



OPEL SOLAR
INTERNATIONAL INC.

Management's Discussion
and Analysis
3-months ended March 31, 2011 and 2010

TABLE OF CONTENTS

Forward Looking Statements	1
Business Overview	1
a) Solar Business	1
a) Semiconductor Technology	2
Key Success Drivers (“KSD”)	3
Significant Events During 2011	3
Summary of Quarterly Results	4
Explanation of Quarterly Results	4
Explanation of Material Variations by Quarter for the Last Eight Quarters	5
Segment Disclosure	6
Liquidity and Capital Resources	7
Related Party Transactions	8
Critical Accounting Estimates	8
Contractual Obligations	8
Recent Accounting Pronouncements	8
Financial Instruments and Risk Management	9
Exchange Rate Risk	9
Interest Rate Risk	9
Liquidity Risk	9
Market Risk	9
Environmental and Climate Change Issues	9
Strategy and Outlook	9
Significant Events Since March 31, 2011	10
Outstanding Share Data	10
Common Shares	10
Special Voting Share.....	10
Stock Options and Warrants	11
Off-balance Sheet Arrangements	11
Key Business Risks and Uncertainties	11
International Financial Reporting Standards	12
Optional Exemptions	
Business combinations	12
Cumulative translation differences	12
Share-based payment transactions	12
Mandatory Exceptions	
Estimates	13
Impact on the Company’s Financial Reporting	13
Additional Information	14



OPEL Solar International Inc.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE QUARTER ENDED MARCH 31, 2011

The following discussion and analysis of the operations, results, and financial position of OPEL Solar International Inc., ("OPEL" or the "Company") for the first quarter ended March 31, 2011 (the "Period") should be read in conjunction with the Company's condensed unaudited interim consolidated financial statements for the three months ended March 31, 2011, prepared in accordance with under International Financial Reporting Standards ("IFRS") and the Company's December 31, 2010 audited consolidated financial statements and the related notes thereto where applicable. The December 31, 2010 audited consolidated financial statements were prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). The effective date of this report is June 06, 2011. 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 Ontario. OPEL is engaged in (a) the development and marketing of advanced solar technologies with its high concentrating solar panels and state of the art designs in single and dual axis solar tracking systems for commercial and utility applications and (b) the development of a design process for gallium arsenide microchip for numerous applications, including solar cells, lasers on a chip, infrared detectors and other semiconductor devices capabilities. The Company's shares trade under the symbol "OPL" on the TSX Venture Exchange.

a) Solar Business

The mission of OPEL Solar is to develop and supply innovative solutions to harness electricity from the sun in the most efficient and cost effective manner. OPEL designs, manufactures and markets high concentration photovoltaic ("HCPV") panels to transform solar energy into electricity for worldwide application. Concentrating photovoltaic systems are the next generation in solar technology that will be deployed. The high efficiency of the OPEL HCPV panel results in significantly higher power generation per unit of area when compared to both silicon flat panel and thin film installations. OPEL's HCPV panels, when mounted on OPEL's dual axis trackers, can increase the energy production of an HCPV or PV panel by up to 45% with respect to a fixed mounted system, 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. OPEL also markets a complete line of single and dual axis solar trackers to mount solar panels for the optimum power output. In fact, during the 2010 business year, a new single axis solar tracker was introduced to the market called the TF800. This tracker highlights ease of installation in the construction process and incorporates backtracking capability in order to reduce any impact from shadowing. Additionally, OPEL trackers have a wireless control capability to reduce installation and maintenance costs associated with large solar field operations. These are some examples of the innovative spirit which runs as a common thread through out OPEL Solar.

Europe has been an early adopter of solar energy including next generation methods like HCPV. Moving to increase OPEL's presence in Europe, OPEL formed OPL Solar Europe SPRL ("OSE"), a Belgium-based subsidiary, to better address business opportunities in Europe. OPEL's presence in Europe has led to growing project opportunities in Spain, Italy, Portugal, France and North Africa.

b) Semiconductor Technology

OPEL, through ODIS Inc., a U.S. company, (an acronym for "OPEL Defense Integrated Systems"), designs a wide array of devices for military, consumer, commercial, and industrial applications. ODIS continues to develop gallium arsenide-based chip design processes having several potential major market applications, including: (i) infrared sensor arrays for military as well as Homeland Security monitoring and imaging, and (ii) the unique combination of optical lasers, and electronic control circuits on the same microchip for potential use in various military programs and potentially telecom applications such as, Fiber To The Home ("FTTH"). The use of gallium arsenide is a key material in ODIS's Planar Opto-Electronic Technology ("POET") process development for these products. ODIS has been awarded more than a dozen U.S. Department of Defense projects since 2000. These have and continue to support the development of ODIS's POET process, 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. ODIS and the POET Technology were formally introduced to shareholders at the Annual General Meeting held in June, 2010, where investors were able to learn more about the chip development potential the POET technology's impact may have in commercial and government market sectors.

Industry Outlook

Alternative energy has attained a position of heightened awareness due to the high cost of oil over the past few years and recently the concern with nuclear power. In addition, the world wide concern over the carbon footprint left from the pollution of fossil fuel use, global warming and homeland security concerns regarding the safety and reliability of foreign energy sources have all contributed to the demand for alternative energy solutions. In order to have widespread adoption and installation of alternative energy sources, like solar and wind, it requires a financial subsidy or feed-in tariff to make these sources competitive with fossil fuels for the medium term.

The German market has enjoyed a robust solar installation market for several years due to a well thought out feed-in tariff structure provided by its Government to initiate early adoption of solar. Following that lead, Spain put in place a feed-in tariff which led to a boom in wind and solar installations. Other European countries like Italy, Portugal, France, and Greece have followed suit, allowing their countries to benefit from greener energy sources while lowering their dependence on fossil fuels. Whereas, the unrest in North Africa and tensions in the Middle East have slowed solar activity as have the recent economic conditions in Europe have made it necessary for most countries to scale back level of the feed-in tariffs, the commitment has been maintained to provide some incentive in order to expand solar adoption.

China has announced to the world one of the most aggressive goals for renewable energy usage, and it is working out the project details and financial support of a huge solar installation program. In Canada, Ontario is moving rapidly into the solar arena with a multi-structured feed-in tariff, one of the world's highest, to address grid field applications as well as commercial and residential rooftops. The United States has begun to become more active with solar and wind over the past several years with a combination of State and Federal subsidies beginning to be enacted. Currently, the installed base is still relatively low, but is showing signs of steady and continued growth. With the U.S. stimulus package put in place in early 2009 and the government's work to support manufacturing and jobs creation, solar activity in the United States is increasing. It is widely accepted that should the United States pass further Federal legislation for a clean energy bill, the market potential in the U.S. for renewable energy sources like solar provide steady growth.

The relative size of planned and quoted installations demonstrates that a huge growth cycle is starting. We have seen the average selling price ("ASP") of top quality silicon solar panels drop from \$4.50 per watt in early 2008 to \$1.55-1.70 per watt today with stability expected through 2011. This aids greatly in the adoption of solar and demonstrates the ability for solar power to approach grid parity with other fossil fuels. The lower ASP is a direct result of the large production volume providing the necessary economies of scale, like any other product. Ultimately, the goal is for solar power to be competitive on its own merit, without any subsidy.

HCPV, being a new technology, is going through the same market adoption cycle which was travelled by conventional silicon panels many years ago as well as thin film panels most recently. Once the technology is proven

in installations, it becomes “bankable”; and the large installers and project developers would begin to deploy it in large scale.

Key Success Drivers (“KSD”).

The Company has several KSDs, including its emphasis on vertical integration, its HCPV panels, its single and dual axis tracker systems, integrated wireless tracking technologies, and the POET technology.

The Company’s HCPV panels have a much higher production efficiency potential than standard silicon panels and thin film panels. This industry leading efficiency should stimulate a higher level of product acceptance over time. In 2009, OPEL installed its first fully operational and revenue producing HCPV solar grid field in Spain. This grid field is now entitled to a Spanish feed-in tariff of 0.281 Euro per kWh produced, and would be paid to the owner of the field, over the next 25 years. This installation has allowed OPEL to show potential customers a working commercial solar grid field of its HCPV solar panels and dual axis tracking systems, to demonstrate their functionality and higher output as compared to silicon based solar panels, which are more prevalent in the industry. This has led to additional orders for HCPV from companies in Portugal, France and China. OPEL is confident that HCPV will be the next big solar application for areas of high solar irradiance.

In addition to its HCPV panels, the Company also demonstrated its single-axis rooftop tracker capability in 2009, with an installation on a school roof in Connecticut. After 1.5 years of operation, the installation is performing above expectation, providing electricity at a reduced cost to the school system. OPEL’s solar tracking systems, roof mounted or ground mounted provide a way for customers to increase the kWh production of most solar projects by 20-45% over fixed solar installations. OPEL provides a complete line of single and dual axis solar tracking systems for use in commercial or utility grade installations. Another KSD added in 2010 is the TF-800 series of single axis trackers mentioned above. However, it bears reemphasizing that this line of trackers is very attractive for utility scale projects due to its ease of installation, its reverse tracking capabilities and its wireless network control technology. As OPEL became successful in getting the company’s tracker message into the marketplace, interest in solar tracking systems in the United States has grown significantly in the last year. OPEL has been actively quoting many utility scale installations, in many cases providing a “one stop shop” approach and sometimes including construction management, and will be a beneficiary of that growth as projects are launched.

OPEL believes that the financing of solar projects is starting to gain momentum and support. In addition, the U.S. alternative energy stimulus package, individual State incentive programs, as well as the revised Ontario Standard Offer will stimulate more growth and acceptance of solar power throughout North America. We are concentrating our sales efforts for both solar panels and tracker systems in those locations in Europe and North America that have active feed-in tariffs or alternative energy stimulus packages which will result in more near term revenue opportunities.

OPEL believes that we are part of the most competitive group of CPV companies producing concentrated solar panels. OPEL is on its way to being a market leader in this category as no single CPV competitor has a much larger ‘installed’ base. While our greatest competition is from standard silicon panels which make up more than 90% of the currently installed base, OPEL also offers a full line of single and dual axis tracking systems to use with its HCPV panels or any other solar panel types, suited to any specific locations. This gives OPEL an advantage in that the Company has a solar solution for all types of installations, and that fact opens the spectrum of solar project to OPEL.

ODIS designs infrared sensor type products for military and industrial applications. ODIS develops gallium arsenide-based processes and semi-conductor microchip products having several potential major market applications: infrared sensor arrays for Homeland Security monitoring and imaging along with the unique combination of optical lasers, and electronic control circuits on the same microchip for potential applications in various military programs, higher efficiency computing systems, and potentially telecom for Fiber to The Home. ODIS chip design capabilities allow for optical and electronic signals to be used on the same chip when necessary and allow for direct connection to optical fiber without conversion to electronic signals.

Significant Events During 2011

OPEL continued to make progress in 2011. Following are some significant events in the growth and development of the Company which add to the foundation for the achievement of the Company’s future success:

- I.** In January 2011, ODIS was awarded a development contract from the National Aeronautics and Space Administration (“NASA”) that will involve a Phase I Award of \$100,000 to develop Optoelectronic Infrastructure of RF/Optical phased arrays.

2. In March 2011, OPEL announced it was in receipt of a third party valuation, with a mean valuation of \$1.3B, for it POET Technology which had been developed by its U.S. affiliates ODIS Inc..
3. OPEL Solar International was selected as a member of the “2011 TSX Venture 50”, a ranking of strong performing companies listed on the TSX Venture Exchange. The recognition ceremony was held in March.
4. In March, OPEL was awarded a 5MW order from its Chinese venture partner, OPEL Solar Asia, for OPEL’s HCPV solar panels and dual axis tracking systems. Initial deliveries are to start in Q2 2011 and will complete in 2012.
5. In March 2011, OPEL was awarded a contract to deliver a 35kW solar installation at the Aquarion Water Company’s local water treatment facility. The installation will showcase OPEL’s TF-800 single axis tracking system as well as the SF-45 dual axis tracker. Solar power is well suited to the power usage of a water treatment facility and is expected to produce 10% of their power requirements. Aquarion may wish to expand its usage of solar power in the future.

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 except for the four quarters of 2010 which are presented under IFRS. All amounts herein are expressed in United States dollars unless otherwise indicated:

	Mar. 31/11 <u>(IFRS)</u>	Dec. 31/10 <u>(IFRS)</u>	Sep. 30/10 <u>(IFRS)</u>	Jun. 30/10 <u>(IFRS)</u>	Mar. 31/10 <u>(IFRS)</u>	Dec. 31/09 <u>(GAAP)</u>	Sep. 30/09 <u>(GAAP)</u>	Jun. 30/09 <u>(GAAP)</u>
Sales	\$1,486,502	\$ 375,747	\$ 479,141	\$ 447,432	\$ 345,318	\$ 61,730	\$ 156,157	\$ 134,921
Cost of goods sold	925,590	178,058	125,474	72,536	58,559	368,077	94,475	291,563
Research and development	926,967	1,069,729	1,261,464	759,242	700,627	833,076	800,384	1,244,154
Depreciation and amortization	60,963	57,370	60,146	70,237	46,588	74,500	59,155	58,959
Professional fees	202,738	124,862	113,334	153,850	177,445	217,796	130,309	108,886
Stock-based compensation	307,149	158,573	261,636	78,395	93,255	55,029	75,519	103,700
General and administrative	1,078,781	966,439	777,233	1,109,216	1,183,730	983,089	961,707	1,006,811
Loss on divestiture on ASM	-	-	-	40,572	-	-	-	-
Revalued warrants	-	-	-	-	-	596,634	-	-
Investment income	(4,107)	(11,119)	(6,772)	(6,131)	(15,569)	(24,082)	(18,457)	(62,531)
Foreign exchange (loss) gain	-	-	-	10,231	-	34,498	(41,996)	(64,880)
Net loss	\$(2,011,579)	\$(2,168,165)	\$(2,113,374)	\$(1,840,716)	\$(1,899,317)	\$(3,076,887)	\$(1,904,939)	\$(2,551,741)

Explanation of Quarterly Results

In the quarter ending March 31, 2011, revenue was higher by \$1,141,000 (400%) over the same quarter of 2010. The Company has increased the U.S. sales of solar panels by 1,600 for an increase of \$948,000 and the ODIS contract revenue, R&D for the US Government, was up by \$57,000 due to the additional contracts awarded in 2010. Most of the solar revenues were associated with an installation in Rhode Island, which will be the state’s largest when completed mid-year. Gross margin for the March quarter was 38%.

Professional fees were slightly higher, by \$25,000, than last year in the same quarter due to additional expenses related to OPEL’s conversion to IFRS reporting, legal fees associated with the formation of our Joint Venture in China and fees associated with the ODIS Valuation. These same expenses were higher than the December 2010 quarter by \$78,000 comparatively but each of these expenditures serve to advance the Company’s growth.

The three months ended March 31, 2011 included the non-cash expense of \$307,149 related to stock options, some of which were granted in a prior year. This was higher by \$213,894 than the year earlier quarter and \$148,576 higher than the December 2010 quarter as more options were granted at higher market prices. 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 \$226,000 when compared to the same quarter of 2010, but the prior years activity was low and in transition to provide our new utility grade tracking system, the TF-800, the inclusion of the wireless tracking control feature, and the newly released Mk-1X HCPV panel. OPEL utilizes outside contracting houses to assist in the design of some of our future product enhancements allowing for lower permanent headcount. Going forward, our R&D expense rate will remain about the same without sacrificing our product innovation.

OPEL's G&A expenses were lower by \$105,000 year over year due to a conscious effort to keep our overhead expenses at these lower levels while we grow. Travel has been lower, management salaries are lower by one head and we have reduced our sales activities in Europe to focus on the growing US and Chinese markets. Our US and Chinese sales staff was in place last year and their efforts have led to the revenue growth we see today. These expenses, however, were higher than the December 2010 quarter due to annual insurance payments made in the March quarter.

Explanation of Material Variations by Quarter for the Last Eight Quarters

OPEL's revenue in the quarter ending March 31, 2011 has increased dramatically, approximately 400%, over all of the other eight quarters listed above. OPEL has started to deliver a higher volume, 1,600 solar panels, against some of its backlog of orders, as well as increased contract billings from ODIS. Most of the solar revenues were associated with an installation in Rhode Island, which will be the state's largest when completed. The cost of goods sold also made a significant increase, but it was proportionate to the increased solar panel revenue and yielded a margin of 38% for the quarter.

In the December and September 2010 quarters, OPEL increased its R&D expenses when compared to the previous quarters. This was a temporary increase related to subcontracting expenses used to support the manufacturing start-up of its utility grade tracking system, the TF-800, the inclusion of the wireless tracking control feature, and the newly released Mk-1X HCPV panel. This 40-70% increase in R&D was temporary as the development is nearing completion as of December, 2010. The Company used the services of engineering firms and consultants to complete the design and development of the new solar panels which will increase efficiency by an additional 20% over the existing MK1 panels, while reducing its cost to manufacture by 20%. Both changes will serve to increase margin on our panels.

In the quarter ending June 30, 2010, OPEL took a one time charge of \$40,572 in divesting itself from Alcapa Solartwent Management GmbH ("ASM"), one of the investments made under OPEL Solar Europe. After careful analysis, the Company felt that its investment in ASM GmbH would not yield the desired success that was projected. No further capital outlay was committed to ASM. The Company recovered a loan of \$470,000 from ASM during the year. The Company will continue to monitor all of its international investments to ensure success or a quick exit if market conditions suggest otherwise.

In the quarter ending June 30, 2009, OPEL increased its R&D expenses by \$376,000 due to the use of consultants and subcontractors to aid in the redesign and cost reduction activities related to our HCPV solar panels and solar tracking systems. These efforts would allow OPEL to reduce the cost of manufacturing and yield a higher margin.

Due to the high tech nature of the organization, it is necessary to retain highly skilled managers and employees. Stock options form part of an employee's overall compensation package. The fair value of these options are amortized and reflected quarterly. These are non cash expenses. The higher expense levels in March 2011, and similarly in December 2010 and September 2010, were due to stock options being granted in those quarters. As the options are amortized over 18 months the expense is reduced each quarter.

In the quarter ending December 31, 2009, OPEL incurred a one-time, non-cash, expense related to the extension of some of our warrants related to a prior financing. This warrant revaluation resulted in a charge of \$596,634. Accounting principles require the revaluation of those warrants to reflect the current value in the market. OPEL felt this extension would be positive to the investors as well as our shareholders for liquidity.

In the quarter ending December 31, 2009, OPEL experienced its lowest level of revenue at \$61,730 (\$41,730 from the sale of only 8 trackers and \$20,000 in contract billings by ODIS). This was a year-end lull in the economy. Cost of goods sold was also up by \$274,000 due to a one-time write down of obsolete moving inventory.

Segment Disclosure

The Company and its subsidiaries operate in two distinct segments; (1) the manufacture and sale of high efficiency solar panels and multi-axis solar tracking systems and (2) the design of infrared sensor type products for military and industrial applications. The Company's operating and reporting segments reflect the management reporting structure of the organization and the manner in which the chief operating decision maker regularly assesses information for decision making purposes, including the allocation of resources. There are no intersegment sales. The Company's segments and their products and services are summarized below:

OPEL Inc.

OPEL designs, manufactures and markets high performance concentrating photovoltaic ("HCPV") panels and multi-axis solar tracking systems 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. The use of OPEL's solar tracking systems can increase the kWh production of silicon, thin film, or HCPV solar installations by 20-40% over a fixed installation. OPEL has a complete line of solar tracking systems for roof or ground mounted installations.

ODIS Inc. ("OPEL Defense Integrated Systems")

ODIS designs infrared sensor type products for military and industrial applications. ODIS develops gallium arsenide-based processes and semi-conductor microchip products having several potential major market applications: infrared sensor arrays for Homeland Security monitoring and imaging along with the unique combination of optical lasers, and electronic control circuits on the same microchip for potential applications in various military programs, higher efficiency computing systems, and potentially telecom for Fiber to The Home.

The following segmented information is for the year ended March 31, 2011 and 2010 is as follows:

	2011			2010		
	Opel	ODIS	Total	Opel	ODIS	Total
Revenue	\$ 1,148,722	\$ 337,780	\$ 1,486,502	\$ 64,149	\$ 281,169	\$ 345,318
Interest income	1,894	-	1,894	2,367	-	2,367
Cost of goods sold	925,590	-	925,590	58,254	-	58,254
Operating expenses	1,647,615	452,688	2,100,303	1,731,737	331,757	2,063,494
Amortization	59,033	1,068	60,101	45,540	1,048	46,588
Loss attributable to non-controlling interest	2,074	-	2,074	8,657	-	8,657
Segment loss	1,479,548	115,976	1,595,524	1,714,818	51,636	1,766,454
Corporate operations			416,055			124,206
Net loss			\$ 2,011,579			\$ 1,890,660
Total assets	\$ 12,042,869	\$ 313,255	\$ 12,356,124	\$ 11,505,168	\$ 276,518	\$ 11,781,686
Capital expenditure	\$ -	\$ -	\$ -	\$ (6,705)	\$ -	\$ (6,705)

The Company operates geographically in the United States of America, Canada and Europe.

As of March 31,	2011			
	USA	Canada	Europe	Consolidated
Current assets	\$ 8,012,451	\$ 4,082,945	\$ 895,725	\$ 12,991,121
Property and equipment	1,759,037	-	1,501,692	3,260,729
Patents and licenses	187,219	-	-	187,219
	\$ 9,958,707	\$ 4,082,945	\$ 2,397,417	\$ 16,439,069

	2011			
	USA	Canada	Europe	Consolidated
Three months ended March 31,				
Revenue	\$ 1,486,502	\$ -	\$ -	\$ 1,486,502
Cost of goods sold	925,590	-	-	925,590
General and administration	1,232,688	405,312	11,631	1,649,631
Research and development	926,967	-	-	926,967
Investment income	(1,063)	(3,044)	-	(4,107)

	2010			
As of March 31,	USA	Canada	Europe	Consolidated
Current assets	\$ 8,969,875	\$ 3,764,122	\$ 1,012,552	\$ 13,746,549
Property and equipment	1,581,910	-	-	1,581,910
Patents and licenses	217,349	-	-	217,349
	\$ 10,769,134	\$ 3,764,122	\$ 1,012,552	\$ 15,545,808

Three months ended March 31,				
Revenue	\$ 343,932	\$ -	\$ 1,386	\$ 345,318
Cost of goods sold	58,254	-	305	58,559
General and administration	1,343,599	148,329	9,090	1,501,018
Research and development	700,627	-	-	700,627
Interest income	(2,127)	(13,201)	(240)	(15,568)

Liquidity and Capital Resources

The Company had working capital of \$11,142,697 at March 31, 2011, compared to \$11,243,092 at December 31, 2010.

In the quarter ending March 31, 2011, 2,341,366 warrants or broker warrants were exercised.

In the quarter ending March 31, 2011, 1,425,750 stock options were exercised.

The Company continues to have good liquidity, even during times of economic uncertainty and instability. Of the Company's \$16,439,069 of assets, \$12,991,121 is classified as current assets, which includes \$4,592,790 of cash and cash equivalents, and \$2,115,774 of short-term investments. OPEL now has several significant orders on its backlog to deliver throughout 2011 and into 2012, a fully commissioned solar installation in Spain with an approved tariff rate to be sold to a third party, and five active SBIR grants to fund the activities of ODIS, which collectively will provide the Company with sufficient cash and revenue growth to support itself and cover its liabilities over the next twelve months and beyond even if the economic down-turn should continue.

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 financing in the past, there is no assurance that it will be able to do so in the future. If the Company is unable to obtain such financing, it may not be in a position to continue as a going concern.

Related Party Transactions

Compensation to key management personnel were as follows:

	2011	2010
Salaries	\$ 248,000	\$ 299,000
Share-based payments (1)	89,447	25,240
Total	\$ 337,447	\$ 324,240

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

All transactions with related parties have occurred in the normal course of operations and are measured at the exchange amounts, which are the amounts of consideration established and agreed to by the related parties.

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 contributed surplus are reversed and credited to share capital.

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

Other stock-based payments

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

Inventory Valuation

Inventory consists of solar panels, 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.

Additionally, OPEL has \$4,200,000 in Boeing-Spectrolab solar cell assemblies to provide the additional solar panels necessary to fill current backlog in Portugal and China.

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

OPEL leases office space and research facilities. The office lease for the Shelton, CT facility extends to June 30, 2014. The lease on the research facility at the University of Connecticut extends to March 31, 2013. The total obligation to the end of both leases is \$500,089.

Recent Accounting Pronouncements

In November 2009, the IASB issued IFRS 9, Financial Instruments ("IFRS 9"), which represents the completion of the first part of a three-part project to replace IAS 39, Financial Instruments: Recognition and Measurement, with a new standard. Per recent updates to IFRS 9, an entity choosing to measure a liability at fair value will present the portion of the change in its fair value due to changes in the entity's own credit risk in the other comprehensive income or loss section of the entity's statement of comprehensive loss, rather than within profit or loss. Additionally, IFRS 9 includes revised guidance related to the derecognition of financial instruments. IFRS 9 applies to financial statements for annual periods beginning on or after January 1, 2013, with early adoption permitted. The Company currently is evaluating any impact that this new guidance may have on the Company's 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 March 31, 2011, balances were concentrated among three customers which accounted for 97% of the accounts receivable.

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 10% change in the Canadian dollar and the Euro would increase or decrease other comprehensive income (loss) by \$179,200. Since the Company's operations predominantly transact their sales and purchases in their respective domestic currencies, the exposure is reduced. Therefore, the Company typically does not hedge accounts receivable and accounts payable that are denominated in a foreign currency.

Interest Rate Risk

Short-term investments bear interest at fixed rates, and as such, are subject to interest rate risk resulting from changes in fair value from market fluctuations in interest rates. The Company does not depend on interest from its investments to fund its operations. The Company does not and is not planning to take short term loans from institutions to fund operations.

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 1% change in fair values of short-term investments and marketable securities would decrease or increase net loss by \$21,157.

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 CO₂ from being discharged into the atmosphere each year, the equivalent of planting 93 acres of trees. OPEL's HCPV panels also require approximately 2,000 times less active material as standard silicon panels to produce.

Strategy and Outlook

During 2011, 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:

- Target sales and marketing efforts to the following customer markets: Independent Power Producers (IPP), Utilities in high REC areas, Brownfields, Distribution Centers, Parking Garage Owners, Convention Centers, Malls, and Municipalities and Governments with high Renewable Energy Standards.
- Establish additional teaming relationships to expand the Company's access to project opportunities and expand its technical capabilities.
- Pursue selected Program Management and "One-Stop-Shop" opportunities where the potential exists for multiple projects with the same customer such that OPEL is at the top of the decision chain.
- Develop a "drop-in" solution for the military marketplace using the POET technology, develop a Military Spec focused device and acquire a Contractor and Government Entity (CAGE) Code for its products.
- 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.
- Increase the North American production capability for its single and dual axis tracking system, for both roof and ground mounting. Identify multiple sourcing capabilities to handle projected growth.
- Begin to search for resources to fill out key management positions to sustain growth as orders increase.
- Establish an internal development division to create future solar projects for the Company.
- Establish an integrator network to help promote our solar products in Mexico, Canada and the U.S.
- Identify and cultivate relationships with strategically located and positioned Solar EPC's to be able to provide turn-key solar installations for larger customers with utility scale installations in mind.
- Develop a small/medium solar package program targeted at municipalities that can be offered in the form of a PPA in selected states where incentives are favorable to package these projects to investors.
- Identify and cultivate external funding sources interested in solar project finance or ownership.
- Complete the third party validation of 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 March 31, 2011

1. In April 2011, OPEL was awarded a contract to deliver a 125kW TF-800 single axis tracker order from Greenlight Power Company for the first phase of a 1.4MW solar farm for a business park in Maryland.
2. In April, OPEL's ODIS affiliate demonstrated an on chip laser capability for the first time in gallium arsenide. This proves ODIS's POET technology is capability of producing a monolithic integrated circuit combining both electronic and optical elements.
3. In May, OPEL's Governance Committee announced that two new Directors would be proposed to the shareholders in the Proxy for the June 21 AGM. David Slomka announced he was stepping down from his role as a Director of OPEL. Denis Colbourne also chose not to stand for reelection to the Board and will be replaced at the AGM. David was a Director since June 2007 and Denis has been a Director since September 2006. Both will be missed and we appreciate their contributions.
4. In May, OPEL was awarded a turn-key solar installation of 95kW by the Town of Newtown, CT. OPEL is using its TF-800 advanced single axis tracking system and silicon solar panels to power Newtown's waste water treatment facility.
5. OPEL was chosen, in May, to be the exclusive, worldwide supplier of trackers for Grape Solar. Grape Solar is major supplier of solar panels and OPEL intends to use Grape to supply some of its installations, like Newtown.

Outstanding Share Data

Common Shares

As at March 31, 2011 and June 06, 2011, there were 89,059,630 and 91,505,756 outstanding common shares of the Company.

Special Voting Share

Additionally, there was one (1) special voting share which carries 1,358,000 votes at March 31, 2011 and 930,000 June 06, 2011. These votes are for the benefit of the holders of exchangeable shares of OPEL, Inc. The exchangeable shares are convertible into common shares of the Company on a one for one basis.

Stock Options and Warrants

As at March 31, 2011 and June 06, 2011, the Company had 20,217,101 and 12,096,222 warrants outstanding to purchase common shares at prices ranging from \$0.29 – \$1.88.

Total stock options outstanding as at March 31, 2011 and June 06, 2011 were 8,813,750 and 7,870,250 shares respectively priced between \$0.11 and 1.50 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.

Key Business Risks and Uncertainties

Dependence Upon Key Personnel – OPEL depends on its senior management and technical staff. If OPEL is unable to attract and retain key personnel, it may have a material adverse effect on the Company. In an effort to manage this risk, the Company has established a competitive compensation grid for all staff especially senior management that includes certain benefits and stock options. The Company frequently compares its rates of pay to its competitors and the compensation package that would normally be offered to such senior individuals both inside and outside the industry. The Company is confident that its compensation package is above the standard required to retain highly skilled management.

Product Development – Delays in product development or the transition to commercial scale production may cause a material adverse effect to the Company. Product development in OPEL follows a strict path of concept, research, business analysis, design, beta testing and technical implementation. These milestones are reviewed regularly with the head of product development to ensure timely release of new products. The advancement of technology has aided the Company in bringing new product to market in a timely fashion. Should major delays ensue, the Company has a policy of advising its stake holders of significant delays and the impact of any such delay.

Financial Liquidity – 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. The Company has not earned profits, so its ability to finance operations is chiefly dependent on equity financings. To date the Company has raised over 50 million dollars in equity financing and while it is not certain of its ability to do so in the future, market interest has indicated that it should be able so in the future. In addition, the Company has also embarked on an aggressive sales campaign to bolster its national sales and Asian business. Orders received in 2010 and 2011 have indicated that the Company will be in a healthy cash position for the remainder of the year.

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. This risk is short term as the Company must absorb low margins and at this early stage in order to develop brand and market awareness. Creating market awareness through public announcements and delivering product to the market place is part of the Company's strategy. This strategy is beginning to yield success as projections for the next 18 months have indicated that the market is recognizing OPEL's MKI panels and Tracker series. As the Company continues to gain awareness in both government and commercial market places, margins will begin to normalize and increase especially with high volume production.

Governmental Incentives - Projects OPEL through ODIS might participate in may not be funded due to reductions, changes in timing, and liquidation of incentives used to stimulate the growth of solar installations world-wide. To mitigate this risk, the Company continues to focus its energies on commercial applications of the ODIS technology and minimize its reliance on SBIRs.

Market Acceptance of New Products - OPEL's HCPV solar panels are a new technology which as yet has little installed base and may not be embraced for large scale installation. Branding is a key to creating market acceptance. Public announcements, demonstration installations in the United States and Europe along with advertising the Company's high efficiency technology in comparison to competitor products is a key factor in mitigating this risk.

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. Retaining qualified engineers and scientists has been identified as a KSD for the Company. Qualified personnel will continue to ensure that the Company is not only keeping in touch with technological developments but are also implementing these new developments. Compensation is key in hiring and retaining these individuals. As discussed above, our Compensation packages have been identified as above standard in the industry. We will continue to not only monitor technological changes but also lead these changes.

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. The Company continues to work with emerging markets such as Asia and certain areas of Europe to extend its market base. Through research and competitive data, OPEL feels that these markets are ready for a new entrant especially with the efficiency of the OPEL products. Staying ahead of the curve with R&D, and consistency in new product development will be key to keeping to developing and maintaining market share.

International Financial Reporting Standards

The accompanying financial statements are the Company's first condensed unaudited interim consolidated financial statements prepared under IFRS, which the Company adopted on January 1, 2011. IFRS employs a conceptual framework that is similar to Canadian GAAP; however, significant differences exist in certain areas of recognition, measurement, presentation and disclosure.

Prior to the adoption of IFRS, the Company established a strategy for the successful adoption of IFRS which included the following:

1. Hiring outside consultants to provide guidance and assistance to the Company as it addressed its transition to IFRS.
2. Developing a transition plan which was executed.
3. Developed a detailed analysis and understanding of the differences between IFRS and Canadian GAAP.
4. Implemented the necessary changes to; systems, process and disclosure controls.

While the adoption of IFRS did not result in changes to actual cash flows of current or prior period consolidated financial statements, there were changes to the results and equity of the Company. Notes 2 and 20 of the condensed unaudited interim consolidated financial statements provides the currently adopted accounting policies of the Company and a detailed analysis of the impact of the Company’s transition to IFRS. A summary of the impact of the adoption of IFRS is presented below:

In preparing the statements, comparative financial results for the three months ended March 31, 2010 and the balance sheet as at March 31, 2010 and December 31, 2010 were adjusted to comply with IFRS from amounts previously reported in accordance with GAAP.

The guidance for first-time adopters of IFRS is set out in IFRS 1, which provides for certain mandatory exceptions and optional exemptions. In preparing these interim financial statements, the Company applied the following:

Optional Exemptions:

Business combinations

IFRS 1 allows a first-time adopter to elect not to apply IFRS 3, Business Combinations, retrospectively to business combinations that occurred before the date of transition to IFRS. The Company has elected to exercise this election.

Cumulative Translation differences

IFRS 1 allows cumulative translation differences for all foreign operations to be deemed zero at the date of transition to IFRS, with future gains or losses on subsequent disposal of any foreign operations to exclude translation differences arising prior to the transition date. The Company has chosen to reset its cumulative translation balance to zero at transition date.

Share-based Payment Transactions

IFRS 1 encourages but does not require first-time adopters to apply IFRS 2, Share-based Payment, to equity instruments that were granted on or before November 7, 2002 and vested before the transition date. The Company has elected not to apply IFRS 2 to awards that vested prior to January 1, 2010.

Mandatory Exceptions:

Estimates

Hindsight is not used to create or revise estimates. The estimates previously made by the Company under GAAP were not revised upon adoption of IFRS except where necessary to reflect any differences in accounting policies.

Impact on the Company's Financial Reporting

The adoption of IFRS had the following impact on the Company:

- IAS 36 “Impairment of Assets” – IFRS requires a write-down of assets if the higher of the fair market value and the value-in-use of a group of assets is less than its carrying value. Value-in-use is determined using discounted estimated future cash flows. Under current Canadian GAAP a write down to estimated fair value is only required when the undiscounted estimated future cash flows of a group of assets are less than its carrying value. The Company’s accounting policies will be changed to reflect the differences between IFRS and Canadian GAAP. There was no impact on the Company.
- IFRS 2 “Share-Based Payments” – IFRS requires that stock-based awards that vest in installments be accounted for as though each installment or vesting is a separate award on a graded rather than pooled basis. This change had a recognition, measurement and disclosure impact on the Company, accordingly, Contributed Surplus decreased by an approximately \$3,900 with a corresponding increase to Deficit.
- IAS 21 “Effects of Changes in Foreign Exchange Rates” – IFRS 1 allows cumulative translation differences for all foreign operations to be deemed zero at the date of transition to IFRS, with future gains or losses on subsequent disposal of any foreign operations to exclude translation differences arising prior to the transition date. The Company has chosen to reset its cumulative translation balance to zero at transition date. The approximate impact on the Company was a decrease in Accumulated Comprehensive Income of \$2,895,000 and a corresponding increase to Deficit.
- Asset Retirement Obligations (Decommissioning Liabilities) – Under IFRS, a liability must be recognized at the time when the entity becomes legally or constructively obliged to rehabilitate a disturbance resulting from mining activities, while under Canadian GAAP, a liability is only recognized when the entity is legally bound. Discount rates used should reflect the risks specific to the decommissioning provision. IFRS requires re-measurement of the liability at each reporting date whereas Canadian GAAP requires re-measurement of the liability in the event of changes in the amount or timing of cash flows required to settle the obligation. IFRS also requires the re-measurement of the provision for reclamation and rehabilitation if there is a change in the current market-based discount rate. The Company re-measured its Asset Retirement Obligation. The result of re-measurement was decrease in Asset Retirement Obligation of \$67,000 and a corresponding increase in Deficit.

The Company identified other IFRS changes that had a non-financial impact on the Company. These include but were not limited to; IFRS 8 “Operating Segments”, IFRS 7 “Financial Instrument Disclosures” and IAS 17 “Leases”.

The following is a reconciliation of the Company’s equity, net loss and comprehensive income from Canadian GAAP to IFRS for the periods required under IFRS:

Reconciliation of Equity

	December 31, 2010	March 31, 2011	January 1, 2011
Total equity under GAAP	\$ 14,030,667	\$ 13,043,811	\$ 14,836,399
Differences increasing (decreasing) reported shareholders equity			
Contributed surplus	(152,847)	(29,651)	(3,906)
Deficit	(2,651,111)	(2,794,540)	(2,890,753)
Accumulated other comprehensive loss	2,803,914	2,824,767	2,894,659
Non-controlling interest	1,811	-	-
	1,767	576	-
Total equity under IFRS	\$ 14,032,434	\$ 13,044,387	\$ 14,836,399

Reconciliation of Net Loss

	Year Ended December 31, 2010 2010	Three Months Ended March 31, 2011
Net loss under GAAP	\$ 8,256,750	\$ 1,988,729
Differences increasing (decreasing) reported net loss		
General and administrative	(150,711)	(26,320)
Foreign currency translation loss	(83,867)	(63,092)
	(234,578)	(89,412)
Net loss under IFRS	\$ 8,022,172	\$ 1,899,317
Net loss attributable to non-controlling interest	\$ (29,825)	\$ (8,657)
Net loss attributable to equity shareholders	(7,992,347)	(1,890,660)

Reconciliation of Comprehensive Loss

	Year Ended December 31, 2010 2010	Three Months Ended March 31, 2011
Comprehensive loss under GAAP	\$ 7,930,904	\$ 1,911,588
Differences increasing (decreasing) reported comprehensive loss		
Differences affecting net loss reported under GAAP	(234,578)	(89,412)
Net change in unrealized gains on currency translation	83,867	63,092
	(150,711)	(26,320)
Comprehensive loss under IFRS	\$ 7,780,193	\$ 1,885,268
Comprehensive loss attributable to non-controlling interest	\$ (22,950)	\$ (1,855)
Comprehensive loss attributable to equity shareholders	(7,757,243)	(1,883,413)
	\$ (7,780,193)	\$ (1,885,268)

The adoption of IFRS has had no impact on the net cash flows of the Company. The changes made to the statements of financial position and statements of consolidated income have resulted in reclassifications of various amounts on the statements of cash flows, however as there have been no changes to the net cash flows, no reconciliations have been presented.

Additional Information

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



OPEL SOLAR INTERNATIONAL INC.

Suite 501, 121 Richmond Street West

Toronto, Ontario M5H 2K1

Tel: 416-368-9411

Fax: 416-861-0749

<http://www.opelinc.com>