



OPEL TECHNOLOGIES INC.

(Formerly OPEL Solar International Inc.)

Unaudited Consolidated
Financial Statements
9-months ended September 30, 2012

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**NOTICE TO SHAREHOLDERS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2012**
(Unaudited and Expressed in US Dollars)

OPEL TECHNOLOGIES INC.

Auditors' involvement

The auditors of Opel Technologies Inc. have not performed a review of the unaudited condensed consolidated financial statements for the three and nine months ended September 30, 2012 and September 30, 2011.

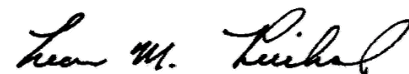
OPEL TECHNOLOGIES INC.

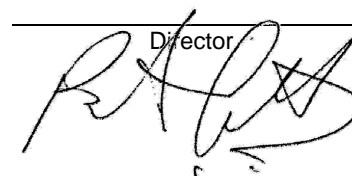
CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in US Dollars)

	(Unaudited) September 30, 2012	(Audited) December 31, 2011
Assets		
Current		
Cash	\$ 1,823,359	\$ 1,330,141
Accounts receivable	90,087	526,229
Prepays and other current assets	3,290	152,162
Inventories (Note 4)	-	1,426,003
Marketable securities (Note 5)	430	415
Assets available for sale (Note 24)	1,530,256	-
	3,447,422	3,434,950
Investment in Opel Solar Asia Company Limited	-	197,178
Property and equipment (Note 6)	27,461	1,798,779
Patents and licenses (Note 7)	44,031	169,971
	\$ 3,518,914	\$ 5,600,878
Liabilities		
Current		
Accounts payable and accrued liabilities (Note 23)	\$ 498,546	\$ 1,705,876
Product warranty	25,899	25,899
Disposal group liabilities (Note 24)	673,748	-
	1,198,193	1,731,775
Deferred energy credit (Note 8)	-	614,363
Asset retirement obligation (Note 9)	-	74,277
	1,198,193	2,420,415
Shareholders' Equity		
Share capital (Note 10(b))	40,022,194	38,507,720
Special voting share (Note 11)	100	100
Shares to be issued (Note 12)	-	27,521
Warrants (Note 13)	3,888,143	1,813,729
Contributed surplus (Note 14)	15,744,630	13,162,981
Accumulated other comprehensive income	265,816	278,263
Deficit	(57,600,162)	(50,470,735)
Non controlling interest	-	(139,116)
	2,320,721	3,180,463
	\$ 3,518,914	\$ 5,600,878

Commitments and contingencies (Note 17)

On behalf of the Board of Directors

Director


Director


OPEL TECHNOLOGIES INC.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND DEFICIT
(Expressed in US Dollars)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2012	2011	2012	2011
Revenue	\$ 112,070	\$ 93,316	\$ 112,070	\$ 747,792
Costs and expenses				
General and administration	698,005	873,512	2,002,694	2,065,137
Research and development	240,494	305,350	764,108	989,040
Investment income, including interest	-	(5,312)	-	(20,103)
	938,499	1,173,550	2,766,802	3,034,074
Net loss from continuing operations	(826,429)	(1,080,234)	(2,654,732)	(2,286,282)
Income (Loss) from discontinued operations, net of taxes (Note 24)	382,666	(2,334,914)	(4,474,695)	(5,252,786)
Net loss	(443,763)	(3,415,148)	(7,129,427)	(7,539,068)
Deficit, beginning of period	(57,156,399)	(39,432,929)	(50,470,735)	(35,309,009)
Net loss	(443,763)	(3,415,148)	(7,129,427)	(7,539,068)
Deficit, end of period	\$(57,600,162)	\$(42,848,077)	\$(57,600,162)	\$(42,848,077)
Basic and diluted loss per share (Note 15)	\$ -	\$ (0.04)	\$ (0.08)	\$ (0.08)
Basic and diluted loss per share, continuing operations	\$ (0.01)	\$ (0.01)	\$ (0.03)	\$ (0.02)
Basic and diluted loss per share, discontinued operations	\$ -	\$ (0.03)	\$ (0.05)	\$ (0.06)

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(Expressed in US Dollars)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2012	2011	2012	2011
Net loss	\$ (443,763)	\$ (3,415,148)	\$ (7,129,427)	\$ (7,539,068)
Other comprehensive income - net of income taxes				
Exchange differences on translating foreign operations	(23,850)	(49,222)	(12,447)	47,069
Comprehensive loss	\$ (467,613)	\$ (3,464,370)	\$ (7,141,874)	\$ (7,491,999)

OPEL TECHNOLOGIES INC.
(Expressed in US Dollars)

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Unaudited)

For the Nine Months Ended September 30,	2012	2011
Share Capital		
Beginning balance	\$ 38,507,720	\$ 34,330,441
OPEL Solar Inc. Exchangeable Shares, exchanged into common shares	27,521	111,711
Funds from the exercise of warrants	-	1,411,780
Funds from the exercise of stock options	7,203	1,119,049
Value assigned to stock options	5,129	764,593
Funds from private placements	5,428,644	-
Share issue costs	(495,540)	-
Fair value of warrants and compensation warrants exercised	-	551,401
Fair value of warrants and compensation warrants issued	(3,608,483)	-
Common shares issued as finance costs	150,000	-
September 30,	40,022,194	38,288,975
Special Voting Share		
September 30,	100	100
Shares to be Issued		
Deferred share issue costs	27,521	276,833
Exchangeable Shares exchanged into common shares	(27,521)	(111,711)
September 30,	-	165,122
Warrants		
Beginning balance	1,813,729	6,025,715
Fair value of warrants and compensation warrants issued	3,608,483	-
Fair value of warrants and compensation warrants exercised	-	(551,401)
Fair value of expired warrants	(1,534,069)	-
September 30,	3,888,143	5,474,314
Contributed Surplus		
Beginning balance	13,162,981	8,497,812
Stock-based compensation	1,052,709	770,148
Fair value of stock options exercised	(5,129)	(764,593)
Fair value of expired warrants	1,534,069	-
September 30,	15,744,630	8,503,367
Accumulated Other comprehensive income		
Beginning balance	278,263	233,495
Other comprehensive loss attributable to common shareholders	(12,447)	99,957
September 30,	265,816	333,452
Deficit		
Beginning balance	(50,470,735)	(35,309,009)
Net loss attributable to common shareholders	(7,129,427)	(4,123,920)
September 30,	(57,600,162)	(39,432,929)
Total shareholders' equity	\$ 2,320,721	\$ 13,332,401
Non-controlling interest		
Beginning balance	\$ (139,116)	\$ (22,950)
Net loss attributable to non-controlling interest	-	(2,169)
Other comprehensive income attributable to non-controlling interest	-	(3,666)
Divestment of non-controlling interest	139,116	-
Ending balance	\$ -	\$ (28,785)
Total equity	\$ 2,320,721	\$ 13,303,616

OPEL TECHNOLOGIES INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in US Dollars)

For The Nine Months Ended September 30,	2012	2011
CASH (USED IN) PROVIDED BY:		
OPERATING ACTIVITIES		
Net loss	\$ (7,129,427)	\$ (7,539,068)
Adjustments for:		
Depreciation of property and equipment	2,374	123
Amortization of patents and licenses	3,145	3,145
Stock-based compensation (Note 14)	1,052,709	1,364,012
Discontinued operations, net of tax	4,474,695	5,252,786
Financing fees	150,000	-
	(1,446,504)	(919,002)
Net change in non-cash working capital accounts:		
Accounts receivable	(50,021)	177,033
Prepaid and other current assets	(151)	(194,056)
Accounts payable and accrued liabilities	(1,214,223)	(75,883)
Cash flows from operating activities, continuing operations	(2,710,899)	(1,011,908)
Cash flows from operating activities, discontinued operations	(1,695,391)	(6,021,970)
	(4,406,290)	(7,033,878)
INVESTING ACTIVITIES		
Purchase of short-term investments	-	201,207
Purchase of property and equipment	(28,352)	(1,647)
Cash flow from investing activities, continuing operations	(28,352)	199,560
Cash flow from investing activities, discontinued operations	-	(169,532)
	(28,352)	30,028
FINANCING ACTIVITIES		
Issue of common shares for cash, net of issue costs	4,940,307	2,577,819
Cash flow from financing activities, continuing operations	4,940,307	2,577,819
Cash flow from financing activities, discontinued operations	-	-
	4,940,307	2,577,819
EFFECT OF EXCHANGE RATE CHANGES ON CASH	(12,447)	47,069
NET CHANGE IN CASH, continuing operations	2,188,609	1,812,540
NET CHANGE IN CASH , discontinued operations	(1,695,391)	(6,191,502)
CASH AND CASH EQUIVALENT, beginning of period	1,330,141	6,629,958
CASH AND CASH EQUIVALENT, end of period	\$ 1,823,359	\$ 2,250,996

OPEL TECHNOLOGIES INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Expressed in US Dollars)

1. DESCRIPTION OF BUSINESS

OPEL Technologies Inc. is incorporated in the Province of Ontario. OPEL Technologies Inc. and ODIS Inc. ("ODIS"), a subsidiary of Opel Solar Inc., (collectively, the "Company") develops and markets optical laser and infrared detection using planar "opto" electronic technology ("POET"). Opel Solar Inc. is a wholly owned subsidiary of OPEL Technologies Inc. The Company continues to develop a gallium arsenide microchip and the process to produce it.

The Company has working capital of \$2,249,229 as of September 30, 2012 compared to working capital of \$1,703,175 as of December 31, 2011. While the Company is in a position to cover its liabilities as they come due, continued operating losses cast significant doubt on the Company's ability to continue as a going concern. Due to the nature of the Company's operations, the Company will need to continue to seek debt or equity financing to fund its operations. Although the Company has been successful in obtaining such financings in the past, there is no assurance that it will be able to do so in the future.

The Company's financial statements do not include any adjustments to the assets carrying amount, to the expenses presented and to the reclassification of the balance sheet items that could be necessary should the Company be unable to continue its operations.

The Company is currently in the process of divesting and discontinuing its solar operations (See note 24).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These condensed unaudited interim consolidated financial statements of the Company and its subsidiaries were prepared in accordance with IFRS, as issued by the International Accounting Standards Board ("IASB").

These condensed unaudited interim consolidated financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the consolidated audited financial statements for the year ended December 31, 2011.

The preparation of financial statements in accordance with IAS 34 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed below:

Basis of presentation

These condensed unaudited interim consolidated financial statements include the accounts of Opel Technologies Inc and its subsidiaries. Betasol Energias Alternativas, S.L. ("Betasol") is considered a variable interest entities with either OPEL Solar Inc. or Opel Solar Europe ("OSE") as the primary beneficiary. As such, its accounts are consolidated with those of the Company. All intercompany balances and transactions have been eliminated on consolidation.

Foreign currency translation

These condensed unaudited interim consolidated financial statements are presented in U.S. dollars ("USD"), which is the Company's presentation currency.

Items included in the financial statements of each of the Company's subsidiaries are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities not denominated in the functional currency of an entity are recognized in the statement of operations and deficit.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in US Dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets and liabilities of entities with functional currencies other than U.S. dollars are translated into the presentation currency at the year end rates of exchange, and the results of their operations are translated at average rates of exchange for the year. The resulting translation adjustments are included in accumulated other comprehensive income in shareholders' equity. Additionally, foreign exchange gains and losses related to certain intercompany loans that are permanent in nature are included in accumulated other comprehensive income.

Financial Instruments

Financial instruments are required to be classified as one of the following: held-to-maturity; loans and receivables, fair value through profit or loss; available-for-sale or other financial liabilities.

The Company's financial instruments include cash, accounts receivable, accounts payable and accrued liabilities. The Company designated its cash as fair value through profit or loss, its accounts receivable as loans and receivables, and its accounts payable and accrued liabilities as other financial liabilities.

Fair value through profit or loss financial assets are measured at fair value with gains and losses recognized in operations. Financial assets, loans and receivables and other financial liabilities are measured at amortized cost. Available-for-sale financial assets are measured at fair value with unrealized gains and losses recognized in other comprehensive income .

Fair value of a financial instrument is the amount of consideration that would be agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act. The fair value of a financial instrument on initial recognition is the transaction price, which is the fair value of the consideration given or received. Subsequent to initial recognition, the fair value of a financial instrument that is quoted in active markets is based on the bid price for a financial asset held and the offer price for a financial liability. When an independent price is not available, fair value is determined by using a valuation methodology which refers to observable market data. Such a valuation technique includes comparisons with a similar financial instrument where an observable market price exists, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants. If no reliable estimate can be made, the Company measures the financial instrument at cost less impairment as a last resort.

Marketable securities

Marketable securities are classified as available for sale and are carried at fair value. Unrealized holding gains and losses are recognized in other comprehensive income.

Inventories

Inventories are valued at the lower of cost or net realizable value, with cost determined on a first in, first-out basis. Inventories comprise raw materials; work in process and finished goods. Inventories comprising finished goods relate to solar panels and trackers produced to the Company's specifications. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale. Inventories include the cost of materials purchased and the cost of conversion, as well as other costs required to bring the inventories to their present location and condition.

Property and equipment

Property and equipment are recorded at cost. Depreciation is calculated based on the estimated useful life of the asset using the following rates and methods for old assets (2006 and prior) and new assets (2007 and after):

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in US Dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

New

Machinery and equipment	Straight Line, 5 years
Furniture and fixtures	Straight Line, 5 years
Office equipment	Straight Line, 5 years
Leasehold improvements	Straight Line Over The Remaining Term of the Lease
Solar systems for demonstrations	Straight Line, 5 years
Solar installation	Straight Line, 20 years

Old

Machinery and equipment	28.6% to 40%, Declining Balance
Furniture and fixtures	28.6% to 40%, Declining Balance
Office equipment	28.6% to 40%, Declining Balance
Leasehold improvements	Straight Line Over The Remaining Term of the Lease

Patents and licenses

Patents and licenses are recorded at cost and amortized on a straight line basis over their estimated useful lives. Ongoing maintenance and patent registration costs are expensed as incurred. The expiry of the patents and licenses range from 6 - 12 years.

Product warranty

A product warranty is recognized when present obligations as a result of a sale of products will probably lead to an outflow of economic resources from the Company and the amounts can be estimated reliably. The timing or the amount of the outflow may still be uncertain.

Product warranty is measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Product warranties are reviewed at each reporting date and adjusted to reflect the current best estimate.

Investment in Opel Solar Asia Company Limited

The Company has a 19% interest in Opel Solar Asia Company Limited ("Opel Asia"), a non-publicly traded Company. The Company's investment is measured at cost. The Company continually evaluates its investment in this Company for impairment. During the period, the Company discontinued its solar related operations. In 2012, the Company's investment in Opel Asia was considered by management to be impaired and was therefore written down to nil.

Impairment of long-lived assets

The Company's tangible and intangible assets are reviewed for indications of impairment whenever events or changes in circumstances indicate that the carrying amounts of the assets may not be recoverable. An assessment is made at each reporting date whether there is any indication that an asset may be impaired.

An impairment loss is recognized when the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognized in profit and loss for the period. The recoverable amount is the greater of the asset's fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit ("CGU") to which the asset belongs.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in US Dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

An impairment loss is reversed if there is an indication that there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. During the period, the Company discontinued its solar operations. In 2012, the Company recorded an impairment loss on long-lived assets related to the solar operations of \$494,465. There were no impairments during the nine months ended September 30, 2011.

Deferred energy credit

The Company received in cash, an energy credit on a solar installation in Plainville, CT., used in operations. The credit was deferred and is being amortized over the estimated useful life of the asset (20 years) and is included in the amortization of property and equipment. During 2012, the Company discontinued its solar operations and the balance of the the deferred energy credit of \$596,723 was reclassified to disposal group liabilities.

Asset Retirement Obligation

Asset retirement obligation ("ARO") represents liabilities to the Company for which the amount or timing is uncertain. ARO is recognized when the Company has a constructive or legal obligation to decommission an asset, it is probable that such decommissioning will result in an outflow of resources and the amount can be reliably estimated. ARO is measured at the present value of the expected outflows to settle the obligation using a discount rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. The accretion in the obligation due to the passage of time is recognized as an expense. During 2012, the Company discontinued its solar operations, the balance of the the ARO of \$77,025 was reclassified to disposal group liabilities.

Income taxes

The Company follows the liability method of accounting for income taxes. Under this method, deferred income taxes are provided on differences between the financial reporting and income tax bases of assets and liabilities and on income tax losses available to be carried forward to future years for tax purposes. Deferred income taxes are measured using the substantively enacted tax rates and laws which are expected to be in effect when the differences are expected to reverse. Valuation allowances are provided to reduce deferred income tax assets to the amount expected to be realized.

Revenue recognition

Revenue is comprised of research and development (R&D) service revenue and product sales. Revenue under R&D contracts is recognized as services are provided. R&D costs are recognized as incurred; any unbilled revenue is recognized as services are provided under the terms of the contract. Revenue from product sales is recognized when ownership is transferred to customers for orders with the selling price both fixed and determinable and for which collectability is reasonably assured. The Company also provides services under "fixed price" and "cost plus" R&D contracts exclusively with the Department of Defense of the United States of America.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in US Dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Interest income

Interest income on cash and short-term investments classified as fair value through profit or loss is recognized as earned using the effective interest method.

Research and development costs

Research costs are expensed in the period incurred. Development costs are also expensed in the period incurred unless the Company believes a development project meets IFRS criteria as set out in IAS 38, *Intangible Assets*, for deferral and amortization.

Stock-based compensation

Stock options and warrants awarded to non employees are accounted for using the fair value of the instrument awarded or service provided whichever is considered more reliable. Stock options and warrants awarded to employees are accounted for using the fair value method. The fair value of such stock options and warrants granted is recognized as an expense on a proportionate basis consistent with the vesting features of each tranche of the grant. The fair value is calculated using the Black-Scholes option pricing model with assumptions applicable at the date of grant.

Loss per share

Basic loss per share is calculated by dividing net loss by the weighted average number of common shares outstanding during the year. Diluted loss per share is calculated by dividing net loss by the weighted average number of common shares outstanding during the year after giving effect to potentially dilutive financial instruments. The dilutive effect of stock options and warrants is determined using the treasury stock method.

3. RECENT ACCOUNTING PRONOUNCEMENTS

The following is a summary of recent accounting pronouncements that may affect the Company.

(i) Financial instruments

IFRS 9, *Financial Instruments*, replaces IAS 39, *Financial Instruments: Recognition and Measurement*. The new standard requires entities to classify financial assets as being measured either at amortized cost or fair value depending on the business model and contractual cash flow characteristics of the asset. For financial liabilities, IFRS 9 requires an entity choosing to measure a liability at fair value to present the portion of the change in its fair value due to change in the entity's own credit risk in the other comprehensive income rather than in the statement of profit or loss. The new standard applies to annual periods beginning on or after January 1, 2015.

(ii) Presentation of items of other comprehensive income ("OCI")

IAS 1, *Presentation of Financial Statements*, is amended to change the disclosure of items presented in OCI, including a requirement to separate items presented in OCI into two groups based on whether or not they may be recycled to profit or loss in the future. This amendment is effective for years beginning on or after July 1, 2012.

(iii) Fair value measurement

IFRS 13, *Fair Value Measurements*, provides a single source of guidance on how to measure fair value where its use is already required or permitted by other IFRS and enhances disclosure requirements for information about fair value measurements. The new standard is effective for years beginning on or after January 1, 2013.

(iv) Consolidated financial statements

IFRS 10, *Consolidated Financial Statements*, replaces SIC 12, *Consolidation – Special Purpose Entities*, and the guidance on control and consolidation in IAS 27, *Consolidated and Separate Financial Statements*. IFRS 10 includes a new definition of control that determines which entities are consolidated,

OPEL TECHNOLOGIES INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Expressed in US Dollars)

3. RECENT ACCOUNTING PRONOUNCEMENTS (Continued)

and requires control of an investee to be reassessed when the facts and circumstances indicate that there have been changes to one or more of the criteria for determining control. This standard is effective for annual periods beginning on or after January 1, 2013.

The Company has considered all other recently issued accounting pronouncements and does not believe the adopting of such pronouncements will have a material impact on its consolidated financial statements.

4. INVENTORIES

	September 30, 2012	December 31, 2011
Raw materials	\$ -	\$ 1,090,854
Work in process	-	165,216
Finished goods	-	169,933
Balance (See note 24)	\$ -	\$ 1,426,003

5. MARKETABLE SECURITIES

Marketable securities consist of small investments in three companies carrying a market value of \$430 as of September 30, 2012 and \$415 as of December 31, 2011.

6. PROPERTY AND EQUIPMENT

	Machinery and equipment	Furniture and fixture	Office equipment	Leasehold improvements	Solar installations	Construction in progress	Total
Cost							
Balance, January 1, 2011	\$ 1,171,936	\$ 137,254	\$ 84,157	\$ 44,761	\$ 1,327,791	\$ 1,501,692	\$ 4,267,591
Additions	-	774	5,778	-	239,227	-	245,779
Disposals	-	-	(11,732)	-	-	-	(11,732)
Balance, December 31, 2011	1,171,936	138,028	78,203	44,761	1,567,018	1,501,692	4,501,638
Additions	-	-	28,352	-	-	-	28,352
Reclassification/impairment	(1,171,936)	(138,028)	(76,556)	(44,761)	(1,567,018)	(1,501,692)	(4,499,991)
Balance, September 30, 2012	-	-	29,999	-	-	-	29,999
Accumulated Depreciation							
Balance, January 1, 2011	630,093	80,688	56,938	4,157	180,634	-	952,510
Depreciation / impairment for the year	150,921	14,803	10,321	1,182	83,162	1,501,692	1,762,081
Disposals	-	-	(11,732)	-	-	-	(11,732)
Balance, December 31, 2011	781,014	95,491	55,527	5,339	263,796	1,501,692	2,702,859
Depreciation / impairment for the period	(781,014)	(95,491)	(52,989)	(5,339)	(263,796)	(1,501,692)	(2,700,321)
Balance, September 30, 2012	-	-	2,538	-	-	-	2,538
Carrying Amounts							
At December 31, 2011	\$ 390,922	\$ 42,537	\$ 22,676	\$ 39,422	\$ 1,303,222	\$ -	\$ 1,798,779
At September 30, 2012 (See note 24)	\$ -	\$ -	\$ 27,461	\$ -	\$ -	\$ -	\$ 27,461

OPEL TECHNOLOGIES INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Expressed in US Dollars)

7. PATENTS AND LICENSES

	Patents	Licenses	Total
Cost			
Balance, December 31, 2011	224,444	136,725	361,169
Disposals/impairment	(224,444)	(73,825)	(298,269)
Balance, September 30, 2012	-	62,900	62,900
Accumulated Depreciation			
Balance, January 1, 2011	109,574	58,627	168,201
Amortization for the year	14,964	8,033	22,997
Balance, December 31, 2011	124,538	66,660	191,198
Amortization/impairment	(124,538)	(47,791)	(172,329)
Balance, September 30, 2012	-	18,869	18,869
Carrying Amounts			
At December 31, 2011	\$ 99,906	\$ 70,065	\$ 169,971
At September 30, 2012 (See note 24)	\$ -	\$ 44,031	\$ 44,031

8. DEFERRED ENERGY CREDIT

The Connecticut Clean Energy Fund, ("CCEF") provided \$526,518 in funding cash credits to the Company for its solar energy installation on Linden School, in Plainville, CT. This funding credit was provided to the Company as an incentive for creating a clean energy alternative, and based on the size and performance of the system after it was installed and operational for a period of nine months. In 2009, the Company was awarded \$179,070 on the same project as a part of the United States Department of the Treasury's grant of cash in lieu of tax credits, on qualified alternative energy projects. This cash payment was a part of the American Recovery and Reinvestment Act of 2009.

During 2012, the Company discontinued its solar operations. The balance in deferred energy credit at the date of discontinuance was reclassified to disposal group liabilities (see Note 24).

Changes to deferred energy credit were as follows:

	Cost	Accumulated Amortization	Balance
Balance, January 1, 2011	\$ 705,588	\$ (55,946)	\$ 649,642
Amortization for the year	-	(35,279)	(35,279)
Balance, December 31, 2011	705,588	(91,225)	614,363
Amortization for the period	-	(17,640)	(17,640)
Reclassified as assets available for sale	(705,588)	108,865	(596,723)
Balance, September 30, 2012 (See note 24)	\$ -	\$ -	\$ -

OPEL TECHNOLOGIES INC.**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**
(Expressed in US Dollars)**9. ASSET RETIREMENT OBLIGATION**

The Company has a solar installation currently used in operations. In 2030, the Company is obligated to remove the installation and restore the underlying real estate to its original state. The asset retirement obligation ("ARO") is accreted using the credit-adjusted risk free rate when the liability was initially measured. There are no assets legally restricted for settling the aforementioned asset retirement obligation.

During the period, the Company discontinued its solar operations. The balance of the asset retirement obligation at the date of discontinuance was reclassified to disposal group liabilities (see Note 24).

Changes in the asset retirement obligation are as follows:

	Cost	Accumulated Accretion	Balance
Balance, January 1, 2011	\$ 60,410	\$ 8,652	\$ 69,062
Amortization for the year	-	5,215	5,215
Balance, December 31, 2011	60,410	13,867	74,277
Amortization for the period	-	2,748	2,748
Reclassified as assets available for sale	(60,410)	(16,615)	(77,025)
Balance, September 30, 2012 (See note 24)	\$ -	\$ -	\$ -

10. SHARE CAPITAL**(a) AUTHORIZED**

Unlimited number of common shares

1 Special voting share

(b) COMMON SHARES ISSUED

	Number of Shares	Amount
Balance, January 1, 2011	85,292,514	\$ 34,330,441
OPEL Solar Inc. Exchangeable Shares, exchanged into common shares	1,223,000	249,312
Shares issued on the exercise of warrants and compensation warrants	3,218,907	1,411,780
Fair value of warrants and compensation warrants exercised	-	551,401
Shares issued on the exercise of stock options	3,291,000	1,166,358
Fair value of stock options exercised	-	798,428
Balance, December 31, 2011	93,025,421	38,507,720
OPEL Solar Inc. Exchangeable Shares, exchanged into common shares	135,000	27,521
Shares issued on the exercise of stock options	33,750	7,203
Fair value of stock options exercised	-	5,129
Shares issued on private placement	23,412,479	5,428,644
Fair value of warrants and compensation warrants issued	-	(3,608,483)
Share issue costs	-	(495,540)
Shares issued as finance costs	500,000	150,000
Balance, September 30, 2012	117,106,650	\$ 40,022,194

OPEL TECHNOLOGIES INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Expressed in US Dollars)

10. SHARE CAPITAL (Continued)

During the period, the Company completed various brokered private placement financings for gross proceeds aggregating to \$5,428,644 (\$5,384,870 CAD). IBK Capital Corp. acted as agent in respect of the issuance and sale of 23,412,479 units, at a price of \$0.225 (\$0.23 CAD) per unit. Each unit consists of one common share and one common share purchase warrant. Each whole warrant entitles the holder to purchase one additional common share of the Company at a price of \$0.34 (\$0.35 CAD) per share for a period of three years. The agent received cash commissions in the aggregate of \$371,862 (\$368,941 CAD) and 2,341,247 compensation warrants in connection with these private placements. Each compensation warrant entitles the holder to purchase one common share of the Company at \$0.225 (\$0.23 CAD) per share for a period of four years. Additional issue costs amounted to \$123,678 (\$124,719 CAD).

The fair value of the warrants and compensation warrants was estimated using the Black-scholes option pricing model with the following assumptions: dividend yield of 0%, interest rate of 1.08% and 1.17%, volatility of 109% and 120.55% and estimated life of 3 and 4 years. The estimated fair value assigned to the warrants and compensation warrants was \$3,186,039 (\$3,160,685 CAD) and \$422,444 (\$419,083 CAD) respectively.

11. SPECIAL VOTING SHARE

On June 5, 2007, one (1) special voting share was issued in conjunction with a Support and Trust Agreement entered into amongst Opel Technologies Inc, OPEL Solar Inc. and Equity Transfer & Trust Company. The special voting share carried no votes at September 30, 2012 and 135,000 votes at December 31, 2011.

12. SHARES TO BE ISSUED

Pursuant to a RTO agreement, the Company was obligated to issue 5,972,000 shares to common shareholders of OPEL Solar Inc. in exchange for their 5,972,000 Exchangeable Shares of Opel Technologies Inc. The value ascribed to the 5,972,000 shares to be issued was \$1,217,408. Fair value of the remaining outstanding Exchangeable Shares was nil at September 30, 2012 and \$27,521 at December 31, 2011.

	Number of Shares to be Issued	Historical Fair Value
Balance, January 1, 2011	1,358,000	\$ 276,833
Exchangeable Shares exchanged into common shares	(1,223,000)	(249,312)
Balance, December 31, 2011	135,000	27,521
Exchangeable Shares exchanged into common shares	(135,000)	(27,521)
Balance, September 30, 2012	-	\$ -

OPEL TECHNOLOGIES INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Expressed in US Dollars)

13. WARRANTS

The following table reflects the continuity of warrants:

	Average Exercise Price	Number of Warrants	Historical Fair value
Balance, January 1, 2011	\$ 0.92	22,558,467	\$ 6,025,715
Exercised	0.41	(3,218,907)	(551,401)
Expired	1.88	(7,500,000)	(3,660,585)
Balance, December 31, 2011	0.45	11,839,560	1,813,729
Warrants issued	0.34	23,412,479	3,186,039
Compensation warrants issued	0.23	2,341,247	422,444
Expired	0.48	(10,544,002)	(1,534,069)
Balance, September 30, 2012	\$ 0.33	27,049,284	\$ 3,888,143

As at September 30, 2012 the following warrants were outstanding:

	Number of Warrants	Historical Fair Value (\$)	Exercise Price (\$)	Expiry Date
	1,295,558	279,660	0.29	July 21, 2014
	2,207,348	291,436	0.34	June 8, 2015
	3,010,044	397,416	0.34	June 22, 2015
	1,554,000	208,972	0.34	July 31, 2015
	6,272,087	856,893	0.34	September 7, 2015
	5,369,000	744,240	0.34	September 13, 2015
	5,000,000	687,082	0.35	September 27, 2015
Broker warrants	220,734	38,642	0.22	June 8, 2016
Broker warrants	301,004	52,694	0.22	June 22, 2016
Broker warrants	155,400	27,708	0.22	July 31, 2016
Broker warrants	627,209	113,617	0.22	September 7, 2016
Broker warrants	536,900	98,681	0.22	September 13, 2016
Broker warrants	500,000	91,102	0.22	September 27, 2016
	27,049,284	3,888,143	0.33	

These warrants were issued in Canadian dollars and are exercisable at prices ranging from \$0.23 CAD and \$0.50 CAD.

14. STOCK OPTIONS AND CONTRIBUTED SURPLUS

Stock Options

On June 21, 2011, shareholders of the Company approved amendments to the Company's fixed 20% stock option plan (as amended, referred to as the "2011 Plan"). Under the 2011 Plan, the board of directors may grant options to acquire common shares of the Company to qualified directors, officers, employees and consultants. The 2011 Plan provides that the number of common shares issuable pursuant to options granted under the 2011 Plan and pursuant to other previously granted options is limited to 18,472,000 (the "Number Reserved"). Any subsequent increase in the Number Reserved must be approved by shareholders of the Company and cannot exceed 20% of the number of issued and outstanding shares. Options granted under the 2011 Plan generally vest 25% immediately and 25% every nine months from the date of issue, however, the directors may, at their discretion, specify a different vesting period.

OPEL TECHNOLOGIES INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in US Dollars)

14. STOCK OPTIONS AND CONTRIBUTED SURPLUS (Continued)

Stock option transactions and the number of stock options outstanding were as follows:

	Number of Options	Weighted average Exercise Price
Balance, January 1, 2011	11,102,500	\$ 0.58
Expired/cancelled	(1,886,750)	0.95
Exercised	(3,291,000)	0.35
Granted	3,608,000	0.69
Balance, December 31, 2011	9,532,750	0.63
Expired/cancelled	(6,458,750)	0.57
Exercised	(33,750)	0.21
Granted	8,280,000	0.23
Balance, September 30, 2012	11,320,250	\$ 0.33

During the period, the Company granted 8,280,000 (2011 - 3,608,000) stock options to officers, employees and consultants of the Company to purchase common shares at an average price of \$0.23 (2011 - \$0.69) per share. The fair value assigned to the options granted during the period was \$1,471,092 (2011 - \$2,327,944).

During the period, the Company recorded stock-based compensation of \$1,052,709 (2011 - \$1,364,012) relating to vested stock options.

The stock options granted during 2012 and 2011 were valued using the Black-Scholes option pricing model using the following assumptions;

	<u>2012</u>	<u>2011</u>
Weighted average risk-free interest rate	1.50%	2.59%
Weighted average dividend yield	0%	0%
Weighted average volatility	116%	115%
Weighted average estimated life	6.4 years	10 years

The weighted average remaining contractual life and weighted average exercise price of options outstanding and of options exercisable as at September 30, 2012 are as follows:

Options Outstanding				Options Exercisable		
Exercise Range	Number Outstanding	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (years)	Number Exercisable	Weighted Average Exercise Price	
\$0.11 - \$0.25	7,157,500	\$ 0.22	5.42	2,380,000	\$ 0.22	
\$0.28 - \$0.31	905,000	\$ 0.27	6.04	530,000	\$ 0.27	
\$0.34 - \$0.37	1,112,500	\$ 0.33	7.88	1,112,500	\$ 0.33	
\$0.38 - \$0.86	1,675,250	\$ 0.57	8.30	1,425,500	\$ 0.57	
\$0.87 - \$1.50	470,000	\$ 1.30	5.57	395,000	\$ 1.12	
	11,320,250	\$ 0.33	6.14	5,843,000	\$ 0.38	

OPEL TECHNOLOGIES INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Expressed in US Dollars)

14. STOCK OPTIONS AND CONTRIBUTED SURPLUS (Continued) Contributed Surplus

The following table reflects the continuity of contributed surplus:

	Amount
Balance, January 1, 2011	\$ 8,497,812
Stock-based compensation	1,803,012
Fair value of stock options expired	(798,428)
Fair value of expired warrants	3,660,585
Balance, December 31, 2011	13,162,981
Stock-based compensation	1,052,709
Fair value of stock options exercised	(5,129)
Fair value of expired warrants	1,534,069
Balance, September 30, 2012	\$ 15,744,630

15. LOSS PER SHARE

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2012	2011	2012	2011
Numerator				
Net loss from continuing operations	\$ (826,429)	\$ (1,080,234)	\$ (2,654,732)	\$ (2,286,282)
Net loss from discontinued operations	\$ 382,666	\$ (2,334,914)	\$ (4,474,695)	\$ (5,252,786)
Net loss	\$ (443,763)	\$ (3,415,148)	\$ (7,129,427)	\$ (7,539,068)
Denominator				
Weighted average number of common shares outstanding	102,697,921	92,286,557	96,703,569	89,802,596
Weighted average number of common shares outstanding - diluted	102,697,921	92,286,557	96,703,569	89,802,596
Basic and diluted loss per share, continuing operations	\$ (0.01)	\$ (0.01)	\$ (0.03)	\$ (0.02)
Basic and diluted loss per share, discontinued operations	\$ -	\$ (0.03)	\$ (0.05)	\$ (0.06)
Basic and diluted loss per share	\$ -	\$ (0.04)	\$ (0.08)	\$ (0.08)

The effect of common share purchase options, warrants, compensation warrants and shares to be issued on the net loss in 2012 and 2011 is not reflected as they are anti-dilutive.

16. CUSTOMER DEPOSITS

The Company has a policy of collecting prepaid service or product fees on large scale purchases. Prepaid fees are then allocated to revenue once there has been performance. There was nil in customer deposits at September 30, 2012 and December 31, 2011.

OPEL TECHNOLOGIES INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Expressed in US Dollars)

17. COMMITMENTS AND CONTINGENCIES

The Company has an operating lease for office and research facilities expiring 2013. During the period, the Company terminated its lease agreement for one of its offices and currently operates in only one facility.

Rent expense under these leases was \$64,759 and \$210,037 for the three and nine months ended September 30, 2012 (2011 - \$79,494 and \$235,781 respectively). Remaining minimum annual rental payments to the lease expiration dates are as follows:

2012	\$ 27,433
2013	27,433
	<hr/>
	\$ 54,866

18. RELATED PARTY TRANSACTIONS

Compensation to key management personnel were as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2012	2011	2012	2011
Salaries	\$ 189,830	\$ 248,000	\$ 562,157	\$ 744,000
Share-based payments (1)	64,858	189,040	633,369	515,737
Total	\$ 254,688	\$ 437,040	\$ 1,195,526	\$ 1,259,737

(1) Share-based payments are the fair value of options granted to key management personnel and expensed during the period.

All transactions with related parties have occurred in the normal course of operations and are measured at the exchange amounts, which are the amounts of consideration established and agreed to by the related parties.

19. SEGMENT INFORMATION

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 Solar Inc. ("Opel")

Opel designs, manufactures and markets multi-axis solar tracking systems to transform solar energy into electricity for worldwide application. Opel's patented multi-axis solar tracking systems are uniquely designed to track the movement of the earth in relation to the position of the sun to substantially increase the performance of any solar panel installation. Opel's tracking systems are capable of increasing the output of fixed solar installations by 10 - 30%. Opel also has a revolutionary wireless communications system that lowers the ongoing costs of operations and maintenance to the installation's owner.

OPEL TECHNOLOGIES INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Expressed in US Dollars)

19. SEGMENT INFORMATION (Continued)

On June 11, 2012, management committed to a plan to discontinue this segment of the Company. As at September 30, 2012, assets relating to this segment has been classified as assets available for sale on the condensed consolidated statement of financial position. Liabilities directly related to these assets were classified as disposal group liabilities on the condensed consolidated statement of financial position (see Note 24).

ODIS Inc. ("ODIS")

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 and potentially telecom for, Fibre to The Home. ODIS' technology also provides the opportunity for higher speed computing capabilities.

Segmented information for the nine months ended September 30, 2012 and September 30, 2011 is as follows:

	Opel	2012 ODIS	Total	Opel	2011 ODIS	Total
Revenue	\$ -	\$ 112,070	\$ 112,070	\$ -	\$ 747,792	\$ 747,792
Operating expenses	-	1,160,692	1,160,692	-	1,322,669	1,322,669
Amortization	-	5,519	5,519	-	3,268	3,268
Loss from discontinued operations	4,474,695	-	4,474,695	5,252,786	-	5,252,786
Segment loss	4,474,695	1,054,141	5,528,836	5,252,786	578,145	5,830,931
Corporate operations			1,600,591			1,708,137
Net loss			\$ 7,129,427			\$ 7,539,068

Segmented information for the three months ended September 30, 2012 and September 30, 2011 is as follows:

	Opel	2012 ODIS	Total	Opel	2011 ODIS	Total
Revenue	\$ -	\$ 112,070	\$ 112,070	\$ -	\$ 93,316	\$ 93,316
Operating expenses	-	401,321	401,321	-	425,376	425,376
Amortization	-	3,257	3,257	-	1,132	1,132
Loss from discontinued operations	(382,666)	-	(382,666)	2,334,914	-	2,334,914
Segment loss	(382,666)	292,508	(90,158)	2,334,914	333,192	2,668,106
Corporate operations			533,921			747,042
Net loss			\$ 443,763			\$ 3,415,148

Assets and capital expenditures at September 30,

	Opel	2012 ODIS	Total	Opel	2011 ODIS	Total
Total assets	\$ 1,530,286	\$ 95,880	\$ 1,626,166	\$ 12,123,770	\$ 128,778	\$ 12,252,548
Capital expenditures	\$ -	\$ 28,352	\$ 28,352	\$ 169,532	\$ 1,647	\$ 171,179

OPEL TECHNOLOGIES INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in US Dollars)

19. SEGMENT INFORMATION (Continued)

The Company operates geographically in the United States and Canada. Geographical information is as follows:

2012

As of September 30,	US	Canada	Europe	Consolidated
Current assets	\$ 1,996,182	\$ 1,451,240	\$ -	\$ 3,447,422
Property and equipment	27,461	-	-	27,461
Patents and licenses	44,031	-	-	44,031
	\$ 2,067,674	\$ 1,451,240	\$ -	\$ 3,518,914

2012

	US	Canada	Europe	Consolidated
Nine months ended September 30,				
Revenue	\$ 112,070	\$ -	\$ -	\$ 112,070
General and administration	402,103	1,600,591	-	2,002,694
Research and development	764,108	-	-	764,108

2011

As of September 30,	US	Canada	Europe	Consolidated
Current assets	\$ 7,897,909	\$ 589,613	\$ 804,357	\$ 9,291,879
Property and equipment	1,818,944	-	1,501,692	3,320,636
Patents and licenses	175,720	-	-	175,720
	\$ 9,892,573	\$ 589,613	\$ 2,306,049	\$ 12,788,235

2011

	US	Canada	Europe	Consolidated
Nine Months ended September 30,				
Revenue	\$ 747,792	\$ -	\$ -	\$ 747,792
General and administration	336,897	1,728,976	-	2,065,873
Research and development	989,040	-	-	989,040
Investment income	-	(20,103)	-	(20,103)

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in US Dollars)
20. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company's financial instruments consist of cash, short-term investments, accounts receivable, marketable securities, accounts payable and accrued liabilities and customer deposits. 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.

The Company has classified financial assets as follows:

	September 30, 2012	December 31, 2011
Fair value through profit or loss, measured at fair value:		
Cash	\$ 1,823,359	\$ 1,330,141
Loans and receivable, measured at amortized cost:		
Accounts receivable	90,087	526,229
Available-for-sale, measured at fair value:		
Marketable securities	430	415
Assets available for sale	1,530,256	-
	\$ 3,444,132	\$ 1,856,785

Financial instruments recorded at fair value on the balance sheet are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 - valuation based on quoted prices (unadjusted) observed in active markets for identical assets or liabilities.

Level 2 - valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability either directly or indirectly.

Level 3 - valuation techniques based on inputs for the asset or liability that are not based on observable market data.

Cash and marketable securities were determined using level 1 inputs.

Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist of accounts receivable. The Company has accounts receivable from both governmental and non-governmental agencies that are currently concentrated in North 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.

Exchange Rate Risk

The functional currency of each of the entities included in the accompanying condensed consolidated financial statements is the local currency where the entity is domiciled. Functional currencies include the US and Canadian dollar and the Euro. Most transactions are conducted in functional currencies. As such, none of the entities included in the condensed consolidated financial statements engage in hedging activities. Currencies in which the Company's exposure to foreign currencies mainly include the Canadian dollar and the Euro. A 10% change in the Canadian dollar would increase or decrease other comprehensive income by \$139,552.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in US Dollars)

20. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)

Interest Rate Risk

Short-term investments held for trading bear interest at fixed rates, and as such, are subject to risk resulting from fluctuations in interest rates.

Liquidity Risk

The Company currently does not maintain credit facilities. The Company's existing cash and cash resources are considered sufficient to fund operating and investing activities over the next twelve months.

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, cash equivalents, accounts receivable and accounts payable and accrued liabilities) are not subject to market risk, due to the short-term nature of these instruments.

21. CAPITAL MANAGEMENT

In the management of capital, the Company includes shareholders equity (excluding accumulated other comprehensive income, deficit and non controlling interest) and cash. The capital of the Company was \$63,008,682 at September 30, 2012. The Company's objective in managing capital is to ensure that financial flexibility is present to increase shareholder value through organic growth and responding to changes in economic and/or market conditions; to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business and to safeguard the Company's ability to obtain financing should the need arise.

In maintaining its capital, the Company has a strict investment policy which includes investing its surplus capital only in highly liquid, highly rated financial instruments.

The Company reviews its capital management approach on an ongoing basis. There were no changes in the Company's approach to capital management during the year.

22. LOAN PAYABLE

In April 2012, OPEL entered into a credit agreement for a revolving credit facility of up to \$5,000,000 with TCA Global Credit Master Fund, LP ("TCA"). Funds were made available to the Company on an "as needed basis", as long as the Company met the necessary capital and liquidity requirements, on normal commercial terms and an initial draw down of \$850,000 was completed. A revolving note and a security agreement create a valid security interest in any Collateral in which the Company has rights, and any Collateral in which the Company hereafter acquires rights, to secure payment and performance of the obligations of the Company.

The credit facility was amended on July 17, 2012, with the outstanding balance from the initial draw down being converted into a term loan, payable in monthly principal and interest instalments of \$64,886. The loan is due on June 15, 2013. Interest is paid at an annual rate of 12%. The outstanding balance on the loan was paid in August 2012. The balance outstanding as at September 30, 2012 is nil.

In accordance with the loan agreement, the Company issued TCA the share equivalent of \$150,000 at \$0.30 a share as a financing fee. The shares have a four month hold period before they are tradeable.

OPEL TECHNOLOGIES INC.**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**
(Expressed in US Dollars)**23. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	September 30, 2012	December 31, 2011
Trade payable	\$ 381,575	\$ 1,517,704
Payroll related liabilities	61,250	154,172
Accrued liabilities	55,721	34,000
	\$ 498,546	\$ 1,705,876

24. DISCONTINUED OPERATIONS

On June 11, 2012, management committed to a plan to discontinue its solar related operations and to dispose of its solar related assets and liabilities. The decision was taken in line with the Company's strategy to focus on the Company's key competencies, being the development of the POET platform which enables the monolithic fabrication integrated circuits containing both electronic and optical elements, with potential high-speed and power-efficient applications in devices such as servers, tablet computers and smartphones. Consequently, all assets and liabilities relating to the solar operations were classified as "assets held for sale" for "disposal group liabilities".

The comparative condensed consolidated statement of comprehensive loss has been re-presented to show the discontinued operation separately from continuing operations.

The carrying amount of assets and liabilities allocated as "assets held for sale" and "disposal group liabilities" may be analysed as follows:

Accounts receivable	\$ 4,839
Inventories	263,572
Equipment	280,000
Solar installations	981,845
Assets held for sale	\$ 1,530,256
Deferred energy credit	\$ 596,723
Asset retirement obligation	77,025
Disposal group liabilities	\$ 673,748

Until the assets are sold, the Company may continue to earn some revenue from the sale of electricity generated from the Solar installations.

OPEL TECHNOLOGIES INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Expressed in US Dollars)

24. DISCONTINUED OPERATIONS (Continued)

Revenue and expenses, and gains and losses relating to the discontinued activity have been removed from the results of continuing operations and are shown as a single line item on the face of the condensed consolidated statement of comprehensive loss. The operating results of the discontinued operations can be analysed as follows:

	Three Months Ended September 30, 2012		September 30, 2011		Nine Months Ended September 30, 2012		2011	
Revenue	\$	398,016	\$	2,077,488	\$	610,895	\$	4,075,584
Costs and expenses								
Cost of goods sold (1)		(258,156)		2,628,714		1,117,282		4,218,881
General and administration (2)		319,307		1,024,748		3,024,857		3,172,326
Research and development		(45,801)		762,251		609,948		1,945,835
Investment income, including interest		-		(3,311)		(2,791)		(8,672)
		15,350		4,412,402		4,749,296		9,328,370
Net operating results from discontinued operations, net of taxes		382,666		(2,334,914)		(4,138,401)		(5,252,786)
Loss on divestment of subsidiaries, net of taxes (3)		-		-		(336,294)		-
Net loss		-		(2,334,914)		(336,294)		(5,252,786)
Loss attributable to non-controlling interest		-		23,616		-		25,785
Loss from discontinued operation, net of taxes	\$	382,666	\$	(2,311,298)	\$	(4,474,695)	\$	(5,227,001)
(1) Cost of goods sold includes inventory write-down of	\$	-	\$	-	\$	1,143,011	\$	-
(2) General and administration includes the following:								
Impairment of long lived assets		-		-		494,465		-
Uncollectible accounts receivable		-		-		195,774		-
Prepaid expenses		-		-		127,602		-
(3) The Company divested itself of its interest in Opel Solar Asia Company Limited and Betasol. Due to the losses incurred in these subsidiaries, the Company was unable to identify a buyer for these investments. The Company therefore recorded the following losses on divestment:								
Opel Solar Asia Company Limited	\$	-	\$	-	\$	197,178	\$	-
Betasol		-		-		139,116		-
Loss on divestment of subsidiaries	\$	-	\$	-	\$	336,294	\$	-

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