

**DYNEX POWER INC.**  
**Consolidated Balance Sheets**  
**Quarter Ended March 31st, 2005**

	<b>Mar 31st 2005 (unaudited)</b>	Dec 31st 2004 (audited)
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 575,358	\$ 250,375
Accounts receivable	2,999,598	4,550,173
Inventories	7,671,141	8,507,761
Prepaid expenses and deposits	638,151	697,477
	<b>11,884,248</b>	14,005,786
<b>CAPITAL ASSETS</b>	<b>597,283</b>	662,770
	\$	\$
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ 6,044,478	\$ 6,980,182
Short term loan	1,890,671	3,021,785
Due to directors	-	-
Due to shareholders	-	580,211
Current portion of long term debt	148,332	154,609
Current portion of deferred revenue	176,807	179,174
	<b>8,260,288</b>	12,305,981
<b>CONTINGENCIES</b>	-	-
<b>LONG TERM DEBT</b>	<b>3,765,369</b>	270,977
<b>LONG TERM DEFERRED REVENUE</b>	<b>2,121,684</b>	2,194,876
	<b>14,147,341</b>	14,771,834
<b>SHAREHOLDERS' DEFICIT</b>		
Share Capital	12,479,721	12,474,999
Deficit		
Cumulative translation adjustment	(503,391)	(541,942)
	<b>(1,665,810)</b>	(103,278)
	\$ \$	14,668,556

**DYNEX POWER INC.**  
**Consolidated Statements of Loss and Deficit (Unaudited)**  
**Quarter Ended March 31st, 2005**

	<b>3 months Mar 31st 2005</b>	<b>3 months Mar 31st 2004</b>
<b>Revenue</b>	<b>\$ 4,166,045</b>	<b>\$</b>
<b>Cost of sales</b>	<b>4,745,791</b>	<b>5,441,811</b>
<b>Gross margin</b>	<b>(579,746)</b>	<b>1,272,358</b>
<b>Expenses</b>		
General and administration	<b>575,311</b>	845,392
Sales and marketing	<b>289,253</b>	419,106
Research and development	<b>136,626</b>	517,208
Interest expense	<b>56,674</b>	62,783
	<b>1,057,864</b>	<b>1,844,489</b>
<b>Loss before other income (expenses) and income taxes</b>	<b>(1,637,610)</b>	<b>(572,131)</b>
<b>Other income (expenses)</b>		
Interest and other income	<b>49,763</b>	51,489
Foreign exchange (loss)	<b>(17,958)</b>	(55,603)
	<b>31,805</b>	<b>(4,114)</b>
<b>Income taxes</b>	<b>-</b>	<b>-</b>
<b>NET LOSS</b>	<b>(1,605,805)</b>	<b>(576,245)</b>
<b>DEFICIT, BEGINNING OF PERIOD</b>	<b>(12,036,335)</b>	<b>(6,654,380)</b>
<b>DEFICIT, END OF PERIOD</b>	<b>\$</b>	<b>\$</b>
<b>Loss per share</b>		
Basic	<b>(\$0.06)</b>	\$(0.03)
Diluted	<b>(\$0.06)</b>	\$(0.03)
<b>Weighted average number of shares</b>		
Basic	<b>26,917,354</b>	20,716,531
Diluted	<b>26,917,354</b>	20,716,531

**DYNEX POWER INC.**  
**Consolidated Statements of Cash Flow (Unaudited)**  
**Quarter Ended March 31st, 2005**

	<b>3 months Mar 31st 2005</b>	<b>3 months Mar 31st 2004</b>
<b>OPERATIONS</b>		
Net loss	\$	\$ (576,245)
<u>Items not affecting cash</u>		
Amortisation	<b>59,898</b>	75,436
Gain on disposal of capital assets	<b>(45,029)</b>	(57,772)
Shares and options issued for services	<b>4,722</b>	13,149
Changes in non-cash operating working capital	<b>1,444,531</b>	14,317
	<b>(141,683)</b>	(531,115)
<b>FINANCING</b>		
Shares issued for cash	-	4,500
(Increase) in due from shareholder	-	(53,607)
Increase in due to director	<b>1,630,213</b>	-
(Decrease) increase in short term debt	<b>(1,116,029)</b>	403,131
(Decrease) in long term debt	<b>(47,376)</b>	(4,410)
	<b>466,808</b>	349,614
<b>INVESTMENTS</b>		
Proceeds on disposal of capital assets	-	11,152
Purchase of capital assets	<b>(1,819)</b>	(52,232)
	<b>(1,819)</b>	(41,080)
<b>NET INCREASE (DECREASE) IN CASH POSITION</b>	<b>323,306</b>	(222,581)
Effect of foreign currency translation on cash flow	<b>1,677</b>	(2,256)
<b>Cash, beginning of period</b>	<b>250,375</b>	661,208
<b>CASH, END OF PERIOD</b>	<b>\$</b>	<b>\$ 436,371</b>
Supplementary Information:		
Interest paid	<b>\$ 56,674</b>	\$ -
Income taxes paid during year	-	-