein. In the event that the Company requires additional working capital to close the DU asset acquisition it intends to obtain a bridge loan from one or more shareholders or complete an additional private placement. The Company plans to complete a large equity financing in conjunction with the closing of the acquisition to raise the capital necessary to move ahead with its new business plan, including the development of the Dewey Burdock uranium property.

The Company's ability to continue as a going concern is dependent upon its ability to generate profitable operations in the future from a new business acquisition or to obtain the necessary financing to meet its obligations and pay its liabilities arising from normal business operations when they come due.

CONTRACTUAL COMMITMENTS

The Company has no contractual commitments other than as disclosed herein pursuant to the execution of formal binding agreements with DU and EMC and the private placements.

OFF BALANCE SHEET ARRANGEMENTS

The company has no off balance sheet arrangements.

RELATED PARTY TRANSACTIONS

The Company was charged legal fees and deferred development costs totaling $26,558 by Douglas Eacrett, a director of the Company, during the quarter and $56,589 during the nine months ended December 31, 2005.

CONTINGENT LIABILITIES

A possible claim has been indicated by a former president of the Company, the amount of which has not been determined. The Company's former controlling shareholder has agreed to indemnify the Company from any damages related to this possible claim.

CHANGE IN ACCOUNTING POLICY

The company did not make any changes to its accounting policies during the period.

SHARE CAPITAL

Authorized:

100,000,000 Class A common shares without par value
50,000,000 Class B preferred shares without par value

Escrow:

At June 30, 2005, there were 1,700,000 Class A common shares held in escrow by the Company's transfer agent. The terms of the escrow agreement provide that one performance share will be released from escrow for each $0.115 of "cumulative cash flow" earned by the Company as defined by the TSX Venture Exchange. The release of these shares is subject to the approval of the regulatory authorities.

Issued:

	Number	Amount
Balance, September 30, 2005 and February 27, 2006	14,466,487	$ 10,801,571

FINANCIAL INSTRUMENTS

The carrying values of cash, and accounts payable and accrued liabilities approximate fair value because of the short-term maturity of those instruments. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments.

CAUTION REGARDING FORWARD LOOKING STATEMENTS

Statements contained in this document, which are not historical facts, are forward looking statements that involve risk, uncertainties and other factors that could cause actual results to differ materially from those expressed or implied by such forward-looking statements. Although the company believes that the assumptions intrinsic in forward looking statements are reasonable, we recommend that one should not rely heavily on these statements. The company disclaims any intention or obligation to update or revise any forward-looking statements whether because of new information, future events or otherwise.