

MATERIAL TECHNOLOGIES INC.

(MTNA - OTC:BB)

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Website: <http://www.matechcorp.com>
Exchange: US-OTC Bulletin Board
Contact: Robert Bernstein (310)208-5589

Recent Price: **\$0.10**
6 Month Target Price: **\$0.40**

SPECULATIVE BUY RATING

Main Headquarters

Material Technologies Inc.
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Los Angeles, CA 90049
Unites States of America
Tel: (310) 208-5589

Exclusive Audio Interview:

Jan-06 Results & Growth Strategies
Operating Plans and 2006 Guidance,
Update - Listing and Reporting Status

<http://wallst.net/superstock/MTNA/mtna.html>

Patented Technology for Metal fatigue Detection

Company Overview

Material Technologies is engaged in the research and development of metal fatigue detection, measurement, and monitoring technologies. The company has developed a suite of devices for the non-destructive detection of damage from metal fatigue and monitoring of structural integrity. These technologies can be applied in virtually any industry in which metal is a significant structural component, including bridges, aerospace, turbine engines, oil & gas, cranes, power plants, nuclear facilities, chemical plants, mining equipment, piping systems, construction, shipping, etc. Material Technologies patented Electrochemical Fatigue Sensor (EFSTM) can find cracks smaller than other methods in current use. It additionally finds growing cracks, as well as cracks under the surface. It is possible that it might detect crack growth rate, which is very significant.

- According to the recent interview with CEO Mr. Bernstein, the company expects to have contracts from between four and six states within six months.
- Bridges in the US requiring Bi-Annual inspections: 198,000+. Royalty proceeds to MATECH for the use of EFS patented technology is \$1,000 per inspection, plus sale of consumables would produce gross revenues based on our minimal estimates for '06 expected to be \$60M-\$85M.
- Patented Technology of MATECH would be strongly used and Transitioned in the Global Market in 2006 as new product is validated by US air Force.
- Significant work completed for US Air Force in applying its patented technology product to aircraft structures and turbine engines. We believe this segment of the product is growing north of 30% + and will generate more product innovation in this field.
- Total of \$8.3 M in contracts from the federal government for research, testing and validation of this technology.
- EFS can be applied to a number of other market sectors worldwide including general aerospace, chemical and power facilities, mining equipment, piping infrastructure, and shipping etc. The company has developed a suite of devices for the non-destructive testing (NDT) of metal fatigues as well as the monitoring of structural integrity.
- **We anticipate results to reflect an acceleration of the growth trend due to signing on new contracts as the product portfolio mix is attributing to various industries and high demand of EFS contributing to Bridge monitoring. Therefore based on managements belief on newly signed contracts within 6 months from different states will contribute to an increase in annual revenues and profits as profit margin is increased from 62% to 71% or 9 basis points from the previous year. Shares remain attractive and undervalued based on our assumption. We believe as the company will sign new contracts, shares should appreciate in value as the risk to ratio is low. Though the company's stock price is low, the uncertainty whether the company will sign new contracts and release new product lines, investors should consider it as a highly risk investment. The 6 month target price given of \$0.40 cents is only based on our belief where the stock should trade if 1 or 2 contracts signed with inner states. We are optimistic that management can continue to manage strong organic growth with efficient operating plans and anticipate an acceleration of signing new contracts as its products have measured significant role in testing with previous clients, and transpire into a higher MTNA valuation. Finally it is our view that MTNA is rapidly progressing into a target for larger client base and is seeking new innovation of its portfolio as the market for their products is vast.**

Material Technologies.

(all figures in Millions)

52 Week Hi/Lo Range **\$2.46/\$0.08**
Fiscal Year End **31-Dec**

Shares Outstanding **110**
Float (approximately) **7.00**
Share price (02/09) **0.10**
Market Capitalization **10.8**
Average Volume **195,250**
Insider Ownership **36%**
Institutional Ownership **NA**
Enterprise Value **13.20**
Total Debt (03-31-05) **0.110**
Total Cash (03-31-05) **0.060**

| | 12/31/2005 | 12/6 |
|--------------------------|------------|----------|
| | FY2005 E | FY2006 E |
| Earnings Per Share (EPS) | -0.12 | 0.02 |
| Book Value (\$/share) | -0.040 | 0.060 |
| | FY2005 E | FY2006 E |
| Total Revenue | 0.010 | 0.670 |
| Cost of Sales | 0.022 | 0.340 |
| Gross Profit/Loss | -0.012 | 0.330 |

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We highlight to readers that this report is issued as a note, which is an extract of our full report on the covered company due for release in the next few business days.

We strongly urge and recommend investors to read the comprehensive report following its publication which will also allow us to include updates from the management discussion, guidance and results.

ANALYST CERTIFICATIONS

APPENDIX-A1

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