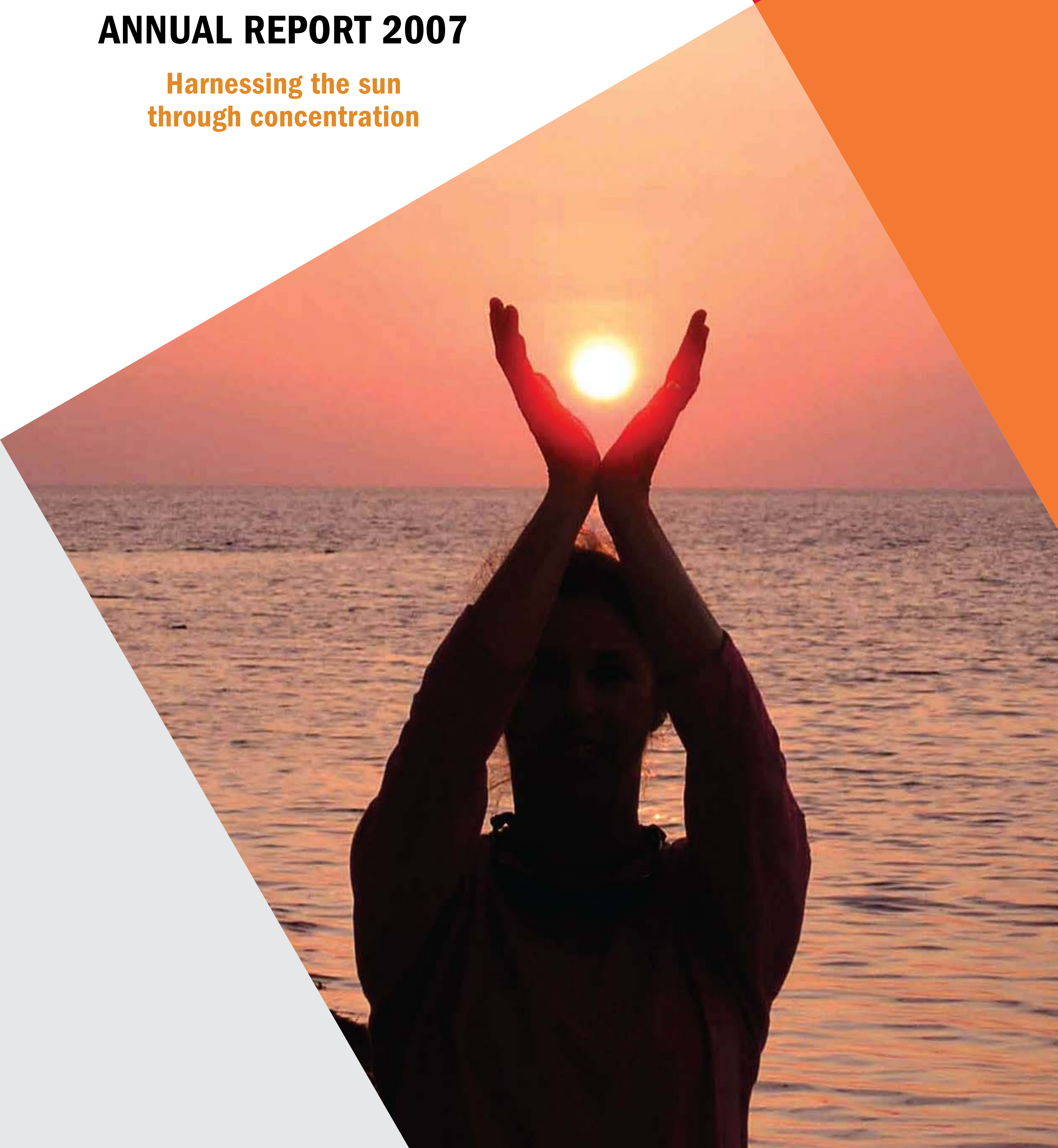
ANNUAL REPORT 2007

Harnessing the sun through concentration



To the Shareholders:

A technology-focused company, OPEL International Inc. designs, manufactures and markets innovative, state-of-the-art concentrating solar technology products. Our solution greatly improves the cost and performance of existing solar photovoltaic products and makes solar power generation a viable and non polluting alternative.

OPEL's unique technology is the subject of 46 filed patents with nearly half granted already. Our products are targeted for use in the generation of power for commercial applications, spanning the range from power grid fields to rooftop systems for commercial buildings.

The year 2007, which was the first full year of operations for OPEL following the September 2006 reverse take-over of Tandem Resources Ltd., was marked by a number of significant accomplishments. We are paving the way for the Company to reach commercial scale production in the second half of 2008 in Guadalajara, Mexico where production planning and initial manufacturing is underway.

Critical to our success is the reliable and adequate supply of triple junction high efficiency solar cells. In this regard, we were pleased to enter into a long-term supply contract with Boeing-Spectrolab, under which we placed OPEL's first order for ten megawatts of supply in December 2007, for which deliveries are already underway.

We were gratified by customer interest in and demand for our concentrated PV products. Despite the fact that we do not yet have a formal sales organization in place, our technology has gained profile in the market and led to a number of initial shipments. Our first concentrator system was shipped to Algonquin Power in Toronto in November 2007. Subsequently, in the first quarter of 2008, we shipped the first high density concentrator system to see operation in Central Europe with Energy21 in the Czech Republic. High density concentrators were also shipped to SunPeak Solar in California.

In 2007, OPEL also secured access to solar tracker systems by signing an exclusive OEM and distribution agreement with FEiNA SCP for North America and Brazil in addition to use rights worldwide.

We successfully completed two rounds of financing, in May and December, raising total gross proceeds of approximately US$12.7 million and CA$22.5 million respectively. As a result, our balance sheet remained strong at year-end, with US$30 million in shareholders' equity and no long-term debt. This financing is viewed as sufficient to fully fund the Company's activities through the entire period prior to commercial production.

We also completed all US and Canadian financial audits to the respective GAAP requirements and listed our shares for trading on the TSX Venture Exchange under the symbol OPL.

2007 was a very active and exciting year and, as we move into 2008, we're excited about new customer orders from Spain and a new program under which we're providing clean and less expensive electricity to Connecticut schools. We will report more on these developments throughout 2008.

In closing, I would like to express my thanks to my fellow directors for their strong counsel and oversight and to our employees for their hard work and dedication. I would also like to thank you, our shareholders, for your support. I look forward to greeting many of you at our Annual Meeting on June 19th.

On behalf of the Board of Directors

Robert G. Pico
Director and Chief Executive Officer
May 20, 2008

The accompanying financial statements contained in this report were prepared by and the responsibility of management. The statements were prepared in accordance with Canadian generally accepted accounting principles and include management’s best judgments and estimates. Where alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances. Financial information presented elsewhere in this report is consistent with that in the financial statements.

The Company maintains a system of internal controls which provides management with reasonable assurance that financial information is relevant, reliable and accurate and that the Company’s assets are properly accounted for and adequately safeguarded.

The financial statements have been audited by Smith, Nixon & Co. LLP., the independent external auditors appointed by shareholders. In that capacity, they have examined and reported on the financial statements for the year ended December 31, 2007. The Audit Committee of the Board of Directors has reviewed the financial statements with management and the external auditors and has recommended their approval by the Board of Directors.

Robert G. Pico
Chief Executive Officer
Toronto, Ontario
May 20th, 2008

The following discussion and analysis of the operations, results, and financial position of Opel International Inc. (formerly Tandem Resources Ltd.), (the "Company") for the year ended December 31, 2007 should be read in conjunction with the December 31, 2007 audited consolidated financial statements and the related notes thereto. The financial statements have been prepared in accordance with Canadian generally accepted accounting principles. The effective date of this report is April 16, 2008. All financial figures are in United States dollars (US) 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 with achieving in commercial production or interruptions in such production if achieved, the inherent uncertainty of cost estimates and the potential for unexpected costs and expenses, the uncertainty of profitability and failure to obtain adequate financing on a timely basis. The Company undertakes no obligation to update forward-looking statements if circumstances or Management's estimates or opinions should change. The reader is cautioned not to place undue reliance on forward-looking statements.

Business Overview

The Company was incorporated in the Province of Ontario and continued in the Province of New Brunswick on January 30, 2007. Through its subsidiary, Opel Inc. ("Opel"), it is engaged principally in the development and marketing of concentrating solar panels for commercial applications and developing a gallium arsenide microchip and the process to produce it for various applications. On September 26, 2006, the shareholders of the Company approved a capital transaction agreement with Opel Inc. ("Opel") a private technology company, incorporated under the laws of Delaware. The capital transaction was accounted for as a reverse take over ("RTO"). On June 8, 2007, the Company completed a private placement of US$10.7 million, which exceeded the requirements of liquidity for listing on the Toronto Venture Exchange, "TSXV". Subsequently, on June 26, 2007, the Company's shares began trading under the symbol "OPL" on the TSXV.

Opel designs, manufactures and markets high performance concentrating photovoltaic products to transform solar energy into electricity for worldwide application. Opel's high performance photovoltaic concentrating products generate up to 40% more kilowatt-hours than conventional fixed solar panels, resulting in more cost effective electricity generated from the sun. In certain circumstances, Opel will operate on premise generating facilities that provide customers with solar generated electricity at competitive rates without the need of capital investments on their part. Opel also designs infrared sensor type products for military and industrial applications.

Opel continues to be an early-stage technology company that is developing gallium arsenide based processes and semi-conductor microchip products having several potential major market applications: solar concentrator cells and panels for use in power grid applications and commercial rooftops, infrared sensor arrays for security monitoring and imaging along with the unique combination of optical (lasers), and electronic control circuits on the same microchip for telecommunication applications such as Fiber To The Home ("FTTH"). The use of gallium arsenide as the key material in Opel's solar cell development will permit the use of these cells under solar concentration with greatly increased output compared to flat plate solar collector designs done in silicon, as presently used. Opel has been awarded several US Department of Defense projects since 2000. These have been and continue today to support Opel's Planar Opto-Electronic Technology ("POET") process development, infrared sensing technology, optical/laser development and the combination of electronic circuits and lasers on the same microchip. Opel remains active in this area with several recent projects underway with the US Department of Defense.

The solar cell development is based on the use of gallium arsenide chips being designed by OPEL which when ready, will be processed by the Canadian Photonics Fabrication Center ("CPFC") which is a part of the Canadian National Research Centre in Ottawa, Canada. The following development phase of an Opel solar cell multi-junction development will be based on a variation of Opel's POET technology after the transfer is complete from Opel's University of Connecticut ("UCONN") Laboratory to a qualified fabrication source such as CPFC in Ottawa or BAE Systems. This variation will include an adjusted transistor design from the present POET process.

Opel was founded in December 2000. It received its first two government contract awards in 2001, for an aggregate of US$1.07 million. During 2001, Opel demonstrated its first thyristor operation (electrical only) and obtained two patents. Since then, Opel has been granted a total of $5,230,000 in government contracts. Opel has filed a total of 46 patents of which 23 have been granted to date.

Significant Events in 2007

The Company achieved certain milestones in 2007 which are significant to the development of the Company and are considered necessary foundation achievements to the Company's future success.

1. Opel met the requirements to be listed on the Toronto Venture Exchange and its shares began trading under the symbol "OPL" in June, 2007.
2. Opel closed private placements of $10.7M in June and $22.2M in December of 2007.
3. The CPFC in Ottawa successfully ran a prototype wafer of Opel's first generation multi-junction solar cells.
4. Pre-production units of the Mk-I high concentration and the Mk-III low concentration solar panel assembled and in test.
5. Several orders were received for installations of trial concentrating solar systems to be installed at power companies in Canada, California and the Czech Republic.
6. Signed an exclusive distribution and OEM agreement with FEiNA SPC, a well known Spanish tracker company.
7. Designed a unique low profile roof top tracker system for use with any type of solar panel.
8. Placed a volume purchase order for the supply of high efficiency, multi-junction solar cells from Boeing-Spectrolab in 2008.
9. Opel continued in the discovery and preparation for patent filings on the POET and solar technologies.

Selected Annual Information

The following are the highlights of financial data of the Company for the most recently completed three financial years which have been prepared in accordance with Canadian generally accepted accounting principles:

	2007	2006	2005
Sales	$ 931,717	$ 1,100,424	$ 821,260
Interest income	227,439	-	-
Research and development	1,359,944	1,091,351	591,807
Amortization	116,406	106,487	72,160
General and administrative	3,211,576	1,769,260	252,956
Professional fees	378,607	294,607	48,943
Interest expense	270,162	65,501	117,113
Stock based compensation	1,571,132	81,868	147,709
Net loss	$ (5,748,671)	$ (2,308,650)	$ (409,428)

Explanation of 2007 Annual Results

During 2007, the Company generated sales of $931,717 as compared to sales of $1,100,424 in 2006. This decrease was due to the completion of one of the US Government SBIR contracts in the first quarter of 2007. This was as per plan as the contracts have a billing cycle. No additional SBIR contracts were added in 2007.

Total expenses in 2007 were $6,680,388 verses $3,409,074 in 2006. This increase of $3,271,314 is the result of the following significant items; the non-cash valuation of our stock compensation was $1,489,264 over our 2006 expense, this included a revaluation of stock options that were issued in 2005 and 2006. The revalued options were abridged by 2 years resulting in additional compensation expense of $93,000. We also had a non-cash valuation of shares issued as a penalty for the delay in Opel's stock being listed on the TSXV equaling $216,000, our R&D expense was higher than 2006 by $268,593 due to the addition of our solar work, professional fees were higher in 2007 by $84,000 due to the two private placements we did and patent filings, finally, G&A expenses were higher in 2007 by $1,439,808, substantially due to our increased headcount during the year. 2007 also included a non cash interest expense of $133,000 relating to the interest cost associated with a convertible debenture. Due to the nature of the debenture, Canadian generally accepted accounting principles required the debenture to be bifurcated. This bifurcation resulted in additional non cash interest cost of $133,000 over and above the face value interest of $131,402. Of the $131,402 of interest, $81,208 was settled with the issuance of 200,196 units of the Company. Refer to Note 9b of the December 31, 2007 audited consolidated financial statements for details.

The net loss for the year ended December 31, 2007 was $5,748,671 as compared to a net loss of $2,308,650 for the year ended December 31, 2006. Basic and diluted net loss per common share in fiscal 2007 and 2006 were $0.17.

Summary of Quarterly Results

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

	Dec. 31/07	Sep. 30/7	Jun. 30/7	Mar. 31/7	Dec. 31/06	Sept. 30/06	Jun. 30/06	Mar. 31/06
Sales	209,347	233,795	204,340	284,235	191,761	310,080	428,640	169,943
Research and development	409,379	374,763	276,752	299,050	137,096	264,821	352,003	337,431
Depreciation and Amortization	34,552	28,939	27,079	25,836	31,360	25,042	32,471	17,614
Professional fees	188,431	79,249	52,994	57,933	25,785	56,313	97,725	114,784
Stock-based compensation	894,084	463,028	214,020	-	-	-	5,017	76,851
General and administrative	841,660	955,677	683,426	730,813	824,053	323,394	289,771	334,550
Interest (income) expense	31,567	(114,457)	85,565	40,048	4,055	20,191	20,468	20,787
Net income (loss)	(2,190,326)	(1,553,404)	(1,135,496)	(869,445)	(830,588)	(374,665)	(368,815)	(732,074)

Explanation of Quarterly Results

The Company's net loss for the three months ended December 31, 2007 was $2,190,326 compared to a net loss of $830,588 for the same period in 2006. The three months ended December 31, 2007 included a non-cash expense of $894,084 related to the valuation of stock options, expensed in the quarter. We experienced an increase of $270,000 in materials and subcontracted labor to our solar product development and additional employee salaries in R&D. Our G&A remains consistent year over year. The non-cash expense related to the valuation of options granted by Opel is necessary to attract and hold highly skilled employees.

Liquidity and Capital Resources

The Company had a working capital of $29,263,691 at December 31, 2007, compared to a working capital deficiency of $(286,849) on December 31, 2006. This positive increase is due to the closing of the private placements in June and December, 2007.

Of the Company's $30,406,871 of assets, $29,841,872 is classified as current assets, which includes $27,016,236 of cash and $502,039 of short-term investments.

In an effort to solidify the value of the Company's patents and licenses, the Company paid $100,000 to convert its license agreement for certain intellectual property into an irrevocable license.

During the year the company completed $32,747,972 of equity financing by issuing 32,509,965 units at an average price of approximately $1.01 per unit. $3,464,934 of issue cost was paid relating to the financings. Each unit is comprised of common shares and warrants with each warrant exercisable into common shares at prices ranging from $1.00 to $1.88 and dates expiring no later than May 28, 2010.

The Company also received $687,367 from the exercise of 894,465 warrants and broker warrants.

Refer to note 9(b) of the December 31, 2007 audited consolidated financial statements for details of the Company's equity financings during the year.

The Company currently has no plans for new financing in 2008. Management is satisfied that the current cash reserves are sufficient to fund the Company's expansion, inventory purchase commitments and research programs for 2008.

Summary of the RTO transaction

On September 26, 2006, the shareholders of the Company approved a reverse takeover ("RTO") transaction with Opel Inc. a private, technology company incorporated under the laws of Delaware.

Under the terms of the RTO transaction, that commenced on December 30, 2005, the Company purchased newly issued Class A common shares from the treasury of Opel Inc. and purchased promissory notes payable by Opel Inc. from note holders in exchange for private placement units (refer to note 8 in the December 31, 2007 audited consolidated financial statements). Effective with the approval of the RTO, the holders of Opel Inc's. 5,972,000 common shares, being all the shares not owned by the Company, were given the right to exchange each common share held in Opel Inc. into one common share of the Company. This was evidenced by the cancellation of all the common shares of Opel Inc. and the issuance of Exchangeable Shares of Opel Inc. (the "Exchangeable Shares") to the same holders, which was completed subsequent to December 31, 2006. The Exchangeable Shares cannot be transferred or sold unless exchanged into common shares of the Company. The effect of this share exchange along with other common shares of the Company held by shareholders of Opel Inc. and the effective control of the management of the Company by Opel Inc. resulted in the transaction being accounted for as a RTO. The RTO was accounted for as a capital transaction as the Company did not meet the definition of a business.

In order to provide holders of the 5,972,000 Opel Inc. Exchangeable Shares with voting rights at the Company level pending exchange or redemption of the Exchangeable Shares, a special voting share of the Company was created and issued to Equity Transfer and Trust Company on behalf of holders of the Exchangeable Shares. The special voting share carries a number of votes equal to the number of Exchangeable Shares outstanding.

In conjunction with the RTO on September 26, 2006, the Company changed its name to Opel International Inc. and consolidated its shares on a 1:20 basis.

The Company also agreed to assume, on substantially the same terms and conditions, the 660,000 outstanding share purchase warrants and 3,030,000 stock options of Opel Inc. During the year, the 660,000 warrants were cancelled and reissued as warrants of the Company.

The Company met the requirements to be listed on the Toronto Venture Exchange and its shares began trading on June 26, 2007 under the symbol “OPL”.

Critical Accounting Estimates

Stock-based Compensation

The Company uses the fair value method to account for stock options granted after January 1, 2003. Under the fair value method, the Company recognizes estimated compensation expense related to stock options over the vesting period of the options granted, with the related credit being charged to contributed surplus. Upon exercise of these stock options, amounts previously credited to contributed surplus are reversed and credited to share capital.

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

Other stock-based payments

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

Inventory Valuation

Inventory consists of solar panels produced to the Company’s specifications. Inventory is stated at the lower of cost, determined by the first-in, first-out basis.

Cumulative Translation Adjustment

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

Related Party Transactions

Loan Agreement

On October 30, 2006, a Director loaned $14,000 to the Company for a period ending April 30, 2007 at an interest rate of prime plus 1%. A loan agreement was entered into with the Company and 200,000 shares of Richmond Minerals Inc. were pledged as collateral. The lender ceased to be a Director of the Company on January 30, 2007. In July 2007, the lender agreed to keep the Richmond shares as full settlement of the principal and interest portion of the loan.

Debenture Financing

On January 30, 2007, the Company closed a convertible debenture financing of $2,000,000 by a significant investor of the Company. The Company paid $200,000 of issue cost relating to this financing. The investor was considered a Related Party by virtue of holding greater than 20% of the voting securities of the Company at the time of the transaction. The debenture matured January 30, 2009, paid interest at the rate of 1% per month (increasing to 1.5% per month if certain events had not occurred by June 30, 2007), and upon completion of a minimum of $5,500,000 equity financing and listing on a Canadian exchange, would be convertible at the option of the lender into either a special warrant or units at $0.40 per unit, each unit comprised one common share of the Company and one half common share purchase warrant to purchase additional shares at $0.60 per share for a period of 3 years from the date of conversion.

On June 26, 2007, $1,630,000 of the convertible debenture was converted into 4,075,000 shares and 2,037,500 warrants of the Company and $370,000 was converted into 925,000 special warrants and 462,500 warrants of the Company. Each special warrant is exchangeable into one common share of the Company at no additional cost to the holder. Each warrant is exercisable into common shares of the Company at a price of $0.60 per common share until June 25, 2010. The 2,500,000 warrants were valued at $1,428,144.

Accrued interest on this debenture totaled $131,402. Of this amount $81,208 was converted into 200,196 shares and 100,098 warrants of the Company, $18,473 was paid in cash and $31,721 is included in accounts payable and accrued liabilities. Each warrant is exercisable into common shares of the Company at a price of $0.60 until June 25, 2010. The 100,098 warrants were valued at $57,182.

Due to the debenture having both a debt and an equity component, the debenture was bifurcated resulting in $1,684,423, net of issue cost of $187,158 allocated to debt and $115,577, net of issue cost of $12,842 allocated to equity. The interest expense was calculated using the effective interest rate method applied to the debt component. The resulting interest rate was 20.12%. The additional interest expense of $133,000 was included in the current year's loss with the corresponding value allocated to common shares and warrants. The amount of $108,395 allocated to common shares and $24,605 to warrants, represented the pro rata share of the equity component of the debenture.

Contractual Obligations

In December 2007, the Company made an initial prepayment of $1,000,000 as evidence of its commitment to ensure the available supply of solar cells on a timely basis. The initial prepayment is included in prepaids and other current assets.

Adoption of New Accounting Policy

Financial Instruments, Comprehensive Income (Loss), and Hedges

Effective January 1, 2007, the Company has adopted the provisions of the following new CICA Handbook Sections:

(a) Section 3855 "Financial Instruments – Recognition and Measurement"

This section describes the standards for recognizing and measuring financial assets, financial liabilities and non-financial derivatives. Under the new standard, all financial instruments will be classified as one of the following: Held-to-maturity; Loans and receivables, Held-for-trading; or Available-for-sale. Financial assets and liabilities held-for-trading will be measured at fair value with gains and losses recognized in net income. Financial assets held-to-maturity, loans and receivables and financial liabilities other than those held-for-trading, will be measured at amortized cost. Available-for-sale financial instruments will be measured at fair value with unrealized gains and losses recognized in other comprehensive income. The standard also permits designation of any financial instrument as held-for-trading on initial recognition, provided reliable estimates of fair value are available.

Other accounting implications arising upon the adoption of section 3855 include the use of the effective interest method for any transaction costs or fees earned or incurred for financial instruments measured at amortized cost, and the recognition of the fair value of the obligation undertaken in issuing a guarantee that meets specified criteria.

(b) Section 1530 "Comprehensive Income" and Section 3251 "Equity"

These sections describe standards for reporting and disclosing comprehensive income, its components and related changes in equity. Comprehensive income represents the change in shareholders' equity from transactions and other events from non-owner sources. Other comprehensive income refers to items that are recognized in comprehensive income but excluded from net income calculated in accordance with generally accepted accounting principles until such time as it is considered appropriate to recognize them in net income. The Company recognized an unrealized gain in currency translation resulting from the use of a reporting currency that differs from the functional currency of the Company.

(c) Section 3861 "Financial Instruments – Disclosure and Presentation"

The Company's financial instruments include cash, accounts receivable, short-term investments, marketable securities, accounts payable and accrued liabilities, notes payable and notes payable to related parties. Upon adoption of these new standards, the Company designated its cash and short-term investments as held-for-trading, its accounts receivable as loans and receivables, and its account payable and accrued liabilities, and notes payable to related parties as other financial liabilities. The fair values of these financial instruments approximate their carrying values because of their short term nature. The Company had no held-to-maturity or available-for-sale financial assets.

Impact Upon Adoption of These Sections

The adoption of this new accounting policy resulted in no material adjustments to marketable securities considered to be held-for-trading.

Financial Instruments

The Company's financial instruments consist of cash, short-term investments, 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.

Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist of short term investments and accounts receivable. Short-term investments consist of US Treasury notes, held with reputable financial institutions from which management believes the risk of loss is remote. The Company has accounts receivable from parties in various industries and governmental agencies that are currently concentrated in the United States of America. Management does not believe that there is significant credit concentration or risk.

Exchange Rate Risk

The Company transacts a significant portion of its business in US currency and is therefore exposed to currency fluctuations.

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 has no income and relies on equity fund raising to support its R&D program. Management prepares budgets and ensures funds are available prior to commencement of any such program.

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

The Company is prepared for growth and the transition from a development stage company to one of sales of commercial solar products is 2008. There are a number of projects planned, many of which have already began. The short-term and long-term goals of the Company include, but are not limited to the following:

- Enter into a long term supply agreement with a major manufacturer of high efficiency, multi-junction solar cells to secure access to production volumes of this key component.
- Migrate Opel's Mk-I high concentration solar panel to a volume manufacturing facility in Mexico, allowing Opel to be ready to meet production orders by late 2008.
- Fill out key management positions within Opel, ie. VP Engineering, VP Sales, VP Operations, and VP Administration to assist in the Company's growth plans.
- Begin to deliver initial roof top solar installations in Connecticut to take advantage of the State's new solar funding initiative, installations to begin in Q2 2008.
- Work with Opel's initial trial installations in Canada, California and the Czech Republic to ensure they are successful and migrate these customers to larger scale installations.
- Initiate a follow-on program in Canada with the National Research Council for the next generation high efficiency, multi-junction solar cell development and the next generation concentrating solar panel system.

Subsequent Events

Subsequent to December 31, 2007, the Company issued 453,150 common shares for the exercise of warrants at prices ranging from $0.60 - $1.00. The Company also issued 246,500 common shares for the exercise of warrants that were classified as shares to be issued. 925,000 common shares were also issued for the exercise of a special warrant.

Opel has hired a VP of Engineering to take control of the R&D function and to help fill out the management ranks.

Opel entered into a five year solar cell supply contract with Spectrolab Inc., securing adequate access to a key component of its high concentrating solar panel product.

Outstanding Share Data

Common Shares	Number of Shares	Amount
Balance, December 31, 2006	11,701,891	$ 2,368,854
Common shares issued for cash	32,509,965	32,747,972
Issued on conversion of convertible debenture	4,075,000	1,630,000
Issued on the exercise of stock options	530,000	18,500
Issued on the exercise of warrants	894,465	687,367
Share issue costs	-	(3,464,934)
Value assigned to warrants	-	(6,397,244)
Value assigned to broker warrants	-	(1,058,842)
Issued on interest conversion	200,196	81,208
Interest adjustment relating to convertible debenture	-	108,395
Listing delay penalty shares Issued	1,560,000	648,000
Value assigned to exercised warrants	-	69,290
Value assigned to exercised stock options	-	12,092
Balance, December 31, 2007	51,471,517	$ 27,450,658

Special Voting Share	Number of Shares		Amount
Balance, December 31, 2006	-	$	-
Special voting share issued for cash	1		100
Balance, December 31, 2007	1	$	100

Outstanding warrant data

As at December 31, 2007 the following warrants were outstanding:

	Number of Warrants	Fair Value ($)	Exercise Price ($)	Expiry Date
	8,862,371	-	0.75	December 30, 2008
Broker warrants	660,000	165,000 (1)	0.50	December 30, 2008
Broker warrants	644,530	138,184	0.60	May 11, 2009
Broker warrants	80,658	17,362	0.60	May 28, 2009
Broker warrants	749,137	159,928	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 (2)	1.88	December 13, 2009
Broker units	1,500,000	612,790 (2)	1.88	December 13, 2009
	1,332,500	280,306	1.00	March 9, 2010
	2,674,835	563,183	1.00	March 26, 2010
	692,000	146,089	1.00	April 11, 2010
	3,046,150	644,355	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
	31,833,135	7,606,520		

(1) The 660,000 Broker warrants assumed during the RTO were valued at $165,000.
(2) These warrants were issued in Canadian dollars and are exercisable at $1.90 CDN

Outstanding Stock options

Details of the stock options outstanding at December 31, 2007 were as follows:

Value ($)	Exercisable Options	Number of Options	Exercise Price ($)	Expiry Date
-	1,300,000	1,300,000	0.001	March 14, 2010
105,519	310,000	310,000	0.50 (1)	March 15, 2011
6,674	20,000	20,000	0.50 (1)	June 26, 2011
111,907	300,000	300,000	0.50 (1)	Sept 30, 2011
122,942	305,000	305,000	0.60	April 26, 2012
32,824	200,000	200,000	0.25	May 15, 2012
65,648	400,000	400,000	0.25	May 18, 2012
155,182	385,000	385,000	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
1,032,454	791,500	3,166,000	0.94 (2)	Sept 21, 2012
115,159	97,500	390,000	1.48 (2)	Dec 14, 2012
1,788,617	4,209,000	6,876,000		

(1) During the year, the expiry dates of these options were abridged by 2 years in order to conform with the policies of the TSX Venture Exchange. The abridged options were revalued which resulted in additional compensation expense aggregating to $93,000. The additional stock option compensation expense was included in general and administration expense in the current year.

(2) These stock options were issued in Canadian dollars and are exercisable at $0.95 CDN and $1.50 CDN respectively.

Contractual Obligations

Opel leases office space and research facilities. The office lease extends to April, 2011 whereas the lease on the research facility ended in September, 2007, and the extension is being signed by the University of Connecticut. The total obligation to the end of both leases is $186,503.

Off-Balance Sheet Arrangements

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

Disclosure Controls

Based on an evaluation of The Company's disclosure controls and procedures, The Company's Chief Executive Officer and Chief Financial Officer have concluded at December 31, 2007 that these controls and procedures operated effectively.

Internal Controls over Financial Reporting

The Chief Executive Officer and the Chief Financial Officer have evaluated the effectiveness of the Company's internal control over financial reporting as of December 31, 2007. It was concluded that there is a weakness in the Company's ability to adequately segregate the duties of the Chief Financial Officer due its size. Management concluded and the Board of Directors agreed that this weakness has not resulted in any material errors in the financial statements of the Company.

This weakness will be mitigated as the Company grows and increases the staffing levels.

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.

Product Development - Delays in product development or the transition to production may cause a material adverse effect to the Company.

Financial Liquidity – Opel may not have adequate financial reserves to enable it to grow rapidly enough to serve its customer base.

Production Capability – Opel has no history of product production and must rely on outsourcing its products to other companies for production.

Technology Changes – Opel's products are highly reliant upon keeping pace with technological changes. Opel's products are complex and rely on state of the art design methodologies to optimize them for market. If Opel can not afford to keep pace with these changes, it may have a material adverse effect on the Company.

Major Competitors – Opel may face several competitors before it brings its products to market or after thus losing market share which may have a material adverse effect on the Company.

Additional Information

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

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To the Shareholders of
Opel International Inc. (formerly Tandem Resources Ltd.)
(a development stage company),

We have audited the consolidated balance sheets of Opel International Inc. (formerly Tandem Resources Ltd.) (a development stage company) as at December 31, 2007 and 2006 and the consolidated statements of operations and deficit, comprehensive income (loss), accumulated other comprehensive income and cash flows for the years then ended. These consolidated financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2007 and 2006 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Smith Nixon LLP

Licensed Public Accountants
Chartered Accountants
Toronto, Ontario
March 29, 2008

CONSOLIDATED BALANCE SHEETS

(Expressed in US Dollars)

DECEMBER 31,	2007	2006
Assets		
Current		
Cash	$ 27,016,236	$ 117,022
Short-term investments	502,039	-
Accounts receivable	134,498	156,657
Prepaids and other current assets (Note 15)	1,035,353	37,700
Inventory	1,151,632	-
Marketable securities (Note 4)	2,114	17,961
	29,841,872	329,340
Other assets	-	25,046
Property and equipment (Note 5)	287,140	239,518
Patents and licenses (Note 6)	277,859	175,503
Deferred share issue costs (Note 7)	-	343,675
	$ 30,406,871	$ 1,113,082
Liabilities		
Current		
Accounts payable and accrued liabilities	$ 578,181	$ 602,189
Notes payable to related parties (Note 8)	-	14,000
	578,181	616,189
Shareholders' Equity		
Share capital (Note 9(b))	27,450,658	2,368,854
Special voting share (Note 10)	100	-
Special warrants and shares to be issued (Note 11)	1,853,743	1,433,408
Warrants (Note 12)	7,606,520	232,454
Contributed surplus (Note 13)	1,788,617	229,577
Accumulated other comprehensive income	645,123	-
Deficit	(9,516,071)	(3,767,400)
	29,828,690	496,893
	$ 30,406,871	$ 1,113,082

Commitments and contingencies (Note 15)
Subsequent events (Notes 11 and 20)

On behalf of the Board of Directors

Robert G. Pico, Director

Leon M. Pierhal, Director

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF OPERATIONS AND DEFICIT

(Expressed in US Dollars)

For The Years Ended December 31, 2007 and 2006

	2007	2006	Cumulative from inception on December 29, 2000 to December 31, 2007
Sales	**$ 931,717**	$ 1,100,424	$ 4,871,538
Expenses			
Research and development	**1,359,944**	1,091,351	4,793,383
General and administration	**5,277,721**	2,253,451	9,289,436
Interest expense (Note 9(b))	**270,162**	65,501	529,422
Interest income	**(227,439)**	-	(227,439)
Foreign exchange gain	**-**	(1,229)	2,807
	6,680,388	3,409,074	14,387,609
Net loss	**(5,748,671)**	(2,308,650)	(9,516,071)
Deficit, beginning of year	**(3,767,400)**	(1,458,750)	-
Deficit, end of year	**$ (9,516,071)**	$ (3,767,400)	$ (9,516,071)
Basic and diluted loss per share (Note 14)	**$ (0.17)**	$ (0.17)	

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

(Expressed in US Dollars)

For The Years Ended December 31, 2007 and 2006

	2007	2006
Net loss	**$ (5,748,671)**	$ (2,308,650)
Other comprehensive income - net of income taxes		
Net change in unrealized gains on currency translation adjustment	**645,123**	-
Comprehensive loss	**$ (5,103,548)**	$ (2,308,650)

CONSOLIDATED STATEMENTS OF ACCUMULATED OTHER COMPREHENSIVE INCOME

(Expressed in US Dollars)

For The Years Ended December 31, 2007 and 2006

	2007	2006
Opening balance	**$ -**	$ -
Cumulative translation adjustment	**645,123**	-
Accumulated other comprehensive income	**$ 645,123**	$ -

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Expressed in US Dollars)

For The Years Ended December 31, 2007 and 2006

	2007	**2006**	Cumulative from inception on December 29, 2000 to December 31, 2007
CASH (USED IN) PROVIDED BY			
OPERATING ACTIVITIES			
Net loss	**$ (5,748,671)**	$ (2,308,650)	$ (9,516,071)
Adjustment for:			
Amortization of equipment	**95,690**	90,856	394,902
Amortization of patents and licences	**20,716**	15,630	73,011
Interest expense (Note 9(b))	**214,208**	-	214,208
Other (income) expense	**(2,330)**	2,814	484
Stock-based compensation (Note 13)	**1,571,132**	81,868	1,800,709
Listing delay penalty (Note 9(b))	**432,000**	216,000	648,000
	(3,417,255)	(1,901,482)	(6,384,757)
Net change in non-cash working capital:			
Accounts receivable	**22,159**	(66,619)	(118,445)
Prepaid and other current assets	**(968,430)**	(34,806)	(1,003,236)
Inventory	**(1,151,632)**	-	(1,151,632)
Deferred share issue costs	**-**	(343,675)	(343,675)
Accounts payable and accrued liabilities	**(24,008)**	292,428	555,570
	(5,539,166)	(2,054,154)	(8,446,175)
INVESTING ACTIVITIES			
Purchase of furniture and equipment	**(143,312)**	(192,629)	(682,042)
Purchase of patents and licences	**(123,072)**	-	(350,870)
Short-term investments	**(502,039)**	-	(502,039)
Cash acquired on reverse takeover	**-**	51,781	51,781
	(768,423)	(140,848)	(1,483,170)
FINANCING ACTIVITIES			
Repayment of notes payable to related parties	**-**	(5,000)	(5,000)
Proceeds from notes payable to related parties	**-**	14,000	1,634,295
Convertible debenture, net of issue costs	**1,800,000**	-	1,800,000
Issue of common shares for cash, net of issue costs	**30,761,580**	143,022	32,871,063
Issue of special voting share	**100**	-	100
	32,561,680	152,022	36,300,458
CUMULATIVE TRANSLATION ADJUSTMENT	**645,123**	-	645,123
NET CHANGE IN CASH	**26,899,214**	(2,042,980)	27,016,236
CASH, beginning of year	**117,022**	2,160,002	-
CASH, end of year	**$ 27,016,236**	$ 117,022	$ 27,016,236

Supplemental cash flow information (Note 19)

The accompanying notes are an integral part of these consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in US Dollars)

DECEMBER 31, 2007 AND 2006

1. DESCRIPTION OF BUSINESS

Opel International Inc. (formerly Tandem Resources Ltd.) (the "Company"), incorporated in the Province of Ontario and continued in the Province of New Brunswick on January 30, 2007, is in the development stage and is engaged principally in the development and marketing of concentrating solar panels for commercial applications, additionally, the Company continues to deveop a gallium arsenide microchip and the process to produce it. The Company's research and development ("R&D") efforts relate to the commercialization of optical laser, infrared detection, and smart solar microchips using planar opto electronic technology ("POET"). Additionally, the Company is developing a concentrating solar panel. Through December 31, 2007, 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.

2. REVERSE TAKEOVER AND NAME CHANGE

On September 26, 2006, the shareholders of the Company approved a reverse takeover ("RTO") transaction with Opel Inc. a private, technology company incorporated under the laws of Delaware.

Under the terms of the RTO transaction that commenced on December 30, 2005, the Company purchased newly issued Class A common shares from the treasury of Opel Inc. and purchased promissory notes payable by Opel Inc. from note holders in exchange for private placement units. Effective with the approval of the RTO, the holders of Opel Inc's. 5,972,000 common shares, being all the shares not owned by the Company, were given the right to exchange each common share held in Opel Inc. into one common share of the Company. This was evidenced by the cancellation of all the common shares of Opel Inc. and the issuance of Exchangeable Shares of Opel Inc. (the “Exchangeable Shares”) to the same holders, which was completed on June 5, 2007. The Exchangeable Shares cannot be transferred or sold unless exchanged into common shares of the Company. The effect of this share exchange along with other common shares of the Company held by shareholders of Opel Inc. and the effective control of the management of the Company by Opel Inc. resulted in the transaction being accounted for as a RTO. The RTO was accounted for as a capital transaction as the Company did not meet the definition of a business at the time of the RTO.

The comparative figures presented in the consolidated financial statements are those of Opel Inc.

The net assets acquired by the Company in the RTO at estimated fair values were as follows:

Cash	$	51,781
Other current assets		38,201
Other assets		26,849
Investment and loan receivable		4,579,969
Accounts payable		(22,412)
		4,674,388
Transaction costs		1,041,644
	$	3,632,744

2. REVERSE TAKEOVER AND NAME CHANGE (Continued)

In order to complete the RTO, the Company provided holders of the 5,972,000 Opel Inc. Exchangeable Shares with voting rights at the Company level pending exchange or redemption of the Exchangeable Shares and a special voting share of the Company was created and issued to a Trustee on behalf of holders of the Exchangeable Shares. The special voting share carries a number of votes equal to the number of Exchangeable Shares outstanding. (Note 10)

In conjunction with the RTO, on September 26, 2006, the Company changed its name to Opel International Inc. and consolidated its shares on a 1:20 basis. The consolidation resulted in a reduction in the number of shares outstanding by 216,000,178. Unless otherwise stated, all information related to common shares, stock options and warrants have been retroactively adjusted to reflect this share consolidation.

The Company also agreed to assume, on substantially the same terms and conditions, the 660,000 outstanding share purchase warrants and 3,030,000 stock options of Opel Inc. During the year, the 660,000 warrants were cancelled and reissued as warrants of the Company (Notes 12 and 13).

During the year, the Company's application for a listing on the TSX Venture was approved and trading commenced on June 26, 2007 under the symbol "OPL".

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles ("GAAP"). The significant accounting policies are summarized as follows:

Basis of presentation
These consolidated financial statements are expressed in United States dollars.

Basis of consolidation
These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary, Opel Inc. All intercompany transactions and balances have been eliminated on consolidation.

Use of estimates
The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the year. Significant estimates and assumptions relate to but are not limited to the following: inventory valuation, stock-based payments, warrant valuations, valuation allowances and impairment assessments. Actual results could differ from those estimates.

Short-term investments
Short-term investments consist exclusively of US Treasury notes and are stated at fair value.

Marketable securities
Marketable securities are carried at fair value.

Research and development costs
Research costs are expensed in the year incurred. Development costs are expensed in the year incurred unless the Company believes a development project meets Canadian GAAP criteria for deferral and amortization.

Inventory
Inventory consists of solar panels produced to the Company's specifications. Inventory is valued at the lower of cost and net realizable value, determined by the first-in, first-out basis.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue recognition
Revenues under R&D contracts are recognized as services are provided. R&D costs are recognized as incurred, and accounts receivable are recognized when billable under the terms of the contracts.

Equipment
Equipment is recorded at cost less accumulated amortization. Amortization 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):

	Old	New
Machinery and equipment	28.6% or 40%, Declining Balance	Straight Line, 5 years
Furniture and fixtures	28.6% or 40%, Declining Balance	Straight Line, 5 years
Office equipment	28.6% or 40%, Declining Balance	Straight Line, 5 years
Leasehold improvements	Straight Line Over The Lease Term	Straight Line Over The Lease Term

Patents
Patents are recorded at cost and amortized on a straight line basis over their estimated useful lives which is estimated at 15 years. Ongoing maintenance costs are expensed as incurred. The expiry of the patents range from 6 - 11 years.

Impairment of long-lived assets
The Company evaluates the recoverability of long-lived assets, which include patents and equipment, for impairment when events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Conditions that would necessitate an impairment assessment include a significant decline in the observable market value of an asset, a significant change in the extent or manner in which an asset is used, or a significant adverse change that would indicate that the carrying amount of an asset or group of assets is not recoverable. This valuation is performed by comparing the carrying amounts of these assets to the related estimated undiscounted future cash flows expected to be derived from these assets. If these future cash flows are less than the carrying amount of the asset, then the carrying amount of the asset is written down to its fair value, based on the related estimated discounted future cash flows. There were no significant indicators of impairment of the carrying values of the Company's long-lived assets at December 31, 2007.

Stock-based compensation
Stock options and warrants awarded to non-employees are accounted for using the fair value of the instrument 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 stock options granted is recognized on a straight-line basis, over the applicable stock option vesting period, as compensation expense included in general and administrative expenses in the consolidated statements of loss and deficit and contributed surplus within shareholders' equity on the consolidated balance sheets. On the exercise of stock options, the total of the consideration received and the accumulated contributed surplus relating to those options is credited to share capital. Fair value is calculated using the Black-Scholes option pricing model with assumptions applicable at the date of grant.

Income taxes
The Company follows the liability method of accounting for income taxes. Under this method, the future tax assets or liabilities are determined based on differences between the financial reporting and tax bases of assets and liabilities, as well as for the benefit of losses available to be carried forward to future years for tax purposes that are more likely than not to be realized. Future tax assets and liabilities 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 established when necessary to reduce future income tax assets to the amount expected to be realized.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Foreign currency translation

The consolidated financial statements of the Company are presented in US dollars (reporting currency). The Company's functional currency is the Canadian dollar, while the functional currency of the Company's subsidiary is the US dollar. Accordingly, assets and liabilities are translated into US dollars at the exchange rates in effect at the balance sheet dates and revenues, expenses and cash flows are translated at the exchange rates in effect at the date of the transactions. The effect of foreign currency translation adjustments resulting from translation to the reporting currency is included in Shareholders' equity as a component of "Accumulated other comprehensive income" and is included in Operations as a component of "Comprehensive Income".

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 and the if-converted method for convertible debentures.

Financial Instruments, Comprehensive Income (Loss), and Hedges

Effective January 1, 2007, the Company has adopted the provisions of the following new CICA Handbook Sections:

(a) Section 3855 "Financial Instruments – Recognition and Measurement"

This section describes the standards for recognizing and measuring financial assets, financial liabilities and non-financial derivatives. Under the new standard, all financial instruments will be classified as one of the following: Held-to-maturity; Loans and receivables, Held-for-trading; or Available-for-sale. Financial assets and liabilities held-for-trading will be measured at fair value with gains and losses recognized in net income. Financial assets held-to-maturity, loans and receivables and financial liabilities other than those held-for-trading, will be measured at amortized cost. Available-for-sale financial instruments will be measured at fair value with unrealized gains and losses recognized in other comprehensive income. The standard also permits designation of any financial instrument as held-for-trading on initial recognition, provided reliable estimates of fair value are available.

Other accounting implications arising upon the adoption of section 3855 include the use of the effective interest method for any transaction costs or fees earned or incurred for financial instruments measured at amortized cost, and the recognition of the fair value of the obligation undertaken in issuing a guarantee that meets specified criteria.

(b) Section 1530 "Comprehensive Income" and Section 3251 "Equity"

These sections describe standards for reporting and disclosing comprehensive income, its components and related changes in equity. Comprehensive income represents the change in shareholders' equity from transactions and other events from non-owner sources. Other comprehensive income refers to items that are recognized in comprehensive income but excluded from net income calculated in accordance with generally accepted accounting principles until such time as it is considered appropriate to recognize them in net income. The Company recognized an unrealized gain in currency translation resulting from the use of a reporting currency that differs from the functional currency of the Company.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Section 3861 “Financial Instruments – Disclosure and Presentation”

The Company's financial instruments include cash, accounts receivable, short-term investments, marketable securities, accounts payable and accrued liabilities, notes payable and notes payable to related parties. Upon adoption of these new standards, the Company designated its cash and short-term investments as held-for-trading, its accounts receivable as loans and receivables, and its account payable and accrued liabilities, and notes payable to related parties as other financial liabilities. The fair values of these financial instruments approximate their carrying values because of their short term nature. The Company had no held-to-maturity or available-for-sale financial assets.

Impact Upon Adoption of These Sections

The adoption of this new accounting policy resulted in no material adjustments to the opening figures.

Accounting policy choice for Transaction Costs

Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities that are classified as held for trading) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Recent Accounting Pronouncements

Capital Disclosures and Financial Instruments – Disclosures and Presentation

The CICA has issued or updated five new accounting standards: Handbook Section 3031, Inventory; Handbook Section 1400, General Standards of Financial Statement Presentation; Handbook Secion 1535, Capital Disclosures; Handbook Section 3862, Financial Instruments – Disclosures, and Handbook Section 3863, Financial Instruments – Presentation. These new standards are effective for interim and annual financial statements beginning on January 1, 2008.

Section 3031, Inventory, replaces section 3030 and establishes standards for the measurement of inventories, allocation of overhead, accounting for write-downs and disclosures.

Section 1400 has been amended for new requirements relating to the assessment of an entity's ability to continue as a going concern.

Section 1535 specifies the disclosure of (i) an entity’s objectives, policies and processes for managing capital; (ii) quantitative data about what the entity regards as capital; (iii) whether the entity has complied with any capital requirements; and (iv) if it has not complied, the consequences of such non compliance.

The new Sections 3862 and 3863 replace Handbook Section 3861, Financial Instruments — Disclosure and Presentation, revising and enhancing its disclosure requirements, and carrying forward unchanged its presentation requirements. These new sections place increased emphasis on disclosures about the nature and extent of risks arising from financial instruments and how the entity manages those risks.

The Company is currently assessing the impact of these new accounting standards on its financial statements.

4. MARKETABLE SECURITIES

	Market Value		Cost	
	Shares	**2007**	Shares	2006
Tribute Minerals Inc.	**4,476**	**$ 365**	$ 4,476	$ 304
Yangarra Resources Inc.	**3,578**	**353**	3,578	289
Titanium Corporation Inc.	**595**	**1,128**	595	457
Richmond Minerals Inc. (1)	**-**	**-**	200,000	16,691
Other	**-**	**268**	-	220
Balance, December 31, 2007		**$ 2,114**		$ 17,961

(1) These shares were pledged as collateral against a $14,000 loan from a former director. The loan was settled during 2007 (Note 8).

5. PROPERTY AND EQUIPMENT

2007	**Cost**	**Accumulated amortization**	**Net Book Value**
Machinery and equipment	**$ 515,992**	**$ 351,860**	**$ 164,132**
Furniture and fixture	**90,969**	**20,271**	**70,698**
Office equipment	**46,257**	**22,035**	**24,222**
Leasehold improvements	**28,824**	**736**	**28,088**
Balance, December 31, 2007	**$ 682,042**	**$ 394,902**	**$ 287,140**

2006	Cost	Accumulated amortization	Net Book Value
Machinery and equipment	$ 463,261	$ 279,347	$ 183,914
Furniture and fixture	43,593	6,229	37,364
Office equipment	30,859	13,433	17,426
Leasehold improvements	1,017	203	814
Balance, December 31, 2006	$ 538,730	$ 299,212	$ 239,518

6. PATENTS AND LICENSES

2007	**Cost**	**Accumulated amortization**	**Net book value**
Patents and licences	**$ 350,433**	**$ 72,574**	**$ 277,859**

2006	Cost	Accumulated amortization	Net book value
Patents	$ 227,361	$ 51,858	$ 175,503

The Company has a license agreement with a related party (the University of Connecticut) for certain intellectual property (the "Intellectual Property"). The license agreement expires when the last patent included in the Intellectual Property expires or otherwise becomes invalid. In 2007, the Company paid $100,000 to convert the original license agreement into an irrevocable license.

7. DEFERRED SHARE ISSUE COSTS

In 2006, the Company initiated a private placement financing which did not close until 2007. Financing costs of $343,675 were deferred at December 31, 2006. These costs were charged against the funds received in 2007.

8. NOTES PAYABLE TO RELATED PARTIES

On October 30, 2006, a Director loaned $14,000 to the Company for a period ending April 30, 2007 at an interest rate of prime plus 1%. A loan agreement was entered into with the Company and 200,000 shares of Richmond Minerals Inc. (the "Richmond Shares") were pledged as collateral. The lender ceased to be a director on January 30, 2007. In July 2007, the lender agreed to keep the Richmond shares as full settlement of the principal and interest portion of the loan.

9. SHARE CAPITAL

(a) AUTHORIZED

Unlimited number of common shares

1 Special voting share, carrying 5,972,000 votes

(b) COMMON SHARES ISSUED

	Number of Shares	Amount
Balance, December 31, 2005, Tandem Resources Ltd.	10,576,058	$ 20,481,945
Common shares issued, net of issue costs	792,500	396,250
Value assigned to warrants	-	(136,466)
Subtotal prior to RTO	11,368,558	20,741,729
Elimination of share capital in Tandem Resources Ltd.	-	(20,741,729)
Share capital carryforward from Opel Inc. (1)	-	5,972
Acquisition of net assets, net of issue costs (Note 2)	-	3,632,744
Proportion related to 5,972,000 shares to be issued	-	(1,217,408)
Value assigned to warrants at the date of acquisition	-	(165,000)
Common shares issued for cash, net of issue costs	333,333	180,000
Value assigned to warrants	-	(67,454)
Balance, December 31, 2006	11,701,891	2,368,854
Common shares issued for cash	32,509,965	32,747,972
Issued on conversion of convertible debenture	4,075,000	1,630,000
Issued on the exercise of stock options	530,000	18,500
Issued on the exercise of warrants	894,465	687,367
Share issue costs	-	(3,464,934)
Value assigned to broker warrants	-	(1,058,842)
Value assigned to warrants	-	(6,397,244)
Issued on interest conversion	200,196	81,208
Interest adjustment relating to convertible debenture	-	108,395
Listing delay penalty shares Issued	1,560,000	648,000
Value assigned to exercised warrants	-	69,290
Value assigned to exercised stock options	-	12,092
Balance, December 31, 2007	51,471,517	$ 27,450,658

(1) Opel Inc. share capital is comprised of 5,972,000 common shares as at December 31, 2005, 2006 and prior to the RTO.

The following financings were completed in 2006:

On February 15, 2006, the Company completed a private placement of 792,500 of the Company at $0.50 per unit for gross proceeds of $396,250. Each unit is comprised of one common share of the Company

9. SHARE CAPITAL (Continued)

and one common share purchase warrant, being exercisable at a price of $0.75 per warrant, expiring on December 30, 2008. This concluded Tranche 1 of the private placement under the proposed reverse take-over transaction (Note 11). The fair value of the warrants was estimated to be $136,466.

On November 20, 2006, the Company issued under a private placement 333,333 units at a cost of $0.60 per unit for gross proceeds of $200,000. Each unit is comprised of one common share of the Company and one-half common share purchase warrant to purchase one common share of the Company until November 20, 2009 at a price of $1.00 per share. The Company also issued 33,333 broker warrants to purchase common shares of the Company at a price of $0.60. The fair value of the warrants and broker warrants was estimated at $56,326 and $11,129 respectively.

The following financings were completed in 2007:

March 9, 2007, 2,695,000 units at a price of $0.60 per unit for gross proceeds of $1,617,000. Each unit is comprised of one common share and one-half common share purchase warrant. Each warrant is exercisable into common shares of the Company at a price of $1.00 until March 9, 2010. The Agent was paid a commission of $161,700 in cash and received 269,500 broker warrants to purchase common shares of the Company at a price of $0.60 until June 5, 2009.

March 26, 2007, 5,641,370 units at a price of $0.60 per unit for gross proceeds of $3,384,822. Each unit is comprised of one common share and one-half common share purchase warrant. Each warrant is exercisable into common shares of the Company at a price of $1.00 until March 26, 2010. The Agent was paid a commission of $338,482 in cash and received 564,137 broker warrants to purchase common shares of the Company at a price of $0.60 until June 5, 2009.

April 11, 2007, 1,384,000 units at a price of $0.60 per unit for gross proceeds of $830,400. Each unit is comprised of one common share and one-half common share purchase warrant. Each warrant is exercisable into common shares of the Company at a price of $1.00 until April 11, 2010. The Agent was paid a commission of $83,040 in cash and received 138,400 broker warrants to purchase common shares of the Company at a price of $0.60 until June 5, 2009.

May 11, 2007, 6,445,300 units at a price of $0.60 per unit for gross proceeds of $3,867,180. Each unit is comprised of one common share and one-half common share purchase warrant. Each warrant is exercisable into common shares of the Company at a price of $1.00 until May 11, 2010. The Agent was paid a commission of $386,718 in cash and received 644,530 broker warrants to purchase common shares of the Company at a price of $0.60 until May 11, 2009.

May 27, 2007, 1,344,295 units at a price of $0.60 per unit for gross proceeds of $806,577. Each unit is comprised of one common share and one-half common share purchase warrant. Each warrant is exercisable into common shares of the Company at a price of $1.00 until May 28, 2010. The Agent was paid a commission of $80,658 in cash and received 134,430 broker warrants to purchase common shares of the Company at a price of $0.60 until May 27, 2009.

December 13, 2007, 15,000,000 units at a price of $1.483 (CDN $1.50) per unit for gross proceeds of $22,241,993 (CDN $22,500,000). Each unit is comprised of one common share and one-half common share purchase warrant. Each warrant is exercisable into common shares of the Company at a price of $1.88 (CDN $1.90) until December 13, 2009. The Agent was paid a commission of $1,556,939 (CDN $1,575,000) in cash and received 1,500,000 broker warrants to purchase units ("Broker Units") of the Company at a price of $1.88 (CDN $1.90) until December 13, 2009. Each Broker Unit is comprised of one common share and one-half common share purchase warrant. Each warrant is exercisable into common shares of the Company at a price of $1.88 (CDN $1.90) until December 13, 2009.

The 16,254,983 warrants and 3,250,998 broker warrants/units issued on private placements were valued at $4,911,918 and $987,499 respectively.

9. SHARE CAPITAL (Continued)

On January 30, 2007, the Company closed a convertible debenture financing of $2,000,000. The investor was considered a related party by virtue of holding greater than 20% of the voting securities of the Company at the time of the transaction. The debenture matures January 30, 2009, pays interest at the rate of 1% per month, and upon completion of a minimum of $5,500,000 equity financing and listing on a Canadian exchange, was convertible at the option of the lender into either a special warrant or units at $0.40 per unit, each unit comprised one common share of the Company and one-half common share purchase warrant to purchase additional shares at $0.60 per share for a period of 3 years from the date of conversion.

As compensation for securing the $2,000,000 financing, the Agent was paid a commission of $200,000 and was issued 500,000 broker warrants, exercisable into common shares of the Company at a price of $0.40 until June 5, 2009. The 500,000 broker warrants were valued at $71,343.

On June 26, 2007, $1,630,000 of the convertible debenture was converted into 4,075,000 shares and 2,037,500 warrants of the Company and $370,000 was converted into 925,000 special warrants and 462,500 warrants of the Company. Each special warrant is exchangeable into one common share of the Company at no additional cost to the holder. Each warrant is exercisable into common shares of the Company at a price of $0.60 per common share until June 25, 2010. The 2,500,000 warrants were valued at $1,428,144.

Accrued interest on this debenture totaled $131,402. Of this amount $81,208 was converted into 200,196 shares and 100,098 warrants of the Company, $18,473 was paid in cash and $31,721 is included in accounts payable and accrued liabilities. Each warrant is exercisable into common shares of the Company at a price of $0.60 until June 25, 2010. The 100,098 warrants were valued at $57,182.

Due to the debenture having both a debt and an equity component, the debenture was bifurcated resulting in $1,684,423, net of issue cost of $187,158 allocated to debt and $115,577, net of issue cost of $12,842 allocated to equity. The interest expense was calculated using the effective interest rate method applied to the debt component. The resulting interest rate was 20.12%. The additional interest expense of $133,000 was included in the current year's loss with the corresponding value allocated to common shares and warrants. The amount of $108,395 allocated to common shares and $24,605 to warrants, represented the pro rata share of the equity component of the debenture.

The fair value of the warrants, broker warrants and broker units issued in 2007 and 2006 were estimated using the Black-Scholes option pricing model. The assumptions used were as follows:

	2007	2006
Risk-free interest rate	4.74%	4.74%
Dividend yield	0%	0%
Volatility	60% or 70% where applicable	70%
Estimated life	2 or 3 years where applicable	3 years

On June 25, 2007, the Company issued, as liquidated damages, 1,560,000 shares (the “penalty shares”) to the Tranche 1 private placement investors arising from the Company not having obtained a listing on the TSX Venture Exchange by May 31, 2006. The Company was obligated to issue 120,000 shares for each month the Company remained unlisted. Of these shares, 480,000 had accrued to the date of the RTO and the related value of that capital was eliminated as part of the RTO accounting. The remaining 1,080,000 shares that accrued since the RTO were valued at $648,000 (2007 - 720,000 valued $432,000; 2006 - 360,000 valued $216,000) and have been charged to general and administration expense.

10. SPECIAL VOTING SHARE

	Number of Shares		Amount
Balance, December 31, 2006	-	$	-
Special voting shares issued	1		100
Balance, December 31, 2007	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 5,972,000 votes (Note 2).

11. SPECIAL WARRANTS AND SHARES TO BE ISSUED

Pursuant to the 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. The net acquisition of Tandem has been apportioned as at the RTO date based on the number of shares issued including the reserve of 5,972,000 shares to be issued after giving effect to the 480,000 penalty shares that had accrued to the date of the RTO.

At December 31, 2006, the Company was obligated to issue 840,000 shares to the Tranche 1 private placement investors (Note 9) arising from the Company not obtaining a listing on the TSX Venture Exchange by May 31, 2006. The Company was obligated to issue 120,000 shares for each month the Company remains unlisted. At December 31, 2006, 360,000 shares were accrued to the investors, having a value of $216,000 and was charged to general and administration expense. The 360,000 shares were issued to the investors during 2007.

On June 25, 2007, the Company issued 925,000 special warrants at a price of $0.40 per special warrant exercisable into 925,000 common shares of the Company. The special warrants may be exercised at no additional cost to the investor for a period of 3 years, expiring June 25, 2010. The special warrants are valued at $370,000 and are included in shares to be issued.

During the year, the Company received $229,000 for the exercise of 70,000 warrants at $0.75 and 176,500 warrants at $1.00. These warrants were not issued until January 2008 and are therefore included in shares to be issued.

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

	Number		Value
Balance, December 31, 2005	-	$	-
Exchangeable shares to be issued	5,972,000		1,217,408
Listing delay penalty shares to be issued	360,000		216,000
Balance, December 31, 2006	6,332,000		1,433,408
Special warrants issued	925,000		370,000
Shares to be issued on warrant exercise	246,500		229,000
Value assigned to warrants (Note 12)	-		37,335
Listing delay penalty shares issued	(360,000)		(216,000)
Balance, December 31, 2007	7,143,500	$	1,853,743

12. WARRANTS

The following table reflects the continuity of warrants:

	Average exercise price	Number of warrants	Black-Scholes value
Balance, December 31, 2005	$ 0.75	8,765,521	$ 1,543,563
Issued	0.75	792,500	142,101
Elimination of share warrant value on RTO		-	(1,685,664)
Value of broker warrants assumed on RTO	0.50	660,000	165,000
Issued	0.75	166,667	56,326
Broker warrants issued	0.60	33,333	11,128
Expired	-	(50,000)	-
Balance, December 31, 2006	0.73	10,368,021	232,454
Issued	1.26	22,606,079	7,480,691
Exercised	0.77	(894,465)	(69,290)
Exercised but not issued (Note 11)	0.92	(246,500)	(37,335)
Balance, December 31, 2007	$ 0.90	31,833,135	$ 7,606,520

As at December 31, 2007 the following warrants were outstanding:

	Number of Warrants	Fair Value ($)	Exercise Price ($)	Expiry Date
	8,862,371	-	0.75	December 30, 2008
Broker warrants	660,000	165,000 (1)	0.50	December 30, 2008
Broker warrants	644,530	138,184	0.60	May 11, 2009
Broker warrants	80,658	17,362	0.60	May 28, 2009
Broker warrants	749,137	159,928	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 (2)	1.88	December 13, 2009
Broker units	1,500,000	612,790 (2)	1.88	December 13, 2009
	1,332,500	280,306	1.00	March 9, 2010
	2,674,835	563,183	1.00	March 26, 2010
	692,000	146,089	1.00	April 11, 2010
	3,046,150	644,355	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
	31,833,135	7,606,520		

(1) The 660,000 Broker warrants assumed during the RTO were valued at $165,000 (Note 2). 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.

13. STOCK OPTIONS AND CONTRIBUTED SURPLUS

On July 27, 2007, the Company's 10% rolling stock option plan (the "Rolling Plan") under which the board of directors may grant options to acquire common shares of the Company to qualified directors, officers, employees and consultants, was ratified by the Company's shareholders for the ensuing year. The Plan provides that the number of common shares issuable pursuant to options granted under the Plan and pursuant to other options previously granted is limited to a maximum of 10% of the issued and outstanding voting shares at the time of the grant. The options granted under the plan generally vest immediately upon issuance, however, the directors may, at their discretion, specify a longer vesting period.

On September 21, 2007, the directors of the Company approved a new 20% stock option plan (the "New Plan") and fixed the number of shares issuable under the New Plan (the "Number Reserved") at 18,200,000 subject to completion of a proposed private placement financing (the "Financing"). The TSX Venture Exchange ("TSXV") has conditionally approved the New Plan subject to the approval of the disinterested shareholders of the Company and the reduction of the Number Reserved to the maximum allowable, being 20% of the number of issued and outstanding voting shares after completion of the Financing. 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 options previously granted is limited to the Number Reserved at the time of the grant. 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. The options 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.

An aggregate of 3,556,000 stock options were granted under the New Plan, subject to the aforesaid approvals and further subject to a prohibition on exercise until shareholders' approval has been obtained.

If the New Plan is not approved by shareholders, the Rolling Plan will be reinstated and the number of options granted under the New Plan will be reduced such that the number of stock options outstanding does not exceed 10% of the issued and outstanding voting shares of the Company at the time of the shareholder's meeting.

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

	Number of stock options		Weighted average exercise price	
	2007	2006	**2007**	2006
			$	
Opening Balance	**3,045,000**	30,000	**0.16**	1.66
Options expired	**(15,000)**	(15,000)	**1.66**	1.66
Options exercised	**(530,000)**	-	**0.03**	-
Options assumed on RTO	**-**	3,030,000 (1)	**-**	0.15
Options granted	**4,376,000**	-	**0.92**	-
Closing balance	**6,876,000**	3,045,000	**0.65**	0.16

(1) Refer to Note 2

13. STOCK OPTIONS AND CONTRIBUTED SURPLUS (Continued)

The Company assumed 3,030,000 stock options of Opel Inc. on the RTO. Included in the options assumed were the 330,000 stock options granted in 2006 to employees and consultants to purchase common shares at a price of $0.50 for a period of 7 years from the date of grant. The estimated value of the 330,000 options was $81,868.

No options were granted or exercised in 2006, however, 15,000 options expired. All options outstanding at December 31, 2006 were fully vested and are exercisable.

In 2007, the Company granted the following stock options to directors, officers, employees and consultants of the Company to purchase common shares at an average exercise price of $0.88 per share:

Date	Number of options	Price ($)	Expiry
April 26, 2007	305,000	0.60	April 26, 2012
May 24, 2007	415,000	0.60	May 24, 2012
May 31, 2007	50,000	0.60	May 31, 2012
June 22, 2007	50,000	0.60	June 22, 2012
September 21, 2007	3,166,000	0.94	September 21, 2012
December 14, 2007	390,000	1.48	December 14, 2012
	4,376,000		

Of the 4,376,000 stock options granted during the year, 1,709,000 have vested with the remainder vesting at various intervals over 18 months.

The 4,376,000 stock options granted in the year were valued $2,772,082. During the year, $1,478,132 relating to vested stock options was charged to stock-based compensation and credited to contributed surplus. The remaining $1,293,950 will be charged to stock option compensation over the remaining vesting period.

The stock options granted during the year and the 330,000 stock options assumed which were also granted in 2006 were valued using the Black-Scholes option pricing model using the following assumptions;

	2007	2006
Risk-free interest rate	4.74%	4.74%
Dividend yield	0%	0%
Volatility	80%	70%
Estimated life	5 years	5 years

13. STOCK OPTIONS AND CONTRIBUTED SURPLUS (Continued)

Details of the stock options outstanding at December 31, 2007 and 2006 were as follows:

2007

Value ($)	Exercisable Options	Number of Options	Exercise Price ($)	Expiry Date
-	1,300,000	1,300,000	0.001	March 14, 2010
105,519	310,000	310,000	0.50 (1)	March 15, 2011
6,674	20,000	20,000	0.50 (1)	June 26, 2011
111,907	300,000	300,000	0.50 (1)	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
65,648	400,000	400,000	0.25	May 18, 2012
155,182	385,000	385,000	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
1,032,454	791,500	3,166,000	0.94 (2)	September 21, 2012
115,159	97,500	390,000	1.48 (2)	December 14, 2012
1,788,617	4,209,000	6,876,000		

(1) During the year, the expiry dates of these options were abridged by 2 years in order to conform with the policies of the TSX Venture Exchange. The abridged options were revalued which resulted in additional compensation expense aggregating to $93,000. The additional stock option compensation expense was included in general and administration expense in the current year.

(2) These stock options were were issued in Canadian dollars and are exercisable at CDN $ 0.95 and CDN $1.50 respectively.

2006

Value ($)	Exercisable Options	Number of Options	Exercise Price ($)	Expiry Date
-	15,000	15,000	1.66	May 4, 2007
-	1,800,000	1,800,000	0.001	March 14, 2010
32,824	200,000	200,000	0.25	May 15, 2012
65,648	400,000	400,000	0.25	May 18, 2012
49,237	300,000	300,000	0.50	December 30, 2012
76,906	310,000	310,000	0.50	March 15, 2013
4,962	20,000	20,000	0.50	June 26, 2013
229,577	3,045,000	3,045,000		

The following table reflects the continuity of contributed surplus:

	Amount
Balance, December 31, 2005	$ 147,709
Stock-based compensation in 2006	81,868
Balance, December 31, 2006	229,577
Stock-based compensation in 2007	1,571,132
Stock options exercised	(12,092)
Balance, December 31, 2007	$ 1,788,617

14. PER SHARE AMOUNTS

	2007	2006
Numerator		
Net loss - basic	**$ (5,748,671)**	$ (2,308,650)
Interest on convertible debenture	**214,208**	-
Net loss - diluted	**$ (5,534,463)**	$ (2,308,650)
Denominator		
Weighted average number of common shares outstanding	**34,765,698**	13,649,306
Weighted average number of common shares outstanding - diluted	**46,729,143**	16,011,308
Basic and diluted loss per share	**$ (0.17)**	$ (0.17)

The denominator for both basic and diluted earnings per share includes the 5,972,000 of shares to be issued (Note 11).

The effect of common share purchase options, warrants, broker warrants and shares to be issued on the net loss in 2007 and 2006 is not reflected as it is anti-dilutive.

15. COMMITMENTS AND CONTINGENCIES

In December 2007, the Company made an initial prepayment of $1,000,000 as evidence of its commitment to ensure the available supply of solar cells on a timely basis. The initial prepayment is included in prepaids and other current assets. (Note 20)

The Company has operating leases for office and research facilities. The lease for office facilities was entered into in 2006 and amended in 2007; the research facility lease was entered into in 2005.

Rent expense under these leases was $61,240 (2006 - $31,214). Remaining minimum annual rental payments to the lease expiration dates are:

2008	$ 52,904
2009	56,252
2010	56,252
2011	21,095
	$ 186,503

16. SEGMENT DISCLOSURE

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

	December 31, 2007		
	USA	Canada	Consolidated
Current assets	$ 7,662,090	$ 22,179,782	$ 29,841,872
Property and equipment	287,140	-	287,140
Patents and licenses	277,859	-	277,859
	$ 8,227,089	$ 22,179,782	$ 30,406,871
Sales	$ 901,019	$ 30,698	$ 931,717
Research and development	1,359,944	-	1,359,944
General and administration	3,274,589	2,003,132	5,277,721

Substantially all of the Company's operations were in the United States of America in 2006.

17. INCOME TAXES

The following table reconciles the expected income tax recovery at the combined United States and Canadian statutory income tax rate of 34% and 36.12% respectively. (2006 - 34% and 36.12%) to the amounts recognized in the consolidated statements of operations.

	2007	2006
Net loss reflected in consolidated statements of operations	**$ 5,748,671**	$ 2,308,650
Expected income tax recovery at combined statutory rates	**$ 2,009,000**	$ 834,000
Decrease from:		
Amounts not deductible for tax purposes	**(698,000)**	(106,000)
Deductible share issuance costs	**287,000**	-
Valuation allowance	**(1,598,000)**	(728,000)
Income tax recovery recognized	**$ -**	$ -

17. INCOME TAXES (Continued)

The following table reflects future income tax assets at December 31, 2007 and 2006:

		2007		2006
Resource assets	**$**	**328,000**	$	358,000
Share issue costs		**973,000**		-
Canadian non-capital losses		**686,000**		516,500
US non-capital losses		**2,056,000**		973,500
		4,043,000		1,848,000
Valuation allowance		**4,043,000**		1,848,000
Future income tax assets recognized	**$**	**-**	$	-

In addition to capital losses of $4,785,000 (CDN $4,696,000) and resource pools of $1,132,000 (CDN $1,111,000) which have no expiry date, the Company had United States and Canadian tax loss carryforwards of $5,774,000 and $2,367,000 (CDN $2,323,000) respectively, which will expire between 2008 and 2027 if not used.

18. 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. 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.

Credit Risk
Financial instruments that potentially subject the Company to concentrations of credit risk consist of short term investments and accounts receivable. Short-term investments consist of US Treasury notes, held with reputable financial institutions from which management believes the risk of loss is remote. The Company has accounts receivable from parties in various industries and governmental agencies that are currently concentrated in the United States of America. Management does not believe that there is significant credit concentration or risk.

Exchange Rate Risk
The Company transacts a significant portion of its business in US currency and is therefore exposed to currency fluctuations.

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 has no income and relies on equity fund raising to support its R&D program. Management prepares budgets and ensures funds are available prior to commencement of any such program.

18. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)

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.

19. SUPPLEMENTAL CASH FLOW INFORMATION

		2007	2006
Interest received	$	227,439 $	-
Interest paid		18,473	-
Non cash financing activities:			
Conversion of debenture to common shares	$	2,081,208 $	-

20. SUBSEQUENT EVENTS

(i) Subsequent to December 31, 2007, the Company issued common shares for the following reasons:

(a) 483,150 common shares for the exercise of warrants at $1.00.
(b) 246,500 common shares for the exercise of warrants that were classified as shares to be issued.
(c) 925,000 common shares for the exercise of a special warrant.

(ii) On March 26, 2008, the Company signed a five-year solar cell supply contract with Spectrolab, Inc., a Boeing Company. Under the terms of the contract, the Company will be placing individual incremental orders for solar cells every calendar year. To cover its initial production requirements, the Company has placed an initial firm purchase order in the amount of $6,700,000 for 10 MW of high efficiency triple junction solar cells for delivery through 2008. Spectrolab Inc. has already started shipping product to Opel Inc. to fulfill this order.

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Leon M. Pierhal
Robert G. Pico
Samuel Peralta *
David Slomka •

** current members of audit committee*
• current members of compensation committee

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Francisco Middleton
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Javier Berrios
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SHARE CAPITAL (as at May 20, 2008):

Common Shares
Authorized: Unlimited
Issued: 53,686,857
Special Voting Share
Issued: 1
Votes: 5,972,000

ANNUAL MEETING:

The Annual General Meeting of OPEL International Inc. will be held at 10:30 a.m. (Toronto time) on Thursday, June 19th, 2008, at the Sheraton Centre located at 123 Queen Street West in the City of Toronto, Ontario, CANADA.

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