



OPEL
TECHNOLOGIES INC.

Management's Discussion
and Analysis
3-months ended March 31, 2013

TABLE OF CONTENTS

Forward Looking Statements	1
Business Overview	1
a) Semiconductor Technology	1
b) Solar Business	2
Industry Outlook	2
Key Success Drivers (“KSD”)	3
Significant Events & Milestones During 2013	3
Summary of Quarterly Results	4
Explanation of Quarterly Results	4
Discontinued Disclosure	5
Explanation of Material Variations by Quarter for the Last Eight Quarters	6
Segment Disclosure	6
Liquidity and Capital Resources	8
Related Party Transactions	8
Subsequent Events	8
Critical Accounting Estimates	8
Recent Accounting Pronouncements	9
Financial Instruments and Risk Management	9
Exchange Rate Risk	9
Interest Rate Risk	9
World Economic Risk	9
Liquidity Risk	9
Market Risk	9
Strategy and Outlook	9
Outstanding Share Data	10
Common Shares	10
Stock Options and Warrants	10
Off-Balance Sheet Arrangements	10
Key Business Risks and Uncertainties	10
Additional Information	10



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**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE MONTHS ENDED MARCH 31, 2013**

The following discussion and analysis of the operations, results, and financial position of OPEL Technologies Inc., ("OPEL" or the "Company") for the three months ended March 31, 2013 (the "Period") should be read in conjunction with the Company's March 31, 2013 condensed unaudited consolidated financial statements and the Company's December 31, 2012 audited consolidated financial statements and the related notes thereto where applicable both of which were prepared in accordance with International Financial Reporting Standards ("IFRS"). The effective date of this report is May 21, 2013. 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, except to the extent required by law. The reader is cautioned not to place undue reliance on forward-looking statements.

Business Overview

Today's semiconductor world is rapidly growing. The world has become increasingly dependent on electronics for day-to-day functioning. As that dependency grows, so does the need for smaller, faster and more power efficient devices. Silicon-based semiconductor technology has been pushed to its limits. In an effort to keep up with the demand, technology leaders are committing an average 15% of their \$167 billion in revenues to R&D efforts as reported by IC Insights.

OPEL has developed a unique, proprietary process that addresses the needs of speed, size, energy and cost efficiency associated with the current silicon-based technology along with the hurdles of expanding silicon-based chip technology to fit the needs of product developers.

The Company has 32 patents issued and 6 patents pending primarily for its semiconductor Planar Opto-Electronic Technology ("POET") process, currently being developed by ODIS Inc. Through its U.S. subsidiary ODIS Inc. ("ODIS"), the Company is engaged in the designing of III-V semiconductor devices and processes for military, industrial and commercial applications, including infrared sensor arrays and ultra-low-power random access memory. The POET platform enables the monolithic fabrication of 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.

The Company, through its wholly owned U.S. subsidiary, OPEL Solar Inc ("OSI"), previously manufactured and deployed both dual and single-axis trackers designed for solar energy applications worldwide. All solar activities ceased as of June 15, 2012 after a strategic decision was made to focus its efforts on monetizing POET. The Company has sold the majority of its solar assets; however, it may continue to earn minor revenue and incur comparatively small expenses relating to its solar installations currently generating electricity.

In June 2012, OPEL restructured its Board of Directors. The new Board made two strategic decisions to strengthen the Company going forward. The first was to discontinue and divest its solar business and the second was to focus all efforts on ODIS' break-through POET Platform for advanced semiconductor applications.

OPEL is incorporated under the laws of the Province of Ontario. The Company's shares trade under the symbol "OPL" on the TSX Venture Exchange in Canada and under the symbol "OPELF" on the OTCQX in the U.S.

a) Semiconductor Technology

OPEL, through ODIS, is currently conducting research and development (R&D) for a wide array of devices for potential 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’ POET process development for these products. ODIS has been awarded more than a dozen U.S. Department of Defense projects since 2000. These have supported and continue to support the development of ODIS’ POET process, infrared sensing technology, sensor/laser development and the combination of electronic circuits and lasers on the same microchip. ODIS remains active in this area with projects underway with the U.S. Department of Defense and a major U.S. Defense Contractor. The work conducted with military applications will not limit the Company’s ability to monetize POET.

In March 2011, a third party valuation of the POET Technology was received indicating a significant potential market value of the intellectual property of this technology. In June 2011, BAE Systems independently produced operational transistors on gallium arsenide wafers, further validating critical components of the POET process. By June 2011, ODIS, under the supervision of Dr. Geoffrey Taylor, had completed several wafers containing multiple devices produced with POET Technology. In August 2011, BAE Systems ran a fabrication lot of five wafers using POET Technology. Chips were produced from these wafers and tested to further validate the varied capabilities and devices developed utilizing the POET Technology platform. ODIS has made significant progress regarding POET as it pertains to its advancements in Optical Interconnection of High Speed Circuits, making it possible for the first time to implement an optical interface as a single chip to connect existing CMOS processors as described in the POET White Paper/Roadmap posted on the ODIS website www.odisinc.com. Dr. Taylor’s continued development strides led to OPEL Technologies hosting its 2012 Annual General Meeting on the campus of the University of Connecticut (UCONN), home of the ODIS R&D facility where, at the conclusion of the Annual General Meeting, guided tours of the ODIS R&D facility were conducted by Dr. Taylor and his staff. ODIS and BAE Systems continue on the path of producing a much sought after Infrared Detector (IR) Device contracted for by the U.S. Air Force Research Laboratory, (AFRL).

In 2011, all U.S. Government contractors, including ODIS, were notified that funding to continue ongoing projects would see dramatic cuts throughout 2011 and possible termination in 2012. ODIS began experiencing such cutbacks in financial support to projects throughout 2011, including the very important BAE project which by the end of the year was no longer funded. Recognizing the importance this development effort has to the overall future of ODIS, funds were redirected to continue this project while alternative sources of funding were being sought. In April of 2012, ODIS received a Phase II award of \$750,000 from NASA to continue developing radiofrequency (RF) and optical phased arrays using the POET platform, and work began under this award during Q3 2012. Revenue from this contract continues to be earned in 2013.

OPEL’s long term objective is to explore opportunities to monetize this breakthrough technology.

b) Solar Business

Prior to June 2012, the mission of OSI was to develop and supply innovative solar product solutions to harness electricity from the sun in the most efficient and cost effective manner.

Recently, global debt figures surged upward and subsidies for new energy technologies were trimmed; this, coupled with massive solar product inventory in the marketplace, has led to ever-decreasing margins within the solar industry. Recognizing this transformation was occurring, aggressive cost cutting measures were immediately enacted during 2011 which continued into 2012; as well, OSI was redirected from being a Concentrated Solar Photovoltaic (CPV) panel provider into a solar tracker provider. Leveraging from OSI’s leadership position in the tracker market, in June 2012, a Special Committee of the Board was established to explore the divestiture of the OPEL Solar Division. This led to the sale of a significant portion of the assets of the solar tracker business in December 2012.

Industry Outlook

The semiconductor market is projected to grow to \$430 billion by 2015 and remains a rapidly growing segment of our society. Electronics sales topping \$1,200 billion all require semiconductors to achieve success and competitive performance. New and more integrated technologies and devices have been the biggest driver to this market growth.

OPEL’s POET technology is applicable in a large portion of this semiconductor market as it represents, possibly, the most comprehensive solution to increasing semiconductor performance in an economical and functional manner. In the short term, POET’s current development efforts may allow future licensees to address weaknesses in the

following markets (market sizes projected for 2015):

- Optical Semiconductor – projected \$37.4 billion
- Sensors and actuators – projected \$14.1 billion
- Analog ICs – projected \$55.9 billion
- Discrete semiconductors – projected \$28.6 billion

With further development, POET can potentially address other market areas such as:

- Logic – projected \$115 billion
- MPUs and MCUs – projected \$92.6 billion
- Memories – projected \$86.6 billion

Source: Gartner, PWC

Business indicators suggest that POET may provide significant value to the ever growing market, where it addresses a need for power consumption, speed, size and cost efficiency.

As reported throughout 2012, OPEL's strategy is to continue, aggressive research and development efforts planned by ODIS as it relates to the completion of the POET platform. Upon completion, POET is expected to allow ODIS to fundamentally alter the landscape of computing for a broad range of applications by offering components with dramatically lowered cost together with increased speed, density, and reliability.

Since the beginning of its development, the recognition of the breakthrough potential provided by the POET technology within the military community remains strong. Even through a downturn in military spending during 2011, POET remained at the forefront of those projects earmarked for funding during 2012 and 2013. This military development work will not constrain the commercial application of the POET Technology.

Key Success Drivers (“KSD”)

ODIS continued to develop its enhancements to the POET platform during 2011 and continued to do so into 2012. POET is a semiconductor fabrication process that enables the monolithic fabrication of integrated circuits containing both electronic and optical elements. In late 2012 OPEL successfully demonstrated a continuous laser, fabricated using POET, which it regards as a significant development and underscores its viability and commercial applicability.

The POET platform, which is covered by numerous patents and patents pending, makes possible the economic production of fully-integrated optoelectronic semiconductor devices with higher speeds and reduced power consumption compared to conventional silicon-based devices. Utilizing POET, ODIS designs infrared sensor type products for military and industrial applications. ODIS develops gallium arsenide-based processes and semiconductor 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. ODIS chip design capabilities allow for optical and electronic signals to be used on the same chip when necessary and allow for direct connection to optical fiber without conversion to electronic signals.

The Company's success in 2012 was driven by its ability to achieve significant milestones in cost control, liquidity and technical progress, which in turn led to a recovery in market value of its share price from 2011. In 2013, the Company continued to build on those success drivers to keep the Company operationally sustainable. The Company's future success will also be driven by focusing on the same factors, as well as critical human capital.

Management's decision in 2012 to relieve itself of underperforming assets and establishing a lean operational model has allowed the Company an opportunity to access the necessary resources to focus on its key strategy – developing and monetizing its state-of-the-art POET process.

Significant Events and Milestones During 2013

OPEL continued to make progress in 2012. 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) On February 14, 2013, the Company completed a brokered private placement financing for gross proceeds aggregating to \$7,189,200 (\$7,200,000 CAD). The Company issued 14,400,000 units, at a price of \$0.499 (\$0.50 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 \$0.748 (\$0.75 CAD) per share for a year of two years. The agents received cash commissions in the aggregate of \$503,244

(\$504,000 CAD) and 1,440,000 compensation warrants in connection with the private placement. Each compensation warrant entitles the holder to purchase one common share of the Company at \$0.499 (\$0.50 CAD) per share for a period of three years.

- 2) In February 2013, the Company ordered approximately \$868,000 dollars of new equipment to upgrade its R&D facility capabilities. All necessary site infrastructure upgrades have been completed. The Company is expecting delivery of the new equipment, installed and calibrated by the end of June 2013.
- 3) On March 4, 2013, the Company announced that it had achieved Milestone 4, which is the next key milestone in POET. The Company announced that it achieved radio frequency and microwave operation of both n-channel and p-channel transistors. By reaching this milestone, 3-inch POET wafers fabricated at BAE Systems (Nashua, NH) yielded submicron n-channel and micron-sized p-channel transistors operating at frequencies of 42 GHz and 3 GHz respectively. These operating frequencies are expected to be improved even further in the short term to up to 300-350 GHz range for the n-channel device.
- 4) On April 2, 2013, the Company announced the appointment of Dr. Adam Chowaniec and Dr. Geoff Taylor to the Board of Directors. Dr. Chowaniec was the CEO of a number of technology companies that were successfully acquired by companies such as Ericsson, Microsemi and Integrated Device Technology.
Dr. Taylor is the Chief Scientist who has led the development of the Company's POET platform. Dr Taylor is also a professor of Electrical Engineering and Photonics at the University of Connecticut. Dr. Taylor was also a member of the technical team at AT&T Bell Labs, Honeywell and Texas Instruments.
- 5) On February 25, 2013, the Company engaged Atomic Communications, LLC as its new public relations firm.
- 6) On April 11, 2013, the Company announced that it retained Grayling Communications Limited ("Grayling"), a leading international strategic communications advisory firm to be its North American investor relations counsel. Grayling has committed to assisting the Company in areas of investor relations, public relations and government relations. Grayling has over 1,000 staff in 70 offices in more than 40 countries across the United States, Western and Eastern Europe, Africa and Asia Pacific.
- 7) In April and May 2013, the Company divested its assets available for sale and its related disposal group liability to a third party, thereby completing the Company's discontinuance of its solar division.

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 IFRS. All amounts herein are expressed in United States dollars unless otherwise indicated:

	Mar. 31/13	Dec. 31/12	Sep. 30/12	Jun. 30/12	Mar. 31/12	Dec. 31/11	Sep. 30/11	Jun. 30/11
Sales	\$ 91,087	\$ 126,736	\$ 112,070	\$ -	\$ -	\$ 7,630	\$ 93,316	\$ 316,696
Cost of goods sold	-	-	-	-	-	-	-	-
Research and development	312,551	265,146	240,494	233,850	289,764	338,018	305,349	338,032
Depreciation, amortization	2,548	1,838	3,258	1,131	1,131	1,089	1,131	1,069
Professional fees	139,786	32,001	17,650	70,931	54,750	20,375	88,690	23,875
Stock-based compensation	734,715	651,317	379,243	309,069	364,397	439,000	593,864	462,999
General and administrative	585,335	404,654	297,854	342,968	160,312	188,180	189,827	179,021
Investment income and other income	-	-	-	-	-	(1,812)	(5,312)	(11,747)
Discontinued operations (income) loss	-	210,754	(382,666)	3,480,717	1,376,644	6,645,439	2,334,914	1,437,862
Net loss	<u>(\$1,683,848)</u>	<u>(\$1,438,974)</u>	<u>(\$ 443,763)</u>	<u>(\$ 4,438,666)</u>	<u>(\$ 2,246,998)</u>	<u>(\$7,622,658)</u>	<u>(\$3,415,148)</u>	<u>(\$ 2,114,415)</u>

Explanation of Quarterly Results

In the first quarter ended March 31, 2013, the Company was able to reduce losses by \$560,150 from the same quarter in the previous year. Net loss in Q1 2013 was \$1,683,848 compared to a loss of \$2,246,998 in the same period in 2012. The improved financial operations were a result of the Company divesting itself of the solar division which added \$1,376,644 to the loss in 2012.

In Q1 2013, the Company earned \$91,087 in SBIR revenue relating to a \$750,000 SBIR contract granted to the Company in 2012. This award was granted to the Company while the government was scaling back on SBIR contracts due to government cutbacks. During the same period in 2012, no awards were granted and the Company did not earn any revenue. The Company's strategy, however, is to reduce its dependency on SBIR by developing POET to the stage of monetizing it outside of its current uses by the government.

General and administrative expenses in Q1 2013 increased by \$425,000 over the same period in Q1 2012. The increase was primarily driven by increases in: management fees and investor relations of \$138,000; maintenance and insurance costs of \$59,000; director fees, salaries and benefits of \$200,000; and listing and regulatory fees of \$40,000.

The increases in the above expenses are consistent with the Company's strategy to continue to drive POET to monetization. The new management team was successful in attracting high profile members to the Board of Directors, renewing investor confidence which allowed the Company to raise over 13 million dollars in new capital since June 2012 and divesting the Company of its under-performing solar division, all of which added \$1,376,000 to the Company's loss in Q1 2012. This increase in management fees is expected to remain high compared to prior years as the expertise will continue to drive the Company's success. Other expenses such as regulatory fees, listing fees, office expenses, travel expenses and other ancillary expenses naturally increased as these costs are considered integral to raising capital.

The Company is continuing to investing in highly technical staff to expedite the development and monetization of POET, as a result salaries and benefits have increased over prior years. This investment has already contributed to the Company reaching its Milestone 4, an important milestone in the Company's path to monetization.

Non-cash stock option expense was \$734,715 in Q1 2013 compared to \$364,397 in Q1 2012, an increase of \$370,318. Although, the Company only granted 50,000 stock options in Q1 2013, the expensing of vested stock options granted in 2012 had a significant impact on the expense in the current period.

Professional fees increased were \$139,786 in Q1 2013 compared to \$54,750 during the same period in Q1 2012. Professional fees had an increase of \$85,036 due to the professional services required by both accountants and lawyers in dealing with the divestiture of the solar division which included the sale of assets, termination of leases and orderly termination of redundant employees.

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 of 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 saleable assets and liabilities relating to the solar operations were classified as "assets available for sale" or "disposal group liabilities".

On December 12, 2012, the Company sold a portion of its assets available for sale to an arm's length party. The sale resulted in the Company receiving \$1,000,000 for those assets available for sale. No gain or loss was recorded on the sale of the assets as current accounting standards mandate that assets are evaluated for impairment prior to discontinued operations treatment.

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

Solar installations	\$ 606,413
<hr/>	
Assets available for sale	\$ 606,413
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Deferred energy credit	\$ 526,518
Asset retirement obligation	79,895
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Disposal group liabilities	\$ 606,413
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The Company may continue to earn minor revenue along with incurring some minor expenses relating to its former solar business up to the divesture dates which were subsequent to quarter end.

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 consolidated statement of comprehensive loss. The operating results of the discontinued operations in Q1 2013 and 2012 can be analyzed as follows:

	March 31,	
	2013	2012
Revenue	\$ -	\$ 43,195
Costs and expenses		
Cost of goods sold	-	43,242
General and administration	-	993,347
Research and development	-	384,891
Investment income, including interest	-	(1,642)
	-	1,419,838
Net operating results from discontinued operations, net of taxes	\$ -	\$ (1,376,643)

Explanation of Material Variations by Quarter for the Last Eight Quarters

In the quarter ending March 31, 2013, the Company's professional fees and general and administrative expenses were cumulatively \$725,121. This amount is \$288,466 greater than the previous quarter ended December 31, 2012. The increase was a result of professional fees relating to discontinuing the solar operations, the hiring of a new investor relations firm and salaries and benefits paid to new technical staff engaged to drive the technical development of POET and severance payments related to redundant staff. Professional fees are expected to be reduced over the coming quarters.

In the quarter ending September 30, 2012, OPEL's results showed a profit of \$382,666 included in discontinued operations through the negotiation of lower payments on some of its accounts payable and the completion of some final sales commitments to customers. These were the final billings associated with the discontinued solar business.

In the quarter ending June 30, 2012, OPEL made the decision not to continue the solar related side of its business. All assets and operations were reviewed and the Company posted a loss on discontinued operations of \$3,480,717. By the end of the year, all losses associated with discontinuing the solar division totaled \$4,685,449. All eight quarters in the table above have been retroactively restated to show the effects of the discontinuation of OPEL's solar business.

In the quarter ending December 31, 2011, the Company recorded an inventory write down of \$3,570,406 and an impairment of long lived assets of \$1,501,692. Both items were included in the loss from discontinued operations of \$6,645,439.

In the quarters ending September 30, 2011, December 31, 2011, March 31, 2012, and June 30, 2012, OPEL, through its ODIS division, recorded its lowest levels of revenue since 2008. The U.S. Government stopped all SBIR funding for many companies, including ODIS. This type of grant had been a solid source of funding to develop the POET platform over the years. ODIS was granted a new SBIR from NASA last quarter which will help fund this activity with new revenue which started in July.

Segment Disclosure

The Company and its subsidiary operates in a single segment; the design of semi-conductor products for military and industrial applications. In prior years, the Company had two operating segments, however, in 2012, management made a decision to discontinue one segment. The Company's operating and reporting segment reflects 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. A summary of the Company's operating segment is below:

ODIS Inc. ("ODIS")

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 three months ended March 31, 2013 and March 31, 2012 is as follows:

	OPEL	2013 ODIS	Total	OPEL	2012 ODIS	Total
Revenue	\$ -	\$ 91,087	\$ 91,087	\$ -	\$ -	\$ -
Operating expenses	-	781,816	781,816	-	402,445	402,445
Amortization	-	1,048	1,048	-	1,048	1,048
Loss from discontinued operations	-	-	-	1,376,644	-	1,376,644
Segment loss	-	691,777	691,777	1,376,644	403,493	1,780,137
Corporate operations			992,071			466,861
Net loss			\$ 1,683,848			\$ 2,246,998

Assets and capital expenditures at March 31,

	OPEL ⁽¹⁾	2013 ODIS	Total	OPEL	2012 ODIS	Total
Total assets	\$ 3,908,095	\$ 1,016,834	\$ 4,924,929	\$ 3,927,359	\$ 75,451	\$ 4,002,810
Capital expenditures	\$ -	\$ 869,951	\$ 869,951	\$ -	\$ 27,664	\$ 27,664

(1) Includes cash of \$3,157,574, accounts receivable of \$144,108 and assets available for sale of \$606,413.

(2) The Company has assets of \$3,746,926 at its corporate office not included above.

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

2013				
As of December 31,	US	Canada	Europe	Consolidated
Current assets	\$ 3,987,873	\$ 3,746,926	\$ -	\$ 7,734,799
Property and equipment	895,121	-	-	895,121
Patents and licenses	41,935	-	-	41,935
	\$ 4,924,929	\$ 3,746,926	\$ -	\$ 8,671,855

2013				
	US	Canada	Europe	Consolidated
Three months ended March 31,				
Revenue	\$ 91,087	\$ -	\$ -	\$ 91,087
General and administration	470,314	992,070	-	1,462,384
Research and development	312,551	-	-	312,551

2012				
As of March 31,	US	Canada	Europe	Consolidated
Current assets	\$ 1,856,485	\$ 49,422	\$ 40,925	\$ 1,946,832
Property and equipment	1,756,621	-	-	1,756,621
Patents and licenses	164,439	-	-	164,439
Investment in OPEL Solar Asia Company Limited	197,178	-	-	197,178
	\$ 3,974,723	\$ 49,422	\$ 40,925	\$ 4,065,070

2012				
	US	Canada	Europe	Consolidated
For the three months ended March 31,				
Revenue	\$ -	\$ -	\$ -	\$ -
General and administration	113,728	464,490	-	578,218
Research and development	289,764	-	-	289,764
Investment income	-	(578)	-	(578)

Liquidity and Capital Resources

The Company had working capital of \$6,297,370 on March 31, 2013 compared to \$1,433,392 on December 31, 2012. The increase and maintenance of the high working capital was due to the 7.2 million dollars of financing completed on February 14, 2013 in addition to the 5.4 million dollars raised in the second half of 2012. The Company used a portion of the funds raised in 2012 to settle the high accounts payable balances that it carried for most of 2012.

The Company's balance sheet currently has assets with a book value of \$8,671,855 of which 89% or \$7,734,799 is current and primarily cash and accounts receivable of \$7,124,792. This highly liquid and unencumbered balance sheet is a spring board for a flurry of activity expected in 2013, including but not limited to achieving technical and operational milestones, acquiring new and more modern semi-conductor fabrication equipment and engaging critical commercial and technical staff.

The Company is positioned with sufficient liquidity to support its operations, technological programs and fixed asset purchases over the next 12 to 18 months. 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.

The Company is embarking on an aggressive plan of monetizing POET while simultaneously improving shareholder value. The focus therefore is to remain sufficiently capitalized through lean operations which are expected to reduce the Company's operating cash requirements by approximately 30% or \$600,000.

Related Party Transactions

Compensation to key management personnel were as follows:

	March 31,	
	2013	2012
Salaries	\$ 136,400	\$ 222,000
Share-based payments ⁽¹⁾	165,242	206,289
Total	\$ 301,642	\$ 428,289

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

Accounts receivable includes \$100,000 advanced to the CEO of the Company. The advance is non-interest bearing and short-term in nature.

During the Period, the Company paid an aggregate of \$73,200 in consulting fees to two executive directors of the Company.

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.

Subsequent Events

Subsequent to the Period end, the Company completed the sale of its assets available for sale and the respective disposal group liabilities.

Critical Accounting Estimates

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.

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.

Cumulative Translation Adjustment

IFRS 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.

Recent Accounting Pronouncements

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. Please see note 3 of the financial statements for additional information.

Financial Instruments and Risk Management

The Company's financial instruments consist of cash, accounts receivable, marketable securities, 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.

Exchange Rate Risk

The functional currency of OPEL Technologies Inc. is the Canadian dollar. The Company is exposed to foreign currency risk with the Canadian dollar. A 10% change in the Canadian dollar would increase or decrease other comprehensive income by \$360,764. 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.

World Economic Risk

Like many other companies, the world economic climate has impacted OPEL's business and the business of many of its current and prospective customers. The difficult economic climate has led to U.S. Government cutbacks in funding the SBIR's that are used to support ODIS' R&D activities. However, lower interest rates, a lower value of the dollar and rising global liquidity have helped to counterbalance some of these global economic challenges which may lead to the release of some Government funding.

Liquidity Risk

OPEL predominately relies on equity funding for liquidity to meet current and foreseeable financial requirements. Additionally, ODIS has a history of Governmental funding of some of its projects through SBIR grants but recent Federal budget issues have reduced availability to smaller companies like ODIS.

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.

Strategy and Outlook

During 2013, 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:

- Continue to complete the third party validation of the patented POET technology at a fabrication facility that can prove its viability and product potential through ODIS.
- Expand the ODIS engineering team with placement of additional team members at both the ODIS' R&D facility and the third party fabrication facility in Nashua, New Hampshire.
- Procure additional equipment which may be required for the continuing development of POET on a more rapid and more efficient basis.
- Actively engage with all Departments of the Military including other Government Agencies pressing for SBIR funding directed at ODIS for projects which serve to enhance POET's development.
- Actively search out opportunities to monetize POET, bringing maximum value to shareholders.

Outstanding Share Data

Common Shares

As of March 31, 2013 and May 21, 2013, there were 132,474,865 outstanding common shares of the Company.

Stock Options and Warrants

As at March 31, 2013 and May 21, 2013, the Company had 42,478,569 warrants and compensation warrants outstanding to purchase common shares at exercise prices ranging from \$0.23 – \$0.75

Total stock options outstanding as at March 31, 2013 and May 21, 2013 were respectively 17,024,000 and 18,024,000 shares respectively priced between \$0.16 and \$1.50 per common share.

Additional detailed share data information is available the Company's Notes to 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 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.

Technology Development – Delays in either technology development or the transition to large scale application of the technology may cause a material adverse effect to the Company. Technology 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 technology development to ensure timely completion the technological milestones. 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 – The Company has not earned profits, so its ability to finance operations is chiefly dependent on equity financings. Given the current financial position of the Company, significant doubt is raised as to the Company's ability to continue as a going concern. However since June 2012, the Company has raised over 13 million dollars in equity financing in support of the POET initiative.

Governmental Incentives – Projects that OPEL might participate in directly or through ODIS may not be funded due to reductions, changes in timing, and/or the removal of government incentives. There is no assurance that the Company will be successful in continuing to focus its energies on commercial applications of the ODIS technology and minimizing its reliance on SBIRs to mitigate this risk.

Ability to Reach Profitability – OPEL has no history of profitability and may not be able to monetize POET. The Company has been aggressively marketing the technology to industry.

Market Acceptance of New Products – ODIS' POET technology is a new technology which currently does not have an installed base and may not be embraced for use by the semiconductor industry. Branding is a key to creating market acceptance. There is no assurance that these risks can be mitigated through public announcements, demonstrations and advertisements about the competitive advantage of the Company's high efficiency technology..

Technology Changes – OPEL's technology is 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 cannot 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 is 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.

Major Competitors – OPEL may face several competitors before or after it brings its technology to market which could result in the lack of acceptance thereby having a material adverse effect on the Company. Through research and competitive data, OPEL feels that these markets are ready for a new entrant especially with the efficiency of the ODIS technology. Staying ahead of the curve with R&D, and consistency in new product development will be key to keeping, developing and maintaining market share.

Additional Information

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