

**NOTICE TO SHAREHOLDERS
FOR THE THREE MONTHS ENDED MARCH 31, 2009
(Unaudited and Expressed in US Dollars)**

OPEL INTERNATIONAL INC.

Responsibility for Consolidated Financial Statements

The accompanying consolidated financial statements for Opel International Inc. have been prepared by management in accordance with Canadian generally accepted accounting principles consistently applied. The most significant of these accounting principles have been set out in the December 31, 2008 audited consolidated financial statements. Only changes in accounting information have been disclosed in these consolidated financial statements. These statements are presented on the accrual basis of accounting. Accordingly, a precise determination of many assets and liabilities is dependent upon future events. Therefore, estimates and approximations have been made using careful judgment. Recognizing that the Company is responsible for both the integrity and objectivity of the unaudited consolidated financial statements, management is satisfied that these unaudited consolidated financial statements have been fairly presented.

Auditors' involvement

The auditors of Opel International Inc. have not performed a review of the unaudited consolidated financial statements for the three months ended March 31, 2009 and March 31, 2008.

OPEL INTERNATIONAL INC.**CONSOLIDATED BALANCE SHEETS**
(Unaudited and Expressed in US Dollars)

	March 31, 2009	December 31, 2008
Assets		
Current		
Cash and cash equivalents	\$ 11,780,685	\$ 14,444,975
Short-term investments (Note 3)	2,455,292	2,289,717
Accounts receivables	166,571	433,235
Prepays and other current assets	837,136	688,135
Inventory (Note 4)	5,673,042	4,893,410
Marketable securities (Note 5)	345	345
	20,913,071	22,749,817
Equipment	1,707,307	1,642,372
Patents	249,525	257,749
	\$ 22,869,903	\$ 24,649,938
Liabilities		
Current		
Accounts payable and accrued liabilities	\$ 1,654,478	\$ 1,592,687
Deferred energy credit (Note 6)	263,259	-
	1,917,737	1,592,687
Shareholders' Equity		
Share capital (Note 8(b))	29,299,882	29,299,882
Special voting share (Note 9)	100	100
Special warrants and shares to be issued (Note 10)	1,016,407	1,016,407
Warrants (Note 11)	7,333,164	7,333,164
Contributed surplus (Note 12)	3,477,741	3,333,750
Accumulated other comprehensive loss	(3,282,786)	(3,335,140)
Deficit	(16,892,342)	(14,590,912)
	20,952,166	23,057,251
	\$ 22,869,903	\$ 24,649,938

On behalf of Board of Directors


Robert G. Pico, Director
Leon M. Pierhal, Director

OPEL INTERNATIONAL INC.**CONSOLIDATED STATEMENTS OF OPERATIONS AND DEFICIT
(Unaudited and Expressed in US Dollars)****For The Three Months Ended March 31, 2009 and 2008**

	2009	2008
Sales	\$ 255,737	\$ 17,557
Expenses		
General and administration (note 12)	1,641,514	1,245,641
Research and development	867,874	501,333
Cost of goods sold	58,043	-
Other (income) expense	35,789	(11)
Interest expense	390	-
Interest income	(44,154)	(270,208)
	2,559,456	1,476,755
Loss before non-controlling interest	(2,303,719)	(1,459,198)
Non-controlling interest	2,289	-
Net loss	(2,301,430)	(1,459,198)
Deficit, beginning of period	(14,590,912)	(9,516,071)
Deficit, end of period	\$(16,892,342)	\$(10,975,269)
Basic and diluted loss per share (Note 13)	\$ (0.04)	\$ (0.03)

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(Expressed in US Dollars)****For The Three Months Ended March 31, 2009 and 2008**

	2009	2008
Net loss	\$ (2,301,430)	\$ (1,459,198)
Other comprehensive income - net of income taxes		
Net change in unrealized gains on currency translation adjustment	52,354	(907,670)
Comprehensive loss	\$ (2,249,076)	\$ (2,366,868)

OPEL INTERNATIONAL INC.

CONSOLIDATED STATEMENTS OF ACCUMULATED OTHER COMPREHENSIVE LOSS
(Expressed in US Dollars)

	March 31, 2009	December 31, 2008
Opening balance	\$(3,335,140)	\$ 645,123
Cumulative translation adjustment	52,354	(3,978,915)
Net change in unrealized loss on available-for-sale financial assets	-	(1,348)
Other comprehensive income (loss)	52,354	(3,980,263)
Accumulated other comprehensive loss	\$(3,282,786)	\$(3,335,140)

OPEL INTERNATIONAL INC.**CONSOLIDATED STATEMENTS OF CASH FLOWS**
(Unaudited and Expressed in US Dollars)**For The Three Months Ended March 31, 2009 and 2008**

	2009	2008
CASH (USED IN) PROVIDED BY		
OPERATING ACTIVITIES		
Net loss	\$ (2,301,430)	\$ (1,459,198)
Adjustment for:		
Amortization of equipment	39,820	24,030
Amortization of patents and licences	8,224	7,358
Stock option compensation (Note 12)	143,991	297,115
	(2,109,395)	(1,130,695)
Net change in non-cash working capital:		
Accounts receivable	266,664	110,436
Prepaid and other current assets	(149,001)	29,979
Inventory	(779,632)	(235,139)
Deferred energy credit	263,259	-
Accounts payable and accrued liabilities	61,791	(109,118)
	(2,446,314)	(1,334,537)
INVESTING ACTIVITIES		
Purchase of equipment	(104,755)	(42,040)
Short-term investments	(165,575)	(11,403,824)
	(270,330)	(11,445,864)
FINANCING ACTIVITIES		
Issue of common shares for cash, net of issue costs	-	664,414
CUMULATIVE TRANSLATION ADJUSTMENT	52,354	(907,670)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(2,664,290)	(13,023,657)
CASH AND CASH EQUIVALENTS, beginning of period	14,444,975	27,016,236
CASH AND CASH EQUIVALENTS , end of period	\$ 11,780,685	\$ 13,992,579

**OPEL INTERNATIONAL INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE THREE MONTHS ENDING MARCH 31, 2009
(Unaudited)**

1. DESCRIPTION OF BUSINESS

Opel International Inc. (the "Company"), incorporated in the Province of Ontario and continued in the Province of New Brunswick on January 30, 2007, is engaged principally in the development and marketing of concentrating solar panels for commercial applications. Additionally, the Company continues to develop a gallium arsenide microchip and the process to produce it. The Company's research and development ("R&D") efforts relate to the commercialization of CPV solar panels, solar trackers; also optical laser and infrared detection using planar opto electronic technology ("POET"). Through March 31, 2009, the Company has provided, incidental to its own extensive R&D activities, services under "fixed price" and "cost plus" R&D contracts exclusively with the Department of Defense of the United States of America. Such services are provided to the Department of Defense through Opel Defense Integrated Systems Inc. ("ODIS"), a newly incorporated company in the United States of America through the Company's wholly owned subsidiary; Opel Inc.

2. ACCOUNTING POLICIES

The unaudited consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles for interim financial information. Accordingly, they do not include all of the information and notes to the consolidated financial statements required by Canadian generally accepted accounting principles for annual consolidated financial statements. In the opinion of management, all adjustments considered necessary for a fair presentation have been included.

Operating results for the three month period ended March 31, 2009 may not necessarily be indicative of the results that may be expected for the year ending December 31, 2009. The consolidated balance sheet at December 31, 2008 has been derived from the audited consolidated financial statements at that date but does not include all of the information and footnotes required by Canadian generally accepted accounting principles for annual consolidated financial statements. The interim consolidated financial statements have been prepared by management in accordance with the accounting policies described in the Company's annual audited consolidated financial statements for the year ended December 31, 2008. For further information, refer to the audited consolidated financial statements and notes thereto for the year ended December 31, 2008.

Adoption of New Accounting Policies

Effective January 1, 2009, the Company adopted the provisions of the following new CICA Handbook Sections:

(a) Goodwill and Intangible Assets

In February 2008, the CICA issued Section 3064, Goodwill and Intangible Assets, replacing Section 3062, Goodwill and Other Intangible Assets and Section 3450, Research and Development Costs. The new pronouncement establishes standards for the recognition, measurement, presentation, and disclosure of goodwill subsequent to its initial recognition and of intangible assets by profit-oriented enterprises. Standards concerning goodwill are unchanged from the standards included in the previous Section 3062.

(b) Financial statement concepts

In February 2008, the CICA issued amendments to Handbook Section 1000, "Financial Statement Concepts" to clarify the criteria for recognition of an asset and the timing of expense recognition.

OPEL INTERNATIONAL INC.
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2. ACCOUNTING POLICIES (continued)

(c) International Financial Reporting Standards:

The accounting framework under which financial statements are prepared in Canada for all publicly accountable enterprises is scheduled to change to International Financial Reporting Standards ("IFRS") by January 1, 2011. GAAP in Canada will cease to apply and will be replaced by IFRS. Commencing in fiscal 2010, the Company will need to prepare accounts in accordance with Canadian GAAP and IFRS in order to have comparative financial statements on full implementation of IFRS in 2011.

In addition, on January 20, 2009, the CICA issued Emerging Issues Committee Abstract 173, "Credit Risk and the Fair Value of Financial Assets and Financial Liabilities" ("EIC 173"), to be applied without restatement of prior periods to all financial assets and liabilities measured at fair value in interim and annual consolidated financial statements. EIC 173 requires the Company to consider the Company's own credit risk and the credit risk of the counterparty in determining the fair value of financial assets and financial liabilities, including derivative instruments. The Company adopted EIC 173 in the quarter.

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 is currently evaluating the impact of the adoption of this new Section on the consolidated financial statements.

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 is currently evaluating the impact of the adoption of this new Section on the consolidated financial statements.

3. SHORT-TERM INVESTMENTS

The following table presents a breakdown of the Company's short-term investments, all of which are classified as held-for-trading:

	2009	2008
US Treasury bills	\$ 1,031,160	\$ -
Corporate bonds (Coupon rates ranging between 5.65% and 6.19%)	1,424,132	1,452,758
Canadian guaranteed investment certificate	-	836,959
Balance	\$ 2,455,292	\$ 2,289,717

OPEL INTERNATIONAL INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDING MARCH 31, 2009
(Unaudited)

4. INVENTORIES

	2009	2008
Raw materials	\$ 3,081,107	\$ 3,100,983
Work in process	1,252,810	913,396
Finished goods	1,339,125	879,031
Balance	\$ 5,673,042	\$ 4,893,410

5. MARKETABLE SECURITIES

	Shares	2009	2008
Tribute Minerals Inc.	4,476	\$ 73	\$ 73
Yangarra Resources Inc.	3,578	176	176
Titanium Corporation Inc.	595	96	96
Balance		\$ 345	\$ 345

6. DEFERRED ENERGY CREDIT

The deferred energy credit of \$263,259 (2008 - \$nil) earned on the solar installation used in operations will be amortized over the estimated life of the asset commencing with the date the asset is available for use (April 1, 2009)

7. VARIABLE INTEREST ENTITY

In January of 2009, OSE, a wholly owned subsidiary of Opel Inc., acquired a 50% interest in the issued and outstanding shares of Betasol Energias Alternativas, S.L. ("Betasol") in Spain for \$2,311 (Euros 1,750). Betasol was created for the purpose of developing a "solar grid field" in Spain for sale to an independent third party. OSE analysed its relationship with Betasol, and determined that OSE was the primary beneficiary and as such Betasol was a VIE. Accordingly, the Company consolidated the results of operations, cash flows and financial position of Betasol.

OSE also advanced by way of a promissory note (the "Note"), \$112,265 (Euros 85,000) to Betasol for the purposes of working capital. The Note bears interest at 4% and is denominated in Euros. The Note is due a year and ninety days after the Solar Plant has obtained the RIPRE ("Specific Register of Producers"). The Note and interest have been eliminated upon consolidation.

**OPEL INTERNATIONAL INC.
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8. SHARE CAPITAL

(a) AUTHORIZED

Unlimited number of common shares

1 Special voting share, carrying 4,985,987 votes (Notes 9 and 10)

(b) COMMON SHARES ISSUED

	Number of Shares	Amount
Balance, December 31, 2008 and March 31, 2009	55,599,862	\$ 29,299,882

9. SPECIAL VOTING SHARE

	Number of Shares	Amount
Balance, December 31, 2008 and March 31, 2009	1	\$ 100

On June 5, 2007, one (1) special voting share was issued in conjunction with a Support and Trust Agreement entered into amongst the Company, OPEL Inc. and Equity Transfer & Trust Company. The special voting share carries 4,985,987 votes.

10. SPECIAL WARRANTS AND SHARES TO BE ISSUED

Pursuant to a RTO agreement, the Company is obligated to issue 5,972,000 shares to common shareholders of Opel Inc. in exchange for their 5,972,000 Exchangeable Shares of Opel Inc. The value ascribed to the 5,972,000 shares to be issued was \$1,217,408. During 2008, 986,013 common shares were issued to Opel Inc. shareholders in exchange for 986,013 Exchangeable shares. A value of \$201,001 was attributed to the 986,013 exchanged shares.

The following table reflects the continuity of special warrants and shares to be issued:

	Number	Value
Balance, December 31, 2008 and March 31, 2009	4,985,987	\$ 1,016,407

**OPEL INTERNATIONAL INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

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11. WARRANTS

The following table reflects the continuity of warrants:

	Average exercise price	Number of warrants	Black-Scholes value
Balance, December 31, 2008 and March 31, 2009	\$ 1.27	21,798,622	\$ 7,333,164

As at March 31, 2009 the following warrants were outstanding:

	Number of Warrants	Fair Value (\$)	Exercise Price (\$)	Expiry Date
Broker warrants	644,530	138,184	0.60	May 11, 2009
Broker warrants	80,658	17,362	0.60	May 28, 2009
Broker warrants	732,145	156,300	0.60	June 5, 2009
Broker warrants	132,040	28,260	0.60	June 5, 2009
Broker warrants	20,000	6,677	0.60	June 5, 2009
Broker warrants	500,000	71,343	0.40	June 5, 2009
	166,667	56,326	1.00	November 20, 2009
	7,500,000	3,063,951 (1)	1.88	December 13, 2009
Broker units	1,500,000	612,790 (1)	1.88	December 13, 2009
	1,332,500	280,306	1.00	March 9, 2010
	2,662,835	560,656	1.00	March 26, 2010
	692,000	146,089	1.00	April 11, 2010
	2,563,000	542,154	1.00	May 11, 2010
	672,149	142,836	1.00	May 28, 2010
	2,600,098	1,509,930	0.60	June 25, 2010
	21,798,622	7,333,164		

(1) The 660,000 Broker warrants assumed during the RTO were valued at \$165,000. These warrants were originally issued by Opel Inc. and were cancelled and reissued by the Company under the same terms.

(2) These warrants were issued in Canadian dollars and are exercisable at \$1.90 CDN.

OPEL INTERNATIONAL INC.
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12. STOCK OPTIONS AND CONTRIBUTED SURPLUS

On June 19, 2008, shareholders of the Company approved a new fixed 20% stock option plan (the "New Plan"). Under the New Plan, the board of directors may grant options to acquire common shares of the Company to qualified directors, officers, employees and consultants. The Plan provides that the number of common shares issuable pursuant to options granted under the New Plan and pursuant to other previously granted options is limited to 11,930,000 (the "Number Reserved"). Any increase in the Number Reserved must be ratified by shareholders of the Company and cannot exceed 20% of the number of issued and outstanding shares. Options granted under the New Plan generally vest 25% immediately and 25% every six months from the date of issue, however, the directors may, at their discretion, specify a longer vesting period.

Stock option transactions and the number of stock options outstanding under the plan are as follows:

	Number of stock options		Weighted average exercise price	
	2009	2008	2009	2008
			\$	
Opening Balance	6,524,000	6,876,000	0.76	0.65
Options expired/cancelled	-	(59,000)	-	0.85
Options exercised	-	(1,098,000)	-	0.07
Options granted	865,000	805,000	0.16	0.77
Closing balance	7,389,000	6,524,000	0.69	0.76

During the period, the Company granted 865,000 stock options to officers, employees and consultants of the Company to purchase common shares at a price of \$0.16 per share.

Of the 865,000 stock options granted during the period, 216,250 have vested with the remainder vesting at various intervals over 18 months.

The 865,000 stock options granted in the year were valued \$94,970. During the year, \$35,009 relating to vested stock options was charged to stock-based compensation and credited to contributed surplus. The remaining \$59,961 will be charged to stock option compensation over the remaining vesting period.

Stock-based compensation expense includes \$108,982 (2008 - \$297,115) relating to vested stock options that were granted in prior years.

The stock options granted during 2009 and 2008 were valued using the Black-Scholes option pricing model using the following assumptions;

	<u>2009</u>	<u>2008</u>
Weighted average risk-free interest rate	2.11%	3.12%
Weighted average dividend yield	0%	0%
Weighted average volatility	127%	85%
Weighted average estimated life	5 years	5 years

**OPEL INTERNATIONAL INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE THREE MONTHS ENDING MARCH 31, 2009
(Unaudited)**

12. STOCK OPTIONS AND CONTRIBUTED SURPLUS (continued)

Details of the stock options outstanding at March 31, 2009 were as follows:

Value (\$)	Exercisable Options	Number of Options	Exercise Price (\$)	Expiry Date
-	400,000	400,000	0.001	March 14, 2010
105,519	310,000	310,000	0.50	March 15, 2011
6,674	20,000	20,000	0.50	June 26, 2011
111,907	300,000	300,000	0.50	September 30, 2011
122,942	305,000	305,000	0.60	April 26, 2012
32,824	200,000	200,000	0.25	May 15, 2012
45,133	275,000	275,000	0.25	May 18, 2012
120,920	300,000	300,000	0.60	May 24, 2012
20,154	50,000	50,000	0.60	May 31, 2012
20,154	50,000	50,000	0.60	June 22, 2012
1,472,016	3,119,000	3,119,000	0.94 (1)	September 21, 2012
239,423	292,500	390,000	1.48 (1)	December 14, 2012
55,819	123,750	165,000	1.18 (1)	February 12, 2013
71,220	95,000	190,000	1.46 (1)	April 29, 2013
6,154	12,500	25,000	1.03 (1)	June 19, 2013
65,080	112,500	225,000	0.44 (1)	July 29, 2013
9,299	27,500	110,000	0.11 (1)	November 6, 2013
9,900	22,500	90,000	0.15 (1)	December 5, 2013
94,970	216,250	865,000	0.13 (1)	February 13, 2014
2,610,108	6,231,500	7,389,000		

(1) These stock options were issued in Canadian dollars and are exercisable at prices ranging from CDN \$ 0.13 - \$1.48.

13. PER SHARE AMOUNTS

	2009	2008
Numerator		
Net loss	\$ (2,301,430)	\$ (1,459,198)
Denominator		
Weighted average number of common shares outstanding	55,599,862	52,869,712
Weighted average number of common shares outstanding - diluted	56,024,543	63,179,037
Basic and diluted loss per share	\$ (0.04)	\$ (0.03)

The denominator for both basic and diluted earnings per share includes the 4,985,987 (2008 - 5,972,000) shares to be issued (refer to note 10).

The effect of common share purchase options, warrants, broker warrants and shares to be issued on the net loss in 2009 and 2008 is not reflected as it is anti-dilutive.

OPEL INTERNATIONAL INC.
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14. LEASES

The Company has operating leases for office and research facilities. The lease for office facilities was entered into in 2006; the lease for the research facility was entered into in 2005 and amended in 2006.

Rent expense under these leases was \$51,712 and \$27,205 for the three months ended March 31, 2009 and 2008 respectively. Further, as of March 31, 2009, the remaining minimum annual rental payments to the lease expiration dates were:

2010	\$	76,664
2011		76,664
2012		88,072
2013		90,354
2014 and thereafter		112,943
	\$	444,697

15. SEGMENT DISCLOSURE

The Company operates in the industrial products and hardware sector and has its operations in the United States of America and Canada.

March 31, 2009

	USA	Canada	Europe	Consolidated
Current assets	\$ 11,285,306	\$ 8,597,774	\$ 1,029,991	\$ 20,913,071
Property and equipment	1,707,307	-	-	1,707,307
Patents and licenses	249,525	-	-	249,525
	\$ 13,242,138	\$ 8,597,774	\$ 1,029,991	\$ 22,869,903
Revenue	\$ 255,737	\$ -	\$ -	\$ 255,737
Research and development	867,874	-	-	867,874
General and administration	1,398,575	206,981	35,958	1,641,514
Cost of goods sold	58,043	-	-	58,043
Interest income	(10,865)	(29,427)	(3,862)	(44,154)

OPEL INTERNATIONAL INC.
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15. SEGMENT DISCLOSURE (Continued)

March 2008

	USA	Canada	Europe	Consolidated
Current assets	\$ 6,356,751	\$ 21,960,012	\$ -	\$ 28,316,763
Property and equipment	305,150	-	-	305,150
Patents and licenses	270,501	-	-	270,501
	\$ 6,932,402	\$ 21,960,012	\$ -	\$ 28,892,414
Revenue	\$ 17,557	\$ -	\$ -	\$ 17,557
Research and development	501,333	-	-	501,333
General and administration	893,994	351,647	-	1,245,641

16. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company's financial instruments consist of cash, short-term investments, accounts receivable, marketable securities, loan to ASM 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.

The Company has classified financial instruments as follows:

	2009	2008
Financial assets:		
Held-for-trading, measured at fair value:		
Cash and cash equivalents	\$ 11,780,685	\$ 13,992,579
Short-term investments	2,455,292	11,905,863
Loans and receivable, measured at amortized cost:		
Accounts receivable	166,571	24,062
Available-for-sale, measured at fair value:		
Marketable securities	345	345
	\$ 14,402,893	\$ 25,922,849

Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist of short-term investments, accounts receivable and loan to ASM. 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 year end, accounts receivable balances were concentrated among two customers.

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16. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)

Exchange Rate Risk

The functional currency of the Company is the Canadian dollar. The Company's operations in the United States and Germany are considered to be self-sustaining. The Company's operations in foreign markets expose it to the risk of foreign currency fluctuations. Potential exposure relates to currency risk on sales, purchases and loans that are denominated in a currency other than the functional currency of the Company's foreign operations. Currencies in which the Company's exposure to foreign currencies mainly include the Canadian dollar and Euro. A 1% change in the Canadian dollar and the Euro would increase or decrease other comprehensive income (loss) and net income by \$86,962 and \$1,776 respectively.

Since the Company's operations predominantly transact their sales and purchases in their respective domestic currencies, the exposure is reduced and, therefore, the Company typically does not hedge accounts receivable and accounts payable that may be 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.

Liquidity Risk

The Company currently does not maintain credit facilities, and relies on equity funding to ensure it has sufficient available funds 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 reporting date.

Fair Value

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 5% change in fair values of short-term investments and marketable securities would decrease or increase net loss by \$108,993 and other comprehensive income (loss) by \$335 respectively.

17. CAPITAL MANAGEMENT

In the management of capital, the Company includes shareholders equity (excluding accumulated other comprehensive income and deficit), cash and short-term investments, the capital of the Company was \$55,363,271 at March 31, 2009. 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.

Currently, the Company has no outstanding debt or covenants, and therefore has no externally or internally imposed capital requirements. As soon as the Company is able to raise debt financing on favourable terms, it may consider this form of capital compared to equity financing, allowing for minimum dilution and maximum shareholder value.

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 period.