

QUARTERLY REPORT

MAY 19, 2006



MARCH ACHIEVEMENTS

- 19th **3-cylinder Mini Oxx™** completed and test run
- 28-30th **Aviation Expo Tradeshow in Las Vegas, Nevada**, premiered the Oxx Power™ 4.9L and Mini Oxx™ 2.4L engines to the Ground Support Industry
- 8-19th **Traveled the United States** to secure distributor network. Sfxecured distribution relationships with distributors in Kansas, Texas, Florida and Pennsylvania
- 27th **Began retrofitting the Power Generation Building**, Building modifications include construction of parking lot, loading ramp and inside flooring

APRIL ACHIEVEMENTS

- 24th **Ammonia project began**, HEC starts an R & D project to prove the concept of using Anhydrous Ammonia to create a ultra efficient internal combustion engine
- 24-May 2nd **Traveled to Canada and Western US to complete North American distributor network**
- 21st **Obtained new truck and trailer** bearing company name and logo for customer service and product delivery

MAY ACHIEVEMENTS

- 12th **Ted Hollinger and Joe Lewis travel to Bismarck, ND**, conducted meeting with Basin Electric, EERC and University of North Dakota on wind power and electrolyzer project
- 16th **Made a press release that announced sale to Natural Resources Canada** for 250kW power generator
- 4th **First new Oxx Power™ engine built** –The first Oxx Power™ 4.9L engine, featuring 100% Oxx Power™ parts is built. Durability testing is currently ongoing
- 12th **Made a press release that announced US and Canadian distribution network**
- 10th **Presentation made by Tapan Bose** at the Engine Expo 2006 in Stuttgart, Germany
- 18th **Platinum Television Group filming** for *Pulse on America* television show. To be later shown on Discovery Channel
- 19th Annual Meeting
- 19th **10-QSB was completed and filed with SEC**
- 23rd **J. Lewis meets with Pitt Auto** for on-sight training of Oxx Power™ Engines

JUNE GOALS

- 13-15th **Global Petroleum Show in Calgary, Canada**
4+1™ generator scheduled to ship to Natural Resources Canada
Plan to occupy Power Generation Building

ABOUT HYDROGEN

HYDROGEN IS THE MOST COMMON ELEMENT IN THE SOLAR SYSTEM AND IS 15 TIMES LIGHTER THAN AIR

HYDROGEN'S ATOMIC MASS IS 1, MAKING IT FIRST ON THE PERIODIC TABLE

SPECIAL POINTS OF INTEREST:

Pound for pound, anhydrous ammonia has more hydrogen than hydrogen itself.

Hydrogen is the most clean burning of all fuels featuring water as its only by-product.

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