FORM 51-102F1
EMPOWER TECHNOLOGIES CORPORATION
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2011

The following discussion and analysis, prepared as of November 25, 2011, should be read together with the unaudited interim consolidated financial statements for the nine month period ended September 30, 2011 and related notes attached thereto, which are prepared using accounting policies consistent with International Financial Reporting Standards. All amounts are stated in Canadian dollars unless otherwise indicated.

The reader should also refer to the audited financial statements and the Management Discussion and Analysis for the year ended December 31, 2010. Additional information relating to Empower is available on SEDAR at www.sedar.com.

Statements in this report that are not historical facts are forward-looking statements involving known and unknown risks and uncertainties, which could cause actual results to vary considerably from these statements. Readers are cautioned not to put undue reliance on forward-looking statements. References in this document to “we”, “us”, “Empower” and “the Company” refer to Empower Technologies Corporation and its subsidiaries.

DESCRIPTION OF BUSINESS

The Company’s core technology is the LEOs embedded hardware platform. LEOs, which stands for “Linux Embedded Operating System” is the Company’s branded operating software which allows product developers and manufacturers to create their own software and embedded hardware, or integrate the Company’s software or hardware, for their own products. Empower has now included imaging technology to its core technology. Under the imaging technology, it consist a number of innovative proprietary technologies under its group - Empower’s proprietary Image Motion Stabilization (IMS) Technology, Image Signal Correction (ISC) Technology and ISC/IMS enabled surveillance cameras. Examples of products that developers and manufacturers may produce include surveillance cameras, automotive cameras and digital signage systems.

The Company’s target customers are product developers and manufacturers in the digital signage and interactive kiosk, security and surveillance, military, automotive and transportation, healthcare, industrial control and consumer electronics sectors. In order for the Company to gain market penetration and recognition of its two core technologies, the Company has decided strategically to divide sales and marketing into two separate operating divisions:

A: The Empower Embedded Engineering Division:

The embedded engineering division will take over the sales and marketing of LEOs embedded development platforms and tools. Under its administration, the embedded product division has developed several models of a LEOs development kit (“Development Kit”) and LEOs embedded computer system boards (“Computer Boards”) that provide all the software development tools and hardware platform for developers to create the software and the embedded hardware for their own products. The embedded technology product division markets and sells the Development Kits and Computer Boards (also known as “single board computers”) to prospective interested product developers and manufacturers. It is the division’s goal to sell as many Development Kits and Computer Boards as possible to achieve product adoption as well as selling engineering services which include OEM manufacturing. However, there are limitations to the number of Development Kits that can be sold. The division also believe a large portion of the revenue will be generated from engineering services and OEM manufacturing. It is because once product developers decide to use the Development Kit to create the software and hardware for their new product, the division has achieved a “design win” and the product developer must obtain a LEOs license or buy Computer Boards (with LEOs embedded) to go into production. Significant revenue for the Company can occur if the licensee’s product has the potential to have high volume production. There are also possibilities customers coming to Empower only for its OEM manufacturing service and it can generate significant revenue due to the high value of the product or the volume.

B. The Empower Imaging Laboratories Division

This division will take over the marketing and sales of video technology products. One of the very first imaging technology products is Empower's proprietary real time translational and rotational Image Motion Stabilization (IMS) Technology branded under the name "Bullseye". This state of the arts real time image stabilizer is the best priced unit under its class. The other is Image Signal Correction (ISC) Technology products which are under development. The Company will also have video analytic products in the future. In order to introduce those Empower proprietary imaging technologies and expedite their market penetration, Empower will embark on a sales and marketing strategy to embed its proprietary imaging technologies into a line of surveillance camera and sell into the security and surveillance industry. The Company believes by offering imaging technology product solutions such as surveillance cameras and video stabilizer that incorporate Empower's proprietary real time IMS, ISC and video analytics, it will fast track sales into the market and position Empower's imaging technology as the leader in the industry.

The Company intends to generate or increase revenue by sales of the following:

1. Embedded technology products: Development Kits, Single Board Computer, LEOs licensing; and,

2. Engineering services: consulting services to OEM/ODM products or technologies, product development and manufacturing services;

3. Imaging technology products: proprietary Image Signal Correction (ISC) Technology, proprietary Image Motion Stabilization (IMS) Technology and product solutions such as ISC/IMS enabled surveillance cameras and video stabilizers for customer;

In the past, the focus of the Company's strategy was to develop revenue through licensing of LEOs and the sales of embedded development platform, tools and single board computer products developed by the Company. While the Company may generate some revenue from licensing and through the sale of its own products in the future, it is the Company's plan to add new source of revenue that has fast growth opportunity. Therefore, the Company is now focused on generating increased sales from imaging technology product solutions such as surveillance cameras and video stabilizers and from offering engineering and manufacturing services to developers and manufacturers.

Principal Products or Services:

The Company is currently selling Development Kits through its distributors and is selling Computer Boards to several customers. The Company to date has sold Development Kits, Computer Boards and engineering services. To date, there has been no revenue from licensing. Revenue has been generated largely from the following sources:

1. Development Kits
The Company has developed two series of Developments Kits. The Empower Development Kit (EDK) series contains enhancements helping designers accelerate development of digital video applications.

2. Computer Boards
The Company has also recently sold Computer Boards to a number of customers. Like the Development Kits, the Company has developed a series of Computer Boards.

Computer Boards are currently manufactured by third party contract manufacturers in Asia, however the Company may contract with other manufacturers, subject to the economics.

3. Imaging Technology
The Company has developed in-house real time video stabilizer technology that can perform shaking and rolling motion stabilization. It has also developed image enhancement technology called "Image

Signal Correction" Technology or ISC. The Company will be selling surveillance cameras and video stabilizers that incorporate Empower's proprietary real time IMS, ISC and video analytics technologies.

4. Engineering and Manufacturing Services

The Company provides its prospective customers with engineering and manufacturing services including maintenance and support for the LEOs and its Computer Boards, imaging technology products, product developments and contract manufacturing.

Recent Developments:

In the last quarter, the Company had the following developments:

1. Announced, further to the April 11, 2011 news release regarding "MOU (Memorandum of Understanding) with Asia Automotive Electronics Developer and Manufacturer" that it has signed the definitive Supply Agreement and Joint Product Development Agreement ("Agreements") to integrate Empower's proprietary Image Signal Correction (ISC) Technology into their latest automotive camera system product offerings. Under the Supply Agreement, all future Purchase Orders will be issued to Empower to supply the company's ISC Technology to its Taiwan automotive camera manufacturing partner.

2. Announced the proceeding with a non-brokered private placement of units (the "Offering") to raise up to $750,000. This news release is amending the previous one dated June 28, 2011. The Offering is not subject to any minimum and is to be of up to 6,000,000 units (the "Units") at $0.125 per Unit, with each Unit consisting of one share and one half warrant. Each whole warrant is exercisable into one common share for a period of one year at $0.20 per share. The warrants will be non-transferable. In consideration of the finders efforts in locating investors for the Private Placement, 7% finders fee will be paid by the Company. The proceeds of the Offering will be used to finance production, inventory, sales and marketing expenses, fulfilling product development and sales agreement and for general working capital.

3. Announced its closing of a non-brokered private placement of Units (the "Units"). The private placement was closed for 1,236,000 Units (the "Offering") at a price of $0.125 per Unit for a total of $154,500. Each Unit consists of one common share and one half share purchase warrant. Each whole warrant will entitle the holder thereof to purchase one common share (the "Additional Share") for a period of one year from the date of issue at a price equal to $0.20 per Additional Share.

   In addition, Empower has recovered a bad debt in US funds that along with the closing of this non-brokered private placement totals approximately $500,000 (the "Total"). Although the Total is lower than the original financing target of $750,000, it does represent a major saving to its stakeholders in terms of dilution, Empower is pleased that the Total is significant enough for Empower to continue with its sales initiative.

PERFORMANCE SUMMARY

For the three month period ended September 30, 2011, the Company has incurred a loss of $324,635 or $0.01 per share, compared with a loss of $339,291 or $0.01 per share for the three month period ended September 30, 2010. This loss represents expenditures related to the ongoing development and marketing of the Company's products. This is consistent with the Company's business plan.

The total expenses excluding stock-based compensation decreased to $398,255 for the three months ended September 30, 2011, compared with $410,529 for the three month period ended September 30, 2010. Revenue decreased to $12,000 for the Quarter, compared to $186,155 for the three month period ended September 30, 2010. For the nine months ended September 30, 2011, total expense excluding stock-based compensation decreased to $1,242,788 compared to $1,410,142 for the nine month period ended September 30, 2010. Revenue decreased for the nine months ended September 30, 2011 to 150,387 from $443,473 for the nine month period ended September 30, 2010. The decrease is mainly attributable to the completion of all the design win projects and to the Company's effort to shift from selling LEOs embedded development kit and engineering service to sales and marketing of imaging technology products such as surveillance cameras.

As at September 30, 2011, the Company had cash of $35,198 compared to $32,201 at December 31, 2010.

The Company expects overall operating expenses will stay at current level in the foreseeable future until significant product shipments begin.

RESULTS OF OPERATIONS

	Nine Month Period Ended September 30, 2011	Nine Month Period Ended September 30, 2010	Three Month Period Ended September 30, 2011	Three Month Period Ended September 30, 2010	Year Ended December 31, 2010
Sales					
Canada	$ 30,000	$ -	$ -	$ -	$ 28,142
United States of America	104,673	418,552	-	183,652	266,670
Asia	15,714	21,812	12,000	2,503	21,812
Europe	-	3,109	-	-	3,109
	150,387	443,473	12,000	186,155	319,733
Cost of Sales					
Cost of goods sold	51,112	184,721	401	105,464	13,653
Cost of services	-	-	-	-	122,082
Write-down of inventory	-	-	-	-	4,415
	51,112	184,721	401	105,464	140,150
Gross margin	99,275	258,752	11,599	80,691	179,583
Total expenses	1,318,047	1,440,204	419,540	423,979	2,404,249
Other items	(219,053)	56,798	83,306	1,300	62,379
Income (loss) for the period:					
Canada	(1,470,642)	(1,096,585)	(368,702)	(343,175)	(2,179,879)
People's Republic of China	-	(2,921)	-	9,548	-
United States of America	32,817	(25,778)	44,067	(8,361)	17,592
	$ (1,437,825)	$ (1,125,284)	$ (324,635)	$ (341,988)	$ (2,162,287)
Loss per share	$ (0.03)	$ (0.03)	$ (0.01)	$ (0.01)	$ (0.05)
Total assets	$ 216,057	$ 708,640	$ 216,057	$ 708,640	$ 265,752

Revenue

Revenues generated for the three months ended September 30, 2011 were $12,000, compared with $186,155 for the three months ended September 30, 2010. For the nine months ended September 30, 2011, revenues were $150,387 compared with $443,473 for the nine months ended September 30, 2010. The decrease is mainly attributable to the completion of all the design win projects and to the Company’s effort to shift from selling LEOs embedded development kit and engineering service to sales and marketing of ISC and image stabilization technologies enabled surveillance cameras. These sales are attributed to the sales and marketing of the Company’s core enabling embedded technology and solutions.

Cost of Sales

Cost of material sold during the Quarter was $401, compared with $105,464 for the period ended September 30, 2010. For the nine months ended September 30, 2011, cost of sales was $51,112, compared with $184,721 during the nine months ended September 30, 2010. Cost of sales as a percentage of sales amounted to 34% for the nine months ended September 2011, compared with 42% for the same period in 2010.

General and Administrative

General and administrative expenses without stock-based compensation and R&D costs for the three months ended September 30, 2011 increased to $355,443 (2010 - $342,149) due to the increased financing activities and engineering service to complete the customer projects. Advertising and promotion increased to $18,236 (2010 - $5,924) due to increase in promotional activities. Rent decreased to $4,823 (2010 - $13,818) due to the moving to a smaller office with lower rent. Consulting fees increased to $54,100 (2010 - $15,000) due to the Company's decision to use consultants instead of permanent staffs. For the nine months ended September 30, 2011, general and administrative costs without stock-based compensation and R&D costs increased to $1,093,085 (2010 - $1,035,831).

Research and Development

Research and Development costs ("R&D costs") relating to the development of real time Image Motion Stabilization (IMS) Technology, Image Signal Correction (ISC) Technology and video analytic technology and to the engineering of surveillance camera that has built-in ISC/IMS technologies from above. R&D costs for the three month period ended September 30, 2011 were $42,812 compared to $68,380 for the period ended September 30, 2010. For the nine months period ended September 30, 2011, R&D costs were $149,703, compared to $374,311 for the same period ended September 30, 2010. The R&D cost decrease is due to the new developments which are either at early stage or their resources requirements are much lower.

	Nine Month Period Ended September 30, 2011	Nine Month Period Ended September 30, 2010	Three Month Period Ended September 30, 2011	Three Month Period Ended September 30, 2010
Equipment and supplies	$ 4,896	$ 16,777	$ -	$ 502
Rent	37,618	96,729	11,253	32,243
Salaries and benefits	107,189	260,805	31,559	35,635
	$ 149,703	$ 374,311	$ 42,812	$ 68,380

SUMMARY OF QUARTERLY RESULTS

	Three Months Ended September 30, 2011 (i)	Three Months Ended June 30, 2011 (i)	Three Months Ended March 31, 2011 (i)	Three Months Ended December 31, 2010 (i)
Total assets	$ 216,057	$ 172,790	$ 505,809	$ 265,752
Stock-based compensation	21,285	26,873	27,101	22,704
Working capital (deficiency)	(2,212,622)	(2,061,001)	(1,993,731)	(2,772,980)
Shareholders' deficiency	(4,306,435)	(4,152,584)	(4,083,084)	(4,878,833)
Revenues	12,000	3,714	134,673	123,740
Net loss	(324,635)	(453,973)	(659,217)	(1,039,233)
Loss per share	$ (0.01)	$ (0.01)	$ (0.01)	$ (0.02)

	Three Months Ended September 30, 2010 (i)	Three Months Ended June 30, 2010 (i)	Three Months Ended March 31, 2010 (i)	Three Months Ended December 31, 2009 (ii)
Total assets	$ 708,640	$ 505,981	$ 327,700	$ 277,071
Stock-based compensation	10,753	2,875	4,546	17,264
Working capital (deficiency)	(2,012,853)	(1,688,031)	(1,366,309)	(930,424)
Shareholders' deficiency	(4,118,376)	(3,789,838)	(3,454,525)	(3,014,925)
Revenues	186,155	246,528	10,790	4,497
Net loss	(339,291)	(338,188)	(445,163)	(510,496)
Loss per share	$ (0.01)	$ (0.01)	$ (0.01)	$ (0.01)

(i) Presented using accounting policies consistent with International Financial Reporting Standards
(ii) Presented in accordance with Canadian GAAP and was not required to be restated to IFRS

SELECTED ANNUAL INFORMATION

	Year Ended December 31, 2010 (i)	Year Ended December 31, 2009 (ii)	Year Ended December 31, 2008 (ii)
Sales			
Canada	$ 28,142	$ 5,836	$ 6,778
United States of America	266,670	404	104,611
Asia	21,812	14,819	27,499
Europe	3,109	-	7,560
	319,733	21,059	146,448
Cost of Sales			
Cost of material sold	13,653	5,026	41,980
Cost of services	122,082	-	-
Write-off of inventory	4,415	10,793	127,691
	140,150	15,819	169,671
	179,583	5,240	(23,223)
Total expenses	2,400,728	2,068,697	2,629,509
Other items	62,379	(1,072)	(43,880)
Loss for the period			
Canada	(2,179,467)	(2,044,591)	(2,609,403)
People's Republic of China	-	(98,080)	115,587
United States of America	17,592	78,142	(202,796)
	$(2,161,875)	$ (2,064,529)	$ (2,696,612)
Loss per share	$ (0.05)	$ (0.05)	$ (0.07)
Total assets	$ 267,752	$ 277,071	$ 606,942

(i) Presented using accounting policies consistent with International Financial Reporting Standards.
(ii) Presented in accordance with Canadian GAAP and was not required to be restated to IFRS.

Our operations throughout the years displayed above have been focused on the development of our technologies and promoting those technologies to product designers and engineers. Now the Company is shifting its focus to commercialize its technologies by embedding into products such as surveillance cameras to facilitate high volume sales and fast track market acceptance of our embedded and imaging technologies.

LIQUIDITY

The Company has financed its operations to date primarily through the issuance of common shares. The Company continues to seek capital through various means including the issuance of equity and/or debt. As at September 30, 2011, there were 2,215,150 share purchase warrants outstanding. These warrants represent a source of equity capital for empower, should they be exercised.

The consolidated financial statements have been prepared using accounting policies consistent with International Financial Reporting Standards on the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. The continuing operations of the Company are dependent upon its ability to continue to raise adequate financing and to commence profitable operations in the future.

		As at September 30, 2011		As at September 30, 2010
Deficit	$	(28,710,370)	$	(26,233,312)
Working capital	$	(2,212,622)	$	(2,012,853)

Net cash used in operating activities for the Quarter was $255,677 compared to net cash used of $781,945 for the three month period ended September 30, 2010. The decrease in the use of cash was primarily due to reduction in R&D activities. For the nine month period ended September 30, 2011, the net cash used in operating activities was $825,808 compared with net cash used in operating activities of $1,513,114 for the nine month period ended September 30, 2010.

The Company had no investing activities for the three month period ended September 30, 2011 and had no investing activities for three month period ended September 30, 2010 either. For the nine months ended September 30, 2011, the net cash used in investing activities was $nil, the same as net cash used in investing activities of $nil for the nine month period ended September 30, 2010.

Net cash provided in financing activities for the Quarter was $288,121 compared to net cash generated of $794,183 for the three month period ended September 30, 2010. The cash used in financing activities was caused by payment of loans and the cash generated was caused primarily by proceeds of loans and proceeds from shares received in advance. For the nine months ended September 30, 2011, net cash generated by financing activities was $828,805, compared with net cash generated by financing activities of $1,493,287 for the nine months ended September 30, 2010.

At September 30, 2011, the Company had $35,198 in cash. The Company has been incurring operating losses (excluding stock-based compensation and amortization) at the average rate of $126,000 per month over the last nine months.

OUTSTANDING SHARE DATA

As at August 22, 2011, there were 51,271,279 common shares outstanding, in addition there were 2,785,000 stock options outstanding ranging between $0.10 and $0.62 per share, and 2,215,150 share purchase warrants ranging between $0.22 and $0.30. More information on these instruments and terms of their conversion is set out in note 9, 10 and 11 of the interim Financial Statements.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

RELATED PARTY TRANSACTIONS

Key management includes directors, and officers of the Company. The Company entered into the following transactions with related parties:

a) Recorded stock-based compensation of $68,094 (nine month period ended September 30, 2010 - $10,257) for services provided by directors and officers.

b) Paid or accrued consulting fees of $113,000 (nine month period ended September 30, 2010 - $55,000) for services provided by officers and directors of the Company.

c) Paid or accrued directors' fees of $72,000 (nine month period ended September 30, 2010 - $72,000) for services provided by directors of the Company.

d) Paid or accrued salaries and benefits of $54,000 (nine month period ended September 30, 2010 - $54,000) to an officer of the Company included in research and development costs.

e) Paid or accrued salaries and benefits of $31,000 (nine month period ended September 30, 2010 - $72,000) to directors and officers of the Company. Included in current accounts payable is $488,851 (December 31, 2010 - $375,059; January 1, 2010 - $211,484) due to directors and officers of the Company.

At September 30, 2011, $644,757 (December 31, 2010 - $571,957; January 1, 2010 - $17,280) of short term loans payable is due to a director and officer of the Company. The short term loans bear interest at 8.5% and are unsecured. The Company also has $861,764 (December 31, 2010 - $883,646; January 1, 2010 - $Nil) of convertible debentures (See Note 7), and $2,152,500 (December 31, 2010 - $2,152,000; and January 1, 2010 - $2,152,000) of long term loans payable (Note 8) to the same director and officer. The loans bear interest at 8.5%, and are unsecured. The total interest paid or accrued to the director was $285,017 (September 30, 2010 - $169,528) for the nine month period ended September 30, 2011.

The amounts charged to the Company for the services provided have been determined by negotiation among the parties and, in certain cases, are covered by signed agreements. These transactions were in the normal course of operations and were measured at the exchange value, which represented the amount of consideration established and agreed to by the related parties.

CRITICAL ACCOUNTING ESTIMATES

Use of estimates and judgments

The preparation of these condensed consolidated interim financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions which affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenses for the years reported. Significant areas requiring the use of management estimates include the determination of impairment of property and equipment, amortization rates for equipment, effective interest rate used in calculating the debt portion of convertible debenture, future income tax assets and liabilities, and the determination of the assumptions used in calculating fair value of share-based compensation calculations. Actual results could differ from these estimates.

FINANCIAL INSTRUMENTS AND RISK

The carrying value of accounts receivable, accounts payable and accrued liabilities, obligation under finance lease, convertible debenture and loans payable approximated their fair value.

Financial instruments measured at fair value on the balance sheet are summarized in levels of fair value hierarchy as follows:

Assets	Level 1	Level 2	Level 3	Total
Cash	$ 35,198	$ -	$ -	$ 35 ,198

The Company is exposed to the following risks from its use of financial instruments: credit risk, market risk and liquidity risk. Management, the Board of Directors and the Audit Committee monitor risk management activities and review the adequacy of such activities.

(i) Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to fulfil its contractual obligations. Such risk arises principally from certain financial assets held by the Company consisting of trade receivables. The maximum exposure to credit risk of the Company at period end is the carrying value of these financial assets.

The Company's cash is held with high-credit quality financial institutions. Provisions for doubtful accounts are made on a customer by customer basis. All write downs against receivables are recorded in the Consolidated Statement of Operations and Comprehensive Loss. The Company is exposed to credit related losses on sales to customers outside of North America due to higher risks of enforceability and collectability. Accounts receivable at September 30, 2011 are comprised of trade accounts receivable. Sufficient allowance for doubtful accounts is set up as at September 30, 2011.

(ii) Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Company's income or the value of its holding of financial instruments.

(a) Foreign Exchange Risk – The Company operates internationally and is exposed to foreign exchange risk from various currencies, primarily the U.S. Dollar and the Chinese Renminbi. Foreign exchange risk arises from sales and purchase transactions as well as recognized financial assets and liabilities that are denominated in currencies other than the Canadian dollar, which is the functional currency of the Company and its subsidiaries.

During the nine month period ended September 30, 2011 and at December 31, 2010, the Company held only minor amounts of cash deposits in foreign currencies.

(b) Interest Rate Risk – Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Financial assets and liabilities with variable interest rates expose the Company to cash flow interest rate risk. The Company does not have any debt instruments outstanding with variable interest rates at September 30, 2011. Financial liabilities that bear interest at fixed rates are subject to fair value interest rate risk. No hedging relationships have been established for the related monthly interest or for the principal payments. The Company manages its interest rate risk by minimizing financing costs on its borrowings and maximizing income earned on excess funds while maintaining the liquidity necessary to conduct operations on a day to day basis.

(iii) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its obligations as they come due. The Company manages its liquidity risk by forecasting cash flows from operations and anticipated investing and financing activities. At September 30, 2011, the Company had cash of $35,198. Monthly operating expenses approximate $146,000. The continuation of the Company depends upon the support of its lender and equity investors, which cannot be assured.

SUBSEQUENT EVENTS

Subsequent to period ended September 30, 2011:

(i) The Company announced the closing of a non-brokered private placement of Units (the "Units"). The private placement was closed for 1,236,000 Units (the "Offering") at a price of $0.125 per Unit for a total of $154,500. Each Unit consists of one common share and one half share purchase warrant. Each whole warrant will entitle the holder thereof to purchase one common share (the “Additional Share”) for a period of one year from the date of issue at a price equal to $0.20 per Additional Share. In addition, Empower has recovered a bad debt in US funds that along with the closing of this non-brokered private placement totals approximately $500,000 (the “Total”). Although the Total is lower than the original financing target of $750,000, it does represent a major saving to its stakeholders in terms of dilution, Empower is pleased that the Total is significant enough for Empower to continue with its sales initiative.

ii) The Company announced that it has promissory notes of approximately $2.8 million outstanding as of October 24, 2011 from a Non-Arm’s Length Party who is a director and officer of the Company (“Lender”). Currently the promissory notes have to renew individually annually as each come due over the year. The management of the Company believes if the promissory notes were changed to one long term debt with a convertible feature then it will improve the Company balance sheet, provide long term stability over the debt, increase confidence in the Company’s long term prospect and help future financing. Therefore, the management of the Company proposed to issue a five (5) years convertible promissory note bearing 10% compound interest per annum by the Company with option at the discretion of the Lender to renew any remaining balance of the debt at the end of the five (5) years term for another three (3) years or five (5) years under the same terms and conditions, the promissory note and its accrued interest can be converted at any time in whole or in part as many times as necessary during the term to Empower common shares at $0.10 per Share at the discretion of the Lender, the grant by the Company to the Lender of a security interest in all of the Company’s present and after acquired personal property in the form of a General Security Agreement, and the creation of a new “Control Person” of the Company which will be the Lender in the event the promissory note is fully converted or the cumulative debt portion converted into Shares represents ownership of 20% or higher of the total outstanding shares.

iii) The Company announced it has entered into a Binding Letter of Intent to acquire 100% of defense contractor Northstar Electronics, Inc. (“Northstar”) a Delaware company listed on OTCBB under the symbol “NEIK” with head office in Vancouver, British Columbia. Under the terms of the Binding Letter of Intent, Empower will purchase 100% of Northstar by exchanging a certain number of Northstar shares for Empower shares and such exchange ratio will be disclosed upon the signing of the definitive purchase agreement on or before December 31, 2011 or such later date as agreed by both parties and subject to the satisfactory completion of due diligence and regulatory approvals and any other approvals required for both companies. Empower will assume Northstar debt and approximately $6 million of firm purchase orders under sale contracts from customers that will run from now through 2012 and beyond. Under the terms of the Binding Letter of Intent, Empower and Northstar will also sign a Loan Agreement for Empower to provide a company loan to Northstar for additional working capital to service its sales orders. The definitive purchase agreement must be signed on or before December 31, 2011 and the purchase is to be completed on or before March 31, 2012 or such later date as agreed by both parties.

INTERNATIONAL REPORTING STANDARDS (IFRS)

FIRST TIME ADOPTION OF IFRS

i) Transition to IFRS

The Company has adopted IFRS effective January 1, 2011 with a transition date of January 1, 2010. Prior to the adoption of IFRS the Company prepared its financial statements in accordance with Canadian GAAP.

The comparative information presented in these condensed interim financial statements for the nine months period ended September 30, 2010, year ended December 31, 2010 and the opening financial position as at January 1, 2010 (the “Transition Date”) have been prepared in accordance with the accounting policies referenced in Note 3 and IFRS 1, First-Time Adoption of International Financial Reporting Standards ("IFRS 1").

ii) Initial elections upon adoption

The Company adopted IFRS in accordance with IFRS 1 which requires the retrospective application of IFRS at the Transition Date with all adjustments to assets and liabilities taken to deficit, subject to mandatory exceptions and the application of optional exemptions. The IFRS 1 exceptions applied in the conversion from Canadian GAAP to IFRS by the Company are explained as follows:

(a) Share-based payments – The Company elected under IFRS 1 to apply IFRS 2, *Share-Based Payments* only to equity instruments that were issued after November 7, 2002 and had not vested by the Transition Date

(b) Business combinations – The Company elected under IFRS 1 to not to apply IFRS 3, *Business Combinations* retrospectively to any business combinations that may have occurred prior to its Transition Date and such business combinations have not been restated.

(c) Compound financial instruments – The Company has elected under IFRS 1 not to retrospectively apply IAS 32, *Financial Instruments – Presentation* to compound instruments settled before the Transition Date.

(d) Borrowing costs – The Company has elected to apply the transitional provisions of IAS 23, *Borrowing Costs* ("IAS 23") to qualifying assets that occurred since the date of transition to IFRS.

iii) Estimates

IFRS 1 does not permit changes to estimates previously made. Accordingly, estimates used at the Transition Date are consistent with estimates made at the same date under Canadian GAAP.

iv) Reconciliation between Canadian GAAP and IFRS

In preparing the Company's IFRS Transition Date statement of financial position management noted that adjustments related to share-based compensation were necessary to be made by the Company previously in its financial statements prepared in accordance with previous Canadian GAAP.

Share-based compensation

In certain situations, stock options granted vest in instalments over a specified vesting period. When the only vesting condition is service from the grant date to the vesting date of each tranche awarded, then each instalment should be accounted for as a separate share-based payment arrangement under IFRS, otherwise known as graded vesting. Canadian GAAP permits an entity the accounting policy choice with respect to graded vesting awards. Each instalment can be considered as a separate award, each with a different vesting period, consistent with IFRS, or the arrangement can be treated as a single award with a vesting period based on the average vesting period of the instalments depending on the policy elected.

The Company's policy under Canadian GAAP was to treat graded vesting awards under the latter method and, as a result, an adjustment of $25,289 was required on the application of IFRS 2 at the transition date and an adjustment of $(10,289) was required for the restated December 31, 2010, and ($11,888) for the nine month period ended September 30, 2010.

The January 1, 2010 Canadian GAAP statement of financial position has been reconciled to IFRS as follows:

The January 1, 2010 Canadian GAAP statement of financial position has been reconciled to IFRS as follows:

Statement of Financial Position	January 1, 2010 Canadian GAAP	Effect of IFRS Transition	January 1, 2010 IFRS
Total Assets	$ 277,071	$ –	$ 277,071
Total Liabilities	$ 3,291,996	$ –	$ 3,291,996
Shareholders' Deficiency			
Share capital	19,710,858	–	19,710,858
Contributed surplus	2,328,285	25,289	2,353,574
Equity portion of convertible debenture	41,190	–	41,190
Deficit	(25,095,258)	(25,289)	(25,120,547)
Total Shareholders' Deficiency	(3,014,925)	–	(3,014,925)
Total Liabilities and Shareholder's Deficiency	$ 277,071	$ –	$ 277,071

The September 30, 2010 Canadian GAAP statement of financial position has been reconciled to IFRS as follows:

Statement of Financial Position	September 30, 2010 Canadian GAAP	Effect of IFRS Transition	September 30, 2010 IFRS
Total Assets	$ 708,640	$ –	$ 708,640
Total Liabilities	$ 4,817,140	$ –	$ 4,817,140
Shareholders' Deficiency			
Share capital	19,710,858	–	19,710,858
Contributed surplus	2,358,347	13,401	2,371,748
Equity portion of convertible debenture	42,207	–	42,207
Deficit	(26,229,788)	(13,401)	(26,243,189)
Total Shareholders' Deficiency	(4,118,376)	–	(4,118,376)
Total Liabilities and Shareholder's Deficiency	$ 708,640	$ –	$ 708,640

The December 31, 2010 Canadian GAAP statement of financial position has been reconciled to IFRS as follows:

Statement of Financial Position	December 31, 2010 Canadian GAAP	Effect of IFRS Transition	December 31, 2010 IFRS
Total Assets	$ 265,752	$ –	$ 265,752
Total Liabilities	$ 5,144,585	$ –	$ 5,144,585
Shareholders' Deficiency			
Share capital	19,710,858	–	19,710,858
Contributed surplus	2,379,451	15,000	2,394,451
Equity portion of convertible debenture	147,897	–	147,897
Share proceeds received in advance	140,506	–	140,506
Deficit	(27,257,545)	(15,000)	(27,272,545)
Total Shareholders' Deficiency	(4,878,833)	–	(4,878,833)
Total Liabilities and Shareholder's Deficiency	$ 265,752	$ –	$ 265,752

The December 31, 2010 Canadian GAAP statement of operations and comprehensive loss has been reconciled to IFRS as follows

Statement of Operations and Comprehensive Loss	**Year Ended Dec. 31, 2010 Canadian GAAP**	**Effect of IFRS Transition**	**Year Ended Dec. 31, 2010 IFRS**
Revenue	$ 319,733	$ –	$ 319,733
Cost of sales	140,150	–	140,150
Stock-based compensation	51,166	(10,289)	40,877
Total expenses	2,404,249	(10,289)	2,393,960
Total other income	(62,379)	–	(62,379)
Net loss and comprehensive loss	$ (2,162,287)	$ 10,289	$ (2,151,998)

The September 30, 2010 Canadian GAAP statement of operations and comprehensive loss has been reconciled to IFRS as follows

Statement of Operations and Comprehensive Loss	Nine months ended September 30, 2010 Canadian GAAP (Restated See Note 20)	Effect of IFRS Transition	Nine months ended September 30, 2010 IFRS
Revenue	$ 443,473	$ _	$ 443,473
Cost of sales	184,721	_	184,721
Stock-based compensation	30,062	(11,888)	18,174
Total expenses	1,440,204	(11,888)	1,428,316
Total other income	(46,922)	_	(46,922)
Net loss and comprehensive loss	$ (1,134,530)	$ 11,888	$ (1,122,642)

There are no material differences between the consolidated statement of cash flows presented under IFRS and the consolidated statement of cash flows presented under previous Canadian GAAP.