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MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2010

The following discussion and analysis of the operations, results, and financial position of OPEL Solar International Inc., ("OPEL" or the "Company") for the quarter ended December 31, 2010 (the "Period") should be read in conjunction with the Company's December 31, 2010 audited consolidated financial statements and the related notes thereto. Such financial statements have been prepared in accordance with Canadian generally accepted accounting principles. The effective date of this report is April 14, 2011. All financial figures are in United States dollars (USD) unless otherwise indicated.

Forward-Looking Statements

This management discussion and analysis contains forward-looking statements that involve risks and uncertainties. It uses words such as "may", "would", "could", "will", "likely", "except", "anticipate", "believe", "intend", "plan", "forecast", "project", "estimate", and other similar expressions to identify forward-looking statements. Forward-looking statements are subject to a variety of risks and uncertainties which could cause actual events or results to differ from those reflected in the forward-looking statements, including, without limitation, risks and uncertainties relating to the early stage of the Company's development and the possibility that future development of the Company's technology and business will not be consistent with management's expectations, difficulties in achieving commercial production or interruptions in such production if achieved, the inherent uncertainty of cost estimates and the potential for unexpected costs and expenses, the uncertainty of profitability and failure to obtain adequate financing on a timely basis. The Company undertakes no obligation to update forward-looking statements if circumstances or Management's estimates or opinions should change. The reader is cautioned not to place undue reliance on forward-looking statements.

Business Overview

The Company is incorporated under the laws of the Province of Ontario. OPEL is engaged principally in the development and marketing of advanced solar technologies with its concentrating solar panels and state of the art designs in single and dual axis solar tracking systems for commercial applications and the development of a gallium arsenide microchip for numerous applications, including solar cells and other semiconductor devices. The Company's shares trade under the symbol "OPL" on the TSX Venture Exchange.

a) Solar Business

The mission of OPEL Solar is to develop and supply innovative solutions to harness electricity from the sun in the most efficient and cost effective manner. OPEL designs, manufactures and markets high concentration photovoltaic ("HCPV") panels to transform solar energy into electricity for worldwide application. Concentrating photovoltaic systems are the next generation in solar technology that will be deployed. The high efficiency of the OPEL HCPV panel results in significantly higher power generation per unit of area when complared to both silicon flat panel and thin film installations. OPEL's HCPV panels, when mounted on OPEL's dual axis trackers, can increase the energy production of an HCPV or PV panel by up to 45% with respect to a fixed mounted system, resulting in more cost effective electricity generated from the sun. With its unique design and high efficiency, OPEL strives to become the leader in HCPV solar panels. OPEL is working on a product roadmap to lower the cost of its HCPV panels to grid parity. OPEL also markets a complete line of single and dual axis solar trackers to mount solar panels for the optimum power output. In fact, during the 2010 business year, a new single axis solar tracker was introduced to the market called the TF800. This tracker highlights ease of installation in the construction process and incorporates backtracking capability in order to reduce any impact from shadowing. This is one example of the innovative spirit which runs as a common thread through out OPEL Solar.

Europe has been an early adopter of solar energy including next generation methods like HCPV. Moving to increase OPEL's presence in Europe, OPEL formed OPL Solar Europe SPRL ("OSE"), a Belgium-based subsidiary, to better

address business opportunities in Europe. OPEL's presence in Europe has led to growing project opportunities in Spain, Italy, Portugal, France and North Africa.

b) Semiconductor Technology

OPEL, through ODIS Inc., a U.S. company, (an acronym for "OPEL Defense Integrated Systems"), designs a wide array of devices for military, consumer, commercial, and industrial applications. ODIS continues to develop gallium arsenide-based chip design processes having several potential major market applications, including: (i) infrared sensor arrays for military as well as Homeland Security monitoring and imaging, and (ii) the unique combination of optical lasers, and electronic control circuits on the same microchip for potential use in various military programs and potentially telecom applications such as, Fiber To The Home ("FTTH"). The use of gallium arsenide is a key material in ODIS's Planar Opto-Electronic Technology ("POET") process development for these products. OPEL/ODIS has been awarded more than a dozen U.S. Department of Defense projects since 2000. These have and continue to support the development of ODIS's POET process, infrared sensing technology, optical/laser development and the combination of electronic circuits and lasers on the same microchip. Through ODIS, OPEL remains active in this area with several recent projects underway with the U.S. Department of Defense and two major U.S. Defense Contractors. ODIS and the POET Technology were formally introduced to shareholders at the Annual General Meeting held in June, 2010, where investors got to learn more about the possible potential the POET technology's impact may have in commercial and government market sectors.

Industry Outlook

Alternative energy has attained a position of heightened awareness due to the high cost of oil over the past few years and recently the concern with nuclear power. In addition, the world wide concern over the carbon footprint left from the pollution of fossil fuel use, global warming and homeland security concerns regarding the safety and reliability of foreign energy sources have all contributed to the demand for alternative energy solutions. In order to have widespread adoption and installation of alternative energy sources, like solar and wind, it requires a financial subsidy or feed-in tariff to make these sources competitive with fossil fuels for the medium term.

The German market has enjoyed a robust solar installation market for several years due to a well thought out feed-in tariff structure provided by its Government to initiate early adoption of solar. Following that lead, Spain put in place a feed-in tariff which led to a boom in wind and solar installations. Other European countries like Italy, Portugal, France, and Greece have followed suit, allowing their countries to benefit from greener energy sources while lowering their dependence on fossil fuels. Whereas, the unrest in North Africa and tensions in the Middle East have slowed solar activity as have the recent economic conditions in Europe have made it necessary for most countries to scale back level of the feed-in tariffs, the commitment has been maintained to provide some incentive in order to expand solar adoption.

China has announced to the world one of the most aggressive goals for renewable energy usage, and it is working out the project details and financial support of a huge solar installation program. Canada is moving rapidly into the solar arena with a multi-structured feed-in tariff, one of the world's highest, to address grid field applications as well as commercial and residential rooftops. The United States has begun to become more active with solar and wind over the past several years with a combination of State and Federal subsidies beginning to be enacted. Currently, the installed base is still relatively low, but is showing signs of steady and continued growth. With the U.S. stimulus package put in place in early 2009 and the government's work to support manufacturing and jobs creation, solar activity in the United States is increasing. It is widely accepted that should the United States pass further Federal legislation for a clean energy bill, the market potential in the U.S. for renewable energy sources like solar provide steady growth.

The relative size of planned and quoted installations demonstrates that a huge growth cycle is starting. We have seen the average selling price ("ASP") of top quality silicon solar panels drop from $4.50 per watt in early 2008 to $1.55-1.70 per watt today with stability expected through 2011. This aids greatly in the adoption of solar and demonstrates the ability for solar power to approach grid parity with other fossil fuels. The lower ASP is a direct result of the large production volume providing the necessary economies of scale, like any other product. Ultimately, the goal is for solar power to be competitive on its own merit, without any subsidy.

HCPV, being a new technology, is going through the same learning curve which was travelled by conventional silicon panels many years ago as well as thin film panels most recently. Once the technology is proven in installations, it becomes "bankable"; and the large installers and project developers would begin to deploy it in large scale.

Key Success Drivers ("KSD").

The Company has several KSDs, including its emphasis on vertical integration, its HCPV panels, its single and dual axis tracker systems, integrated wireless tracking technologies, and the POET technology.

The Company's HCPV panels have a much higher production efficiency potential than standard silicon panels and thin film panels. This industry leading efficiency should stimulate a higher level of product acceptance over time. In 2009, OPEL installed its first fully operational and revenue producing HCPV solar grid field in Spain. This grid field is now producing electricity and it is entitled to a Spanish feed-in tariff of 0.281 Euro per kWh produced, and paid to the owner of the field, over the next 25 years. This installation has allowed OPEL to show potential customers a working commercial solar grid field of its HCPV solar panels and dual axis tracking systems, to demonstrate their functionality and higher output as compared to silicon based solar panels, which are more prevalent in the industry. This has led to additional orders for 1MW installations from companies in Portugal and France. Both projects are expected to start in 2011 as they finalize site permits. Both customers have the strategic goal and financial ability to build much larger installations with HCPV in the future. OPEL is confident that HCPV will be the next big solar application for areas of high solar irradiance.

In addition to its HCPV panels, the Company also demonstrated its single-axis rooftop tracker capability in 2009, with an installation on a school roof in Connecticut. After 1.5 years of operation, the installation is performing above expectation, providing electricity at a reduced cost to the school system. OPEL's solar tracking systems, roof mounted or ground mounted provide a way for customers to increase the kWh production of most solar projects by 20-45% over fixed solar installations. OPEL provides a complete line of single and dual axis solar tracking systems for use in commercial or utility grade installations. As OPEL has successfully contributed in getting the tracker message into the marketplace, interest in solar tracking systems in the United States has grown significantly in the last year. OPEL has been actively quoting many utility scale installations, in many cases providing a "one stop shop" approach and sometimes including construction management, and will be a beneficiary of that growth as projects are launched.

OPEL believes that the financing of solar projects is starting to gain momentum and support. In addition, the U.S. alternative energy stimulus package, individual State incentive programs, as well as the revised Ontario Standard Offer will stimulate much growth and acceptance of solar power throughout North America. We are concentrating our sales efforts for both solar panels and tracker systems in those locations in Europe and North America that have active feed-in tariffs or alternative energy stimulus packages.

OPEL believes that we are part of the most competitive group of CPV companies producing concentrated solar panels. OPEL is on its way to being a market leader in this category as no single CPV competitor has a much larger 'installed' base. While our greatest competition is from standard silicon panels which make up more than 90% of the currently installed base, OPEL also offers a full line of single and dual axis tracking systems to use with its HCPV panels or any other panel types, suited to specific locations. This gives OPEL an advantage in that the Company has a solar solution for types of installations, and that fact opens the spectrum of solar project to OPEL.

ODIS designs infrared sensor type products for military and industrial applications. ODIS develops gallium arsenide-based processes and semi-conductor microchip products having several potential major market applications: infrared sensor arrays for Homeland Security monitoring and imaging along with the unique combination of optical lasers, and electronic control circuits on the same microchip for potential applications in various military programs, higher efficiency computing systems, and potentially telecom for Fiber to The Home.

Significant Events During 2010

OPEL continued to make progress throughout 2010. Following are some significant events in the growth and development of the Company which add to the foundation for the achievement of the Company's future success:

1. In January, ODIS was awarded a $750,000 SBIR contract to continue the development of infrared sensor technologies for use by the United States Air Force and the Space Missile Command.

2. In January, the Corporation, together with its European construction partner, Exosun, signed an agreement for the initial deployment of up to 1 MW in HCPV installation. This installation will utilize Exosun's new dual axis tracking system and their construction expertise. OPEL and Exosun have signed an agreement for various project opportunities, with the first installation planned to begin construction in 2011. OPEL and Exosun have collaborated extensively through the evaluation phase to ensure the tracker systems installed are accurate for maximum generation of kilowatt hours from the HCPV system. The parties look forward to this 1 MW HCPV deployment as the beginning of larger phased HCPV grids.

3. In February, the Corporation and Bechtel Power Corporation ("Bechtel") signed a Memorandum of Understanding ("MOU") to collaborate in the development of PV power plants in North America using OPEL Solar products. Since the start of the collaboration between the two companies, Bechtel has responded to multiple RFPs and RFIs in the United States and Canada, totaling more than 150 MW. These projects are in the review phase by the respective customers and awaiting final decision on their award.

4. The Spanish Government announced in February, the feed-in tariff of 0.281 Euro to be used for the sale of electricity produced at OPEL's 330 kW solar grid installation in Vilalba, Spain. This rate will be effective for all electricity feed to the grid over the next 25 years from the date of final inspection. The project is now receiving the feed-in-tariff.

5. In March, the Corporation, together with its Portuguese construction partner, Tecneira Technologias Energéticas S.A. ("Tecneira"), signed an agreement for the initial deployment of a 1 MW HCPV installation with the Government of Portugal. A final contract is being negotiated. The grid connected installation will use the Corporation's HCPV panels and tracker systems and is to be located in Southern Portugal. The Corporation and its partner were selected from a group of 38 bidding companies. The installation will take place in 2011. Other HCPV projects are also under discussion for construction in optimal climates.

6. In March, ODIS was awarded a $100,000 SBIR contract to perform research into an optoelectronic ultra low power random access memory ("RAM") for use by the United States Air Force.

7. OPEL continued Government and Public Relations efforts throughout the year that are aimed to lead to applications for Department of Energy and other Federal Agency grant offerings, and we continue to campaign for energy and tax incentive legislation in the U.S.

8. In April, ODIS was awarded an additional $750,000 SBIR contract to perform research into the development of optoelectronic directional couplers for optical switching fabrics for use by the United States Air Force and the Space Missile Command.

9. In April, ABB signed an LOI with OPEL Solar to supply its single axis tracking systems for a 24 MW utility grid installation in Nevada, to start late this year and ending in the first half of 2011. OPEL has a Limited Notice to Proceed ("LNTP") with a small purchase order while the final contract details are being negotiated.

10. In April, OPEL qualified several US and Canadian manufacturers capable of supplying components for its new rooftop and ground mounted single axis tracking systems. This will allow any customer to support local manufacturing requirements.

11. In May, Leon M. Pierhal assumed the position of OPEL's CEO for the retiring Robert Pico. Leon is also the President of ODIS and has been with OPEL since 2001. At the same time, Lawrence R. Kunkel became Chairman of the Board of Directors.

12. In July, OPEL successfully closed a $7.5M private placement, allowing OPEL to address larger utility scale projects.

13. In July OPEL stepped ahead in the market with its Brownfield initiative where OPEL will collaborate with municipalities and EPC's to make solar installations out of otherwise abandoned and underutilized properties. OPEL has partnered with TRUENORTH Solar & Environmental in the Northeast, who is a proven construction partner capable of providing remediation of contaminated sites.

14. OPEL hired ICR LLC in August to handle all investor relations and public relations activities for the Company, allowing for a more focused and uniform message to all the public constituencies as OPEL is poised for growth. OPEL will also plan its Governmental Relations strategies with ICR's facilitation.

15. In August, ODIS was awarded a $150,000 SBIR contract to perform research into optical code technology for the United States Navy, based on its POET technology.

16. OPEL received prototypes in September of its next generation HCPV module, the Mk-1X, which is a 20% performance improvement over the previous module design and is much easier to assemble in volume. The Mk-1X will be unveiled to the public at the upcoming Solar Power International (SPI) show.

17. In September OPEL added wireless communications capability to its tracker controllers used for all OPEL utility scale single and dual axis tracking systems. This greatly reduces the cost of installation as well as the ongoing maintenance of solar fields. OPEL also plans to showcase this technology at SPI.

Fourth Quarter

18. In October, OPEL was granted a US patent for the unique optical components of its revolutionary HCPV module technology.
19. In October, OPEL and the National Research Council of Canada unveiled their SUNRISE Project installation at the University of Ottawa. The goal of this joint project is to develop the highest performance HCPV technology through the use of nanotechnology.
20. OPEL had an exhibit booth in October at SPI, North America's largest solar show, where much attention was paid to the announcement of our next generation HCPV panel and wireless tracker controls. OPEL's COO also spoke at the CPV Specialty Session. Much media coverage and analyst attention was noted.
21. In October and November OPEL's solar technology was featured on TV and radio for a US Congressman's campaign for reelection, highlighting alternative energy and the creation of green jobs. This led to many inquiries about OPEL and its products.
22. In December, OPEL signed an agreement with Toray Plastics (America), Inc. ("Toray") for a 446 kilowatt (kW) solar power plant at TPA's 70-acre headquarters in North Kingstown, Rhode Island. This new utility field represents Toray's first solar installation in the U.S. and will be one of the largest utility grade solar plants in Rhode Island. Toray Plastics chose OPEL Solar's solution because of its higher energy production and lowest cost per kilowatt-hour generated, which is largely due to OPEL's utility scale single axis tracker – the TF-800, which significantly increases the energy output of any type of photovoltaic ("PV") panel.
23. In December, OPEL signed a joint venture agreement with Ecotech Environmental Technology Ltd ("Ecotech") for the formation of OPEL Solar Asia Ltd ("OSA") in Hong Kong. For OPEL this represents the beginning of a long-term goal to position OPEL to enter East Asia, developing the HCPV market into what has been deemed the fastest growing solar market in the world with years of strong growth projections ahead. The creation of OSA includes an initial purchase order for two megawatts ("MW") of OPEL Solar's HCPV system products both the solar modules and tracker models.

Selected Annual Information

The following are the summary profit and loss financial data of the Company for the most recent three years which have been prepared in accordance with Canadian generally accepted accounting principles:

	2010	2009	2008
Sales	$ 1,647,638	$ 608,545	$ 1,516,838
Cost of goods sold	434,627	812,158	808,907
Research and development	3,791,062	3,745,488	2,978,382
Amortization and accretion	237,585	240,658	148,440
Professional fees	569,491	609,863	535,779
Stock-based compensation	740,800	378,239	1,379,982
General and administrative	4,035,743	4,248,503	3,139,238
Revalued warrants	-	596,634	-
Loss on divestiture of ASM	40,572	-	-
Investment income	(39,590)	(131,770)	(2,314,193)
Foreign currency translation gain(loss)	94,098	(54,021)	(84,465)
Loss before non-controlling interest	(8,256,750)	(9,837,207)	(5,093,232)
Non-controlling interest	24,761	2,210	18,391
Net loss	$ (8,231,989)	$ (9,834,997)	$ (5,074,841)

During 2010, the Company generated sales of $1,647,638 as both solar products and services in OPEL and contract revenue in ODIS increased when compared to revenue of $608,545 in 2009 and $1,516,838 in 2008.

In 2010, ODIS was awarded $1,750,000 in new SBIR contracts. ODIS has recognized $1,107,854 as revenue for 2010 representing a three-fold increase over contract revenue in 2009 of $375,409. The increased SBIR's in 2010 is indicative of the importance of the Company's development capabilities. Net loss in ODIS has declined from $1,158,000 in 2009 to $395,000 in 2010, an improvement of over 300% when compared to 2009.

Expenses have remained relatively constant while the increased revenue as discussed above has been the main driver to the Company's year over year financial improvement. We have worked to reduce our burn rate and not sacrifice our product offerings.

ODIS' chip design technology ("POET") is being proven by its early adoptors and should result in increased value to its shareholders as they deploy new products based on this technology.

OPEL, the Company's other segment has also experienced growth in its revenue from the sale of its MK1 solar panels and TF-500, SF-20, and SF-45 trackers. In 2010, the Company delivered 45 trackers and 337 panels to customer installations as compared to 2009 when the Company delivered 13 trackers and 505 panels to customers. The increase in revenue from the panels and trackers sold in 2010, resulted in increased sales of $306,000 over 2009 or 130%. The decreased revenue in 2009 was due to the economic downturn and in that time OPEL placed its efforts on its 330kW installation of HCPV panels and dual axis trackers in Spain. OPEL delivered 4,000 solar panels to this Spanish project - revenue from this project will be realized once it is sold to a third party. This effort has allowed OPEL to demonstrate the viability of its concentrating panels in a utility scale installation which should lead to higher solar revenues in the future. The Spanish Government has committed to a feed-in tariff of 0.281 Euro to be used for the sale of electricity produced at this installation over the next 25 years. While OPEL will receive some revenues from this installation, the project was designed and completed to be sold within the near future.

Cost of goods sold was high in 2009 because it included inventory write-offs of $445,000 to reflect realizable market value. The written off inventory included prototypes and pre-production inventory that we felt had little value as we moved to a limited production model. Inventory write-offs were $35,000 in 2010.

Our research and development expenses were higher in 2010 than 2009 which was also higher than 2008 due to prototyping activities related to our new trackers and the cost reduction efforts on our HCPV panels. Some of the R&D costs were related to several outside subcontractors which aid in the finalization of our commercial solar products, UL testing, and the start-up of low level production, all non-recurring activities. The increased R&D activities have placed our products in a stable state to address 2011 revenue and the going forward expense levels will be reduced.

Professional fees were higher in 2009 due to $74,084 in legal expenses related to our subsidiary formation and joint ventures relationships. Amortization of property and equipment was higher in 2010 and 2009 when compared to 2008, by $100,000, predominately due to the Connecticut solar installation owned by OPEL.

Due to the timing of stock option grants, the Stock based compensation was lower by $1,000,000 from 2008 to 2009. as fewer options were granted. In 2010, Stock based compensation increased $362,561 over 2009 as the Company granted more options to employees in lieu of salary increases. The granting of stock options is seen as an invaluable tool in maintaining human resource costs at a reasonable amount while constantly challenging and motivating employees to excel. In 2009, a series of warrants were extended which were valued at $596,634. Amortization, stock compensation, and the revalued warrants were all non-cash expenses.

G&A expenses were higher by $1,100,000 in 2009 over 2008 due to increased sales and marketing activities and travel related to our European installations. The increased activities in Marketing and Sales in 2009 continued in 2010, however, the Company reduced other expenses by $200,000 in total. Both activities have created greater revenue possibilities for 2011. Salaries and wages are included in G&A expenses. Our head count has grown slowly over the past three years as the Company expands its sales base. The Company added two new senior sales positions to drive its growth in the North American market. Although, not disclosed in the table above, these new positions resulted in an increase to salaries and wages of $225,000 over 2009.

In 2010, OPEL took a one time charge of $40,572 in divesting itself from Alcapi Solartwent Management GmBH ("ASM"), one of the investments made under OPEL Solar Europe. After careful analysis, the Company felt that its investment in ASM GmbH would not yield the desired success that was projected. No further capital outlay was committed to ASM. The Company recovered a loan of $470,000 from ASM during 2010.

Investment income in 2010 and 2009 was less than that of 2008. The negative reaction to the global economic crisis resulted in fewer investment opportunities that would provide strong yields similar to those of 2008 while staying within the guidelines of the Company's investment policy. Additionally, operational and capital funding requirements limited the amount of cash that could be invested by the Company.

Summary of Quarterly Results

Following are the highlights of financial data of the Company for the most recently completed eight quarters which have been derived from the Company's financial statements prepared in accordance with Canadian generally accepted accounting principles. All amounts herein are expressed in United States dollars unless otherwise indicated:

	Dec. 31/10	Sep. 30/10	Jun. 30/10	Mar. 31/10	Dec. 31/09	Sep. 30/09	Jun. 30/09	Mar. 31/09
Sales	$ 375,747	$ 479,141	$ 447,432	$ 345,318	$ 61,730	$ 156,157	$ 134,921	$ 255,737
Cost of goods sold	178,058	125,474	72,536	58,559	368,077	94,475	291,563	58,043
Research and development	1,069,729	1,261,464	759,242	700,627	833,076	800,384	1,244,154	867,874
Depreciation and amortization	60,614	60,146	70,237	46,588	74,500	59,155	58,959	48,044
Professional fees	124,862	113,334	153,850	177,445	217,796	130,309	108,886	152,872
Stock-based compensation	191,512	334,960	95,328	119,000	55,029	75,519	103,700	143,991
General and administrative	939,239	777,718	1,109,721	1,184,304	985,299	961,707	1,006,811	1,294,686
Loss on divestiture on ASM	-	-	40,572	-	-	-	-	-
Revalued warrants	-	-	-	-	596,634	-	-	-
Investment income	(11,119)	(6,772)	(6,131)	(15,568)	(24,082)	(18,457)	(62,531)	(44,154)
Foreign exchange (loss) gain	17,863	(87,371)	100,514	63,092	34,498	(41,996)	(64,880)	35,811
Net loss	$(2,195,011)	$(2,099,812)	$(1,948,437)	$(1,988,729)	$(3,076,887)	$(1,904,939)	$ (2,551,741)	$(2,301,430)

Explanation of Quarterly Results

In the quarter ending December 31, 2010, revenue was higher by $314,000 over the same quarter of 2009. The Company has increased the U.S. sales of its trackers by 4 and panels by 147 for an increase of $59,000 and the ODIS contract revenue was up by $255,000 due to the additional contracts awarded in 2010. The three months ended December 31, 2010 included the non-cash expense of $191,500 related to stock options, some of which were granted in a prior year. This was higher by $136,500 than the year earlier. The Company believes it is necessary to grant incentive stock options to attract and hold highly skilled employees. OPEL increased its R&D expenses by $237,000 when compared to the same quarter of 2009, this was a temporary increase related to subcontracting expenses used to support manufacturing start-up of its utility grade tracking system, the TF-800, the inclusion of the wireless tracking control feature, and the newly released Mk-1X HCPV panel. Going forward, our R&D expense rate will be reduced without sacrificing our innovation. OPEL's G&A expenses were slightly lower by $46,000 year over year due to reduced travel and professional fees were lower by $93,000 in the quarter ended December 31.

Explanation of Material Variations by Quarter for the Last Eight Quarters

In the December and September 2010 quarters, OPEL increased its R&D expenses when compared to the previous quarters. This was a temporary increase related to subcontracting expenses used to support the manufacturing start-up of its utility grade tracking system, the TF-800, the inclusion of the wireless tracking control feature, and the newly released Mk-1X HCPV panel. This 40-70% increase in R&D is temporary as the development is nearing completion as of this MD&A. The Company used the services of engineering firms and consultants to complete the design and development of the new solar panels which will increase efficiency by an additional 20% over the existing MK1 panels, while reducing its cost to manufacture by 20%. Both changes will serve to increase margin on our panels.

In the quarter ending June 30, 2010, OPEL took a one time charge of $40,572 in divesting itself from Alcapi Solartwent Management GmBH ("ASM"), one of the investments made under OPEL Solar Europe. After careful analysis, the Company felt that its investment in ASM GmbH was would not yield the desired success that was projected. No further capital outlay was committed to ASM. The Company recovered a loan of $470,000 from ASM during the year. The Company will continue to pay close attention to its international investments to ensure success or a quick exit if market conditions suggest otherwise.

In the quarter ending June 30, 2009, OPEL increased its R&D expenses by $376,000 due to the use of consultants and subcontractors to aid in the redesign and cost reduction activities related to our HCPV solar panels and solar tracking systems. These efforts would allow OPEL to reduce the cost of manufacturing and yield a higher margin.

Due to the nature of the organization, it is necessary to retain highly skilled managers and employees. Stock options form part of an employee's overall compensation package. The fair value of these options are amortized and reflected quarterly. These are non cash expenses. The higher expense levels in December 2010, and similarly in September 2010, were due to stock options being granted in those quarters. As the options are amortized over 18 months the expense is reduced each quarter.

In the quarter ending December 31, 2009, OPEL incurred a one-time, non-cash, expense related to the extension of some of our warrants related to a prior financing. This warrant revaluation resulted in a charge of $596,634 Accounting principles require the revaluation of those warrants to reflect the current value in the market. OPEL felt this extension would be positive to the investors as well as our shareholders for liquidity.

In the quarter ending December 31, 2009, OPEL experienced its lowest level of revenue at $61,730 ($41,730 from the sale of only 8 trackers and $20,000 in contract billings by ODIS). This was a year-end lull in the economy. Cost of goods sold was also up by $275,000 due to a one-time write down of obsolete moving inventory.

Segment Disclosure

The Company and its subsidiaries operate in two distinct segments; (1) the manufacture and sale of high efficiency solar panels and multi-axis solar tracking systems and (2) the design of infrared sensor type products for military and industrial applications. The Company's operating and reporting segments reflect the management reporting structure of the organization and the manner in which the chief operating decision maker regularly assesses information for decision making purposes, including the allocation of resources. There are no intersegment sales. The Company's segments and their products and services are summarized below:

OPEL Inc.

OPEL designs, manufactures and markets high performance concentrating photovoltaic ("HCPV") panels and multi-axis solar tracking systems to transform solar energy into electricity for worldwide application. OPEL's HCPV panels can generate up to 40% more kilowatt-hours than conventional flat plate silicon solar panels, resulting in more cost effective electricity generated from the sun. The use of OPEL's solar tracking systems can increase the kWh production of silicon, thin film, or HCPV solar installations by 20-40% over a fixed installation. OPEL has a complete line of solar tracking systems for roof or ground mounted installations.

ODIS Inc. ("OPEL Defense Integrated Systems")

ODIS designs infrared sensor type products for military and industrial applications. ODIS develops gallium arsenide-based processes and semi-conductor microchip products having several potential major market applications: infrared sensor arrays for Homeland Security monitoring and imaging along with the unique combination of optical lasers, and electronic control circuits on the same microchip for potential applications in various military programs, higher efficiency computing systems, and potentially telecom for Fiber to The Home.

The following segmented information is for the year ended December 31, 2010 and 2009 is as follows:

	2010			2009		
	Opel	**ODIS**	**Total**	Opel	ODIS	Total
Revenue	$ 539,784	$ 1,107,854	$ 1,647,638	$ 233,136	$ 375,409	$ 608,545
Interest income	2,901	-	2,901	31,938	-	31,938
Amortization	197,641	4,193	201,834	231,730	4,193	235,923
Loss attributable to non controlling interest	24,761	-	24,761	2,210	-	2,210
Loss on divestiture of ASM	40,572	-	40,572	-	-	-
Segment loss	6,842,471	395,637	7,238,108	7,483,119	1,157,894	8,641,013
Corporate operations			1,018,642			1,196,194
Net loss			$ 8,256,750			$ 9,837,207
Total assets	$ 12,105,506	$ 237,012	$ 12,342,518	$ 12,470,052	$ 69,554	$ 12,539,606
Capital expenditure	$ 423,425	$ -	$ 423,425	$ 149,542	$ 69,554	$ 12,539,606

The Company operates geographically in the United States of America, Canada and Europe.

	2010			
As of December 31,	**USA**	**Canada**	**Europe**	**Consolidated**
Current assets	**$ 8,122,165**	**$ 4,595,151**	**$ 645,539**	**$ 13,362,855**
Property and equipment	**1,880,154**	**-**	**1,501,692**	**3,381,846**
Patents and licenses	**192,968**	**-**	**-**	**192,968**
	$ 10,195,287	**$ 4,595,151**	**$ 2,147,231**	**$ 16,937,669**
Year Ended December 31,				
Revenue	**$ 1,645,715**	**$ -**	**$ 1,923**	**$ 1,647,638**
Cost of goods sold	**418,829**	**-**	**15,798**	**434,627**
General and administration	**4,464,597**	**1,055,331**	**63,691**	**5,583,619**
Research and development	**3,791,062**	**-**	**-**	**3,791,062**
Investment income	**(2,695)**	**(36,689)**	**(206)**	**(39,590)**

	2009			
As of December 31,	USA	Canada	Europe	Consolidated
Current assets	$ 9,524,980	$ 4,968,719	$ 1,095,309	$ 15,589,008
Property and equipment	1,693,842	-	-	1,693,842
Patents and licenses	225,475	-	-	225,475
	$ 11,444,297	$ 4,968,719	$ 1,095,309	$ 17,508,325
Year Ended December 31,				
Revenue	$ 602,130	$ -	$ 6,415	$ 608,545
Cost of goods sold	810,642	-	1,516	812,158
General and administration	4,609,959	699,381	167,923	5,477,263
Research and development	3,745,488	-	-	3,745,488
Interest income	(22,852)	(99,832)	(9,086)	(131,770)

Liquidity and Capital Resources

The Company had working capital of $11,243,092 at December 31, 2010, compared to $13,732,982 at December 31, 2009.

In 2010, no warrants, broker warrants or stock options were exercised.

The Company continues to have good liquidity, even during times of economic uncertainty and instability. Of the Company's $16,937,669 of assets, $13,362,855 is classified as current assets, which includes $6,629,958 of cash and cash equivalents, and $304,149 of short-term investments. OPEL now has several significant orders on its backlog to deliver in 2011, a fully commissioned solar installation in Spain with an approved tariff rate to be sold to a third party, and four new SBIR grants to fund the activities of ODIS, which collectively will provide the Company with sufficient cash and revenue growth to support itself and cover its liabilities over the next twelve months and beyond even if the economic down-turn should continue.

However, the Company has had a history of losses and should such losses continue, the Company will need to seek debt or equity financing to fund its operations. Although the Company has been successful in obtaining such financing in the past, there is no assurance that it will be able to do so in the future. If the Company is unable to obtain such financing, it may not be in a position to continue as a going concern.

Critical Accounting Estimates

Stock-based Compensation

The Company uses the fair value method to account for stock options granted. Under the fair value method, the Company recognizes estimated compensation expense for stock options granted over the vesting period with the related credit to contributed surplus. Upon exercise of these stock options, amounts previously credited to contributed surplus are reversed and credited to share capital.

The dilutive effect of stock options is determined using the treasury stock method and the if-converted method for convertible debentures.

Other stock-based payments

The Company accounts for other stock-based payments based on the fair value of the equity instruments issued or service provided, whichever is more reliable.

Inventory Valuation

Inventory consists of solar panels, solar trackers, and the components necessary to produce the Company's solar products. Inventory is stated at the lower of cost determined by first-in, first-out basis or current market value.

Additionally, OPEL has $4,200,000 in Boeing-Spectrolab solar cell assemblies to provide the additional solar panels necessary to fill current backlog in Portugal and China.

Cumulative Translation Adjustment

GAAP requires certain gains and losses such as certain exchange gains and losses arising from the translation of the financial statements of a self-sustaining foreign operation to be included in comprehensive income.

Contractual Obligations

OPEL leases office space and research facilities. The office lease for the Shelton, CT facility extends to June 30, 2014. The lease on the research facility at the University of Connecticut was extended in 2010 to March 31, 2013. The total obligation to the end of both leases is $543,488.

Future Accounting Pronouncements

In January 2009, the CICA issued the following new Handbook sections:

a) Section 1582, "Business Combinations", which replaces Section 1581, "Business Combinations". The Section establishes standards for the accounting for a business combination. It provides the Canadian equivalent to IFRS 3, "Business Combinations". For the Company, this Section applies prospectively to business combinations for which the acquisition date is on or after January 1, 2011. Earlier application is permitted but must be applied together with Section 1601 "Consolidated Financial Statements" and Section 1602 "Non-Controlling Interests". The Company will apply the provisions of this pronouncement prospectively on new business acquisitions.

b) Section 1601, "Consolidated Financial Statements" and Section 1602, "Non-Controlling Interests", which together replace Section 1600, "Consolidated Financial Statements". Section 1601 establishes standards for the preparation of consolidated financial statements. Section 1602 establishes standards for accounting for a non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business combination. It is equivalent to the corresponding provisions of IFRS standard, IAS 27, "Consolidated and Separate Financial Statements". For the Company, this Section applies prospectively to business combinations for which the acquisition date is on or after January 1, 2011. Earlier application is permitted but must be applied together with Section 1582. The Company adopted this pronouncement in 2010.

Financial Instruments and Risk Management

The Company's financial instruments consist of cash, short-term investments, accounts receivable, marketable securities, and accounts payable and accrued liabilities. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest or credit risks arising from these financial instruments. The Company estimates that the fair value of these instruments approximate the carrying values due to their short term nature.

Financial instruments that potentially subject the Company to concentrations of credit risk consist of short-term investments and accounts receivable. Short-term investments consist of US Treasury notes, held with reputable financial institutions from which management believes the risk of loss is remote. The Company has accounts

receivable from parties in various industries and governmental agencies that are currently concentrated in the United States of America. While economic factors can affect credit risk, the Company manages risk by providing credit terms on a case by case basis. The Company has not experienced any significant instances of non-payment from its customers. At December 31, 2010, balances were concentrated among two customers which accounted for 67% of the accounts receivable.

Exchange Rate Risk

The functional currency of OPEL International Inc. is the Canadian dollar. The Company's operations in the United States and Germany are considered to be self-sustaining. Operations in foreign markets are exposed to the risk of foreign currency fluctuations for transactions denominated in a currency other than the functional currency of the Company's foreign operating unit. Currencies in which the Company is exposed to foreign currency risk are mainly the Canadian dollar and Euro. A 10% change in the Canadian dollar and the Euro would increase or decrease other comprehensive income (loss) and net income by $47,297 and $83,065 respectively. Since the Company's operations predominantly transact their sales and purchases in their respective domestic currencies, the exposure is reduced. Therefore, the Company typically does not hedge accounts receivable and accounts payable that are denominated in a foreign currency.

Interest Rate Risk

Short-term investments bear interest at fixed rates, and as such, are subject to interest rate risk resulting from changes in fair value from market fluctuations in interest rates. The Company does not depend on interest from its investments to fund its operations. The Company does not and is not planning to take short term loans from institutions to fund operations.

Liquidity Risk

The Company currently does not maintain credit facilities, and relies on previous equity funding for liquidity to meet current and foreseeable financial requirements. The contractual maturity of financial liabilities mainly comprising accounts payable and accrued liabilities is less than one year, as at the latest reporting date.

Market Risk

Market risk arises from the possibility that changes in market prices will affect the value of the financial instruments of the Company. The Company is exposed to fair value fluctuations on its short-term investments and marketable securities. The Company's other financial instruments (cash, accounts receivable and accounts payable and accrued liabilities) are not subject to market risk, due to the short-term nature of these instruments. A 1% change in fair values of short-term investments and marketable securities would decrease or increase net loss by $3,040.

Environmental and Climate Change Issues

OPEL faces few, if any, of these issues directly as it uses contract manufacturers and the inherent characteristics of its products are not environmentally hazardous. However, OPEL's products allow its customers to make great contributions to climate change. Each 1MW of OPEL's HCPV panels installed by a customer avoids 600 tons of CO_2 from being discharged into the atmosphere each year, the equivalent of planting 93 acres of trees. OPEL's HCPV panels also require approximately 2,000 times less active material as standard silicon panels to produce.

Strategy and Outlook

During 2011, there are a number of projects planned which will address the short-term and long-term growth plans of the Company including, but not limited to the following:

- Target sales and marketing efforts to the following customer markets: Independent Power Producers (IPP), Utilities in high REC areas, Brownfields, Distribution Centers, Parking Garage Owners, Convention Centers, Malls, and Municipalities and Governments with high Renewable Energy Standards.
- Establish additional teaming relationships to expand the Company's access to project opportunities and expand its technical capabilities.
- Pursue selected Program Management and "One-Stop-Shop" opportunities where the potential exists for multiple projects with the same customer such that OPEL is at the top of the decision chain.

- Develop a "drop-in" solution for the military marketplace using the POET technology, develop a Military Spec focused device and acquire a Contractor and Government Entity (CAGE) Code for its products.
- Continue to work on a series of phased cost reductions geared at lowering the cost of our Mk-I HCPV solar panels by up to 40%, while continuing to increase their efficiency.
- Increase the North American production capability for its single and dual axis tracking system, for both roof and ground mounting. Identify multiple sourcing capabilities to handle projected growth.
- Begin to search for resources to fill out key management positions to sustain growth as orders increase.
- Establish an internal development division to create future solar projects for the Company.
- Establish an integrator network to help promote our solar products in Mexico, Canada and the U.S.
- Identify and cultivate relationships with strategically located and positioned Solar EPC's to be able to provide turn-key solar installations for larger customers with utility scale installations in mind.
- Develop a small/medium solar package program targeted at municipalities that can be offered in the form of a PPA in selected states where incentives are favorable to package these projects to investors.
- Identify and cultivate external funding sources interested in solar project finance or ownership.
- Complete the third party validation of the patented POET technology to a fabrication facility that can prove its viability and product potential through OPEL Defense Integrated Systems ("ODIS").
- Heighten prospects of U.S. Solar Legislation favoring HCPV incentives and other solar related financial opportunities, like feed-in tariffs or State and Federal grants.

Significant Events Since December 31, 2010

1. In January 2011, ODIS was awarded a development contract from the National Aeronautics and Space Administration ("NASA") that will involve a Phase I Award of $100,000 to develop Optoelectronic Infrastructure of RF/Optical phased arrays.

2. In March 2011, OPEL announced it was in receipt of a third party valuation of it POET Technology which had been developed by its U.S. affiliates, OPEL, Inc. and ODIS Inc..

3. OPEL Solar International is selected as a member of the "2011 TSX Venture 50", a ranking of strong performing companies listed on the TSX Venture Exchange.

4. OPEL is awarded a 5MW order from its Chinese venture partner, OPEL Solar Asia, for OPEL's HCPV solar panels and dual axis tracking systems. Initial deliveries are to start in Q2 2011.

Outstanding Share Data

Common Shares

As at December 31, 2010 and April 14, 2011, there were 85,282,514 and 89,179,630 outstanding common shares of the Company.

Special Voting Share

Additionally, there was one (1) special voting share which carries 1,358,000 votes at December 31, 2010 and April 14, 2011. These votes are for the benefit of the holders of exchangeable shares of OPEL, Inc. The exchangeable shares are convertible into common shares of the Company on a one for one basis.

Stock Options and Warrants

As at December 31, 2010 and April 14, 2011, the Company had 22,558,467 and 20,217,098 warrants outstanding to purchase common shares at prices ranging from $0.29 – $1.88.

Total stock options outstanding as at December 31, 2010 and April 14, 2011 were 11,102,500 and 8,743,750 shares respectively, of which 78% and 73.3% respectively are vested and exercisable at prices between CA$0.11 and 1.48 per common share.

Additional detailed share data information is available the Company's Consolidated Financial Statement.

Off-Balance Sheet Arrangements

The Company has not entered into any off-balance sheet arrangements.

Key Business Risks and Uncertainties

Dependence Upon Key Personnel – OPEL depends on its senior management and technical staff. If OPEL is unable to attract and retain key personnel, it may have a material adverse effect on the Company. In an effort to manage this risk, the Company has established a competitive compensation grid for all staff especially senior management that includes certain benefits and stock options. The Company frequently compares its rates of pay to its competitors and the compensation package that would normally be offered to such senior individuals both inside and outside the industry. The Company is confident that its compensation package is above the standard required to retain highly skilled management.

Product Development – Delays in product development or the transition to commercial scale production may cause a material adverse effect to the Company. Product development in OPEL follows a strict path of concept, research, business analysis, design, beta testing and technical implementation. These milestones are reviewed regularly with the head of product development to ensure timely release of new products. The advancement of technology has aided the Company in bringing new product to market in a timely fashion. Should major delays ensue, the Company has a policy of advising its stake holders of significant delays and the impact of any such delay.

Financial Liquidity – OPEL may not have adequate financial reserves to enable it to grow at the pace required to serve its customer base, if substantial orders were received and were backlogged. The Company has not earned profits, so its ability to finance operations is chiefly dependent on equity financings. To date the Company has raised over 50 million dollars in equity financing and while it is not certain of its ability to do so in the future, market interest has indicated that it should be able so in the future. In addition, the Company has also embarked on an aggressive sales campaign to bolster its national sales and Asian business. Orders received in 2011 have indicated that the Company will be in a healthy cash position for the remainder of the year.

Ability to Reach Profitability - OPEL has no history of profitability and may not be able to sell enough products at a high enough margin to cover its costs of operation on an ongoing basis. This risk is short term as the Company must absorb low margins and at this early stage in order to develop brand and market awareness. Creating market awareness through public announcements and delivering product to the market place is part of the Company's strategy. This strategy is beginning to yield success as projections for the next 18 months have indicated that the market is recognizing OPEL's MKI panels and Tracker series. As the Company continues to gain awareness in both government and commercial market places, margins will begin to normalize and increase especially with high volume production.

Governmental Incentives - Projects OPEL through ODIS might participate in may not be funded due to reductions, changes in timing, and liquidation of incentives used to stimulate the growth of solar installations world-wide. To mitigate this risk, the Company continues to focus its energies on commercial applications of the ODIS technology and minimize its reliance on SBIRs.

Market Acceptance of New Products - OPEL's HCPV solar panels are a new technology which as yet has little installed base and may not be embraced for large scale installation. Branding is a key to creating market acceptance. Public announcements, demonstration installations in the United States and Europe along with advertising the Company's high efficiency technology in comparison to competitor products is a key factor in mitigating this risk.

Technology Changes – OPEL's products are highly reliant upon keeping pace with technological changes. OPEL's products are complex and rely on state-of-the-art design methodologies to optimize them for market. If OPEL can not afford to keep pace with these changes, it may have a material adverse effect on the Company. Retaining qualified engineers and scientists has been identified as a KSD for the Company. Qualified personnel will continue to ensure that the Company is not only keeping in touch with technological developments but are also implementing these new developments. Compensation is key in hiring and retaining these individuals. As discussed above, our Compensation packages have been identified as above standard in the industry. We will continue to not only monitor technological changes but also lead these changes.

Major Competitors – OPEL may face several competitors before or after it brings its products to market which could result in the loss of market share thereby having a material adverse effect on the Company. The Company continues to work with emerging markets such as Asia and certain areas of Europe to extend its market base. Through research and competitive data, OPEL feels that these markets are ready for a new entrant especially with the efficiency of the

OPEL products. Staying ahead of the curve with R&D, and consistency in new product development will be key to keeping to developing and maintaining market share.

International Financial Reporting Standards

The Canadian Accounting Standards Board (AcSB) has confirmed that IFRS will replace current Canadian GAAP for publicly accountable enterprises, including OPEL, effective for fiscal years beginning on or after January 1, 2011. Accordingly, the Company will report interim and annual financial statements in accordance with IFRS beginning with the quarter ended March 31, 2011.

Outside consultants were engaged to provide guidance and assistance to the Company as it addressed its transition to IFRS.

The Company developed a transition plan which was executed in 2010 as follows:

Quarters 1 and 2

The Company developed its IFRS Initial Assessment, Impact Assessment and Implementation Plan to prepare for this transition. The Company completed the initial assessment of the key areas where changes to current accounting policies may be required. During this phase of the plan, the Company identified a number of policy differences that it felt would have either a financial impact or disclosure impact on the Company.

Quarter 2

After identifying, through the Initial Assessment phase, the policies that the Company felt would have an impact, a detailed Impact Assessment review was undertaken. During this phase the Company did a detailed analysis of the differences between IFRS and Canadian GAAP, the Company also attempted to quantify and measure the impact of the policy changes. The Company also reviewed the mandatory exceptions and optional exemptions available under IFRS 1.

Quarters 3 and 4

An Implementation Plan was developed subsequent to the Initial Assessment phase. This Implementation Plan included a review of the IT systems, business processes, personnel training, external stakeholders and disclosure controls. During this phase, the Company laid the foundation for changes that it felt was necessary to accommodate the various policy changes.

The Company is now finalizing the adjustments to its opening IFRS statement and converting its 2010 results. Because the conversion process is at this stage, the quantified impacts are only estimates and may change prior to producing an opening IFRS balance sheet. Additionally, IFRS standards are evolving and may change prior the producing an opening IFRS balance sheet. Position papers for the major accounting policies are being prepared for the Company's auditors to review, which will then be approved by the Board of Directors.

First-Time Adoption of IFRS

IFRS 1 "First-time Adoption of International Financial Reporting Standards" requires the Company to prepare an opening IFRS statement of financial position, which complies with all IFRS's effective at the end of its first IFRS reporting period. IFRS 1 requires retrospective application of those standards in most areas, with limited exceptions. The Company plans to apply the following exemptions to the preparation of its opening IFRS statement as at January 1, 2010:

Business combinations:

IFRS 1 provides an option to not restate business combinations that occurred prior to the transition date or to only restate business combinations that occurred after a designated date prior to the transition date.

Share-based payments:

IFRS 2, Share-based payment, will only apply to equity instruments that were issued after November 7, 2002 and had not vested by the transition date.

Cumulative translation differences:

IFRS 1 allows cumulative translation differences for all foreign operations to be deemed zero at the date of transition to IFRS, with future gains or losses on subsequent disposal of any foreign operations to exclude translation differences arising prior to the transition date.

The Company may decide to apply additional exemptions contained in IFRS 1 prior to reporting its interim financial statements for the quarter ended March 31, 2011.

IFRS 1 does not permit changes to estimates that have been made previously. Accordingly, estimates used in the preparation of the Company's opening IFRS statement of financial position as at the transition date will be consistent with those made under current Canadian GAAP. If necessary, estimates will be adjusted to reflect any difference in accounting policy.

Expected Impact on the Company's Financial Reporting

The adoption of IFRS will result in changes to accounting policies that are applied in the recognition, measurement and disclosure of the balances and transactions in the Company's financial statements. The following summary includes management's evaluation of the significant changes to accounting policies in key areas based on the current standards and guidance within IFRS. The International Accounting Standards Board has a number of ongoing projects, the outcome of which may have an effect on the changes required to the Company's accounting policies on adoption of IFRS. At this time, the Company is not aware of any significant expected changes prior to its adoption of IFRS that would affect the summary provided below:

- IAS 36 "Impairment of Assets" – IFRS requires a write-down of assets if the higher of the fair market value and the value-in-use of a group of assets is less than its carrying value. Value-in-use is determined using discounted estimated future cash flows. Under current Canadian GAAP a write down to estimated fair value is only required when the undiscounted estimated future cash flows of a group of assets are less than its carrying value. The Company's accounting policies will be changed to reflect the differences between IFRS and Canadian GAAP. There will be no impact on the Company.
- IFRS 2 "Share-Based Payments" – IFRS requires that stock-based awards that vest in installments be accounted for as though each installment or vesting is a separate award on a graded rather than pooled basis. This change had a recognition, measurement and disclosure impact on the Company, accordingly, Contributed Surplus will decrease by an estimated $3,900 with a corresponding increase to Deficit.
- IAS 21 "Effects of Changes in Foreign Exchange Rates" – IFRS 1 allows cumulative translation differences for all foreign operations to be deemed zero at the date of transition to IFRS, with future gains or losses on subsequent disposal of any foreign operations to exclude translation differences arising prior to the transition date. The Company has chosen to reset its cumulative translation balance to zero at transition date. The estimated impact on the Company will be decrease in Accumulated Comprehensive Income of $439,000 and a corresponding increase to Deficit.
- Asset Retirement Obligations (Decommissioning Liabilities) – Under IFRS, a liability must be recognized at the time when the entity becomes legally or constructively obliged to rehabilitate a disturbance resulting from a solar installation, while under Canadian GAAP, a liability is only recognized when the entity is legally bound. Discount rates used should reflect the risks specific to the decommissioning provision. IFRS requires re-measurement of the liability at each reporting date whereas Canadian GAAP requires re-measurement of the liability in the event of changes in the amount or timing of cash flows required to settle the obligation. IFRS also requires the re-measurement of the provision for reclamation and rehabilitation if there is a change in the current market-based discount rate. The Company re-measured its Asset Retirement Obligation. The estimated change as a result of re-measurement is decrease in Asset Retirement Obligation of $67,000 and a corresponding increase in Deficit.

The Company has identified other IFRS changes that will have a non-financial impact on the Company. These include but are not limited to; IFRS 8 "Operating Segments", IFRS 7 "Financial Instrument Disclosures", IAS 17 "Leases" and IAS 33 "Earnings Per Share".

Additional Information

Additional information relating to the Company is available on SEDAR at www.sedar.com.