OPEL INTERNATIONAL INC.

Consolidated Financial Statements
Years ended December 31, 2009 and 2008

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AUDITOR'S REPORT
To the Shareholders of Opel International Inc.

We have audited the consolidated balance sheet of Opel International Inc. (the "Company") as at December 31, 2009 and the consolidated statements of operations and deficit, comprehensive loss, accumulated other comprehensive loss and cash flows for the year 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, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

The consolidate financial statements of the Company as of and for the year ended December 31, 2008, were audited by another auditor who expressed an opinion without reservation on those statements in its report dated March 20, 2009.

UHY LLP

Certified Public Accountants
New Haven, Connecticut
March 24, 2010

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

DECEMBER 31,	**2009**	2008
Assets		
Current		
Cash and cash equivalents	**$ 5,027,892**	$ 14,444,975
Short-term investments (Note 3)	**1,971,422**	2,289,717
Accounts receivable	**332,985**	433,235
Prepaids and other current assets	**793,842**	688,135
Inventories (Note 4)	**7,462,464**	4,893,410
Marketable securities (Note 5)	**403**	345
	15,589,008	22,749,817
Property and equipment (Note 6)	**1,693,842**	1,642,372
Patents and licenses (Note 7)	**225,475**	257,749
	$ 17,508,325	$ 24,649,938
Liabilities		
Current		
Accounts payable and accrued liabilities	**$ 1,856,026**	$ 1,592,687
	1,856,026	1,592,687
Deferred energy credit (Note 8)	**684,921**	-
Asset retirement obligation (Note 9)	**130,979**	-
	2,671,926	1,592,687
Shareholders' Equity		
Share capital (Note 10(b))	**29,939,171**	29,299,882
Special voting share (Note 11)	**100**	100
Special warrants and shares to be issued (Note 12)	**648,861**	1,016,407
Warrants (Note 13)	**6,842,556**	7,333,164
Contributed surplus (Note 14)	**4,727,888**	3,333,750
Accumulated other comprehensive loss	**(2,896,268)**	(3,335,140)
Deficit	**(24,425,909)**	(14,590,912)
	14,836,399	23,057,251
	$ 17,508,325	$ 24,649,938

Commitments and contingencies (Note 16)

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.

OPEL INTERNATIONAL INC.
CONSOLIDATED STATEMENTS OF OPERATIONS AND DEFICIT
(Expressed in US Dollars)

For The Years Ended December 31,	2009	2008
Revenue (Note 17)	**$ 608,545**	$ 1,516,838
Costs and expenses		
Cost of goods sold, including inventory write off of $445,000 in 2009 (nil in 2008)	**812,158**	808,907
General and administration	**5,477,263**	5,221,439
Research and development	**3,745,488**	2,978,382
Revalued warrants (Note 13)	**596,634**	-
Foreign currency translation gain	**(54,021)**	(84,465)
Investment income, including interest	**(131,770)**	(2,314,193)
	10,445,752	6,610,070
Loss before non-controlling interest	**(9,837,207)**	(5,093,232)
Non-controlling interest	**2,210**	18,391
Net loss	**(9,834,997)**	(5,074,841)
Deficit, beginning of year	**(14,590,912)**	(9,516,071)
Deficit, end of year	**$(24,425,909)**	$(14,590,912)
Basic and diluted loss per share (Note 15)	**$ (0.17)**	$ (0.09)

CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(Expressed in US Dollars)

For The Years Ended December 31,	2009	2008
Net loss	**$ (9,834,997)**	$ (5,074,841)
Other comprehensive income (loss) - net of income taxes		
Cumulative translation adjustment	**438,872**	(3,978,915)
Net change in unrealized loss on marketable securities	**-**	(1,348)
Comprehensive loss	**$ (9,396,125)**	$ (9,055,104)

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

OPEL INTERNATIONAL INC.
CONSOLIDATED STATEMENTS OF ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)
(Expressed in US Dollars)

For The Years Ended December 31,	**2009**	2008
Beginning balance	**$(3,335,140)**	$ 645,123
Cumulative translation adjustment	**438,872**	(3,978,915)
Net change in unrealized loss on marketable securities	**-**	(1,348)
Ending balance	**$(2,896,268)**	$(3,335,140)

OPEL INTERNATIONAL INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in US Dollars)

For The Years Ended December 31,	**2009**	2008
CASH (USED IN) PROVIDED BY		
OPERATING ACTIVITIES		
Net loss	**$ (9,834,997)**	$ (5,074,841)
Adjustments for:		
Amortization of property and equipment	**202,899**	117,594
Amortization of patents and licenses	**33,024**	30,846
Accretion of asset retirement obligation	**4,735**	-
Stock-based compensation (Note 14)	**378,239**	1,397,982
Extended warrants (Note13)	**596,634**	-
	(8,619,466)	(3,528,419)
Net change in non-cash working capital accounts:		
Accounts receivable	**100,250**	(298,737)
Prepaid and other current assets	**(105,765)**	347,639
Inventories	**(2,569,054)**	(4,216,953)
Accounts payable and accrued liabilities	**263,339**	1,014,506
	(10,930,696)	(6,681,964)
INVESTING ACTIVITIES		
Purchase (sale) of short-term investments	**318,295**	(1,787,678)
Purchase of property and equipment	**(148,792)**	(997,651)
Purchase of patents and licenses	**(750)**	(10,736)
Deferred energy credit	**705,588**	-
	874,341	(2,796,065)
FINANCING ACTIVITIES		
Issue of common shares for cash, net of issue costs	**200,400**	885,683
EFFECT OF EXCHANGE RATE CHANGES ON CASH	**438,872**	(3,978,915)
NET CHANGE IN CASH AND CASH EQUIVALENTS	**(9,417,083)**	(12,571,261)
CASH AND CASH EQUIVALENTS, beginning of year	**14,444,975**	27,016,236
CASH AND CASH EQUIVALENTS, end of year	**$ 5,027,892**	$ 14,444,975

Supplemental cash flow information (Note 23)

1. DESCRIPTION OF BUSINESS

Opel International Inc. is incorporated in the Province of Ontario. Opel International Inc. and its subsidiary, Opel Inc. (collectively, the "Company") principally develop and market concentrating solar panels and solar tracking systems for commercial applications. Additionally, the Company continues to develop a gallium arsenide microchip and the process to produce it. The Company's research and development ("R&D") efforts relate to the commercialization of CPV solar panels, solar trackers; and optical laser and infrared detection using planar "opto" electronic technology ("POET"). The Company also provides services under "fixed price" and "cost plus" R&D contracts exclusively with the Department of Defense of the United States of America. Such services are provided to the U.S. Department of Defense through Opel Defense Integrated Systems Inc. ("ODIS"), a subsidiary of Opel Inc.

Additionally, the Company formed OPL Solar Europe, SPRL ("OSE"), a Belgian company, to construct solar grid fields for sale to independent third parties in various parts of Europe, the Mediterranean and Northern Africa.

The Company has working capital of $13,732,982 as of December 31, 2009 compared to $21,157,130 as of December 31, 2008. The Company is in a position to cover its liabilities as they come due. However, the Company has had a history of losses and should such losses continue the Company will need to seek debt or equity financing to fund its operations. Although the Company has been successful in obtaining such financings in the past, there is no assurance that it will be able do so in the future.

2. 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 include the accounts of Opel International Inc. and its subsidiaries. ODIS, Alcapi Solartwent Management GmbH ("ASM") and Betasol Energias Alternatives, S.L. ("Betasol") are all considered variable interest entities with either Opel Inc. or OSE as the primary beneficiary. As such, their accounts are consolidated with those of the Company. All intercompany balances and transactions have been eliminated on consolidation.

Foreign currency translation

The functional currency of Opel International Inc. is the Canadian dollar. The Company's reporting currency is the US dollar. The Company's operations in the United States are considered to be self-sustaining. Assets and liabilities are translated using year-end exchange rates and revenue and expenses are translated at weighted average exchange rates. Exchange gains and losses arising from the translation of the financial statements of self-sustaining foreign operations are included in the "foreign currency translation adjustment" account as a component of accumulated other comprehensive income ($438,872 in 2009 and $3,978,915 in 2008). When there is a reduction in the Company's net investment in its self-sustaining foreign operations, the proportionate amount of the cumulative translation adjustment is recognized in earnings.

The financial statements of the US operation's integrated foreign subsidiary, OPL Solar Europe SPRL ("OSE"), are translated for consolidation purposes to its US parent, using the year-end rate of exchange for monetary assets and liabilities, the historical rate of exchange for non-monetary assets and liabilities and the average annual rate of exchange for revenue and expenses. Gains or losses resulting from these translation adjustments are included in net loss ($54,021 in 2009 and $84,465 in 2008).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of estimates

The preparation of financial statements in conformity with Canadian GAAP requires management to make estimates and assumptions that affect the reported amounts and disclosures in them. Significant estimates and assumptions relate to but are not limited to inventory valuation, stock-based payments, asset retirement obligation, income taxes, useful lives for property and equipment and patents, and impairment assessments. Actual results could differ from those estimates.

Financial Instruments

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

The Company's financial instruments include cash and cash equivalents, accounts receivable, short-term investments, marketable securities, and accounts payable and accrued liabilities. The Company designated its cash and cash equivalents and short-term investments as held-for-trading, its marketable securities as available-for-sale, its accounts receivable as loans and receivables, and its account payable and accrued liabilities as other financial liabilities.

Financial assets held-for-trading are measured at fair value with gains and losses recognized in operations. Financial assets held-to-maturity, loans and receivables and other financial liabilities are measured at amortized cost. Available-for-sale financial assets are measured at fair value with unrealized gains and losses recognized in other comprehensive income (loss).

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

Cash and cash equivalents

The Company considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Short-term investments

Short-term investments are classified as held for trading and are stated at fair value. Unrealized holding gains or losses are recognized in operations.

Marketable securities

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

Inventories

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and equipment

Property and equipment are recorded at cost. 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 and after):

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

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

Patents and licenses

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

Impairment of long-lived assets

The Company evaluates the recoverability of long-lived assets, which include patents and licenses, and property and equipment, for impairment when events or changes in circumstances indicate that the carrying amount of an asset or related group of assets may not be recoverable. Conditions that would necessitate an impairment assessment include a significant decline in observable market value, a significant change in the extent or manner in which an asset or group of related assets is used, or other significant adverse change that would indicate that the carrying amount of an asset or group of assets is not recoverable. The evaluation includes comparing the carrying amount of the asset or group of related assets to the related estimated undiscounted future cash flows expected to be derived from the asset or group of assets and their residual values. If these future cash flows are less than the carrying amount, then the asset or group of related assets is written down to estimated fair value, based on estimated discounted future cash flows. There were no significant indicators of impairment of the carrying values of long-lived assets at December 31, 2009 or 2008.

Deferred energy credit

The Company received in cash an energy credit on its solar installation used in operations. The credit was deferred and is being amortized over the estimated useful life of the asset and is included in the amortization of property and equipment.

Income taxes

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue recognition
Revenue is comprised of research and development (R&D) service revenue and product sales. Revenue under R&D contracts is recognized as services are provided. R&D costs are recognized as incurred; any unbilled revenue is recognized as services are provided under the terms of the contract. Revenue from product sales is recognized when ownership is transferred to customers for orders with the selling price both fixed and determinable and for which collectability is reasonably assured

Interest income
Interest income on cash and cash equivalents and short-term investments held for trading is recognized as earned using the effective interest method.

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

Stock-based compensation
Stock options and warrants awarded to non employees are accounted for using the fair value of the instrument awarded or service provided whichever is considered more reliable. Stock options and warrants awarded to employees are accounted for using the fair value method. The fair value of such stock options and warrants granted is recognized as expense on a straight-line basis over the vesting period. Fair value is calculated using the Black-Scholes option pricing model with assumptions applicable at the date of grant.

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

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 Policy Adoptions

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

(a) Goodwill and Intangible Assets

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Financial statement concepts

Amendments to Section 1000, "Financial Statement Concepts" clarified the criteria for recognizing an asset, and the timing of expense recognition.

The adoption of the provisions specified above had no material impact on the Company's financial statements.

Future Accounting Pronouncements

(a) Business combinations

In January 2009, the CICA approved Handbook Section 1582, "Business Combinations" replacing existing Section 1581 by the same name. It establishes standards for the accounting for a business combination. It provides the Canadian generally accepted accounting principles equivalent to International Financial Reporting Standards IFRS 3 Business Combinations (January 2008). The Section applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2011. The CICA recommends that entities planning business combinations in the fiscal year beginning on or after January 1, 2010 adopt these new standards early to avoid restatement on transition to IFRS in 2011. Early adoption of the new standard is permitted.

(b) Consolidated financial statements

In January 2009, the CICA approved Handbook Section 1601, "Consolidated Financial Statements" and Handbook Section 1602, "Non-controlling Interests" replacing existing Section 1600, "Consolidated Financial Statements". This Section establishes standards for the preparation of consolidated financial statements. The Section applies to interim and annual consolidated financial statements relating to fiscal years beginning on or after January 1, 2011. The CICA recommends that entities planning business combinations in the fiscal year beginning on or after January 1, 2010 adopt these new standards early to avoid restatement on transition to IFRS in 2011. Early adoption of the new standard is permitted.

(c) Non-controlling interests

In January 2009, the CICA approved Handbook Section 1602, "Non-controlling Interests". It establishes standards for accounting for a non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business combination. It is equivalent to the corresponding provisions of International Financial Reporting Standards IAS 27 Consolidated and Separate Financial Statements (January 2008). The Section applies to interim and annual consolidated financial statements relating to fiscal years beginning on or after January 1, 2011. The CICA recommends that entities planning business combinations in the fiscal year beginning on or after January 1, 2010 adopt these new standards early to avoid restatement on transition to IFRS in 2011. Early adoption of the new standard is permitted.

3. SHORT-TERM INVESTMENTS

		2009	2008
European bank guarantee	**$**	**510,828**	$ -
Corporate bonds (Coupon rate - 0.67%)		**98,946**	1,452,758
Canadian guaranteed investment certificate		**-**	836,959
Canadian government bonds (Coupon rate - 3.125%)		**256,410**	-
US certificate of deposit (Coupon rates between 0.875% and 1.25%)		**1,105,238**	-
Balance	**$**	**1,971,422**	$ 2,289,717

4. INVENTORIES

		2009	2008
Raw materials	**$**	**4,644,513**	$ 3,100,983
Work in process		**585,489**	913,396
Finished goods		**2,232,462**	879,031
Balance	**$**	**7,462,464**	$ 4,893,410

A significant portion of the the finished goods inventory, are solar panels that have been installed or are being installed in Spain.

5. MARKETABLE SECURITIES

	Shares		**2009**		2008
Tribute Minerals Inc.	**4,476**	**$**	**85**	$	73
Yangarra Resources Inc.	**3,578**		**208**		176
Titanium Corporation Inc.	**595**		**110**		96
Balance		**$**	**403**	$	345

6. PROPERTY AND EQUIPMENT

2009	**Cost**	**Accumulated amortization**	**Net Book Value**
Machinery and equipment	**$ 755,388**	**$ 511,539**	**$ 243,849**
Furniture and fixture	**137,254**	**64,264**	**72,990**
Office equipment	**77,279**	**46,345**	**30,934**
Leasehold improvements	**44,761**	**2,918**	**41,843**
Solar systems for demonstrations	**144,895**	**43,469**	**101,426**
Solar installation	**1,249,661**	**46,861**	**1,202,800**
Balance	**$ 2,409,238**	**$ 715,396**	**$ 1,693,842**

2008	Cost	Accumulated amortization	Net Book Value
Machinery and equipment	$ 737,213	$ 423,208	$ 314,005
Furniture and fixture	97,727	39,618	58,109
Office equipment	72,495	33,500	38,995
Leasehold improvements	41,065	1,683	39,382
Solar systems for demonstrations	144,895	14,488	130,407
Construction in progress	1,061,474	-	1,061,474
Balance	$ 2,154,869	$ 512,497	$ 1,642,372

7. PATENTS AND LICENSES

2009	**Cost**	**Accumulated amortization**	**Net book value**
Patents and licenses	**$ 361,919**	**$ 136,444**	**$ 225,475**

2008	Cost	Accumulated amortization	Net book value
Patents and licenses	$ 361,169	$ 103,420	$ 257,749

8. DEFERRED ENERGY CREDIT

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

Changes to the deferred energy credit are as follows:

		2009
Funding credits received	$	705,588
Amortization		(20,667)
Balance, December 31	$	684,921

9. ASSET RETIREMENT OBLIGATION

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

Changes in the asset retirement obligation are as follows:

		2009
Initial measurement	$	126,244
Accretion		4,735
Balance, December 31	$	130,979

The initial measurement of the ARO has been added to the cost of equipment.

10. SHARE CAPITAL

(a) AUTHORIZED

Unlimited number of common shares

1 Special voting share, carrying 3,182,987 votes

(b) COMMON SHARES ISSUED

	Number of Shares	Amount
Balance, December 31, 2007	51,471,517	$ 27,450,658
Issued on the exercise of warrants (Notes 12 and 13)	1,119,332	1,004,863
Issued on the exercise of stock options (Note 14)	1,098,000	77,000
Issued on the conversion of special warrants (Note 12)	925,000	370,000
Value assigned to exercised warrants (Notes 12 and 13)	-	145,691
Value assigned to exercised options (Note 14)	-	50,669
Opel Inc. Exchangeable Shares, exchanged into common shares (Note 12)	986,013	201,001
Balance, December 31, 2008	55,599,862	29,299,882
Issued on the exercise of warrants (Note 13)	500,000	200,000
Value assigned to exercised warrants (Note 13)	-	71,343
Issued on the exercise of stock options (Note 14)	400,000	400
Opel Inc. Exchangeable Shares, exchanged into common shares (Note 12)	1,803,000	367,546
Balance, December 31, 2009	58,302,862	$ 29,939,171

11. SPECIAL VOTING SHARE

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

On June 5, 2007, one (1) special voting share was issued in conjunction with a Support and Trust Agreement entered into amongst Opel International Inc., OPEL Inc. and Equity Transfer & Trust Company. The special voting share carries 3,182,987 votes.

12. SPECIAL WARRANTS AND SHARES TO BE ISSUED

Pursuant to a RTO agreement, the Company was obligated to issue 5,972,000 shares to common shareholders of Opel Inc. in exchange for their 5,972,000 Exchangeable Shares of Opel Inc. The value ascribed to the 5,972,000 shares to be issued was $1,217,408. During 2009 and 2008, 1,803,000 and 986,013 Exchangeable Shares of Opel Inc. were exchanged for the same number of common shares of the Company. Values of $367,546 and $201,001 were attributed to the Exchangeable Shares exchanged.

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 were exercisable at no additional cost to the investor for a period of 3 years, expiring June 25, 2010. The special warrants were valued at $370,000. On January 21, 2008, the 925,000 special warrants were converted into 925,000 common shares, the value of the special warrants was reclassified to common shares in 2008.

In December of 2007, 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 issued in January 2008, accordingly, $229,000 and $37,335 relating to the value assigned to these warrants were reclassified to common shares in 2008.

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

	Number of Shares to be Issued	Historical Fair Value
Balance, December 31, 2007	7,143,500	$ 1,853,743
Special warrants converted to common shares	(925,000)	(370,000)
Shares issued on warrants exercised in 2007	(246,500)	(229,000)
Reclassification of value assigned to warrant exercised in 2007	-	(37,335)
Exchangeable Shares exchanged into common shares	(986,013)	(201,001)
Balance, December 31, 2008	4,985,987	1,016,407
Exchangeable Shares exchanged into common shares	(1,803,000)	(367,546)
Balance, December 31, 2009	3,182,987	$ 648,861

13. WARRANTS

The following table reflects the continuity of warrants:

	Average Exercise Price	Number of Warrants	Historical Fair value
Balance, December 31, 2007	$ 0.90	31,833,135	$ 7,606,520
Exercised	0.89	(872,832)	(108,356)
Expired	0.73	(9,161,681)	(165,000)
Balance, December 31, 2008	1.27	21,798,622	7,333,164
Exercised	0.40	(500,000)	(71,343)
Expired	0.60	(3,276,040)	(1,015,899)
Additional value assigned to extended warrants (1)	0.08	-	596,634
Balance, December 31, 2009	$ 1.31	18,022,582	$ 6,842,556

(1) On December 13, 2009, 7,500,000 warrants initially issued on December 13, 2007 expiring December 13, 2009 were extended to December 13, 2011. The extended warrants were valued using the Black-Scholes option pricing model with the following assumptions; dividend yield - 0%, volatility - 124%, risk-free interest rate - 1.24%, and expected life - 2 years. The additional estimated fair value of $596,634 was charged to operations.

13. WARRANTS (Continued)

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

Number of Warrants	Historical Fair Value ($)	Exercise Price ($)	Expiry Date
7,500,000	3,660,585 (1)	1.88	December 13, 2011 (2)
1,332,500	280,306	1.00	March 9, 2010
2,662,835	560,656	1.00	March 26, 2010
692,000	146,089	1.00	April 11, 2010
2,563,000	542,154	1.00	May 11, 2010
672,149	142,836	1.00	May 28, 2010
2,600,098	1,509,930	0.60	June 25, 2010
18,022,582	6,842,556		

(1) These warrants were issued in Canadian dollars and are exercisable at $1.90 CAD.
(2) The expiry of these warrants was extended to December 13, 2011 from December 13, 2009.

14. STOCK OPTIONS AND CONTRIBUTED SURPLUS

On June 17, 2009, shareholders of the Company approved a new fixed 20% stock option plan (the "New Plan"). Under the New Plan, the board of directors may grant options to acquire common shares of the Company to qualified directors, officers, employees and consultants. The New Plan provides that the number of common shares issuable pursuant to options granted under the New Plan and pursuant to other previously granted options is limited to 12,115,000 (the “Number Reserved”). Any subsequent increase in the Number Reserved must be approved by shareholders of the Company and cannot exceed 20% of the number of issued and outstanding shares. Options granted under the 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 different vesting period.

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

	Number of Stock Options		Weighted Average Exercise Price	
	2009	2008	**2009**	2008
Beginning balance	**6,524,000**	6,876,000	**$ 0.76**	$ 0.65
Options expired/cancelled	**(80,000)**	(59,000)	**0.42**	0.85
Options exercised	**(400,000)**	(1,098,000)	**0.001**	0.07
Options granted	**1,552,000**	805,000	**0.20**	0.77
Ending balance	**7,596,000**	6,524,000	**$ 0.69**	$ 0.76

14. STOCK OPTIONS AND CONTRIBUTED SURPLUS (Continued)

In 2008, 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 $0.77 per share:

Date	Number of Options	Price ($)	Expiry
February 12, 2008	165,000	1.18	February 12, 2013
April 29, 2008	190,000	1.47	April 29, 2013
June 19, 2008	25,000	1.05	June 19, 2013
July 29, 2008	225,000	0.44	July 29, 2013
November 6, 2008	110,000	0.11	November 6, 2013
December 5, 2008	90,000	0.15	December 5, 2013
	805,000	0.77	

Of the 805,000 stock options granted during 2008, 296,250 have vested with the remainder vesting at various intervals over 18 months. The estimated fair value of the stock options granted in 2008 was $394,038. In 2009, $299,382 related to vested stock options was charged to stock based compensation; the remaining unrecognized portion of $94,656 will be charged to stock option compensation over the remaining vesting period.

Stock based compensation expense for 2008 includes $1,098,600 relating to 1,767,000 vested stock options that were granted in 2007.

In 2009, 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 $0.20 per share:

Date	Number of Options	Price ($)	Expiry
February 13, 2009	865,000	0.13	February 13, 2014
April 16, 2009	262,000	0.21	April 16, 2014
May 21, 2009	155,000	0.36	May 21, 2014
June 17, 2009	10,000	0.45	June 17, 2014
August 20, 2009	80,000	0.35	August 20, 2014
September 29, 2009	55,000	0.37	September 29, 2014
November 19, 2009	75,000	0.31	November 19, 2014
December 19, 2009	50,000	0.29	December 19, 2014
	1,552,000	0.20	

Of the 1,552,000 stock options granted during the year, 711,000 have vested with the remainder vesting at various intervals over 18 months. The estimated fair value of the stock options granted in 2009 was $240,319. In 2009, $177,920 related to vested stock options was charged to stock based compensation; the remaining unrecognized portion of $62,399 will be charged to stock option compensation over the remaining vesting period.

Stock based compensation expense for 2009 includes $200,319 relating to 958,382 vested stock options that were granted in prior years.

14. STOCK OPTIONS AND CONTRIBUTED SURPLUS (Continued)

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

	2009	2008
Weighted average risk-free interest rate	**2.17%**	3.12%
Weighted average dividend yield	**0%**	0%
Weighted average volatility	**127%**	85%
Weighted average estimated life	**5 years**	5 years

Details of the stock options outstanding were as follows:

2009

Historical Fair Value ($)	Exercisable Options	Number of Options	Exercise Price ($)	Expiry Date
105,519	310,000	310,000	0.50	March 15, 2011
6,674	20,000	20,000	0.50	June 26, 2011
111,907	300,000	300,000	0.50	September 30, 2011
122,942	305,000	305,000	0.60	April 26, 2012
32,824	200,000	200,000	0.25	May 15, 2012
45,133	275,000	275,000	0.25	May 18, 2012
120,920	300,000	300,000	0.60	May 24, 2012
20,154	50,000	50,000	0.60	May 31, 2012
20,154	50,000	50,000	0.60	June 22, 2012
1,472,016	3,119,000	3,119,000	0.94 (1)	September 21, 2012
239,423	390,000	390,000	1.48 (1)	December 14, 2012
55,819	165,000	165,000	1.18 (1)	February 12, 2013
71,220	142,500	190,000	1.46 (1)	April 29, 2013
6,154	25,000	25,000	1.03 (1)	June 19, 2013
65,080	168,750	225,000	0.44 (1)	July 29, 2013
9,299	82,500	110,000	0.11 (1)	November 6, 2013
9,900	67,500	90,000	0.15 (1)	December 5, 2013
97,812	432,500	865,000	0.13 (1)	February 13, 2014
46,017	131,000	262,000	0.21 (1)	April 16, 2014
28,335	77,500	75,000	0.36 (1)	May 21, 2014
3,534	5,000	10,000	0.45 (1)	June 17, 2014
23,760	20,000	80,000	0.35 (1)	August 20, 2014
16,901	13,750	55,000	0.37 (1)	September 29, 2014
15,275	18,750	75,000	0.31 (1)	November 19, 2014
9,586	12,500	50,000	0.29 (1)	December 19, 2014
2,756,358	6,681,250	7,596,000		

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

14. STOCK OPTIONS AND CONTRIBUTED SURPLUS (Continued)

2008

Historical Fair Value ($)	Exercisable Options	Number of Options	Exercise Price ($)	Expiry Date
-	400,000	400,000	0.001	March 14, 2010
105,519	310,000	310,000	0.50	March 15, 2011
6,674	20,000	20,000	0.50	June 26, 2011
111,907	300,000	300,000	0.50	September 30, 2011
122,942	305,000	305,000	0.60	April 26, 2012
32,824	200,000	200,000	0.25	May 15, 2012
45,133	275,000	275,000	0.25	May 18, 2012
120,920	300,000	300,000	0.60	May 24, 2012
20,154	50,000	50,000	0.60	May 31, 2012
20,154	50,000	50,000	0.60	June 22, 2012
1,472,016	2,327,500	3,119,000	0.94 (1)	September 21, 2012
239,423	292,500	390,000	1.48 (1)	December 14, 2012
55,819	82,500	165,000	1.18 (1)	February 12, 2013
71,220	95,000	190,000	1.46 (1)	April 29, 2013
6,154	12,500	25,000	1.03 (1)	June 19, 2013
65,080	56,250	225,000	0.44 (1)	July 29, 2013
9,299	27,500	110,000	0.11 (1)	November 6, 2013
9,900	22,500	90,000	0.15 (1)	December 5, 2013
2,515,138	5,126,250	6,524,000		

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

The following table reflects the continuity of contributed surplus:

	Amount
Balance, December 31, 2007	$ 1,788,617
Stock-based compensation	1,397,982
Compensation options exercised	(50,669)
Warrants expired	165,000
Translation adjustment	32,820
Balance, December 31, 2008	3,333,750
Stock-based compensation	378,239
Warrants expired	1,015,899
Balance, December 31, 2009	$ 4,727,888

15. LOSS PER SHARE

	2009	2008
Numerator:		
Net loss - basic and diluted	**$ (9,834,997)**	$ (5,074,841)
Denominator:		
Weighted average number of common shares outstanding - basic	**56,931,089**	54,643,695
Weighted average number of common shares outstanding - diluted	**61,034,902**	57,354,328
Basic and diluted loss per share	**$ (0.17)**	$ (0.09)

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

16. COMMITMENTS AND CONTINGENCIES

To cover its initial production requirements, the Company 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 starting 2008. As of December 31, 2009 the remaining commitment approximates $1,700,000.

The Company has operating leases for office and research facilities. The research facility lease was amended in 2009.

Rent expense under these leases for 2009 was $210,563 (2008 - $132,679). Remaining minimum annual rental payments to the lease expiration dates are as follows:

2010	$ 90,464
2011	84,650
2012	90,354
2013	90,354
2014 and after	45,177
	$ 400,999

17. REVENUE

	2009	2008
R & D Contracts	**$ 233,136**	$ 750,196
Product sales	**375,409**	766,642
	$ 608,545	$ 1,516,838

18. SEGMENT INFORMATION

The Company operates in the industrial products and hardware sector. Geographical information is as follows:

2009

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

2008

As of December 31,	US	Canada	Europe	Consolidated
Current assets	$ 9,845,954	$ 12,246,329	$ 657,534	$ 22,749,817
Property and equipment	1,642,372	-	-	1,642,372
Patents and licenses	257,749	-	-	257,749
	$ 11,746,075	$ 12,246,329	$ 657,534	$ 24,649,938
Year ended December 31,				
Revenue	$ 1,516,838	$ -	$ -	$ 1,516,838
Cost of goods sold	808,907	-	-	808,907
General and administration	3,374,468	1,746,607	100,364	5,221,439
Research and development	2,978,382	-	-	2,978,382
Investment income	(55,289)	(2,247,740)	(11,164)	(2,314,193)

19. INCOME TAXES

The following table reconciles the expected income tax recovery at the combined United States and Canadian statutory income tax rates of 33% for 2009 and 34.5% for 2008 to the amounts recognized in operations.

		2009		2008
Net loss	**$**	**9,834,997**	$	5,074,841
Expected income tax recovery at combined statutory rates	**$**	**3,245,000**	$	1,750,000
Changes from:				
Amounts not deductible for tax purposes		**(330,000)**		(475,000)
Deductible share issuance costs		**271,000**		280,000
Realization of tax losses previously recognized		**-**		(325,000)
Adjustment of prior year estimates and foreign currency fluctuations		**(500,000)**		-
Reduction in tax rates		**(159,000)**		-
Change in valuation allowance		**(2,527,000)**		(1,230,000)
Income tax recovery recognized	**$**	**-**	$	-

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

		2009		2008
Resource assets	**$**	**227,000**	$	263,000
Share issue costs		**255,000**		583,000
Canadian non-capital losses		**333,000**		322,000
US non-capital losses		**6,882,000**		4,002,000
		7,697,000		5,170,000
Valuation allowance		**(7,697,000)**		(5,170,000)
Future income tax assets recognized	**$**	**-**	$	-

In addition to capital losses of $3,064,000 (CAD $3,225,000) and resource pools of $1,055,000 (CAD $1,111,000) which have no expiry date, the Company had United States and Canadian tax loss carryforwards of $20,240,000 and $1,333,000 (CAD $1,403,000) respectively, which will expire between 2010 and 2029 if not used.

20. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

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

The Company has classified financial instruments as follows:

	2009	2008
Financial assets:		
Held-for-trading, measured at fair value:		
Cash and cash equivalents	**$ 5,027,892**	$ 14,444,975
Short-term investments	**1,971,422**	2,289,717
Loans and receivable, measured at amortized cost:		
Accounts receivable	**332,985**	433,235
Available-for-sale, measured at fair value:		
Marketable securities	**403**	345
	$ 7,332,702	$ 17,168,272

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. While economic factors can affect credit risk, the Company manages risk by providing credit terms on a case by case basis. The Company has not experienced any significant instances of non-payment from its customers. At year end, accounts receivable balances were concentrated among two customers.

Exchange Rate Risk
The functional currency of each of the entities included in the accompanying consolidated financial statements is the local currency where the entity is domiciled. Functional currencies include the US and Canadian dollar and the Euro. Most transactions are conducted in functional currencies. As such, none of the entities included in the consolidated financial statements engage in hedging activities. Currencies in which the Company’s exposure to foreign currencies mainly include the Canadian dollar and the Euro. A 1% change in the Canadian dollar and the Euro would increase or decrease other comprehensive income (loss) and net income (loss) by $51,753 and $11,405 respectively.

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

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

20. 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, cash equivalents, accounts receivable and accounts payable and accrued liabilities) are not subject to market risk, due to the short-term nature of these instruments. A 5% change in fair values of short-term investments and marketable securities would decrease or increase net loss by $7,461 and other comprehensive income (loss) by $516 respectively.

21. CAPITAL MANAGEMENT

In the management of capital, the Company includes shareholders equity (excluding accumulated other comprehensive income (loss) and deficit), cash and short-term investments. The capital of the Company was $49,157,890 at December 31, 2009. The Company's objective in managing capital is to ensure that financial flexibility is present to increase shareholder value through organic growth and responding to changes in economic and/or market conditions; to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business and to safeguard the Company's ability to obtain financing should the need arise.

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

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

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

22. ECONOMIC DEPENDENCE

The Company has a long-term supply contract with a vendor relating to procurement of solar cells. The Company's product sales are significantly dependent on the production and supply volumes of the vendor.

23. SUPPLEMENTAL CASH FLOW INFORMATION

	2009	2008
Interest paid	**$ -**	$ -
Income taxes paid	**$ -**	$ -