



Management's Discussion and Analysis

First quarter ended December 31, 2009

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. ("Power Tech") (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, 2009 and the Corporation's unaudited interim consolidated financial statements for the quarter ended December 31, 2009. These consolidated financial statements of the Corporation for the quarter ended December 31, 2009 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.

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

Corporation Overview

Power Tech is the only Corporation 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 Corporation 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 decided to focus on supporting our OEM agreements rather than a direct sales model, but selected products will be sold directly. Due to the economic downturn

and the impact on capital investments it will be difficult to predict the revenues for the upcoming year. The Corporation 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

For the three months ended December 31,

	2009	2008
	\$	\$
Revenues	65,676	423,059
Net Loss	(457,878)	(325,170)
Basic and Diluted loss per share	(0.01)	(0.01)
Total Assets	966,070	1,355,893
Total long term liabilities	3,931,071	3,226,228
Inventories	373,694	519,770
Cash on Hand	139,053	55,964

Results of Operations

Sales and Commercialization Strategy

During the quarter, total revenues generated totaled \$65,676 from the sale of PicBuckets[®] and their related tools and accessories. Total sales for the same period last year totaled \$423,059. Revenues decreased due to the slowdown in the US market which represented the majority of revenues in the same period last year.

Gross Margin and Supply Chain Strategy

Gross margin for the three month period ended December 31, 2009 was 21.8% of sales versus 40.8% for the same period last year. The direct cost of sales margins were 36.1% compared to 45.6% for the same period last year. Indirect costs for the current period are for overhead costs related with the warehouse. The decrease in margins is mainly due to the reduction in volume purchases increasing the cost to manufacture. The first quarter of fiscal 2009 include mostly US dollar sales which improved margins.

Administrative expenses

For the three month period ended December 31, 2009, administrative expenses totaled \$232,378 for the first quarter of the 2010 fiscal year versus \$225,917 in the same period

of 2009. Include are expenses related to the previously announced transaction which increased professional fees. The major portions of administrative costs remain to be the following:

	For the three months ended December 31,	
	2009	2008
Salaries and wages	\$ 79,724	\$ 64,545
Professional fees	\$ 90,388	\$ 46,505
Rent	\$ 9,389	\$ 44,618
Stock options Compensation Cost	\$ 13,031	\$ 19,632

The increase is due to the Corporation changing its business model resulting in indirect costs being included in administration and general expenses rather than in indirect cost of goods sold. The Corporation 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 \$63,094 for the three months ended December 31, 2009 versus \$95,765 for the same period last year. The Corporation continues to manage expenses in all areas as well as a significant change in the sales and marketing strategy, adopting a more indirect approach to sales for certain markets.

Development Expenses

For the first three months of this fiscal year, total development expenses were \$14,081 compared to \$43,024 for last year's first quarter. We allocate resources where needed, the Corporation continues to develop the series 5000 and other series for commercial use while keeping a close eye on expenses.

Financial expenses

Financial expenses totaled \$137,130 for the first quarter compared to \$114,168 for the same period last year. The financial expenses are made up predominantly of the interest related to two outstanding convertible debentures and a debenture. The increase is due to the renegotiation of the non-convertible debenture at higher terms and injection of \$100,000 in March 2009.

Amortization of property, plant and equipment

Amortization of the Corporation's property, plant and equipment totaled \$21,153 for the three months ended December 31, 2009 compared to \$31,425 for the same period last year. Decrease is due to the declining balance of property, plant and equipment.

Amortization of other Assets

The amortization of other assets comprised of financing costs and patents, totaled \$7,558 for the first quarter of the 2010 fiscal year versus \$39,720 for the same period last year. In previous years there was amortization for development costs, which has been completely amortized.

Foreign exchange gain

Foreign exchange loss was \$940 compared to a gain of \$44,161 for the same period last year, very little transaction in USD in the current quarter.

Other Revenues

Other revenues totaled \$4,143 for the quarter, compared to \$8,241 for last year; last year included rental revenue which the Corporation no longer has. In the current quarter, the Corporation obtained Canada Economic Development funding in the amount of \$8,898 of which \$4,143 was determined to be a contribution.

Net Loss

The net loss for the first quarter of the 2010 fiscal year is \$457,878 compared to \$325,170 for the same period last year. The increase in net loss is due to the reduction in revenues.

Summary of Quarterly Results

Quarter ended	Revenues	Net Loss	Net loss per share	
			Basic	Diluted
	\$	\$	\$	\$
December 31, 2009	65,676	(457,878)	(0.01)	(0.01)
September 30, 2009	171,549	(375,203)	(0.01)	(0.01)
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)

As of December 31, the Corporation's capital structure was as follows:

	2009	2008
Common shares outstanding	46,687,541	39,705,041
Stock options outstanding	2,495,600	1,900,600
Share warrants outstanding	5,910,450	5,957,574
Fully diluted shares outstanding	55,093,591	47,563,215

Summary of Capital Structure

As of the publishing date of this report, Power Tech has 46,687,541 outstanding common shares and an additional 2,495,600 stock options and 5,910,450 warrants outstanding. Therefore, the total number of fully diluted shares outstanding is 55,093,591. However, these options and warrants were not included in the computation of diluted loss per share because the effect would be anti-dilutive.

Balance Sheet

Cash and cash equivalents

As at December 31, 2009, cash and cash equivalents were \$139,053 compared to \$329,944 at September 30, 2009. The Corporation has a \$50,000 line of credit which is unused. Decrease in cash is due to continued losses.

Current Assets

Current assets have decreased to \$712,812 at December 31, 2009 from \$990,822 at September 30, 2009. Decrease is mainly due to the reduction of cash and cash equivalents, accounts receivables and inventories.

Current Liabilities

Current liabilities have increased from \$3,053,944 at September 30, 2009 to \$3,202,604 at December 31, 2009. The increase is mainly due to the accrual interest on the debentures.

Property, plant and equipment

Investment in fixed assets totaled \$12,317 during the first quarter of the fiscal year. Amortization was \$21,153 for the period down from \$31,425, property plant and equipment balance continues to decrease.

Intangible Assets

The Corporation'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 \$134,667 at December 31, 2009 versus \$135,201 on September 30, 2009.

Debt

The debt and liability component of the two convertible debentures and one non convertible debenture, which are valued at \$3,816,982 at December 31, 2009 compared to \$3,680,100 as of September 30, 2009. There is also long term debt composed of two interest free loans from Canada Economic Development valued at \$114,089 compared to \$105,282 as of September 30, 2009.

Statement of Cash Flows

Cash used for Operating Activities

Cash used for operating activities for the quarter was \$185,003. The majority of these cash outflows are explained by the ongoing sales, marketing and business development activities as well as the Corporation's administrative expenses. Last year, for the same three month period last year, operating activities used \$302,859.

Cash used by Investing Activities

Investing activities for the quarter consumed \$14,786 compared to \$11,998 for the same period last year.

Cash provided by Financing Activities

We received a contribution from Canada Economic Development of \$8,898.

Financial Position

As of December 31, 2009, the corporation has negative working capital of \$2,426,792 including \$139,053 of cash and cash equivalents. The Corporation has a \$50,000 line of credit which is unused.

While the Corporation 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 Corporation 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 Corporation is seeking financing from different government sources such as financing

SR&ED credits and purchase orders. The Corporation 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".

New Accounting Policies

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 Corporation will convert to these new standards according to the timetable set with these new rules.

Related Party Transactions

Commitment

The building lease agreement which was previously held by shareholders was sold May 1 2009, and therefore no longer related parties. Previously the lease agreement with 6316123 Canada Inc., a Corporation which is 20% owned by two officers which are also shareholders of PowerTech Corporation Inc. For the quarter ended December 31, 2008 a total of \$64,344 was paid by PowerTech.

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, 2009 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 Corporation will be able to generate sufficient funds to discharge its obligations during normal business operations for the foreseeable future.

The Corporation incurred a net loss of \$457,878 for the quarter and has an accumulated deficit of \$14,114,685 as at December 31, 2009. The Corporation 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 Corporation wishes to fund its future capital requirements mainly by way of available cash and cash flows from operations and through additional capital. The Corporation'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 Corporation 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 December 31, 2009, management did not perform an impairment test because no events occur supporting such test.

Stock-based compensation and other stock-based payments

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

The Corporation 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 Corporation, 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 Corporation based its assumptions on historical data, industry data and other sources of available information.

Financial instruments

The Corporation 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 Corporation have evaluated the effectiveness of the Corporation's disclosure controls and procedures as of the quarter ended December 31, 2009 and have concluded that the Corporation's disclosure controls and procedures provide reasonable assurance that material information relating to the Corporation, 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 Corporation's internal controls over financial reporting during the Corporation's most recent interim period. Due to the size of the Corporation and limited staff, there are limitations to completely segregating a number of duties that are part of a typical control environment.

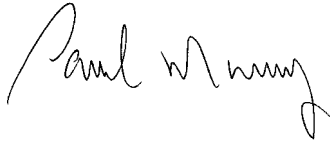
Outlook

The Corporation's continues to focus on the expansion of its distribution network, including the deployment of the series 5000 PicBucket[®] for applications in the concrete recycling industry. Despite the challenging business conditions currently prevailing in North-America and abroad, PowerTech believes that it stands to benefit from an increase in infrastructure spending and from the need for the industry to increase its productivity. The Corporation 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 or other sources of financing. As mentioned previously the Corporation has obtained some short term financing from different government sources such as financing SR&ED credits and purchase orders. The Corporation has also reduced its overall cash burn until it can secure additional financing.

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, 2009 available on SEDAR (www.sedar.com) or on the Corporation's website (www.powertechci.com).



Carol Murray
President and Chief Executive Officer



Nick Cristiano
Chief Financial Officer

Terrebonne, Québec, February 25, 2010