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PART I - FINANCIAL INFORMATION

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors
Nanopierce Technologies, Inc.

We have reviewed the accompanying condensed consolidated balance sheet of Nanopierce Technologies, Inc. and subsidiaries as of March 31, 2005, the related condensed consolidated statements of operations and comprehensive loss for the three-month and nine-month periods ended March 31, 2005 and 2004, the condensed consolidated statements of cash flows for the nine-month periods ended March 31, 2005 and 2004, and the condensed consolidated statement of changes in shareholders' equity for the nine-month period ended March 31, 2005. These

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interim condensed consolidated financial statements are the responsibility of the Company's management.

We conducted our reviews in accordance with the standards of the Public Company Accounting Oversight Board (United States). A review of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with standards of the Public Company Accounting Oversight Board (United States), the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying interim condensed consolidated financial statements for them to be in conformity with accounting principles generally accepted in the United States of America.

/s/ GHP HORWATH, P.C.

Denver, Colorado
May 12, 2005

F-1

NANOPIERCE TECHNOLOGIES, INC. AND SUBSIDIARIES Condensed Consolidated Balance Sheet March 31, 2005 (Unaudited)

| Assets | |
|------------------------------------|-----------|
| ----- | |
| Current assets: | |
| Cash and cash equivalents | \$ 42,615 |
| Accounts receivable, net | 9,168 |
| Notes receivable, net (Note 3) | 314,000 |
| Prepaid expenses | 3,759 |
| | ----- |
| Total current assets | 369,542 |
| | ----- |
| Property and equipment: | |
| Office equipment and furniture | 66,356 |
| Less accumulated depreciation | (48,698) |
| | ----- |
| | 17,658 |
| | ----- |
| Other assets: | |
| Advances receivable (Note 3) | 225,000 |
| Deposits and other | 19,296 |
| Investments in affiliates (Note 4) | 189,751 |
| | ----- |
| | 434,047 |
| | ----- |

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| | |
|---|--------------|
| Total assets | \$ 821,247 |
| | ===== |
| Liabilities and Shareholders' Equity | |
| ----- | |
| Current liabilities: | |
| Accounts payable | \$ 159,463 |
| | ----- |
| Total liabilities (all current) | 159,463 |
| | ----- |
| Commitments and contingencies (Notes 4 and 7) | |
| Shareholders' equity (Note 6): | |
| Preferred stock; \$0.0001 par value; 5,000,000 shares authorized; none issued and outstanding | |
| Common stock; \$0.0001 par value; 200,000,000 shares authorized 91,259,033 shares issued and outstanding | 9,126 |
| Additional paid-in capital | 23,857,572 |
| Accumulated other comprehensive income | 122,855 |
| Accumulated deficit | (23,327,769) |
| | ----- |
| Total shareholders' equity | 661,784 |
| | ----- |
| Total liabilities and shareholders' equity | \$ 821,247 |
| | ===== |