



Management's Discussion and Analysis

Third quarter ended June 30, 2009

The following Management Discussion and Analysis (MD&A) covers the results of operations and consolidated financial results of PowerTech Corporation. ("PowerTech" or "the Company").

The following MD&A should be read in conjunction with the Company's audited consolidated financial statements and related note disclosure for the year ended September 30, 2008, and the Company's unaudited interim consolidated financial statements for the quarter ended June 30, 2009, which have been prepared in accordance with Canadian generally accepted accounting principles (GAAP) and depict values that are in Canadian currency unless otherwise noted.

Additional information relating to the Company can be found on the Company's website, www.powertechci.com and/or on SEDAR at www.sedar.com.

Forward-looking Statements disclaimer

Certain statements included herein, including those that express management's expectations or estimates of our future performance, constitute "forward-looking statements" within the meaning of applicable securities laws. Forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable by management at this time, are inherently subject to significant business, economic and competitive uncertainties and contingencies. Investors are cautioned not to put undue reliance on forward-looking statements. We disclaim any intent or obligation to update publicly these forward looking statements, whether as a result of new information, future events or otherwise.

Description of Business

PowerTech is the only company in the world that manufactures and commercializes percussion technology with interchangeable tools and accessories for the construction, demolition and military industries.

PowerTech's percussion technology is a technological breakthrough that combines the power of a hydraulic hammer with the stripping force and manoeuvrability of a conventional bucket. Powertech's products are marketed under the PicBucket[®] and PicHammer[®] names as well as under world renowned private label brands thru OEM agreements with large manufacturers.

The trademarks PicBucket[®], PicHammer[®] and the Powertech logo are registered trademarks of Powertech Canada Inc.

The company owns the intellectual property behind the technology used in the PicBucket[®] and the 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.

Quarterly Highlights

- Delivery of first units to the Middle-East, with a repeat order in the current quarter;
- Delivery of first units to Montabert our European distributor which coincides with a marketing effort in several countries;
- Re-negotiated our lease to reduce operating costs; and
- Subsequent to quarter end, the Company closed a private placement for a gross amount of \$648,250.

Selected Financial Information

For the three months periods ended June 30,

	2009 \$	2008 \$
Revenues	230,838	542,005
Net Loss	(417,369)	(563,663)
Basic and Diluted loss per share	(0.01)	(0.02)
Total Assets	1,076,188	2,323,674
Total long term liabilities	2,983,968	3,110,328
Inventories	426,651	1,101,799
Cash on Hand	132,074	158,959

Results of Operations

Sales and Commercialization Strategy

For the three month period ended June 30 2009 revenues amounted to \$230,838 compared to \$542,005 for the same period. The decrease is mostly explained by an order from the Canadian military in the previous year which was not repeated in the current year. The slowdown in the North American and European markets also had an impact on revenues.

Gross Margin and Supply Chain Strategy

Gross margin for the three month period ended June 30, 2009 was 31.0% of sales versus 31.1% for the same period last year. In prior years some operating costs were included in indirect costs. The direct cost of sales margins were 36.1% compared to 53.0% for the same period last year. The decrease is due to the reduced manufacturing volume which impacted margins. Indirect costs for the current period are for overhead costs related with the warehouse.

Gross margins for the nine-month period ended June 30, 2009 was 35.1% versus 23.3% for the same period last year, the improvement is partially due to the sales in US dollars and the change in accounting treatment of indirect costs. Direct cost of sales margins were 43% for the current period versus 42% for the previous period.

Administrative expenses

For the three month period ended June 30, 2009, administrative expenses totaled \$211,650 versus \$258,851 in 2008. These expenses include management salary concessions in order to get through the down turn and the reduction of overhead costs. Administrative expenses for the nine-month periods ended June 30, 2009 were \$623,833 versus \$755,740, the current period expenses include operating expenses previously included in indirect costs. We continue to control operating expenses.

Selling and Commercialization Expenses

Selling and commercialization expenses totaled \$57,106 for the three months ended June 30, 2009 versus \$174,019 for the same period last year. Our sales strategy is to support distributors rather than a direct sales approach in most markets. We continue to sell our series 5000 directly.

For the nine-month period ended June 30, 2009 sales and marketing expenses were \$179,777 versus \$505,414 for the same period, the reduction is due to the change in sales strategy and continuous focus on resource management.

Development Expenses

For the three months period ended on June 30, 2009 of this fiscal year, total development expenses were \$20,619 compared to \$68,264. The reduction is due to completion of development in regards to series S1000, S2000 and S3000. We continue to develop and improve the series 5000 and other series for commercial use. The development expense is net of development credit of \$6,000.

For the nine-month period ended on June 30, 2009 development expenses were \$72,109 versus \$103,444 as we continue to commercialize our products.

Financial expenses

Financial expenses totaled \$140,209 for the third quarter of 2009 compared to \$112,045 for the same period last year. The financial expenses are made up predominantly of the interest related to two outstanding convertible debentures, debenture and short term financing of investment tax credits and purchase orders.

For the nine-month period ended on June 30, 2009 the interest expenses are \$419,801 versus \$328,486 for the same period last year, increase is due to the penalty on renewal of a debenture and increase in the amount of debt outstanding.

Amortization of property, plant and equipment

Amortization of the company's property, plant and equipment totaled \$14,622 for the three months period ended June 30, 2009 compared to \$19,616 for the same period last year. Very little is being spent on capital assets therefore reducing our amortization expense.

For the nine-month period ended June 30, 2009 amortization expense was \$68,798 versus \$63,131 for the same period last year. Very little is being spent on capital assets therefore reducing our amortization expense.

Amortization of other Assets

The amortization of other assets, comprised of development costs and patents, totaled \$7,633 for the third quarter of the 2009 fiscal year versus \$66,960 for the same period last year. Most is the projects are now being expensed as incurred and very little capitalized development costs remain.

For the nine-month period ended June 30, 2009, amortization was \$55,781 compared to \$154,069 for the same period last year. Most is the projects are now being expensed as incurred and very little capitalized development costs remain.

Foreign exchange loss (gain)

Foreign exchange loss for the quarter was \$19,096 compared to a gain of \$629 for the same period last year, due to the strengthening of the Canadian dollar. Year to date the foreign exchange gain was \$44,055 compared to \$2,861 for the same period last year.

Other Revenues

Other revenues totaled \$2,828 for the quarter, compared to \$8,583 for last year; decrease is due to the reduction of interest revenue on cash held.

For the nine-month period ended June 30, 2009 other revenues were \$18,763 versus \$64,523 for the same period last year due to the government subsidy and interest revenue.

Net Loss

The net loss for the third quarter of the 2009 fiscal year is \$417,369 compared to \$563,663 for the same period last year. Net loss to date was \$1,198,596 compared to \$1,688,261 for last year. The reduction in net loss is due to the continued effort to reduce operating expenses.

Summary of Quarterly Results

Quarter ended	Revenues	Net Loss	Net loss per share	
			Basic	Diluted
	\$	\$	\$	\$
June 30, 2009	230,838	(417,369)	(0.01)	(0.01)
March 31, 2009	126,105	(456,057)	(0.01)	(0.01)
December 31, 2008	423,059	(325,170)	(0.01)	(0.01)
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	(1,354,759)	(0.03)	(0.03)

Summary of Capital Structure

As of the publishing date of this report, Power Tech has 46,187,541 outstanding common shares and an additional 2,620,600 stock options and 5,660,450 warrants outstanding. Therefore, the total number of fully diluted shares outstanding is 54,468,591. However, these options and warrants were not included in the computation of diluted loss per share because the effect would be anti-dilutive.

The Company's capital structure was as follows:

	2009	2008
Common shares outstanding	46,187,541	36,990,708
Stock options outstanding	2,620,600	2,241,100
Share warrants outstanding	5,660,450	4,488,488
Fully diluted shares outstanding	54,468,591	43,720,296

Balance Sheet

Cash and cash equivalents

As at June 30, 2009, cash and cash equivalents were \$132,074 compared to \$370,821 at September 30, 2008. The Company has a \$50,000 line of credit which is unused and also obtained tax credit financing for FY2008-2009 which makes available \$105,000 of which \$77,723 has been used. The Company also obtained sales order financing of \$175,000 to finance production of sales orders of which \$155,000 was used in the quarter.

Current Assets

Current assets have decreased to \$785,355 at June 30, 2009 from \$1,454,563 at September 30, 2008. Decrease is mainly due to the reduction of cash to pay down current liabilities, accounts receivables due to reduce revenues and inventory, as we continue to use existing inventory to fill current orders.

Current Liabilities

Current liabilities have decreased from \$1,377,832 at September 30, 2008 to \$1,373,184 at June 30, 2009. Accounts payable and accrued liabilities have decreased significantly since the end of the fiscal year. The decrease in accounts payable was offset by the increase in short term financing (renewal of debenture and investment tax credit and purchase order financing). The Company continues to carry a deposit received from NPK treated as deferred revenues for \$110,686. 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 \$305 during the third quarter of the fiscal year. Amortization was \$14,622 compared to \$19,616 last year, very little is being spent on capital assets therefore reducing our amortization expense.

Intangible Assets

The company's intangible assets are the intellectual property, specifically patents related to the intellectual property behind the PicBucket[®] and PicHammer[®]. The capitalized value of these intangible assets totals \$135,423 at June 30, 2009 versus \$136,970 on September 30, 2008.

Deferred Charges

Deferred development costs totaled \$6,264 at June 30, 2009 compared to \$31,147 at September 30, 2008. As previously mentioned, the major development projects focusing on the currently commercially available Series, and their associated tools, are now fully amortized. Currently, development efforts continue to focus primarily on the development of new product lines.

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 \$2,913,443 at June 30, 2009 compared to \$2,658,628 as of September 30, 2008. Interest is being paid through issuance of shares. The Company renegotiated its \$400,000 debenture previously due on March 18, 2009. The new debenture is for \$600,000 at an interest rate of 18% per annum compounded quarterly due March 19, 2010. The new debenture includes accrued interest of \$59,747, a penalty of \$40,263 for non-repayment, and new injection of \$100,000.

The Company obtained tax credit financing for FY2008-2009 which makes available \$105,000 of which \$77,723 has been used. The Company also obtained sales order financing of \$175,000 to finance production of sales orders, of which \$155,000 has been used.

There is also long term debt composed of two interest free loans from Canada Economic Development valued at \$88,276 (of which \$17,751 is short-term).

Statement of Cash Flows

Cash used for Operating Activities

Cash used for operating activities for the quarter was \$238,547. 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. For the same three month period last year, operating activities used \$320,256.

Cash used by Investing Activities

Investing activities for the quarter consumed \$305 compared to \$19,641 for the same period last year.

Cash provided by Financing Activities

The Company obtained tax credit financing for FY2008-2009 which makes available \$105,000 of which \$77,723 has been used to date, the loan is reimbursable upon receipt of the tax credits. The loan bears an interest rate of 10% per annum. The Company also obtained sales order financing of \$175,000 to finance production of sales orders of which \$155,000 was used in the quarter.

Financial Position

As of June 30, 2009, the Company has negative working capital of \$587,829 including \$132,074 of cash and cash equivalents. The Company has a \$50,000 line of credit which is unused and also obtained tax credit financing for FY2008-2009 which makes available \$105,000 (\$77,723 has been used). The Company also obtained sales order financing of \$175,000 to finance production of sales orders of which \$155,000 was used.

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.

On July 16, 2009, the Company concluded a private placement, for 6,482,500 units at a price of \$0.10 for a total amount of \$648,250. Each unit consists of a common share and a half warrant entitling the holder, at any time during the 12-month period after the closing date, to subscribe to a common share at \$0.20 per share.

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".

New Accounting Policies

ADOPTED IN 2009

Inventories

During the first quarter, the Company adopted the new section 3031 "inventories", which will replace section 3030 "inventories". The new section prescribes measurement of inventories at the lower of cost and net realizable value. It provides guidance on the determination of cost, prohibits use in the future of the last-in, first-out (LIFO) method, and requires reversal of previous write-downs when there is a subsequent increase in the value of inventories. It also requires greater disclosure regarding inventories and the cost

of sales. The adoption of these new standards had no impact on the interim consolidated financial statements of the Company.

Goodwill and intangible assets

Section 3064, "Goodwill and intangible assets", is replacing Section 3062, "Goodwill and other intangible assets" and Section 3450, "Research and development costs". The new section will be applicable to financial statements relating to fiscal years beginning on or after October 1, 2008. It establishes standards for the recognition, measurement, presentation and disclosure of goodwill subsequent to its initial recognition and of intangible assets by profit-oriented enterprises. Standards concerning goodwill are unchanged from the standards included in the previous Section 3062. The Company does not expect that the adoption of this new Section will have a material impact on its interim and annual consolidated financial statements.

RECENTLY ISSUED

International financial reporting standards

The Accounting Standards Board of Canada has announced that accounting standards in Canada, as used by public companies, will converge to International Financial Reporting Standards ("IFRS") over a transition period that is expected to be complete by 2011. On February 13, 2008, the CICA confirmed 2011 as the official changeover date from current Canadian GAAP to IFRS. The Company will convert to these new standards according to the timetable set with these new rules.

Related Party Transactions

The building lease agreement is with 6316123 Canada Inc., a company which is 20% owned by two officers which are also shareholders of PowerTech Corporation Inc. For the quarter ended June 30, 2009 a total of \$21,448 was paid by PowerTech to this company versus \$69,099 for the same period last year. This lease occurred in the normal course of business and is valued at the fair market value of a lease of this kind. During the quarter the building was sold to a third party and therefore no longer a related party. The Company renegotiated its lease with the new owners to reduce operating costs.

All of these transactions were in the normal course of business and were measured at the exchange amount, which is the amount of consideration established and agreed upon by the related parties.

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 PowerTech 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 \$417,369 for the quarter and has an accumulated deficit of \$13,231,604 as at June 30, 2009. 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 through additional capital. 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.

Inventories

Inventories are valued at the lower of cost and net realizable value. Cost is determined using the first-in, first-out method and includes raw materials, direct labour and manufacturing overhead costs.

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 June 30, 2009, management did not perform an impairment test because no events occur supporting such test.

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

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

Evaluation of disclosure controls

The Chief Executive Officer and Chief Financial Officer of the Company have evaluated the effectiveness of the Company's disclosure controls and procedures as of the quarter ended June 30, 2009 and have concluded that the Company's disclosure controls and procedures provide reasonable assurance that material information relating to the Company, including its consolidated subsidiary, was made known to them and reported as required, particularly during the period in which the annual filings were being prepared. Management has made no material changes to the Company's internal controls over financial reporting during the Company's most recent interim period. Due to the size of the company and limited staff, there are limitations to completely segregating a number of duties that are part of a typical control environment.

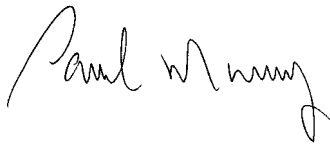
Outlook

The Company's continues to focus on the expansion of its distribution network, including the successful deployment of the series 5000 PicBucket[®] and the rollout of the Montabert agreement in Europe which will complement its existing agreement in North America with NPK. The Company continues to closely monitor its cash position and aims to maintain a capital structure that will enable it to fulfill its business plan, including the commercialization of its products. The Company has recently taken appropriate measure to significantly reduce its cost structure and burn rate going forward. Additionally, the financing realized after the end of the quarter provides sufficient liquidities to address short-term operational challenges. However, the Company is currently seeking additional financing or other opportunities aimed at providing sufficient financial resources for an additional 12-24 months.

On July 16, 2009, the Company concluded a private placement, for a maximum amount of 6,482,500 units at a price of \$0.10 for a total amount of \$648,250. Each unit consists of a common share and a half warrant entitling the holder, at any time during the 12-month period after the closing date, to subscribe to a common share at \$0.20 per share.

Risks and Uncertainties

We operate in an industry subject to various risks and uncertainties. The following are not the only risks and uncertainties that could affect the Corporation. Further risks and uncertainties currently unknown to or deemed insignificant by the Corporation could potentially hinder its operations. The materialization of any of the following risks may adversely affect the Corporation's activities and have a significant negative effect on its financial position and operating results. In that event, the price of its common shares may decrease. A list of risks and uncertainties are described in the management discussion and analysis for the year ended September 30, 2008 available on SEDAR (www.sedar.com) or on the Company's website (www.powertechci.com).



Carol Murray
President and Chief Executive Officer



Nick Cristiano
Chief Financial Officer

Terrebonne, Québec, August 31, 2009