POWERTECH INDUSTRIES INC.

REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2006 and 2005

A PARTNERSHIP OF INCORPORATED PROFESSIONALS

AMISANO HANSON
CHARTERED ACCOUNTANTS

AUDITORS' REPORT

To the Shareholders,
Powertech Industries Inc.

We have audited the consolidated balance sheets of Powertech Industries Inc. as at March 31, 2006 and 2005 and the statements of operations, deficit and cash flows for the years ended March 31, 2006 and 2005. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted accounting principles. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2006 and 2005 and the results of its operations and its cash flows for the years ended March 31, 2006 and 2005 in accordance with Canadian generally accepted accounting principles.

Vancouver, Canada
May 31, 2006

"AMISANO HANSON"
Chartered Accountants

750 WEST PENDER STREET, SUITE 604
VANCOUVER CANADA
V6C 2T7

TELEPHONE: 604-689-0188
FACSIMILE: 604-689-9773
E-MAIL: amishan@telus.net

POWERTECH INDUSTRIES INC.
CONSOLIDATED BALANCE SHEETS
March 31, 2006 and 2005

ASSETS	2006	2005
Current		
Cash – Note 7	$ 390,366	$ 85,889
Amounts receivable	9,351	10,181
Prepaid expenses	-	2,250
	399,717	98,320
Deferred mineral property acquisition costs – Notes 7 and 10	150,707	-
Mineral property costs – Note 10	246,722	-
	$ 797,146	$ 98,320
LIABILITIES		
Current		
Accounts payable and accrued liabilities – Notes 7 and 10	$ 164,148	$ 77,146
Current portion of agreement payable – Note 10(c)	11,680	-
	175,828	77,146
Agreement payable – Note 10(c)	105,120	-
	280,948	77,146
SHAREHOLDERS' EQUITY		
Share capital – Notes 6, 7, 10 and 13	11,164,571	10,652,571
Share subscriptions – Note 6	285,000	92,500
Deficit	(10,933,373)	(10,723,897)
	516,198	21,174
	$ 797,146	$ 98,320

Nature and Continuance of Operations – Note 1
Commitments – Notes 6, 10 and 13
Contingency – Note 11
Subsequent Events – Notes 1, 6, 10 and 13

APPROVED ON BEHALF OF THE BOARD:

"Tom Doyle" Director *"Doug Eacrett"* Director

SEE ACCOMPANYING NOTES

POWERTECH INDUSTRIES INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
for the years ended March 31, 2006 and 2005

	2006	2005
Revenue		
Interest – Note 7	$ -	$ 652,015
Expenses		
Audit and accounting fees	24,930	31,129
Consulting fees – Note 7	-	16,400
Directors' services – Note 7	60,000	-
Filing fees	11,330	4,663
Interest – Note 7	-	455,939
Legal fees – Note 7	83,775	50,332
Office and miscellaneous	2,840	3,019
Rent – Note 7	-	2,668
Shareholder information	219	4,068
Transfer agent fees	5,206	10,521
Travel and promotion	21,176	11,165
	209,476	589,904
Income (loss) from operations	(209,476)	62,111
Other item		
Gain on forgiveness of loan by former controlling shareholder – Note 3	-	9,454,564
Income (loss) from continuing operations	(209,476)	9,516,675
Loss from discontinued operations – Schedule 1	-	(737,847)
Income (loss) before income taxes	(209,476)	8,778,828
Income taxes		
Current income tax expense – Note 8	-	1,654,549
Income tax recovery – Note 8	-	(1,654,549)
	-	-
Net income (loss) for the year	$ (209,476)	$ 8,778,828
Basic and diluted earnings (loss) per share from continuing operations	$ (0.02)	$ 0.73
Basic and diluted earnings (loss) per share from discontinued operations	$ 0.00	$ (0.01)
Basic and diluted earnings (loss) per share	$ (0.02)	$ 0.72
Weighted average number of shares outstanding	12,756,369	12,203,154

SEE ACCOMPANYING NOTES

POWERTECH INDUSTRIES INC.
CONSOLIDATED STATEMENTS OF DEFICIT
for the years ended March 31, 2006 and 2005

	2006	2005
Deficit, beginning of the year	$ (10,723,897)	$ (19,502,725)
Net income (loss) for the year	(209,476)	8,778,828
Deficit, end of the year	$ (10,933,373)	$ (10,723,897)

SEE ACCOMPANYING NOTES

POWERTECH INDUSTRIES INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
for the years ended March 31, 2006 and 2005

	2006	2005
Operating Activities		
Income (loss) from continuing operations	$ (209,476)	$ 9,516,675
Items not affecting cash:		
Interest income	-	(652,015)
Interest expense	-	455,939
Gain on forgiveness of loan by former controlling shareholder	-	(9,454,564)
	(209,476)	(133,965)
Changes in non-cash working capital balances related to operations:		
Amounts receivable	830	19,386
Prepaid expenses	2,250	(263)
Accounts payable and accrued liabilities	127,002	14,265
	(79,394)	(100,577)
Investing Activities		
Advances to subsidiary	-	(505,000)
Patent costs	-	(12,549)
Deferred mineral property acquisition costs	(150,707)	-
Mineral property costs	(129,922)	-
	(280,629)	(517,549)
Financing Activities		
Advances from former controlling shareholder	-	610,585
Share subscriptions	285,000	92,500
Proceeds from issuance of common shares	379,500	-
	664,500	703,085
Increase in cash from continuing operations	304,477	84,959
Increase in cash from discontinued operations – Note 3	-	16,149
Increase in cash during the year	304,477	101,108
Cash (bank indebtedness), beginning of the year	85,889	(15,219)
Cash, end of the year	$ 390,366	$ 85,889
Supplemental disclosure of cash flow information:		
Cash paid for:		
Interest	$ -	$ -
Income taxes	$ -	$ -

Non-cash Transactions – Note 12

SEE ACCOMPANYING NOTES

POWERTECH INDUSTRIES INC. Schedule 1

STATEMENTS OF DISCONTINUED OPERATIONS

for the years ended March 31, 2006 and 2005

	2006	2005
Sales – Notes 7 and 9	$ -	$ 2,849,106
Cost of sales		
Manufacturing overhead – Note 7	-	490,859
Materials – Note 7	-	1,479,522
Wages and benefits	-	697,604
	-	2,667,985
Income before production amortization	-	181,121
Production amortization		
Amortization of equipment	-	34,772
Income before general and administrative expenses	-	146,349
General and administrative expenses		
Accounting and legal fees	-	45,789
Advertising and promotion	-	12,809
Amortization of deferred development costs	-	174,928
Amortization of equipment	-	154,624
Amortization of patents	-	25,715
Bad debts (recovery)	-	(5,180)
Bank charges and interest	-	11,676
Insurance	-	20,551
Interest	-	652,015
Management fees – Note 7	-	75,000
Office, rent and telephone	-	139,401
Travel and trade shows	-	116,265
Wages and benefits	-	222,625
	-	1,646,218
Loss from discontinued operations before other items	-	(1,449,869)
Other items		
Write-off of deferred development costs – Note 4	-	(413,148)
Loss on sale of patents – Notes 3 and 5	-	(48,072)
Gain on disposal of subsidiary – Note 3	-	1,223,242
Loss from discontinued operations	$ -	$ (737,847)

Note 1 Nature and Continuance of Operations

The Company's business is the exploration and development of uranium properties in the United States of America (Note 10). During the year ended March 31, 2005, the Company's business was developing and marketing the Pulse Combustor Boiler pursuant to ownership of patents applied for and granted. On December 17, 2004, the Company sold its wholly-owned subsidiary, Gasmaster Industries Inc. ("Gasmaster") and its patents relating to the Pulse Combustor Boiler to the controlling shareholder of the Company in exchange for the controlling shareholder forgiving its loans to the Company (Note 3).

The Company was incorporated in British Columbia on February 10, 1984. The Company's shares are publicly traded on the TSX Venture Exchange and the Frankfurt Stock Exchange.

These consolidated financial statements have been prepared in accordance with generally accepted accounting principles applicable to a going concern, which assumes that the Company will be able to meet its obligations and continue its operations for its next fiscal year. Realization values may be substantially different from carrying values as shown and these financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern. At March 31, 2006, the Company had not yet achieved profitable operations, has accumulated losses of $10,933,373 since its inception and expects to incur further losses in the development of its business, all of which casts substantial doubt about the Company's ability to continue as a going concern. The Company's ability to continue as a going concern is dependent upon its ability to generate future profitable operations and/or to obtain the necessary financing to meet its obligations and repay its liabilities arising from normal business operations when they come due.

Note 2 Significant Accounting Policies

These consolidated financial statements have been prepared in accordance with accounting principles generally accepted in Canada. Because a precise determination of many assets and liabilities is dependent upon future events, the preparation of financial statements for a period necessarily involves the use of estimates which have been made using careful judgement. Actual results may differ from these estimates.

The financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of the significant accounting policies summarized below:

a) Principles of Consolidation

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary Powertech (USA) Inc., a South Dakota company, which was incorporated by the Company on January 24, 2006. All intercompany transactions and balances have been eliminated.

Note 2 Significant Accounting Policies – (cont'd)

a) Principles of Consolidation – (cont'd)

On December 17, 2004, the Company disposed of its wholly-owned subsidiary, Gasmaster and consequently the financial statements for the year ended March 31, 2005 include the accounts of Gasmaster for the period from April 1, 2004 to December 17, 2004.

b) Mineral Property Costs and Depletion

Property Acquisition Costs

Acquisitions of mineral properties are recorded at cost. Costs incurred prior to the completion of an acquisition are deferred as deferred mineral property acquisition costs. Producing resource properties are depleted over their estimated useful lives based upon a method relating recoverable resource reserves to production. Non-producing resource properties that the Company abandons interest in are written off in the year of abandonment.

Deferred Exploration Costs

The Company capitalizes all exploration expenses that result in the acquisition and retention of mineral properties or an interest therein. The accumulated costs including applicable exploration expenses relative to non-productive resource properties that the Company abandons interest in are written off. Otherwise, the exploration expenses are depleted over the estimated useful lives of the producing resource properties on a method relating recoverable reserves to production.

The Company is in the process of exploring and developing its mineral properties and has not yet determined the amount of reserves available. Management reviews the carrying values of mineral properties on a periodic basis and will recognize impairment in value based upon current exploration results, the prospect of further work being carried out by the Company, the assessment of future probability of profitable revenues from the property or from the sale of the property. Write-downs due to impairment in value are charged to operations. Amounts shown for properties represent costs incurred net of write-downs and recoveries, and are not intended to represent present or future values.

c) Environmental Costs

Environmental expenditures that relate to current operations are expensed or capitalized as appropriate. Expenditures that relate to an existing condition caused by past operations and which do not contribute to current or future revenue generation are expensed. Liabilities are recorded when environmental assessments and/or remedial efforts are probable, and the cost can be reasonably estimated. Generally, the timing of these accruals coincides with the earlier of completion of a feasibility study or the Company's commitment to a plan of action based on the then known facts.

Note 2 Significant Accounting Policies – (cont'd)

d) Inventory

Inventory was valued at the lower of cost and net realizeable value by management. The Company used a job costing system based on specific cost identification in manufacturing boilers.

e) Equipment and Amortization

Equipment are recorded at cost and amortization is recorded using the following rates:

Capital lease equipment	6 years straight-line
Computer equipment	30% declining balance
Leasehold improvements	10 years straight-line
Manufacturing equipment	6 years straight-line
Office equipment	20% declining balance
Promotional boilers	2 years straight-line

Amortization is recorded at one-half rates in the year of acquisition.

f) Deferred Development Costs and Amortization

Costs that were directly related to the development of the Pulse Combustor Boiler were deferred, net of government assistance received. Deferred development costs were amortized on a straight line basis over six years with additions during the year amortized at one-half the rate.

g) Patent Costs and Amortization

Costs of patents applied for and granted related to the Pulse Combuster Boiler were deferred. Patent costs were amortized on a straight-line basis over six years with additions during the year amortized at one-half the rate.

h) Trademark Costs and Amortization

Costs related to trademark applications for Gasmaster were deferred. Trademark costs were amortized on a straight-line basis over six years with additions during the year amortized at one-half rate.

i) Revenue Recognition and Warranty Provision

Sales revenue with respect to boiler sales was recorded on a completed contract basis. Provision for potential warranty claims was provided for at the time revenue was recognized at a rate of 2% of sales based on the Company's warranty terms and claims experience.

Note 2 Significant Accounting Policies – (cont'd)

j) Basic and Diluted Earnings Per Share

Basic earnings (loss) per share are computed by dividing the earnings (loss) for the year by the weighted average number of common shares outstanding during the year. Diluted earnings per share reflect the potential dilution that could occur if potentially dilutive securities were exercised or converted to common stock. The dilutive effect of options and warrants and their equivalent is computed by application of the treasury stock method and the effect of convertible securities by the "if converted" method. Fully dilutive amounts are not presented when the effect of the computations are anti-dilutive due to the losses incurred. Accordingly, there is no difference in the amounts presented for basic and diluted loss per share.

k) Financial Instruments

The carrying values of cash, accounts payable and accrued liabilities and current portion of agreement payable 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 or credit risks arising from these financial instruments.

The Company's mineral exploration activities are located in the United States of America and expenditures are in U.S. dollars. Consequently some assets and liabilities are exposed to foreign currency fluctuations. At March 31, 2006, US currency balances were comprised of cash of US$1,755 and an agreement payable totalling US$100,000.

l) Income Taxes

The Company accounts for income taxes by the asset and liability method. Under this method, current income taxes are recognized for the estimated income taxes payable for the current period. Future income tax assets and liabilities are recognized for temporary differences between the tax and accounting basis of assets and liabilities as well as for the benefit of losses available to be carried forward to future years for tax purposes that are more likely than not to be realized.

m) Foreign Currency Translation

Monetary items denominated in a foreign currency are translated into Canadian dollars at exchange rates prevailing at the balance sheet date and non-monetary items are translated at exchange rates prevailing when the assets were acquired or obligations incurred. Foreign currency denominated revenue and expense items are translated at exchange rates prevailing at the transaction date. Gains or losses arising from the translations are included in operations.

Note 3 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
Equipment	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

Note 3 Discontinued Operations – Schedule 1 – (cont'd)

Cash flows from discontinued operations are as follows:

	2006	2005
Operating Activities		
Loss from discontinued operations	$ -	$ (737,847)
Items not involving cash:		
Amortization of deferred development costs	-	174,928
Amortization of equipment	-	189,396
Amortization of patents	-	25,715
Interest expense	-	652,015
Write-off of deferred development costs	-	413,148
Loss on sale of patents	-	48,072
Gain on disposal of subsidiary	-	(1,223,242)
	-	(457,815)
Changes in non-cash working capital balances consist of:		
Accounts receivable	-	175,568
Inventory	-	(91,806)
Prepaid expenses	-	(40,834)
Accounts payable and accrued liabilities	-	176,370
	-	(238,517)
Financing Activities		
Due to related parties	-	9,184
Repayment of long-term debt	-	(43,500)
Advances from parent company	-	505,000
	-	470,684
Investing Activity		
Acquisition of equipment	-	(41,512)
Increase in cash from discontinued operations prior to disposal	-	190,655
Cash balance of subsidiary on disposal	-	(174,506)
Increase in cash from discontinued operations during the year	$ -	$ 16,149

Note 4 Deferred Development Costs

During the year ended March 31, 2005, the Company disposed of its investment in Gasmaster and its business of the Pulse Conbuster Boiler and consequently wrote-off the related deferred development costs.

Note 5 Patents

During the year ended March 31, 2005, the Company disposed of its investment in Gasmaster and its patents related to the Pulse Combustor Boiler.

Note 6 Share Capital – Notes 7, 10 and 13

Authorized: - Common

Unlimited number of common shares without par value
Unlimited number of preferred shares without par value

Escrow:

At March 31, 2006, 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: – Common

		Number	Amount
Balance, March 31, 2005 and 2004		13,903,154	$ 10,652,571
Issued for cash:			
- private placement agreements	- at $0.25	400,000	100,000
	- at $0.80	450,000	360,000
- exercise of share purchase warrants	- at $0.30	40,000	12,000
Issued for debt	- at $0.30	133,333	40,000
Balance, March 31, 2006		14,926,487	$ 11,164,571

Commitments:

At March 31, 2006, there were 810,000 share purchase warrants outstanding entitling the holders thereof the right to purchase one common share for each warrant held as follows:

Number of Warrants	Exercise Price	Expiry Date
350,000	$0.80	March 14, 2007
100,000	$0.90	March 14, 2007
360,000	$0.30	April 14, 2007
810,000		

Note 6 Share Capital – Notes 7, 10 and 13 – (cont'd)

Commitments: (cont'd)

Share Subscriptions:

At March 31, 2006, the Company had received $285,000 as share subscriptions for a private placement consisting of 300,000 units at $0.95 per unit. Each unit consists of one common share and one share purchase warrant. Each warrant will enable the holder to acquire one additional common share at $1.15 per share, until April 19, 2007. These units were issued subsequent to March 31, 2006.

At March 31, 2005, the Company had received $92,500 as share subscriptions with respect to a private placement consisting of 400,000 units at $0.25 per unit. Each unit consisted of one common share and one share purchase warrant. Each warrant enabled the holder to acquire one additional common share at $0.30 per share, until April 14, 2007. During the year ended March 31, 2006, the Company completed this placement and issued the shares and warrants.

Note 7 Related Party Transactions – Notes 3 and 10

a) During the years ended March 31, 2006 and 2005, the Company incurred the following transactions with directors of the Company or with companies with directors in common:

	2006	2005
Revenue:		
Interest	$ -	$ 652,015
Expenditures:		
Consulting fees	$ -	$ 2,000
Deferred mineral property acquisition costs – legal fees	39,831	-
Directors services	60,000	-
Interest	-	455,939
Legal fees	40,663	-
Manufacturing overhead - discontinued operations	-	13,034
Management fees – discontinued operations	-	75,000
Materials – discontinued operations	-	15,661
Rent	-	2,668
	$ 140,494	$ 564,302

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

b) Cash at March 31, 2006, included $267,479 (2005: $Nil) held in trust by a director of the Company, in his capacity as legal counsel for the Company.

Note 7 Related Party Transactions – Note 3 – (cont'd)

c) At March 31, 2006, accounts payable and accrued liabilities include $113,874 (2005: $1,498) due to directors of the Company or to companies with directors in common.

d) During the year ended March 31, 2006, the Company issued 100,000 units at $0.80 per unit to a director of the Company pursuant to a private placement and issued 10,000 common shares at $0.30 per share to a spouse of a director of the Company pursuant to the exercise of share purchase warrants.

Note 8 Income Taxes

The reported income tax provision differs from the amount computed by applying the statutory rate to the loss before income taxes. The reason for this difference and the related tax effects are as follows:

	2006	2005
Statutory tax rates	35%	35%
Expected income tax	$ -	$ 1,654,549
Income tax recovery	-	(1,654,549)
Current income tax expense	$ -	$ -

The following table summarizes the components of the Company's future tax assets at March 31, 2006:

Future tax asset components	
Non-capital loss	$ 209,476
Future tax assets	$ 73,317
Valuation allowance for future tax assets	(73,317)
	$ -

The amount taken into income as a future tax asset must reflect that portion of the tax asset which is likely to be realized from future operations. Considering the Company's cumulative losses in recent years, the Company has chosen to provide an allowance of 100% against all available future tax assets, regardless of their terms of expiry.

Non-capital losses can be carried forward and applied against future taxable income. The non-capital losses expires in 2016.

Note 9 Segmented Information

The Company's discontinued operation, Gasmaster, had sales in Canada, the United States of America and Saudi Arabia. Revenues from sales by geographic segment were as follows:

	2006	2005
Canada	$ -	$ 1,161,559
United States	-	1,659,748
Saudi Arabia	-	27,799
	$ -	$ 2,849,106

The amounts disclosed for the year ended March 31, 2005 are for the period from April 1, 2004 to the date of disposal, December 17, 2004.

Note 10 Commitments

a) By a purchase and sale agreement dated February 20, 2006 and effective on closing May 11, 2006, the Company purchased all of the assets and assumed all of the liabilities of Denver Uranium Company, LLC ("DU"). DU's assets include surface and mineral rights on uranium properties located in South Dakota, USA. The assumed liabilities include US$800,000 in convertible promissory notes.

The Company acquired the assets and assumed the liabilities of DU (including the convertible promissory notes) on closing by the issuance of 8,000,000 common shares. In conjunction with the closing of the acquisition, the Company settled the convertible promissory notes, interest thereon and related costs totalling US$888,000 (CDN$1,065,600) by the issuance of 2,220,000 common shares of the Company at US$0.40 per share (CDN$0.48 per share). All of these shares are subject to the terms of escrow agreements that provide for their release over a three-year period.

Deferred mineral property acquisition costs at March 31, 2006, are comprised of the following:

Advance on expenses	$ 68,600
Consulting fees	20,000
Filing fees	7,500
Legal fees – Note 7	54,607
	$ 150,707

This acquisition will be accounted for by the purchase method of accounting.

Note 10 Commitments – (cont'd)

b) By a letter agreement dated November 16, 2005 and effective on closing May 11, 2006, the Company acquired a 100% interest in 119 federal unpatented mineral claims consisting of approximately 2,300 acres situated in South Dakota, USA by the issuance of 1,000,000 common shares and 1,250,000 share purchase warrants. The warrants entitle the holder to acquire an additional common share at $1.00 per share until May 11, 2007. The agreement is subject to a production royalty ranging from 2% to 4%, dependent on the price of uranium.

c) By a purchase agreement dated March 31, 2006, the Company agreed to acquire an undivided one-third mineral interest in a uranium property in Custer County, South Dakota, USA, in consideration for US$950,000 to be paid as to US$100,000 (CDN$116,800) at closing (paid) and an additional US$10,000 per year for ten years until March 31, 2016. The balance of the purchase price of US$750,000 is contingent upon receipt of permits and authorizations necessary to commence exploration and mining on the property. The US$750,000 is to be paid in four equal instalments of $187,500 on each anniversary of the Company obtaining such permits. Consequently, mineral property costs are comprised of the following:

Acquisition costs	- agreement	$ 233,600
	- legal fees	13,122
		$ 246,722

The remaining US$850,000 is secured by a promissory note and a mortgage on the mineral interest. The Company's liability related to this agreement at March 31, 2006 is $116,800 (US$100,000) as follows:

Agreement payable	$ 116,800
Less: current portion	(11,680)
	$ 105,120

Note 11 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 12 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 year ended March 31, 2005, the Company disposed of its patents and its wholly-owned subsidiary, Gasmaster to the Company's former controlling shareholder, in part, for proceeds of $900,000, which was offset against amounts owed to its former controlling shareholder. During the year ended March 31, 2006, the Company issued 133,333 common shares at $0.30 per share to settle accounts payable outstanding at March 31, 2005 of $40,000, 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 and the Company acquired a mineral property in part by an agreement payable at $116,800 (US$100,000).

These transactions were excluded from the statements of cash flows.

Note 13 Subsequent Events – Notes 1, 6 and 10

a) By a private placement agreement dated April 7, 2006, the Company issued 12,000,000 units at $1 per unit for cash proceeds as follows:

Placement	$12,000,000
Less: commission	(190,248)
other costs	(36,750)
Net cash proceeds	$11,773,002

Each unit consists of one common share and one-half of one common share purchase warrant. Each full warrant is exercisable into one additional common share of the Company at $1.30 per share until May 11, 2007. As consideration for acting as agent of the offer, the Company agreed to pay commissions of 7% of the gross proceeds, which was paid by cash of $190,248 and the issuance of 649,752 units with the same terms as the above-noted units. In addition, the agent was issued compensation units equal to 9% of the gross proceeds, which entitles the agent the option to acquire 1,080,000 common shares of the Company at $1.20 per share until May 11, 2007.

b) By three management services agreements and an employment agreement dated May 1, 2006, the Company agreed to pay fees totalling US$50,000 per month for a period of one year. These agreements are automatically extended for one year, unless terminated by the Company. In addition, the Company agreed to grant a total of 2,400,000 share purchase options to these service providers at $1.00 per share for five years. These options are subject to shareholder and regulatory approval.

c) On May 11, 2007, the Company issued 40,000 common shares in respect to directors' services included in accounts payable at March 31, 2006.

Note 14 Comparative Figures

Certain comparative figures as at March 31, 2005 and for the year then ended have been reclassified in order to comply with the financial statement presentation adopted for the current year.

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 audited consolidated financial statements of the Company and notes thereto for the year ended March 31, 2006. The date of this management discussion and analysis is May 31, 2006. Additional information is available on SEDAR at www.sedar.com.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The accompanying consolidated financial statements of 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. (hereafter "the Company") is a Tier 2 TSX Venture Exchange listed mineral exploration / development company focused on the exploration and development of uranium properties in the United States. Prior to completion of its change of business, it was 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 former 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. The the first part of 2005, 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 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 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 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 arms length and 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 20, 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 20, 2006 between the Company and the bridge lenders, and issue approximately 2,200,000 common shares in full settlement of this loan. These agreements were subject to final regulatory and shareholder approval.

The above described transactions closed on May 11, 2006. They did not result in a change of control of the Company because, pursuant to the terms of the Agreement, DU was 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. A total of 2,000,000 of the 8,000,000 shares are subject to a Performance Escrow Agreement dated February 22, 2006 whereby they will be released from escrow upon either the successful permitting 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 also imposed a three year time release escrow agreement over the 8,000,000 asset acquisition shares in accordance with their policies. The Company also issued 2,220,000 common shares to Tom Doyle and Greg Burnett in full settlement of the bridge loan pursuant to the above described Loan Conversion Agreement. Since Tom Doyle and Greg Burnett are also incoming officers and directors of the Company, the shares were also subject to the TSX Venture Exchange's three year time release escrow agreement.

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 was subject to regulatory approval and the completion by the Company of the acquisition of the DU assets. This agreement also closed on May 11, 2006.

Concurrent with the closing of the DU Agreement of Purchase and Sale and the EMC Agreement, the Company completed a brokered private placement financing through Pacific International Securities Inc. of $12,000,000 to fund its new business initiatives including the permitting and development of the Dewey Burdock property. The financing consisted of 12,000,000 units at $1.00 per unit, each unit consisting of one share and one share purchase warrant, each warrant entitling the holder to purchase an additional share for one year at the price of $1.30 per share. The Company paid a 7% commission by way of $190,248 cash and the issuance of 649,752 units of the Company, the nature of the units as above described. The Company also issued 1,080,000 broker options to Pacific International Securities entitling the holder to purchase 1,080,000 shares of the Company at $1.20 per share for one year.

The board of directors of the Company following closing consists of Wallace Mays – Chairman, Richard Clement Jr. – President and Chief Executive Officer, Tom Doyle – Vice President Finance and Chief Financial Officer, and Doug Eacrett. In conjunction with closing, former directors John Toljanich and David Van Dyke agreed to resign from the board to accommodate the new nominees. Messrs. Toljanich and Van Dyke intend to transfer their existing escrow shares in the Company to Tom Doyle and Greg Burnett, subject to regulatory approval. Also in conjunction with closing, Wallace Mays, Richard Clement Jr., Tom Doyle, and Greg Burnett entered into Employment and Management Services Agreements with the Company. The Company's operations office for its uranium business is located in Denver, Colorado. The Company also maintains an administrative office in Vancouver, British Columbia.

Effective on the open May 15, 2006, the Company's shares were moved from the NEX board to Tier 2 of the TSX Venture Exchange, the Company having completed its change of business and having met all Tier 2 listing requirements. The trading symbol was changed from "PWE.H" to "PWE".

Dewey Burdock Property

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 miilion 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 (AUDITED)

Year Ended	March 31, 2006	March 31, 2005	March 31, 2004
Statement of Operations			
Sales	N/A	N/A	$ 2,875,907
Income (loss) from continuing operations	$ (209,476)	$ 9,516,675	$(102,517)
Loss from discontinued operations	Nil	(737,847)	(2,592,945)
Net earnings (loss) for the year	$ (209,476)	$ 8,778,828	$ (2,695,462)
Basic and diluted earnings (loss) per share	$ (0.02)	$ 0.72	$ (0.22)
Balance Sheet			
Total assets	$ 797,146	$ 98,320	$ 1,844,838
Due to controlling shareholder	N/A	N/A	$ 9,288,040
Long-term debt	$ 105,120	N/A	$ 43,500

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.

During the year ended March 31, 2006, the Company's activities were focused on the completion of its planned change of business to a mineral exploration / development company. To this end, the Company's activities included project due diligence, preparation of contracts, and filings with the objective of closing the transactions underlying its change of business. The Company's net loss during the year of $209,476 primarily consisted of directors' services, legal, accounting and audit, and travel expenses related to the above activities. The March 31, 2006 financial statements were presented on a consolidated basis as the Company formed a new wholly-owned subsidiary during the fourth quarter of the year named Powertech (USA) Inc. There was, however, no financial activity in the subsidiary during the quarter.

SUMMARY OF QUARTERLY RESULTS (Unaudited)

Selected financial information for the quarters ended March 31, 2006, December 31, 2005, September 30, 2005, June 30, 2005, March 31, 2005, and December 31, 2004 (non-consolidated) and September 30, 2004, and June 30, 2004 (consolidated).

	4th Quarter	3rd Quarter	2nd Quarter	1st Quarter
Three Months Ended	March 31, 2006	December 31, 2005	September 30, 2005	June 30, 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	$114,372	$54,336	$ 22,347	$ 18,421
EBITDA	$ (114,372)	$(54,336)	$ (22,347)	$ (18,421)

	4th Quarter	3rd Quarter	2nd Quarter	1st Quarter
Three Months Ended	March 31, 2005	December 31, 2004	September 30, 2004	June 30, 2004
Sales	N/A	$ N/A	$ 1,140,969	$ 583,786
Cost of Goods Sold	N/A	N/A	701,841	385,841
Gross Margin	N/A	N/A	439,640	197,945
Gross Margin as a % of Sales	N/A	N/A	38.5%	33.9%
Expenses	689,185	101,362	481,107	467,136
EBITDA	$ (689,185)	$ (101,362)	$ (41,467)	$ (269,191)

During the quarter ended March 31, 2006, 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 March 31, 2006, the Company had cash reserves of $390,366 and net working capital of $223,889. During the fourth quarter, the Company agreed to two private placements to provide working capital to move forward with its planned change of business. 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. 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. These private placements closed on March 14, 2006. On March 3, 2006, the Company agreed to another private placement of $285,000 of its securities consisting of 300,000 units at $0.95 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 $1.15 for a period of one year following issuance of the warrants. This private placement closed on April 19, 2006.

The proceeds of the above described private placements were used to eliminate the Company's working capital deficiency, for general corporate purposes, and to advance the DU asset acquisition and related transactions to closing.

Concurrent with the closing of the DU Agreement of Purchase and Sale and related agreements, the Company completed a brokered private placement financing through Pacific International Securities Inc. of $12,000,000 to fund its new business initiatives including the permitting and development of the Dewey Burdock property. The financing consisted of 12,000,000 units at $1.00 per unit, each unit consisting of one share and one share purchase warrant, each warrant entitling the holder to purchase an additional share for one year at the price of $1.30 per share. The Company paid a 7% commission by way of $190,248 cash and the issuance of 649,752 units of the Company, the nature of the units as above described. The Company also issued 1,080,000 broker options in connection with the financing entitling the holders to purchase 1,080,000 shares of the Company at $1.20 per share for one year.

With completion of the above private placement, the Company is in a strong cash position to go forward with its new business plan for the next year. In the longer term, the Company's ability to continue as a going concern is dependent upon its ability to generate profitable operations in the future from its new business initiatives 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

By three management services agreements and one employment agreement all dated May 1, 2006, the Company agreed to pay fees totaling US$50,000 per month for a period of one year. In addition, the Company agreed to grant a total of 2,400,000 share purchase options to these service providers and the employee exercisable at $1.00 per share for a period of five years.

OFF BALANCE SHEET ARRANGEMENTS

The company has no off balance sheet arrangements.

RELATED PARTY TRANSACTIONS

The Company was charged legal fees of $40,663, deferred mineral property acquisition costs of $39,831 and directors' services of $60,000 by directors during the year ended March 31, 2006.

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:

The Company is authorized to issue an unlimited number of common shares without par value and an unlimited number of preferred shares without par value that are issuable in a series.

Escrow:

At March 31, 2006, 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.

At May 31, 2006, there are an additional 10,350,000 common shares and 360,000 warrants at $0.30 per share that have been deposited into escrow which are subject to a three year time release pursuant to the policies of the TSX Venture Exchange. These shares were issued to and previously held by incoming principals pursuant to the Company's change of business.

Issued:

	Number	Amount
Balance, March 31, 2006	14,926,487	$ 11,164,571
Balance, May 31, 2006	39,136,239	$ 34,204,923

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.