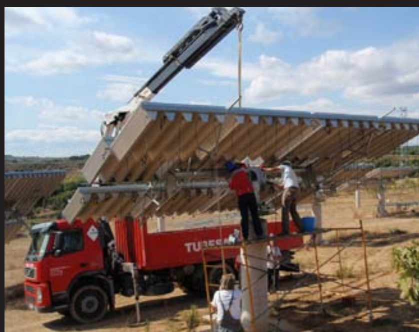
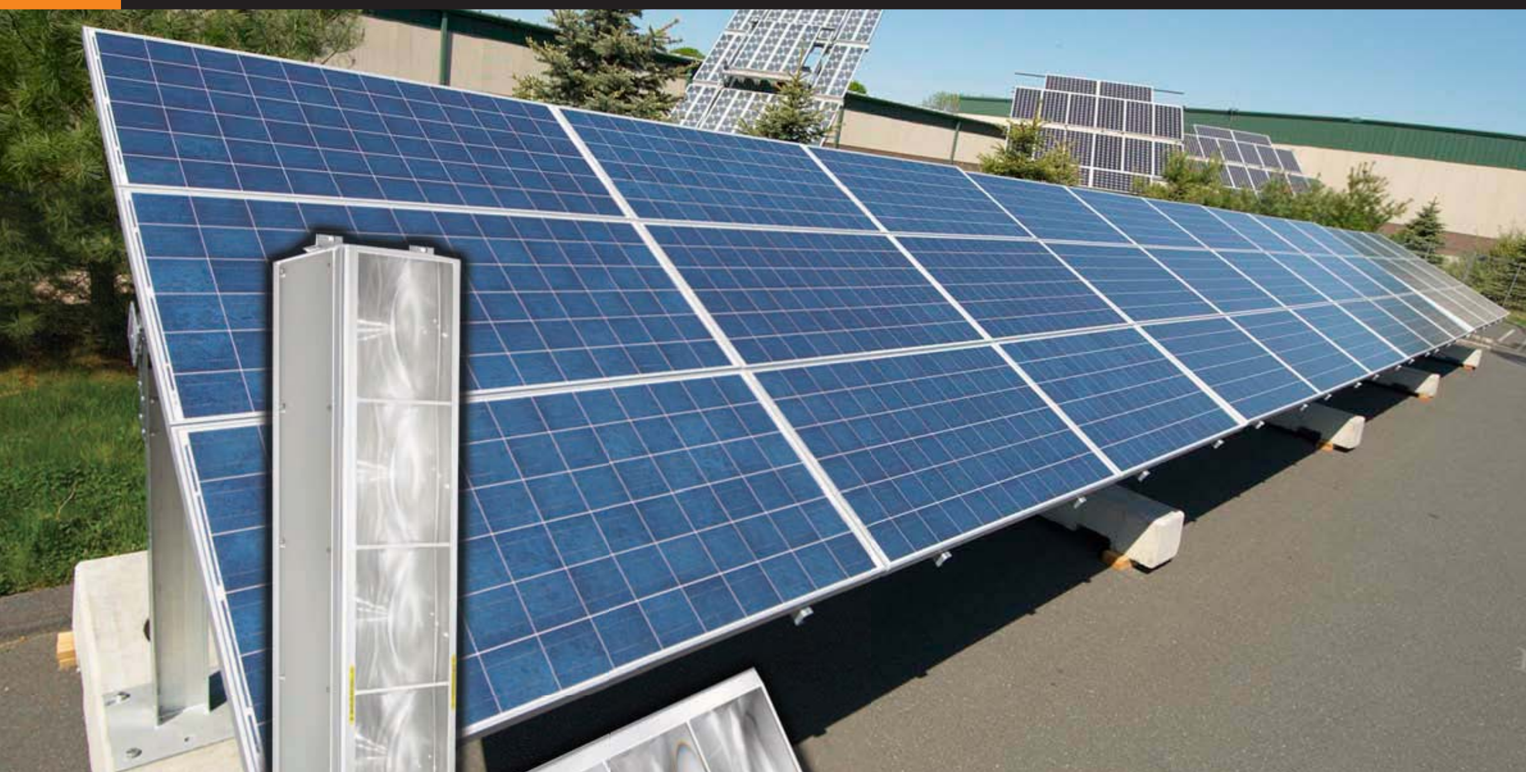
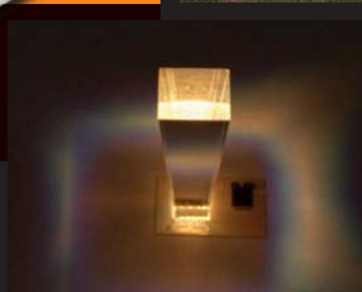
OPEL™

Harnessing the Sun through Concentration℠

Annual Report 2009







DIRECTORS' REPORT

To the Shareholders of OPEL International Inc.

The global recession in 2009 had a major impact on the financial performance of companies in virtually every industry around the world, and neither the solar energy industry, nor OPEL, proved to be an exception. As consumers, businesses, and governments cut back sharply on spending and investment, OPEL responded aggressively by doing what we do best, being innovative on many fronts. The Company moved to conserve cash flow, reduce expenses, enhance operational efficiency in our advanced solar technologies, and strengthen important business relationships. OPEL, a leader in gallium arsenide and solar concentrating photovoltaic technology, also took advantage of the slowdown to make technological improvements in its next generation Mk-I solar panels and tracker systems, sharpening its competitive edge in the marketplace. These improvements in innovation, coupled with a strong focus on cost reduction, will insure OPEL will continue to produce a highly cost-competitive product line.

During the year, OPEL continued to market its products and services to regions that are particularly well-suited for the high concentration photovoltaic (HCPV) industry and our innovative sun tracker systems, among them, France, Portugal, Spain, Italy, the Western U.S. and the Province of Ontario, Canada. We believe these efforts will prove especially worthwhile as the global economy improves. OPEL also partnered with local manufacturers and suppliers globally in 2009 to reduce costs associated with the production of solar panels and trackers as well as assist in the deployment of solar power installations. Our *"think global, act local"* approach in 2009 will enable us to extend our international reach with agreements that make OPEL's entire product line available to select suppliers of utility-scale projects around the world.

In spite of the difficult economic environment, 2009 marked a year of *"firsts"* for OPEL with the completion in October of a 330-kilowatt HCPV utility grade power plant in Spain with our Spanish partner, BETASOL. One of the first commercially operable power grids eligible for Feed-in-Tariffs (FIT) from the Spanish government, this installation has played an important role in demonstrating the benefits of HCPV technology. OPEL also signed an agreement with Tecneira, S.A., the Portugal renewable energy company of ProCME Group, for a one megawatt (MW) HCPV installation. Like the BETASOL project in Spain, this project – a first in HCPV awards in Portugal – will be eligible for Feed-in-Tariffs (FIT) that will provide a guaranteed investment rate of return.

We continued to focus on manufacturing in terms of creating new products and, with our business partners, create more *"green"* jobs. In May 2009, for example, OPEL Solar introduced a new large scale TF-500 dual axis tracker to our product line-up. Manufactured in Connecticut and Ohio, the production of these trackers in the United States is consistent with President Obama's "green" energy initiative and pledge to aid in the creation of renewable energy jobs. OPEL also formally announced in September that we will manufacture our utility scale high performance TF-800 tracker line, which it developed with FEiNA, in the United States. The TF-800, a ground-mounted single axis tracker, has proved to be very attractive commercially because of its ease of assembly and backtracking ability to produce more power.

Closer to home, the completion of a solar panel and rooftop tracking system at The Linden Street Elementary School in Plainville, CT, was the first of its kind in the state. Both the Plainville and Spanish installation, mentioned previously, allow us to showcase OPEL's innovative products and expertise in real time to potential customers and investors, here and abroad.

In 2009, OPEL launched a government relations program to enhance OPEL's visibility with state and federal leaders, agencies and legislative bodies. As a result, OPEL was awarded a U.S. Treasury payment under the auspices of the American Recovery & Reinvestment Act. Administered by the U.S. Department of Energy and the U.S. Treasury Department, these payments are awarded to companies creating and placing renewable energy facilities in service. Our focus on government affairs has also ensured that we have an active voice in educating state and federal legislators, in particular, about solar power, as well as speak to legislation that is likely to directly affect the future of the solar power industry.

OPEL's solar power initiatives have not gone unnoticed. We are proud to announce that we were advised in late 2009 that OPEL had been named a recipient of a 2010 Connecticut Green Business Award. The award recognizes companies for their contributions in helping to drive the state's "green" economy with the creation of "green" jobs.

OPEL was also pleased to announce additions to the OPEL family with the hiring of Sales Directors to cover the East and West Coasts of the United States, respectively, as well as a Sales Director responsible for Asian Business Development, further expanding OPEL's global presence and ensuring a stronger *"on the ground"* relationship for the company with its customers, prospects and business partners.

OPEL's military subsidiary, OPEL Defense Integrated Systems (ODIS), was able to meet the challenges of a difficult market and is also well-positioned for success. ODIS made considerable progress in 2009 with its Infrared Sensor and RF/Wireless business and stands to benefit from the Obama Administration's continued commitment to defense research and development. ODIS is also looking forward in 2010 to the proposition of receiving contracts from the U.S. Air Force Research Laboratory associated with developing new "state of the art" integrated approaches to infrared imaging combined with transistor readout circuits. This breakthrough technology has the potential to produce significant cost savings for the U.S. Air Force and Space Missile Command.

Looking ahead, we see growing support – not only for solar deployment throughout Europe, the Western region of the United States, the Province of Ontario, Canada, Northern Africa and Asia – but for high concentration photovoltaic panels as utility scale HCPV installations come online. The technology is not only proven, it promises lower costs, greater efficiency and, in the case of OPEL's HCPV products, up to 40 percent more kilowatt-hours than conventional flat plate solar panels. As 2009 drew to a close, we saw a significant increase in quoting opportunities for our advanced solar technology and related products. In fact, market interest seems to be moving toward utility scale solar power installations of at least 1 MW in size, signaling a change in the industry and a firm desire to use next generation solar technologies like HCPV and tracking systems. We believe the growing interest in HCPV will, in turn, increase demand for global tax incentives for solar energy and help make the case for the integration of OPEL's innovative HCPV technology. As a result of all the business efforts and focus on building customer relationships during the year, we believe this could lead to enhanced revenue growth for the Company.

As always, many thanks to my fellow directors for their guidance and leadership, our employees and staff for their commitment and contribution, our European and Asian partners, the various Defense Departments and Agencies with which we work and our suppliers. We also appreciate the support and interest of our shareholders and look forward to communicating updates of the firm's continued success to you. In the meantime, we look forward to greeting many of you at our Annual Meeting on June 18, 2010.

Leon M. Pierhal
President and CEO
May 13, 2010

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL INFORMATION

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.

Opel International Inc. (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 UHY 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, 2009. 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.

Leon M. Pierhal
Leon M. Pierhal
President & CEO
Toronto, Ontario
May 13, 2010

The following discussion and analysis of the operations, results, and financial position of OPEL International Inc., (the "Company") for the year ended December 31, 2009 (the "Period") should be read in conjunction with the Company's December 31, 2009 audited consolidated financial statements and the related notes thereto. Such financial statements have been prepared in accordance with Canadian generally accepted accounting principles. The effective date of this report is March 24, 2010. All financial figures are in United States dollars (USD) unless otherwise indicated.

Forward-Looking Statements

This management discussion and analysis contains forward-looking statements that involve risks and uncertainties. It uses words such as "may", "would", "could", "will", "likely", "except", "anticipate", "believe", "intend", "plan", "forecast", "project", "estimate", and other similar expressions to identify forward-looking statements. Forward-looking statements are subject to a variety of risks and uncertainties which could cause actual events or results to differ from those reflected in the forward-looking statements, including, without limitation, risks and uncertainties relating to the early stage of the Company's development and the possibility that future development of the Company's technology and business will not be consistent with management's expectations, difficulties in achieving commercial production or interruptions in such production if achieved, the inherent uncertainty of cost estimates and the potential for unexpected costs and expenses, the uncertainty of profitability and failure to obtain adequate financing on a timely basis. The Company undertakes no obligation to update forward-looking statements if circumstances or Management's estimates or opinions should change. The reader is cautioned not to place undue reliance on forward-looking statements.

Business Overview

The Company is incorporated under the laws of the Province of New Brunswick. Through its subsidiary, OPEL Inc. ("OPEL") founded in December of 2000, it is engaged principally in the development and marketing of concentrating solar panels and single and dual axis solar tracking systems for commercial applications and the development of a gallium arsenide microchip for numerous applications, including solar cells. The Company's shares trade under the symbol "OPL" on the TSX Venture Exchange.

OPEL designs, manufactures and markets high performance concentrating photovoltaic ("HCPV") panels to transform solar energy into electricity for worldwide application. OPEL's HCPV panels can generate up to 40% more kilowatt-hours than conventional flat plate silicon solar panels, resulting in more cost effective electricity generated from the sun. With its unique design and high efficiency, OPEL strives to become the leader in HCPV solar panels. OPEL is working on a product roadmap to lower the cost of its HCPV panels to grid parity in 2011. OPEL also markets a complete line of single and dual axis solar trackers to mount solar panels for the optimum power output. These solar trackers can improve the performance of all types of solar panels from 20-40% over a fixed installation. Moving to increase OPEL's presence in Europe, OPEL and two partners formed Alcapi Solartwent Management GmbH ("ASM"), a German limited liability company. ASM was formed for the initial purpose of developing a grid field installation of 712kW in Spain, know as Segovia 1 SL which will be sold to a third party, once completed, and selling electricity to the grid. OPEL looks for partners that are solar integrators or other parties interested in building solar grid fields. OPEL formed OPL Solar Europe SPRL ("OSE"), a Belgium-based subsidiary, to better address other ASM-like opportunities in Europe. The second such opportunity was Betasol Energias Alternativas, S.L. ("Betasol"), a Spanish limited liability company formed to install solar grid fields to be sold to third parties once completed. The first project with Betasol is for 440kW and 330kW is now installed in northwestern Spain, connected to the grid and generating power. The second project identified is a 2.375MW solar farm, also in Spain.

OPEL, through OPEL Defense Integrated Systems ("ODIS"), designs infrared sensor type products for military and industrial applications. ODIS continues to develop gallium arsenide-based processes and semi-conductor microchip products having several potential major market applications: infrared sensor arrays for Homeland Security monitoring and imaging along with the unique combination of optical lasers, and electronic control circuits on the same microchip for potential applications in various military programs and potentially telecom, for Fiber To The Home ("FTTH"). The use of gallium arsenide is a key material in ODIS's Planar Opto-Electronic Technology ("POET") process development for these products. OPEL/ODIS has been awarded several U.S. Department of Defense projects since 2000. These have been and continue today to support ODIS's POET process development, infrared sensing technology, optical/laser development and the combination of electronic circuits and lasers on the same microchip. ODIS remains active in this area with several recent projects underway with the U.S. Department of Defense and two major U.S. defense contractors.

Industry Outlook

Alternative energy has attained a position of heightened awareness due to the high cost of oil over the past few years as well as the world wide concern over the pollution caused by the use of fossil fuels and the resulting global warming. Still, widespread adoption and installation of alternative energy sources, like solar and wind, require a financial subsidy or feed-in tariff to make them competitive with fossil fuels. We have seen the average selling price "ASP" of top quality silicon solar panels drop from $4.50 per watt in early 2008 to $2.00-2.20 per watt today, which aids in the adoption of solar and demonstrates its ability to approach grid parity with other fossil fuels.

In the current economic environment, the worst in decades, many planned funding sources for renewable solar energy projects worldwide were suspended or cancelled which has resulted in a difficult environment to secure loans, credit lines, or raise funds for small to large solar projects. OPEL recognized this environment towards the end of 2008 and implemented a strategy to move forward but at the same time preserved cash, a strategy that has continued thru 2009, and will continue into the foreseeable future. However, OPEL chose not to postpone its development programs and to make customer headway during this difficult period so that when the economic situation improves, OPEL will emerge with a strong customer base and a growing momentum. In doing so, OPEL has worked to install its first fully operational and revenue producing HCPV solar grid field in Spain. This grid once fully completed, will be sold to an independent power provider who will receive the generous solar feed-in tariff issued by the Spanish Government. This strategy has allowed OPEL to step up its production capability and to start to reduce the costs of its HCPV solar panels to ensure OPEL is competitive as the market for larger HCPV projects in its backlog start up in late 2010 and 2011. This strategy has also allowed OPEL to show potential customers working solar grid fields of its HCPV solar panels, to demonstrate their functionality and output as compared to silicon based solar panels, which are more prevalent in the industry.

OPEL is actively cultivating high profile customers and projects in several European countries that have active feed-in tariffs. OPEL believes that the financing of solar projects is starting to pick up and that the U.S. alternative energy stimulus package, individual State incentive programs, as well as the revised Ontario Standard Offer, will stimulate growth. OPEL has also worked to grow its customer base in all of these locations which should yield projects from those relationships and to continue to build its backlog of business for 2010 and 2011.

Significant Events in 2009

OPEL continued to make great strides in 2009. Following are some significant events in the development of the Company which add to the foundation for the achievements of the Company's future success:

1. OPEL, through OPL Solar Europe ("OSE") has entered into a partnership with Fuerza Solar S.L., a Spanish solar integrator, forming Betasol Energias Alternativas, S.L. OSE acquired a 50% interest in Betasol, amounting to $2,210 (Euros 1,750). The Betasol partnership is installing a 440kW solar grid field in Spain. As of December 31, OPEL has delivered 363kW of panels to this project representing approximately $1,000,000 in revenue that will be recognized once this grid field is sold to a third party. A 330kW portion of this installation was already producing power to the grid at the end of the Period, and potential customers are being hosted at the site. The Spanish government is due to announce the approved feed-in tariff for this installation in 2010, which will allow a customer the ability to bill for power at that rate for the next 25 years. Commencement of the fourth and final section of this 440kW installation will await customer funding.
2. On March 20, 2009, OPEL completed Connecticut's first rooftop solar tracker system. The 131kW solar system was installed on the Linden Street School in Plainville, CT and is supplying a significant portion of the school's electricity. The system will also eliminate 79 tons of carbon emissions over the next 20 years. OPEL retains ownership of this $1.1M system and will receive payment for the electricity generated from this installation through a power purchase agreement ("PPA") with the Plainville School System over the next twenty years. OPEL received a cash reimbursement of $526,500 from the Connecticut Clean Energy Fund. As a part of the new American Recovery & Reinvestment Act ("the Stimulus Package"), OPEL

received an additional cash payment, in lieu of a tax credit, from the U.S. Federal Government for 30% of the net cost after the above mentioned funds, amounting to about $179,000 in the fourth quarter.

3. OPEL started the UL certification process for its Mk-I HCPV panels with the delivery of several panels to the Underwriter Labs for evaluation. OPEL completed Phase I of its UL certification program for the Mk-I HCPV panel in the second quarter and is working on Phase II.
4. OPEL, through its Spanish partner Betasol, has agreed to install an additional 2.375 megawatt (MW) of solar power using OPEL's HCPV panels and dual axis trackers at a new location in Spain. A local Spanish bank, with its own funds, has provided the US$1,500,000 Aval or guarantee for the project, which is scheduled to begin installation in late 2010. Once installation is complete, this solar field will be sold to a third party that will provide electrical power to the Spanish grid.
5. OPEL has made a strong commitment to Asia with the addition of a new Director of Asian Business Development. This position will address the rapidly expanding markets in Korea, China and India.
6. OPEL has entered a new European marketplace the June quarter with an initial delivery of HCPV panels and dual axis trackers to Portugal.
7. The ODIS group has continued to work with various U.S. military agencies and two large defense contractors in identifying two new products they will support through funding to ODIS.
8. OPEL introduced two new tracker systems to be manufactured in the USA. One can be ground or roof mounted, and the second is larger and best suited for larger, utility scale installations.
9. OPEL has delivered an installation of HCPV panels and dual axis trackers to a second location in Italy.
10. OPEL added another Regional Director of Sales to cover the Eastern portion of the USA and Canada.
11. OPEL began strengthening its Public & Government Relations efforts, resulting in CPV Technology related wording being proposed for U.S. Federal legislation and proposed financial incentives to be submitted to the U.S. House and Senate for adoption as The Solar Technology Roadmap Act ("STRA"). These activities greatly expand OPEL's public recognition and future project quoting opportunities.

Fourth Quarter

12. OPEL has started a small pre-production level run of its Mk-I HCPV panels at a large contract manufacturer, in keeping with its planned cost reduction goals. This will also allow OPEL to meet the volume required to fill its orders for 2010 delivery.
13. OPEL has signed up a Korean Distributor, SOLYPAC Technology Co., Ltd, to handle the distribution of all of its product in the South Korean market.
14. OPEL has completed another 110kW section of its solar field in Spain with its partner Betasol, bringing the total installation providing electricity to the grid to 330kW. The Spanish Government is due to confirm the feed-in tariff applicable to this installation in early 2010.
15. Through OPEL's public relations program, OPEL management was asked to participate as CPV industry experts at various solar conferences. The Company's recognition has been raised because of numerous press interviews and articles written quoting OPEL management as influencing the CPV industry.

Selected Annual Information

The following are the summary profit and loss financial data of the Company for the most recent three years which have been prepared in accordance with Canadian generally accepted accounting principles:

	2009	2008	2007
Sales	$ 608,545	$ 1,516,838	$ 931,717
Cost of goods sold	812,158	808,907	-
Research and development	3,745,488	2,978,382	1,359,944
Amortization and accretion	240,658	148,440	116,406
Professional fees	609,863	535,779	378,607
Stock-based compensation	378,239	1,397,982	1,571,132
General and administrative	4,248,503	3,139,238	3,211,576

	2009	2008	2007
Revalued warrants	596,634	-	-
Investment income	(131,770)	(2,314,193)	42,723
Foreign currency translation gain	(54,021)	(84,465)	-
Loss before non-controlling interest	(9,837,207)	(5,093,232)	(5,748,671)
Non-controlling interest	2,210	18,391	-
Net loss	$ (9,834,997)	$ (5,074,841)	$ (5,748,671)

During 2009, the Company generated sales of $608,545 as compared to sales of $1,516,838 in 2008. This decrease is due to the effort OPEL placed on its 330kW installation of HCPV panels and dual axis trackers in Spain. The revenue from this project will be realized in 2010, and has allowed OPEL to demonstrate the viability of its concentrating panels. Cost of goods sold is high relative to the 2009 revenue, because it includes inventory write-offs of $275,000 to reflect current realizable market value in the fourth quarter of the year and a $170,000 prototype and pre-production usuable inventory in the second quarter as we moved to limited production. Our research and development expenses grew by $767,106 in 2009 due to prototyping activities related to our new trackers and the cost reduction efforts on our HCPV panels. Some of the R&D costs were related to several outside subcontractors which aid in the finalization of our commercial solar products, UL testing, and the start-up of low level production, all non-recurring activities. The 2009 R&D activities have placed our products in a stable state to address 2010 revenue. Our headcount has been stable for several quarters. Professional fees were higher in 2009 by $74,084 in legal expenses related to our subsidiary formation and joint ventures relationships. Amortization of property and equipment was higher in 2009 by $100,000, predominately due to the Connecticut solar installation owned by OPEL. Stock based compensation is lower by $1,000,000 as fewer options were granted at a lower price per share, however, a series of warrants were extended which were valued at $596,634. Amortization, stock compensation, and the revalued warrants were all non-cash expenses. G&A expenses were higher by $1,100,000 in 2009 due to increased sales and marketing activities and travel related to our Spanish installation. Both activities have created greater revenue possibilities for 2010. Investment income in 2009 was less than that of 2008. The negative reaction to the global economic crisis resulted in fewer investment opportunities that would provide strong yields similar to those of 2008 while staying within the guidelines of the Company's investment policy. Additionally, operational and capital funding requirements limited the amount of cash that could be invested by the Company.

Summary of Quarterly Results

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

	Dec. 31/09	**Sep. 30/09**	**Jun. 30/09**	**Mar. 31/09**	**Dec. 31/08**	**Sep. 30/08**	**Jun. 30/08**	**Mar. 31/08**
Sales	$ 61,730	$ 156,157	$ 134,921	$ 255,737	$ 939,440	$ 449,607	$ 110,234	$ 17,557
Cost of goods sold	368,077	94,475	291,563	58,043	808,907	-	-	-
Research and development	833,076	800,384	1,244,154	867,874	592,735	1,048,429	835,885	501,333
Depreciation and amortization	74,500	59,155	58,959	48,044	5,177	60,102	51,772	31,389
Professional fees	143,712	130,309	108,886	152,872	164,936	81,821	149,581	139,441
Stock-based compensation	55,029	75,519	103,700	143,991	306,848	363,711	430,308	297,115
General and administrative	1,057,173	961,707	1,006,811	1,294,686	942,625	678,333	722,204	777,685
Revalued warrants	596,634	-	-	-	-	-	-	-
Investment (income) expense	(24,082)	(18,457)	(62,531)	(44,154)	(1,843,161)	(50,418)	(150,406)	(270,208)
Foreign exchange (loss) gain	34,498	(41,996)	(64,880)	35,811	(84,465)	-	-	-
Net (loss) income	$(3,076,887)	$(1,904,939)	$(2,551,741)	$ (2,301,430)	$ 45,838	$(1,732,371)	$(1,929,110)	$(1,459,198)

Explanation of Quarterly Results

In the fourth quarter, revenue was lower by $880,000 over the fourth quarter of 2008. The Company's sales efforts in the third and fourth quarters of 2009 were on the completion and hosting potential customers at our 330kW HCPV installation in Spain. This is a key demonstration of OPEL's HCPV panel viability and is leading to more revenue in 2010. The cost of goods sold is high relative the fourth quarter revenue, but it includes a $275,000 write down of materials in inventory to the current realizable market value. The three months ended December 31, 2009 included the non-cash expense of $55,029 related to stock options, some of which were granted in a prior year and a one-time non-cash charge of $596,634, relating to the estimated fair value of 7,500,000 warrants that were extended on December 13, 2009 to December 11, 2011. Stock-based compensation is $252,819 lower than the same quarter of 2008. The Company believes it is necessary to grant incentive stock options to attract and hold highly skilled employees. OPEL increased its R&D expenses by $240,341 when compared to the same quarter of 2008, related to subcontracting expenses used to support manufacturing start-up and to ultimately reduce the cost of the next generation solar panels and trackers. OPEL's G&A expenses were higher by $114,548 year over year due to additional marketing and sales activities in the quarter ended December 31, 2009.

Liquidity and Capital Resources

The Company had working capital of $13,732,982 at December 31, 2009, compared to $21,157,130 at December 31, 2008.

During 2009, there were 900,000 warrants, broker warrants or stock options exercised.

The Company continues to have good liquidity, even during times of economic uncertainty and instability. Of the Company's $17,508,325 of assets, $15,589,008 is classified as current assets, which includes $5,027,892 of cash and cash equivalents, and $1,971,422 of short-term investments. Opel's current annual operating cash needs for 2010 approximate $6.8 million dollars. OPEL now has several significant orders on its backlog to deliver in 2010 and 2011, a fully commissioned solar installation in Spain with an approved tariff rate to be sold to a customer in 2010, and two new SBIR grants to fund the activities of ODIS, which collectively provide the Company with sufficient cash and revenue growth to support itself over the next twelve months and beyond even if the economic down-turn should continue.

Management is satisfied that the current cash balances and other liquid resources are sufficient to fund the Company's expansion, inventory purchase commitments and research programs for the foreseeable future.

Critical Accounting Estimates

Stock-based Compensation

The Company uses the fair value method to account for stock options granted. Under the fair value method, the Company recognizes estimated compensation expense for stock options granted over the vesting period with the related credit to contributed surplus. Upon exercise of these stock options, amounts previously credited to contribute 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, solar trackers, and the components necessary to produce the Company's solar products. Inventory is stated at the lower of cost determined by first-in, first-out basis or current market value.

The finished goods portion of OPEL's inventory includes $1,000,000 related to the solar panels currently installed and being installed in the Spanish grid field which will be relieved once sold to a third party and revenue will be recognized. Additionally, OPEL has $4,800,000 in Boeing-Spectrolab solar cell assemblies to provide the additional solar panels necessary to fill current backlog.

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.

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 from its supplier, Boeing-Spectrolab. The unapplied balance of this prepayment is included in prepaids and other current assets.

OPEL leases office space and research facilities. The office lease for the Shelton, CT facility extends to June, 2014. The lease on the research facility at the University of Connecticut was extended in 2009 to June 30, 2010. The total obligation to the end of both leases is $400,999.

Adoption of New Accounting Policies

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

Sections:

(a) Goodwill and Intangible Assets

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

(b) Financial statement concepts

In February 2008, the CICA issued amendments to Handbook Section 1000, “Financial Statement Concepts” to clarify the criteria for recognition of an asset and the timing of expense recognition. The new requirements are effective in the first quarter of 2009.

(c) International Financial Reporting Standards

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

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

Future Accounting Pronouncements

In January 2009, the CICA issued the following new Handbook sections:

a) Section 1582, “Business Combinations”, which replaces Section 1581, “Business Combinations”. The Section establishes standards for the accounting for a business combination. It provides the Canadian equivalent to IFRS 3, “Business Combinations”. For the Company, this Section applies prospectively to business combinations for which the acquisition date is on or after January 1, 2011. Earlier application is permitted but must be applied together with Section 1601 "Consolidated Financial Statements" and Section 1602 "Non-Controlling Interests". The Company is currently evaluating the impact of the adoption of this new Section on the consolidated financial statements.

b) Section 1601, “Consolidated Financial Statements” and Section 1602, “Non-Controlling Interests”, which together replace Section 1600, “Consolidated Financial Statements”. Section 1601 establishes standards for the preparation of consolidated financial statements. Section 1602 establishes standards for accounting for a non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business combination. It is equivalent to the corresponding provisions of IFRS standard, IAS 27, “Consolidated and Separate Financial Statements”. For the

Company, this Section applies prospectively to business combinations for which the acquisition date is on or after January 1, 2011. Earlier application is permitted but must be applied together with Section 1582. The Company is currently evaluating the impact of the adoption of this new Section on the consolidated financial statements.

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.

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 December 31, 2009, accounts receivable balances were concentrated among a limited number of customers.

Exchange Rate Risk

The functional currency of Opel International Inc. is the Canadian dollar. The Company’s operations in the United States and Germany are considered to be self-sustaining. Operations in foreign markets are exposed to the risk of foreign currency fluctuations for transactions denominated in a currency other than the functional currency of the Company’s foreign operating unit. Currencies in which the Company is exposed to foreign currency risk are mainly the Canadian dollar and Euro. A 1% change in the Canadian dollar and the Euro would increase or decrease other comprehensive income (loss) and net income by $51,753 and $11,405 respectively. Since the Company’s operations predominantly transact their sales and purchases in their respective domestic currencies, the exposure is reduced. Therefore, the Company typically does not hedge accounts receivable and accounts payable that are denominated in a foreign currency.

Interest Rate Risk

Short-term investments bear interest at fixed rates, and as such, are subject to interest rate risk resulting from changes in fair value from market fluctuations in interest rates.

Liquidity Risk

The Company currently does not maintain credit facilities, and relies on previous equity funding for liquidity to meet current and foreseeable financial requirements. The contractual maturity of financial liabilities mainly comprising accounts payable and accrued liabilities is less than one year, as at the latest reporting date.

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. 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.

Environmental and Climate Change Issues

OPEL faces few, if any, of these issues directly as it uses contract manufacturers and the inherent characteristics of its products are not environmentally hazardous. However, OPEL’s products allow its customers to make great contributions to climate change. Each 1MW of OPEL’s HCPV panels installed by a customer avoids 600 tons of CO_2 from being discharged into the atmosphere each year, the equivalent of planting 93 acres of trees.

Strategy and Outlook

The Company made the transition from a development stage company to one of sales of commercial solar products in 2008. In 2009 OPEL made two significant installations to demonstrate its capability to deliver on commercial installations of both trackers and HCPV panels. One installation proves its rooftop tracking systems can increase the kWh production and the second demonstrates the viability of its HCPV panels for a utility scale installation in Spain. For 2010, there are a number of projects planned which will address the short-term and long-term growth plans of the Company including, but not limited to the following:

- Continue to work on a series of phased cost reductions geared at lowering the cost of our Mk-I HCPV solar panels by up to 40%, while continuing to increase their efficiency.
- Ramp up U.S. production for its single and dual axis tracking system for both roof and ground mounting.
- Identify a U.S. based contract manufacturer to allow increased manufacturing capability for OPEL's HCPV solar panels.
- Fill out key management positions within OPEL, ie. VP Sales and VP Operations.
- Establish dealer and representative networks for our solar products in Mexico, Canada and the U.S..
- Identify and cultivate relationships with several Solar EPC's to be able to provide turn-key solar installations for larger customers with utility scale installations in mind.
- Transfer the patented POET technology to a fabrication facility that can prove its viability and product potential through OPEL Defense Integrated Systems ("ODIS").
- Heighten prospects of U.S. Solar Legislation favoring HCPV incentives and other solar related financial opportunities, like feed-in tariffs or State and Federal grants.

Significant Events Since January 1, 2010

1. ODIS was awarded a $750,000 SBIR contract to continue the development of infrared sensor technologies for use by the United States Air Force and the Space Missile Command.
2. OPEL has signed an Agreement with one of the largest construction companies in the world for jointly bidding OPEL's HCPV panels and tracking systems.
3. The Spanish Government just announced the feed-in tariff 0.281 Euro to be used for the sale of electricity produced at OPEL's 330kW solar grid installation in Vilalba, Spain. This rate can now be charged for all electricity feed to the grid over the next 25 years.
4. OPEL and its installation partner Tecneira have been awarded a 1MW installation in Portugal by the Government. Opel will use its HCPV panels and dual axis trackers while Tecneira will handle the balance of the system installation. The installation will take place in 2010 and end in 2011.

Outstanding Share Data

Common Shares

As at December 31, 2009 and March 24, 2010, there were 58,302,862 and 58,668,336 outstanding common shares of the Company at those dates respectively.

Special Voting Share

Additionally, there was one (1) special voting share which carries 3,182,987 and 2,817,513 votes at December 31, 2009 and March 24, 2010 respectively. These votes are for the benefit of the holders of 3,182,987 and 2,817,513 exchangeable shares of OPEL, Inc. at December 31, 2009 and March 24, 2010 respectively. The exchangeable are convertible into common of the common shares of the Company on a one for one basis.

Stock Options and Warrants

As at December 31, 2009 and March 24, 2010, the Company had 18,022,582 warrants outstanding for the purchase of common shares priced between US$0.60 and $1.88.

Total stock options outstanding at December 31, 2009 and March 24, 2010 were 7,596,000 shares, of which 88% are exercisable between CA$0.13 and 1.48 per common share.

Additional detailed share data information is available the Company's Consolidated Financial Statement.

Off-Balance Sheet Arrangements

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

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, 2009 that these controls and procedures were effective.

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, 2009. It was concluded that there is a weakness in the Company's ability to adequately segregate the duties of the Chief Financial Officer due the Company's current size and limited number of employees. 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 staffing levels.

Convergence with International Financial Reporting Standards

In 2006, Canada's Accounting Standards Board ratified a strategic plan that will result in Canadian GAAP, as used by public companies, being evolved and converged with International Financial Reporting Standards (IFRS) over a transitional period to be complete by 2011. The official changeover date from Canadian GAAP to IFRS is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. As the International Accounting Standards Board currently has projects underway that should result in new pronouncements and since this Canadian convergence initiative is very much in its infancy as of the date of these statements, the Company has not yet assessed the impact of the ultimate adoption of IFRS on the Company.

The Company is assessing the potential impacts of this changeover and is developing its IFRS change over plan, which will include project structure and governance, resourcing and training, analysis of key GAAP differences and a phased plan to assess accounting policies under IFRS as well as potential IFRS 1 exemptions. The Company will disclose key elements of our plan and processes as the information becomes available during the transition period.

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 commercial scale production may cause a material adverse effect to the Company.

Financial Liquidity – OPEL may not have adequate financial reserves to enable it to grow at the pace required to serve its customer base, if substantial orders were received and were backlogged.

Ability to Reach Profitability - OPEL has no history of profitability and may not be able to sell enough products at a high enough margin to cover its costs of operation on an ongoing basis.

Lack of Project Financing - OPEL's customers may not be able to find adequate financing to support the build-out of larger solar projects using OPEL products.

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

Market Acceptance of New Products - OPEL's HCPV solar panels are a new technology which as yet little installed base and may not be embraced for large scale installation.

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 or after it brings its products to market which could result in the loss of market share thereby having 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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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

UHY LLP is an Independent Member of UHY International Limited

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.

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.

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)

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,	**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)

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

(Expressed in US Dollars)

DECEMBER 31, 2009 AND 2008

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).

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

(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.

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

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.

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

14. STOCK OPTIONS AND CONTRIBUTED SURPLUS (Continued)

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.

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)**

18. SEGMENT INFORMATION (Continued)

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.

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	**$**	**-**	$	-

CORPORATE INFORMATION

DIRECTORS:

Denis Colbourne * • ◦
Lawrence R. Kunkel, *Chairman* * • ◦
Leon M. Pierhal
Samuel Peralta * ◦
David Slomka •

** current members of audit committee*
• current members of compensation committee
◦ current member of corporate governance & nominating committee

OFFICERS:

Leon M. Pierhal
PRESIDENT & CHIEF EXECUTIVE OFFICER

Francisco Middleton
CHIEF OPERATING OFFICER &
VICE-PRESIDENT, MARKETING

Javier Berrios
VICE-PRESIDENT, ENGINEERING

Patricia V. Agudow
VICE-PRESIDENT, ADMINISTRATION,
PUBLIC & GOVERNMENT RELATIONS

Michael McCoy
CHIEF FINANCIAL OFFICER & TREASURER

Michel J. Lafrance
SECRETARY

LEGAL CONSULTANTS:

Stikeman Keeley Spiegel Pasternack LLP – Toronto
Lavery de Billy, L.L.P. – Montreal
Stewart McKelvey – Saint John, N.B.
Brown Rudnick Berlack Israels LLP – Boston, MA
O'Connell, Flaherty & Attmore LLC – Shelton, CT

SHARES LISTED:

TSX Venture Exchange
Symbol: OPL

HEAD OFFICE:

Suite 501, 121 Richmond Street West
Toronto, Ontario M5H 2K1
Tel: (416) 368-9411
Fax: (416) 861-0749

OPERATIONS OFFICE:

Suite 204, 3 Corporate Drive
Shelton, CT USA 06484
Tel: (203) 612-2366
Fax: (203) 944-0800

AUDITORS:

MARCUM LLP
Maritime Centre
555 Long Wharf Drive
New Haven, CT 06511 USA

REGISTRAR AND TRANSFER AGENT:

Equity Transfer & Trust Company
Suite 400, 200 University Avenue
Toronto, Ontario M5H 4H1
Tel: (416) 361-0152
Fax: (416) 361-0470
E-mail: info@equity-transfer.com

INTERNET:

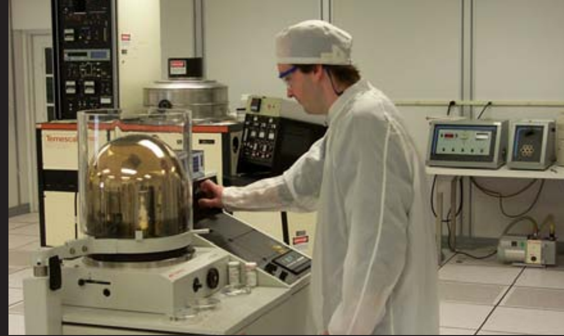
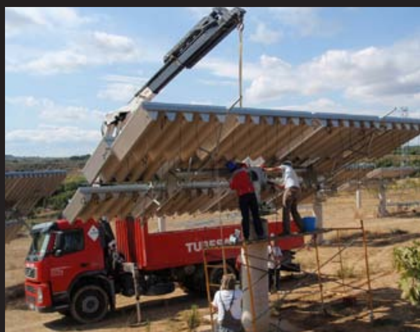
http://www.opelinc.com
E-mail: investors@opelinc.com

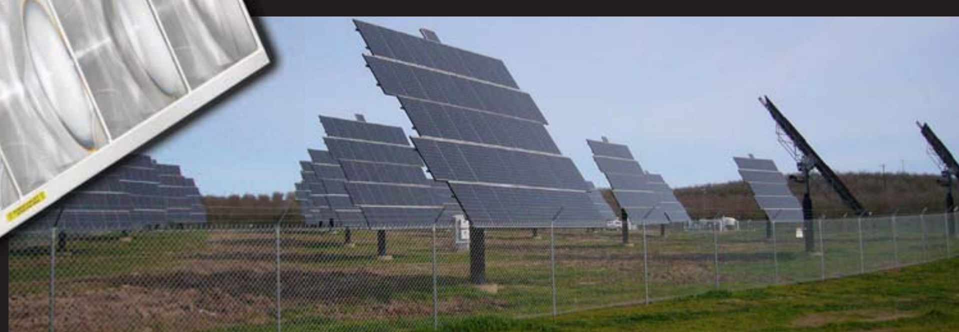
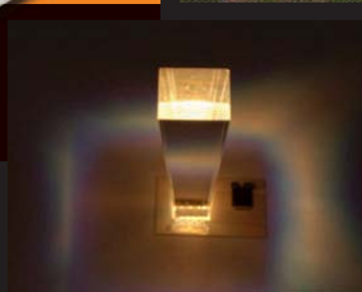
SHARE CAPITAL (as at May 13, 2010):

Common Shares	
Authorized:	Unlimited
Issued:	58,302,862
Special Voting Share	
Issued:	1
Votes:	3,182,987
Total Voting Rights	
	61,485,849

ANNUAL MEETING:

The Annual General Meeting of Opel International Inc. will be held at 10:00 a.m. (Toronto time) on Friday, June 18th, 2010, in the York Room of the Sheraton Centre located at 123 Queen Street West in the City of Toronto, Ontario, CANADA.


OPEL International Inc.

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