



THE FOUNDATIONS ARE IN PLACE FOR RAPID REVENUE GROWTH

In recent months, PowerTech has continued the implementation of its commercialization strategy by forming several partnerships that are highly promising for the Company's future. This includes, notably, an alliance with NPK Construction Equipment. These new alliances are perfectly in line with our business plan which aims at enabling PowerTech to ally itself with first-rate partners that are solidly established in their respective markets.

Our commercial agreement with NPK, one of the world leaders in heavy machinery demolition equipment sales, is a very decisive step in our development. As part of this agreement, NPK, which has an extensive network of 300 points of sale, will market our products under the renowned NPK colors and brand in the United States, Mexico and Latin America. Our new partner's decision to work with us certainly speaks to the quality of our technology. In concrete terms, this marketing agreement should bring PowerTech annual sales of several hundred PicBucket and PicHammer units.

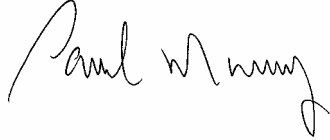
Orders for 12 PicBucket units in January 2007

PowerTech's various partnership agreements formed in recent months, combined with the success of our V.I.PIC commercialization program and our participation in major construction industry tradeshows, are now beginning to bear fruit. This past January, the Company received orders for 12 complete PicBucket units. This means that we already have had more orders during this new fiscal year than for the whole preceding year. These tangible results are highly encouraging for PowerTech's future.

Furthermore, during the last quarter we had the pleasure of announcing the appointment of Mr. Luc Mainville to our board of directors. Mr. Mainville is also the President and Chief Executive Officer of LAB Research Inc., a company listed on the Toronto Stock Exchange (TSX: LRI) that employs close to 450 employees and supports the development of its clients' products in the pharmaceutical and biotechnology sectors. With his extensive experience in business management and financing, we are convinced that Mr. Mainville will be a great asset for PowerTech.

The Company has made major progress in recent months. In particular, through the agreement formed with NPK, PowerTech should experience significant and rapid revenue growth in the coming quarters. NPK plans to begin marketing our products by Summer 2007. Over the next months, we will continue our efforts to establish other

major partnership agreements, with the aim of quickly breaking into new markets. The year 2007 is off to a great start for PowerTech, enabling us to envision the coming quarters with renewed confidence.

A handwritten signature in black ink, appearing to read "Carol Murray". The signature is fluid and cursive, with the first name "Carol" being more prominent than the last name "Murray".

Carol Murray
President and Chief Executive Officer
Power Tech Corporation Inc.



Management's Discussion and Analysis

Quarterly Report to our shareholders

1st quarter ended December 31, 2006

This analysis focuses on the financial position and analysis of the results of operations for Power Tech Corporation Inc. (TSX-V: PWB) ("the Company") for the three month period from October 1, 2006 to December 31, 2006. This report should be read in conjunction with the information provided in the company's interim consolidated financial statements and notes for the three month period ending December 31, 2006.

The audited and unaudited consolidated financial statements of the company have been prepared in accordance with Canadian generally accepted accounting principles (GAAP) and reported in Canadian dollars. They are also consistent with the accounting policies set forth in the Company's audited consolidated financial statements for the year ended September 30, 2006.

The interim consolidated financial statements and accompanying notes should be read in conjunction with the Company's audited consolidated financial statements for the year ended September 30, 2006.

For more information on the company, please consult the company's SEDAR filings at www.sedar.com.

Company Overview

PowerTech is the only company in the world that manufactures and commercializes a percussion technology for the municipal, construction, demolition, and principally to companies specializing in public utilities and in the industries of aluminum, mining, tunnel digging, forestry and the military. PowerTech's percussion technology, commercialized under the PicBucket and PicHammer brand names, is a technological breakthrough that combines the power of a hydraulic hammer with the stripping force and maneuverability of a conventional bucket.

The company owns the intellectual property behind the technology used in its PicBucket and PicHammer. The PicBucket is an excavation bucket integrated with a hydraulic cell that holds tools that are interchangeable depending on the desired application. This innovative combination has the opportunity to revolutionize the excavation industry where, up until now, no product could offer the combined performance characteristics offered by this unique technology. The PicHammer exploits the same percussion

technology but in the form of a hydraulic hammer including a nose piece at the tip that permits the use of interchangeable demolition tools for cutting, ripping and compaction. The technology permits both the PicBucket and PicHammer the capability of working with any one of the accessories at all angles of attack with the ability at all times of using the percussion power while prying, ripping, backfilling, demolishing, excavating and compacting.

General Overview and Recent News Sales and Commercialization Progress

Announcement of partnership with NPK Construction Equipment (“NPK”)

On February 27, 2007, Power Tech announced a partnership with one of the world’s leading attachment equipment manufacturers, NPK Construction Equipment. The deal is Power Tech’s first partnership where its products will be commercialized under the brand name of a third party. The PicBucket and PicHammer will be commercialized by NPK in their colours and under their name and sold directly to them for sales through their distribution channels.

The announcement with NPK demonstrates Power Tech’s continued progress in the business development area where a skilled, focused sales team continues to prospect new business opportunities, such as the deal with NPK, as well as manage and coordinate the efforts with our increasing number of distributors.

The distribution model, through deals with partners like Finning and Toromont, is Power Tech’s platform to promote its technology, establish credibility for the company name and technology, and generate short term revenues. The distribution model is, however, one that takes longer to generate significant momentum from and it is expensive to implement and maintain.

We believe that deals with well known, credible industry players, such as the one signed with NPK, are of great importance in generating significant revenues for Power Tech. One of the challenges of selling Power Tech products through its own distribution network is a question of credibility (both for the company itself and its technology) given the young age of the company and the new technology we are introducing. A private label partnership with a company with a reputation of a company like NPK eliminates or mitigates a large number of these barriers.

Currently, the company remains at the beginning of its commercialization phase and, as a result, sales remain relatively erratic. We are encouraged by the growth in sales opportunities and the potential of the NPK deal, and as more and more sales opportunities are added to the growing backlog, the growth in revenue should stabilize and become more predictable. Future sales growth will be the result of more and more agreements with distributors and other partners who can present Power Tech to much larger audiences.

Selected Financial Information

	3 months ended December 31, 2006	3 months ended December 31, 2005
	\$	\$
Revenues	35,938	99,960
Net Loss	(784,320)	(393,707)
Basic and Diluted loss per share	(0.03)	(0.01)
Total Assets	2,677,120	2,279,135
Total long term liabilities	2,948,203	1,499,047
Cash on Hand	586,993	1,096,396

Results of Operations

The first quarter of 2007 continues to be one focused on significant investment in developing the company's distribution network and continuing the deployment of its commercialization plan.

Sales

\$35,938 of sales was generated during the quarter from the sale of one PicBucket unit and related accessories.

Sales for a company developing new technologies are often subject to variability at the early stages of commercialization and this is the reality that Power Tech is living right now with fluctuations in its monthly revenues. The barriers to a sale also differ from client to client. In continuing commercialization efforts and continuing the prospecting of new clients, Power Tech continues to create the sales opportunities that will lead to sales growth in the coming months and quarters and stability in revenues that will be a better indicator of the growth and progress realized by the company.

Gross Margin

With sales volumes relatively low, gross margin totaled \$7,259 for the quarter which represents 20.2%. The direct cost of sales was \$21,041 for the quarter which is 58.5% of revenues. This is in the range of projected direct cost margins going forward and as volumes grow, the relative importance of the indirect cost of goods sold on the gross margin will diminish as sales volumes increase.

Administrative expenses

Administrative expenses totaled \$282,683 for the three month period ended December 31, 2006 versus \$201,790 for the same period last year. Significant portions of this

expense include salaries and wages of \$74,142 and the administrative compensation cost associated with company stock options of \$66,873.

Selling and Commercialization Expenses

Selling and commercialization expenses totaled \$298,517 versus \$140,547 for the same three month period last year. The makeup of the sales team is vastly different than it was during this period last year, with much more emphasis on being present in the targeted territories which increased travel and related expenses compared to the same three month period last year.

In addition, beginning in this quarter, we began the depreciation of our demonstration unit over a period of 24 months to reflect the declining resale value resulting of the utilization of these units by potential clients. A depreciation of \$43,111 was taken in the first quarter of 2006. These units are still classified as inventory, remaining held for sale.

Interest expense

Interest expense of \$86,570 for the three month period ended December 31, 2006 and are significantly more than the \$57,357 for the same period last year. On the last day of last fiscal year, the company completed a convertible debenture financing of \$1 million. The interest associated with this financial instrument explains the increase year over year in the first quarter.

Amortization of property, plant and equipment

Amortization of the company's property, plant and equipment totaled \$21,275 for the three months ended December 31, 2006 versus \$8,380 for the same period last year. The increased base of fixed assets, and therefore the correlating amortization of these assets, compared to the same point last year explain the increase in expense.

Amortization of other Assets

The amortization of other assets is comprised of three parts: development costs, patents and financing costs. The total of these accounts was \$112,260 for the three month period ending December 31, 2006 compared to \$15,707 in the same period last year.

The vast majority of this change is related to development costs, amortized on a straight-line basis over a period of three years from the beginning of commercialization activities (the major projects are to be fully amortized by March, 2007) and their amortization totals \$106,549 compared to \$11,215 for the same period last year.

Other Revenues

Other revenues totaled \$9,726 for the first quarter of 2007, a very similar amount to the same period last year. Interest revenue of \$4,913 was earned from cash deposits made in

interest-bearing short term investments in Canadian financial institutions. In addition, \$4,813 was earned as rental revenue for a portion of the company's building being subleased to a third party.

Net Loss

The net loss for the quarter ended December 31, 2006 is \$784,320 compared to \$393,707 for the same period in 2005. This loss is an accumulation of all the expenses already explained above. Increased amounts invested in business development and marketing efforts in addition to the ongoing administrative expenses of the business were the main components of this loss.

Summary of Quarterly Results

Below is a summary of the last eight periods for which Power Tech has published interim financial statements. While the periods outlined below are not all equal, the reporting period is now normalized with a September 30 fiscal year end.

Quarter ended	Revenues	Net Loss	Net loss per share	
			Basic	Diluted
	\$	\$	\$	\$
December 31, 2006	35,938	(784,320)	(0.03)	(0.03)
September 30, 2006	48,770	(690,168)	(0.02)	(0.02)
June 30, 2006	231,477	(481,819)	(0.02)	(0.02)
March 31, 2006	39,500	(654,001)	(0.02)	(0.02)
December 31, 2005	99,960	(393,707)	(0.01)	(0.01)
September 30, 2005	0	(450,412)	(0.02)	(0.02)
June 30, 2005	0	(511,357)	(0.02)	(0.02)
March 31, 2005 (4 months)	0	(637,655)	(0.03)	(0.03)

Notes:

1. Power Tech has 30,119,866 outstanding common shares and an additional 1,819,550 options and 5,787,114 warrants outstanding. Therefore, the total number of fully diluted shares outstanding is 37,726,530. However, these options and warrants were not included in the computation of diluted loss per share because the effect would be anti-dilutive.
2. In addition, on February 7, 2007, the Company amended its stock option plan to increase the number of stock options from 2,462,500 to 3,011,986 that can be granted under the plan.

Balance Sheet

Cash and Cash Equivalents

Cash on hand at December 31, 2006 was \$586,993 compared to \$1,278,686 at September 30, 2006. The cash allocated to further business development and product commercialization accounted for this decrease.

Current Assets

Current assets have decreased to \$2,054,022 at December 31, 2006 from \$2,763,511 at September 30, 2006. The decrease is driven by two areas: cash and cash equivalents and accounts receivable. Inventory remains a significant portion of current assets, an investment required to perform product demonstrations and to support future sales growth.

Current Liabilities

Accounts payable and accrued liabilities increased from \$400,444 at September 30, 2006 to \$723,049 at December 31, 2006. The majority of this increase is explained by the reclassification of a note payable due on October 31, 2007 that is now accounted for as a current liability since it is due within the next twelve months.

Property, plant and equipment

Investment in fixed assets was minimal during the three month period ending December 31, 2006. The capitalized value of fixed assets has increased from \$244,918 to \$253,025.

Intangible Assets

The company's intangible assets are the intellectual property, specifically patents. The only difference was some amortization booked during the quarter. In recent months, the company has begun a formal demand in a number of countries for its third, and most recent, patent. This process will take a number of months and will be a significant cash investment during that period.

Deferred Charges

Deferred charges can be broken down into two components: development costs and financing costs related to the fees associated with the two convertible debenture financings – the first negotiated in August, 2005 and the second in September, 2006.

Deferred development costs totaled \$194,524 at December 31, 2006 which represents a decrease of \$35,276 from September 30, 2006. Development efforts focused primarily on the development of new product lines and the fine-tuning of the currently commercially available Series 2000 including some specific tool designs.

Deferred financing costs totaled \$60,329 at September 30, 2006 compared to \$64,161 at September 30, 2006. These amounts are amortized over the life of the convertible debentures. In both cases this is a 60 month period.

Long-Term Debt

The majority of the long-term debt is made up of the two convertible debentures and the liability component of these debentures is valued at \$2,451,524 as of December 31, 2006.

In addition, there are amounts in long term debt related to the loan from Economic Development Canada of \$44,990 at the end of December, 2006. The company also has a loan agreement used to purchase a vehicle in the first quarter of 2006. The remaining long term portion of this loan is \$15,541.

Statement of Cash Flows

Cash used for Operating Activities

Cash used for operating activities for the three month period ended December 31, 2006 was \$587,706. The majority of these cash outflows are explained by the ongoing sales, marketing and business development activities as well as the company's administrative expenses.

Cash used by Investing Activities

Investing activities for the first quarter of 2007 consumed \$102,242. The most significant investment is an amount of \$71,273 spent in development expenses which was capitalized on the balance sheet as a deferred cost.

Cash provided by Financing Activities

Financing activities for the three month period ended December 31, 2006 used \$1,745 representing reimbursement of the vehicle loan.

Financial Position

As of December 31, 2006, the corporation has working capital of \$1,330,973 including \$586,993 of cash.

Despite recent months of sporadic sales growth, the agreement signed with NPK Construction Equipment leads the company to believe this to be the beginning of a steady growth in revenue generation. With a multitude of potential opportunities for sales

growth, the company realizes that additional funds will be necessary in the future to capitalize on the business development opportunities.

While the company expects to generate significant revenues in the short term, it must be considered that the corporation has incurred significant losses since its inception. As previously mentioned, the company is working on acquiring financing that will provide the company with resources for the next 24 to 36 months, allowing the full deployment of its business plan. The company has future capital requirements, especially for new product and new technology development, marketing and special programs developed to penetrate targeted markets. The corporation's future ability to generate sufficient medium and long-term capital depends on various factors, including general economic conditions, technological advancements, market acceptance of its technologies and competition over and above other risks described in the section "risks and uncertainties".

Contractual Obligations

As of December 31, 2006, the Company has three contracted obligations – one for an equipment lease, another for a vehicle lease and one for a building lease.

The Company's commitments call for the following *remaining* minimum payments in the coming fiscal years:

	Total	2007	2008/2009	2010/2011	Subsequent
	\$	\$	\$	\$	Years
					\$
Equipment Lease	6,486	2,000	3,986	500	0
Vehicle Lease	18,655	5,996	12,659	0	0
Building Lease	2,832,907	172,912	446,955	425,100	1,787,940
Long Term Debt	520,073	5,767	455,671	34,110	24,525
TOTAL	3,378,121	186,675	919,271	459,710	1,812,465

Related Party Transactions

Commitment

The building lease agreement is with 6316123 Canada Inc., a company which is 20% owned by Carol Murray, President and Chief Executive Officer (C.E.O.) of Power Tech Corporation Inc and Pierre Gagnon, Vice President Operations of Power Tech Corporation Inc. As of December 31, 2006 a total of \$58,695 was paid by PowerTech to this company.

In addition, the company has guaranteed, to a maximum of 25%, the mortgage loan contracted with 6316123 Canada Inc. for the above mentioned building totalling \$1,200,000.

Administrative Expenses

An amount of \$15,000 for general legal services and guidance in investment securities was paid during the first quarter of the 2007 fiscal year with an amount of \$11,395 outstanding as payable as at December 31, 2006 to a company controlled by a shareholder and director of the company.

New Accounting Policies

During the first quarter of 2007, the Company adopted three new accounting standards issued by the Canadian Institute of Chartered Accountants (CICA): Section 1530, Comprehensive Income; section 3855, Financial Instruments – Recognition and Measurement; and section 3865, Hedges. These sections establish standards for recognizing and measuring financial instruments, namely financial assets, financial liabilities and derivatives and require the company to account for those financial instruments at fair market value and to determine their appropriate classes. The adoption of the recommendations has no effect on the company's financial statements.

Significant accounting policies and estimates

The preparation of financial statements in accordance with Canadian GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. These estimates are based on management's experience and other assumptions considered reasonable under the circumstances. Readers are encouraged to refer to the notes of the audited annual financial statements as of September 30, 2006 for a description of significant accounting policies. More precisely, the management of Power Tech has identified the following critical accounting policies:

Going Concern Concept

The financial statements were prepared by management in conformity with Canadian generally accepted accounting principles based on the going concern concept, which assumes the Company will be able to generate sufficient funds to discharge its obligations during normal business operations for the foreseeable future.

The Company incurred a net loss of \$784,320 during the three month period ended December 31, 2006 and has an accumulated deficit of \$5,386,014 as at December 31, 2006. The Company expects to have future capital requirements, specifically for technology development, marketing initiatives, debenture and long-term debt servicing

and to service its obligations in the normal course of business. The Company wishes to fund its future capital requirements through additional financing and cash flows from operations. The Company's future ability to generate sufficient short-term and long-term capital depends on their ability to raise capital to finance its operations and also on various factors, including general economic conditions, technological advancements, market acceptance of its products and competition.

These financial statements contain no restatement or reclassification of assets or liabilities that would be necessary if the Company demonstrated an inability to continue its operations.

Fixed Assets depreciation

Fixed assets are reviewed for impairment when events or circumstances indicate that costs may not be recoverable. Impairment exists when the carrying value of the asset is greater than the undiscounted future cash flows expected to be provided by the asset. The amount of impairment loss, if any, which is the excess of net carrying value over fair value, is charged to income for the period.

Actually, management estimates that no events or circumstances occurred that would support a write-down of long-live assets.

Stock-based compensation and other stock-based payments

The company has adopted a stock based compensation plan to use as a tool in effectively remunerating employees, directors, consultants and suppliers of the company.

The company recognizes a compensation expense in respect of the stock options granted under the plan that does not provide for a cash settlement. These options are measured at fair value using the Black-Scholes option pricing model at the grant date, and this fair value is expensed during the period from the grant date to the vesting date.

Management has to consider different assumptions that may affect the value of stock options. The Company has no significant historic data and accordingly has based its assumptions on industry data and other sources of available information.

Financial Instruments

The financial instruments issued by the Company are classified as liabilities if they include a contractual obligation for the Company to deliver cash at maturity. Interest and dividends are charged to income or shareholders' equity according to the balance sheet classification of the corresponding financial instrument.

The Company has used different financial instruments since its inception. The evaluation of those financial instruments requires assumptions established by management using careful judgment.

Disclosure controls and procedures

The President and Chief Executive Officer and the Chief Financial Officer assessed the disclosure controls and procedures (as defined in Regulation 52-109 respecting Certification of Disclosure in Issuers' Annual and Interim Filings) as at December 31, 2006, and concluded that the controls and procedures gave reasonable assurance that the material information with respect to the Company is communicated to management, in particular during the period where annual documents are prepared.

Internal controls over financial reporting

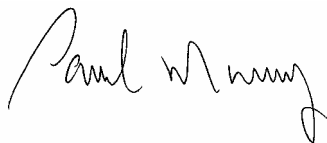
Internal control over financial reporting ("ICFR") is designed to provide reasonable assurance regarding the reliability of the Company's financial reporting and its compliance with GAAP in its financial statements. The President and Chief Executive Officer and Chief Financial Officer have evaluated whether there were changes to its ICFR during the three months ended December 31, 2006 that have materially affected, or are reasonably likely to materially affect, its ICFR. No such changes were identified through their evaluation.

Risks and uncertainties

For a complete listing of the risks and uncertainties associated to the Company, please refer to the same heading in the company's 2006 annual report on SEDAR (www.sedar.com) or downloadable from the Investors page of the company website at www.powertechci.com.

Forward-looking information

Certain sections of this management's discussion and analysis may contain forward-looking information. Statements based on current management expectations involve inherent risks and uncertainties, both known and unknown. Actual results may be different from forecasts.



Carol Murray
President and Chief Executive Officer



Matthew Blackmore
Chief Financial Officer

Terrebonne, Québec, February 27, 2007