



Management's Discussion and Analysis

Fiscal year ended September 30, 2008

The Management's Discussion and Analysis is intended to help the reader better understand the operating and key financial results of Power Tech Corporation Inc. ("PowerTech") (TSX-V: PWB). This analysis, prepared in accordance with National Instrument 51-102 (Continuous Disclosure Obligations), should be read in conjunction with the notes accompanying the Corporation's financial statements for the fiscal year ending September 30, 2008. These consolidated financial statements of the company for the year ended September 30, 2008 have been prepared in accordance with Canadian generally accepted accounting principles (GAAP) and reported in Canadian dollars. Throughout this document, "we", "us", "Corporation", and "Power Tech" refer to Power Tech Corporation Inc. The financial statements and the MD&A have been reviewed by the Audit Committee and approved by the board of directors.

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

Company Overview

Power Tech is the only company in the world that manufactures and commercializes a percussion bucket for the construction, demolition, aluminum, mining, tunnel digging, forestry and military industries. Power Tech'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 principal product, the PicBucket. 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.

General Overview and Outlook

Power Tech began delivery on the OEM agreement signed in 2007 with NPK, although the integration took longer than expected and sales volume were lower than expected we were happy with the roll out. The Company decided to focus on supporting our OEM agreements rather than a direct sales model. Selected products will be sold directly by Power Tech. Due to the economic downturn and the impact on capital purchases it will be difficult to predict the revenues for the upcoming year. The Company reduced its operating expenses in light of this and will secure and deliver on other OEM agreements and look for strategic partners.

Selected Financial Information

	2008 \$	2007 \$
Revenues	1,455,279	625,820
Net Loss	(3,066,529)	(3,790,519)
Basic and Diluted loss per share	(0.08)	(0.12)
Total Assets	1,834,855	2,761,170
Total long term liabilities	2,743,783	2,820,006
Inventories	615,854	728,489
Cash and cash equivalents	370,821	1,258,024

Results of Operations

The 2008 fiscal year focused on the execution of OEM agreements' signed last year and a change in its selling strategy.

Total revenues generated during the 2008 fiscal year totaled \$1,455,279 from the sale of PicBuckets and their related tools and accessories compared to \$625,820 for fiscal 2007. While sales grew 132% compared to 2007, growth remains erratic in the Company's third year of commercialization of its technology since it has taken longer than expected to develop other sales networks.

Gross margin for the year totaled \$471,291 or 32.4% of revenues compared to \$62,576 or 10.0% in 2007. Increase in margin is due to the increased volume in units sold allowing us to negotiate better supply terms. The direct cost of sales was \$904,146 for the year

which is 62.1% of revenues, resulting in direct cost gross margins of 37.9% compared to \$351,313 or 56.1% for the same period last year. The gross margin percentage is expected to remain around this level as more sales will be made through distributors rather than direct.

The indirect costs of goods sold for the year are predominantly fixed and are made of the salaries of the operations team as well as the portion of rent for the building allocated to production.

Revenues for the fourth quarter were \$436,188 versus \$77,254 for the same period last year. Increase in revenues is due to delivery of NPK orders for the series 2000.

Administrative and general expenses

Administrative and general expenses totaled \$1,364,813 for the 2008 fiscal year versus \$1,241,081 in 2007. Significant portions of this expense are outlined below:

	2008	2007
Salaries and wages	\$ 332,691	\$ 356,714
Professional fees	\$ 165,141	\$ 271,820
Rent	\$ 177,654	\$ 183,966
Stock options Compensation Cost	\$ 84,747	\$ 145,523

Even though the above accounts show a reduction over last year, the increase is due to the Company changing its business model resulting in indirect costs being included in administration and general expenses rather than in indirect cost of goods sold. The Company outsources production and manages work in progress and finished goods in our warehouse and in some cases the customer will perform final assembly.

Selling and Commercialization Expenses

Selling and commercialization expenses totaled \$1,149,304 for the 2008 fiscal year versus \$1,737,060 last year. The decrease in selling costs is mostly due to the change in sales strategy (sales through OEM dealers rather than direct), a smaller write off of demonstration units in inventory over fiscal 2007. The makeup of the sales team and its deployment has undergone some significant changes in recent months.

Selling and commercialization expenses totaled \$643,890 for the fourth quarter compared to \$ 852 957 for the same period last year.

Write-off and provision of obsolete inventory.

The Company decided to write-off or take a provision on slow moving or older versions of equipment in the fourth quarter based on its evaluation of inventory. The amount was \$287 452 versus nil in 2007.

Development Expenses

For the year, total development expenses were \$113,027 (net of investment tax credit \$17,200) compared to \$44,872 (net of investment tax credit \$14,000) for the previous year. Continued effort to develop OEM versions and the series 5000 increased the costs in the current year.

Development expenses were \$9,583 for the fourth quarter and \$19,130 in 2007.

Financial expenses

Financial expenses totaled \$430,877 for the fiscal year compared to \$448,104 in 2007. The financial expenses decreased slightly due to less borrowing in the year.

Financial expenses in the fourth quarter were \$102,391 versus \$104,585 for the same period last year due to similar amount of borrowings in the period.

Amortization of property, plant and equipment

Amortization of the company's property, plant and equipment totaled \$82,892 for 2008 fiscal year versus \$84,612 for the same period last year. A moderate decrease in the fixed asset base of the company has resulted in the decrease year over year.

Fourth quarter amortization totaled \$19,791 versus \$20,452 for the same period last year as very similar amount of purchases in the current year.

Amortization of other Assets

The amortization of other assets, comprised of development costs and patents, totaled \$186,839 for the 2008 fiscal year versus \$344,099 in 2007. The vast majority of this change is related to development costs that are amortized on a straight-line basis over a period of three years from the beginning of commercialization activities.

The three most significant development projects were fully amortized as of March, 2007 so all amounts capitalized in these projects up until that point were amortized in the same fiscal year, resulting in an increase in amortization.

Amortization of other assets in the fourth quarter was \$32,770 compared to \$26,875 for the same period last year.

Other Revenues and Expenses

Net other revenues totaled \$77,384 for 2008, compared to \$46,733 for last year. Interest revenue of \$17,440 (\$38,290 in 2007) was earned from cash deposits made in interest-bearing short term investments in Canadian financial institutions. In addition, \$31,891 (\$37,987 in 2007) was earned as rental revenue for a portion of the company's building being subleased to a third party. The revenue component of a government contribution from Canada Economic Development totaled \$20,067 (\$3,482 in 2007).

The company also realized a foreign exchange gain of \$3,682 due to the depreciation of the Canadian dollar versus the US dollar over the last year.

Finally, the company realized a gain on the disposal of property, plant and equipment for \$4,304. The company disposed of a vehicle.

For the fourth quarter other revenues were \$10,000, versus \$8,120 for the same period last year, mostly made up of subleasing revenues.

Net Loss

The net loss for the 2008 year is \$3,066,529 compared to \$3,790,519 in 2007. The decrease in loss is an accumulation of all the expenses already explained above and mainly due to the growth in revenues over last year and the decrease of overhead expense.

Loss for the fourth quarter was \$1,378,267 versus \$1,316,381 for the same period last year.

Summary of Quarterly Results

Before restatement

Quarter ended	Revenues	Net Loss	Net loss per share	
			Basic	Diluted
	\$	\$	\$	\$
September 30, 2008	438,188	(1,378,267)	(0.03)	(0.03)
June 30, 2008	542,005	(563,663)	(0.02)	(0.02)
March 31, 2008	392,154	(553,088)	(0.01)	(0.01)
December 31, 2007	84,932	(571,510)	(0.02)	(0.02)
September 30, 2007	77,254	(1,316,381)	(0.03)	(0.03)
June 30, 2007	125,977	(660,495)	(0.02)	(0.02)
March 31, 2007	386,651	(925,013)	(0.03)	(0.03)
December 31, 2006	35,938	(784,320)	(0.03)	(0.03)

After restatement

Quarter ended	Revenues	Net Loss	Net loss per share	
			\$	\$
September 30, 2008	438,188	(1,378,267)	(0.03)	(0.03)
June 30, 2008	542,005	(563,663)	(0.02)	(0.02)
March 31, 2008	392,154	(553,088)	(0.01)	(0.01)
December 31, 2007	84,932	(571,510)	(0.02)	(0.02)
September 30, 2007	77,254	(1,351,685)	(0.03)	(0.03)
June 30, 2007	125,977	(683,487)	(0.02)	(0.02)
March 31, 2007	386,651	(948,015)	(0.03)	(0.03)
December 31, 2006	35,938	(807,322)	(0.03)	(0.03)

As of September 30, the Company's capital structure was as follows:

	2008	2007
Common shares outstanding	39,409,908	36,017,156
Stock options outstanding	1,994,265	1,702,900
Share warrants outstanding	5,957,574	9,325,488
Fully diluted shares outstanding	47,361,747	47,045,544

Summary of Capital Structure

As of the publishing date of this report, Power Tech has 39,409,908 outstanding common shares and an additional 1,994,265 options and 5,957,574 warrants outstanding. Therefore, the total number of fully diluted shares outstanding is 47,361,747. However, these options and warrants were not included in the computation of diluted loss per share because the effect would be anti-dilutive.

(a) Private Placement

On July 16, 2008, the Company concluded a private placement, for a maximum amount of 5,000,000 units at a price of \$0.40 for a total amount of \$2,000,000. Each unit consists of a common share and a warrant entitling the agent, at any time during the 24-month period after the closing date, to subscribe to a common share at \$0.50 per share.

The Company issued those units for gross proceeds of \$890,000, comprising of \$548,685 for the shares and \$341,315 for the warrants attached to the unit. Warrants were valued using Black-Scholes model.

(b) Conversion of accrued interest on convertible debentures

During the first quarter, the Company issued 973,552 common shares in payment of an amount of \$427,888 in accumulated interest on the convertible debenture issued on August 2, 2005 to SIPAR Inc. This amount covers the period from August 2, 2005 to August 2, 2007. Regarding the terms of the debenture, the price of shares issued was determined according to the weighted average price of the Company's common shares traded during the 20-day period preceding the interest payment date of August 2, 2007, minus the maximum discount of 20% permitted by the TSX Venture Exchange, resulting in a conversion price of \$0.4395.

The Company converted \$77,680 of accrued interest in regard to the debenture held by Fier Cap-Diamant into 194,200 units of the Company. The units issued comprise the same features of those issued in the private placement described above. The amount comprises \$47,890 for the shares and \$29,790 for the warrants attached to the unit. Warrants were valued using Black-Scholes model.

Balance Sheet

Cash and cash equivalents

As at September 30, 2008, cash and cash equivalents were \$370,821 compared to \$1,258,024 at September 30, 2007. Decrease in cash is due to the continued operating loss and the delay in obtaining additional financing.

Current Assets

Current assets have decreased to \$1,454,563 at September 30, 2008 from \$2,331,673 at September 30, 2007. This change is driven mainly from the decrease in cash over last year.

Current Liabilities

Current liabilities have increased from \$631,587 at September 30, 2007 to \$1,377,832 at September 30, 2008. There is an increase in accrued liabilities and accounts payable at the end of this year and a debenture which matures March 2009.

In addition, the Company received a deposit from NPK treated as deferred revenues for \$131,928. As part of the agreement, NPK finances part of the modifications of the Picbuckets. Once the Picbuckets are available commercially, these amounts will be offset against units delivered.

Property, plant and equipment

Investment in fixed assets totaled \$53,945 during this past fiscal year resulting in a moderate increase in the fixed assets base of the company. This increase though was

offset by amortization of \$82,892 and the gain on the disposal of a vehicle totaling \$4,304.

The result is a balance sheet total of \$212,175 at September 30, 2008 compared to \$217,686 at September 30, 2007.

Intangible Assets

The company's intangible assets are the intellectual property, specifically patents related to the intellectual property behind the PicBucket and PicHammer. In recent months, the company has begun a formal demand in a number of countries for its third, and most recent, patent. Beginning in the second quarter of 2007, we began paying the fees associated with these formal applications which will be amortized over the useful life of the new patents (expiration in July of 2025).

The capitalized value of these intangible assets totals \$136,970 at September 30, 2008 versus \$135,293 at September 30, 2007.

Deferred Charges

Deferred development costs totaled \$31,147 at September 30, 2008 which represents a significant decrease from \$76,518 as at September 30, 2007. As previously mentioned, the major development projects focusing on the currently commercially available Series 1000 and 2000, and their associated tools, are now fully amortized. Currently, development efforts continue to focus primarily on the development of new product lines.

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 \$2,658,628 as at September 30, 2008 and a debenture of \$428,763 included in short term liabilities. Long term debt is also composed of two interest free loans from Canada Economic Development valued at \$85,155.

Statement of Cash Flows

Cash used for Operating Activities

Cash used for operating activities for the year was \$1,916,769. 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. The amount is very similar to the amount used during the 2007 fiscal year of \$2,154,464 reflecting a similar cost base to last year.

Cash used by Investing Activities

Investing activities for the 2008 fiscal year consumed \$269,022. The most significant portion is an amount of \$183,461 spent in development expenses which was capitalized on the balance sheet as a deferred charge.

In 2007, cash used by investing activities consumed \$283,562.

Cash provided by Financing Activities

Financing activities during the year generated \$1,298,588 compared to \$2,417,364 last year. In the current year the Company issued a debenture of \$400,000 and issued 2,225,000 units for \$890,000 gross proceeds. In the previous year, the Company issued units as part of the private placement closed in April generated \$3,243,509 which was offset by \$360,622 of related equity instrument issue costs.

Financial Position

As of September 30, 2008, the corporation has working capital of \$94,482 including \$370,821 of cash and cash equivalents. Decrease is mainly due to a decrease of cash and cash equivalents and the debenture that matures March 2009.

While the company expects to generate an increasing amount of revenue in the short and medium term, it must be considered that the corporation has incurred significant losses since its inception. The company is working on acquiring additional financing that will provide financial resources for an additional 12-24 months. Due to the current financial and economic conditions it may be very difficult to raise additional capital. The Company is seeking financing from different government sources such as financing SR&ED credits and purchase orders. The Company has also taken steps to reduce its overall cash burn till it can secure additional financing.

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 September 30, 2008, the Company contracted obligations for equipment leases, vehicle leases and one for a building lease. The company also has obligations for its long term financings. See notes 12 and 18.

The most significant commitment the company has is a 15 year lease of the building has occupied since March, 2006. Power Tech is the sole lessee and has a purchase option exercisable after five years.

The lease became effective on March 1, 2006 and lease payments for the first five years have already been established. Rent for the following 10 years of the lease will depend on the interest rate in effect when the mortgage of the building is renewed in 2011. The interest rate negotiated for the first five years has been assumed to calculate net payments for the following ten years.

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 Technology of Power Tech Corporation Inc. who are also shareholders of the company. For the year ended September 30, 2008 a total of \$288,331 was paid by Power Tech to this company versus \$269,746 for the year ended September 30, 2007. This lease occurred in the normal course of business and is valued at the fair market value of a lease of this kind.

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. This guarantee was evaluated at \$12,300, under section 3855 of CICA handbook, and accounted for as accounts payable and accrued liabilities.

New accounting policies

ADOPTED IN 2008

Capital and Financial Instruments

In the first quarter of 2008, the Company adopted three new Handbook sections issued by the Canadian Institute of Chartered Accountants (CICA).

Section 1535 “Capital Disclosures” establishes standards for disclosing information about an entity’s capital and how it is managed. These standards require an entity to disclose the following:

- its objectives, policies and processes for managing capital;
- summary quantitative data about what it manages as capital;
- whether during the period it complied with any externally imposed capital requirements to which it is subject;
- when the entity has not complied with such requirements, the consequences of such non-compliance.

Section 3862 “Financial Instruments – Disclosures” modifies the disclosure requirements for financial instruments that were included in Section 3861 “Financial Instruments – Disclosure and Presentation“. The new standards require entities to provide disclosures in their financial statements that enable users to evaluate:

- the significance of financial instruments for the entity's financial position and performance;
- the nature and extent of risks arising from financial instruments to which the entity is exposed during the period and at the balance sheet date, and how the entity manages those risks.

Section 3863 "Financial Instruments – Presentation" carries forward the presentation requirements of the old Section 3861 "Financial Instruments – Disclosure and Presentation", which remains unchanged.

With the exception of the disclosures required under these sections, the adoption of these guidelines did not have any material effect on the Company's results, financial position or cash flows.

ADOPTED IN 2007

The Company adopted new accounting standards of section 3855 – Financial instruments, 3865 – Hedges and 1530 – Comprehensive income issued by the Canadian Institute of Chartered Accountants. These new CICA standards require the Company to account for those financial instruments at fair market value and to determine their appropriate classification. Management's decisions will impact any succeeding measurement of all financial instruments recorded on the balance sheet.

With the exception of the reclassification of deferred financing costs and the evaluation of a guarantee on a building, the adoption of these guidelines did not have any material effect on the Company's results, financial position or cash flows.

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 note 4 of the audited annual financial statements as of September 30, 2008 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 use of these

principles could be inappropriate since, as at September 30, 2008, there was significant uncertainty as to the Company's ability to continue as a going concern without securing additional financing.

The Company incurred a net loss of \$3,066,529 during the current year [\$3,790,519 in 2007] and has an accumulated deficit of \$12,033,008 as at September 30, 2008 [\$8,966,479 in 2007]. The Company expects to have future capital requirements, specifically for technology development, marketing initiatives, debenture and long-term debt servicing and potentially, depending upon the growth of sales in the coming periods, to service its obligations in the normal course of business. The Company wishes to fund its future capital requirements mainly by way of available cash and cash flows from operations and, if necessary, through additional capital. The Company's future ability to generate sufficient short-term and long-term capital depends on various factors, including general economic conditions, technological advancements, market acceptance of its products and competition. There can be no assurance that the Company will generate short and long-term capital under terms and conditions satisfactory to the Company.

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.

Inventories

Inventories are valued at the lower of cost and market value. Cost is determined using the first-in, first-out method and includes raw materials, direct labour and manufacturing overhead costs. Market value is equal to net realizable value with respect to finished goods and to replacement cost with respect to raw material.

Impairment of Long-Lived Assets

Long-lived assets are reviewed for impairment when significant 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 year.

As of September 30, 2008, management did an impairment test and no loss was identified.

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 over the expected term of the award. These expenses are included in the stock-based compensation expense and credited to the contributed surplus. When options are exercised, the proceeds received by the Company, together with the fair value amount in contributed surplus, are credited to capital stock.

Management has to consider different assumptions that may affect the value of stock options. The company based its assumptions on historical data, industry data and other sources of available information.

Financial instruments

As discussed previously, the company has applied new standards issued by CICA regarding financial instruments. 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 September 30, 2008, 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 year ended September 30, 2008 that have materially affected, or are reasonably likely to materially affect, its ICFR. No such changes were identified through their evaluation.

Due to the size of the company and limited staff count, including the fact that the CFO is the only finance and accounting employee, there are limitations to completely segregating a number of duties that are part of a typical control environment.

Risks and uncertainties

There are a number of risks and uncertainties the company is subject to due to the nature of its technology and its associated products and the company's current stage of development. They include, but are not necessarily limited to, the following:

Vulnerability of exclusive technology – the company owns the intellectual property behind its technology but there is the possibility of competitive imitation.

Additional capital needs – In the event that the current business plans change or revenue growth is slower than anticipated, it is possible additional financing will be necessary. There is no guarantee this financing will be available at conditions that are acceptable to the company and with terms that facilitate its growth.

Competition and technology obsolescence – there is a risk that competitors will launch a technology that diminishes the potential of the company's technology or makes it obsolete.

Managing growth and market development – there is no guarantee the company will be able to successfully develop its market or, in the case of rapid growth, not successfully manage the requirements this type of growth demands.

Demand fluctuation – the company's success is based on the demand in the heavy equipment and attachment industry. If there is a general slowdown in the demand for these types of products, there will be an impact on the company's results.

Price fluctuation – given the competitive nature of the industry and the unknown reaction of competitors to the introduction of the company's products, there may be pressures for the company to reduce its prices which will affect its projected profitability.

Foreign currencies – the company sells its product outside of the country and its revenue and profitability on sales outside of the country are sometimes subject to fluctuations in foreign currency evaluation.

Importance of workforce – the company relies heavily on its management team and technical personnel. The loss of one of these employees may have an unfavourable impact on the company.

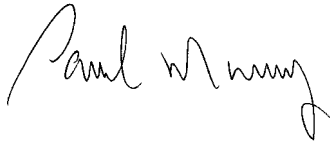
Acquisitions – it is possible the company could acquire companies or products that complement its own and help it achieve its goals. There is a risk that the benefits of synergy are not realized or integration of the new company or product is not successful.

Product anomalies and imperfections – the products being developed by the company are complex and, as a result, may contain anomalies or weaknesses that may slow growth and harm its reputation.

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



Nick Cristiano CA
Chief Financial Officer

Terrebonne, Québec, November 14, 2008