

OPEL INTERNATIONAL INC.
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**MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2006**

The following discussion and analysis of the operations, results, and financial position of Opel International Inc. (the "Company") for the year ended December 31, 2006 should be read in conjunction with the December 31, 2006 audited consolidated financial statements and the related notes thereto. The financial statements have been prepared in accordance with Canadian generally accepted accounting principles. The effective date of this report is May 7, 2007. All financial figures are in United States dollars (US) unless otherwise indicated.

Forward-Looking Statements

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

Business Overview

Opel International Inc. (formerly Tandem Resources Ltd.), incorporated in the Province of Ontario and continued in the Province of New Brunswick on January 30, 2007, is in the development stage and is engaged principally in the development and marketing of concentrating solar panels for commercial applications and developing a gallium arsenide microchip and the process to produce it for various applications. On September 26, 2006, the shareholders of the Company approved a capital transaction agreement with Opel Inc. ("Opel") a private, technology company, incorporated under the laws of Delaware. The capital transaction was accounted for as a reverse take over ("RTO").

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

The solar cell development is based on the use of gallium arsenide chips being designed by OPEL which will be processed by the Canadian Photonics Fabrication Center ("CPFC") which is a part of the Canadian National Research Centre in Ottawa, Canada. The next phase of an Opel solar cell multi-junction development will be

based on a variation of Opel's POET technology after the transfer is complete from Opel's UCONN Laboratory to a qualified fabrication source such as CPFC in Ottawa. This variation will include an adjusted transistor design.

Opel's POET technology, which is in development, allows the combination of electronic and optical devices on a single die. POET uses a single base material, gallium arsenide, for the optical and electronic parts. It is expected that POET, when completed will have the ability to integrate lasers, modulators, photo receivers, passive optics and high-speed, low-power electronics in a monolithically fabricated die. Opel believes that this POET technology will enable it to produce integrated circuits ("ICs") that are superior to existing ICs in terms of both speed and cost. Management of Opel believes that the solar cell development using a variation of POET, without the laser sections and an adjusted transistor design, will also be capable of producing electricity for use in the alternative energy sector. Through the use of solar concentrating panels, the operating efficiency of the solar cell is increased while the cost per output watt of electricity is significantly reduced, especially when compared with present day flat plate solar panel technology in silicon. Opel believes that a variation of the POET process will support infrared sensing applications which are the subject of a current project involving Opel and the U.S. Air Force for the US Department of Defense.

Opel has completed a proof of concept of the POET process in its development laboratories at UCONN and continues to work on the combined laser action and electronics on the same die. Opel is positioned to document and enhance the POET process which management believes will allow the development of customer prototypes. Opel's objective is to use these prototypes to obtain initial customer design wins. A critical step to enable Opel to develop the prototype is to transfer the POET technology to a fabrication facility to allow Opel to begin fabricating both alpha, beta and initial production samples for customers. Opel is working with the Canadian Photonics Fabrication Centre ("CPFC") in Ottawa, which is part of the National Research Center, as its prototype fabrication and initial production facility. Opel signed an initial Phase I agreement with the CPFC in late February, 2006 for the purpose of outlining milestones necessary for the transfer of the POET technology. Opel has also reviewed other potential transfer partners as they may relate to the military projects.

Opel was founded in December 2000. It received its first two government contract awards in 2001, for an aggregate of US\$1.07 million. During 2001, Opel demonstrated its first thyristor operation (electrical only) and obtained two patents. In 2002, Opel received five government contract awards totaling US\$660,000 and obtained 12 additional patents. As well, it demonstrated its first high frequency optoelectronic oscillator device. Opel has filed a total of 40 patents of which 17 have been granted to date.

Significant Events in 2006

The Company achieved certain milestones in 2006 which are significant to the development of the Company and are considered necessary foundation achievements to the Company's future success.

1. RTO transaction with Tandem Resources Ltd.
2. Added two new board members with experience in solar cells, infrared image sensing security and communication semiconductors
3. Obtained two awards of \$750,000 each from the United States Air Force Research Labs for the Phase II Small Business Initiative Research Awards (SBIR) – High Frequency Optoelectronic Oscillator.
4. Successfully established the steps required to transfer the POET process from Opel's UCONN Laboratory to CPFC in Ottawa.
5. Initial work by the CPFC on the design and fabrication of Opel's first generation solar chip prototypes.
6. Hiring of Marketing VP and the CFO.

Selected Annual Information

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

	<u>2006</u>	<u>2005</u>	<u>2004</u>
Sales	\$1,100,424	\$821,260	\$871,985
Research and development	1,091,351	591,807	670,932
Amortization	106,487	72,160	-
General and administrative	1,769,260	252,956	620,995
Professional fees	294,607	48,943	-
Interest expense	65,501	117,113	-
Stock based compensation	81,868	147,709	-
Net loss	\$(2,308,650)	\$(409,428)	\$(419,942)

Explanation of 2006 Annual Results

During 2006, The Company generated sales of \$1,100,424 as compared to sales of \$821,260 in 2005. This increase was due to the addition of new SBIR contracts with the US Government.

Total expenses for 2006 were \$3,409,074 compared to \$1,230,688 in 2005. The significant increase in overall expenses from 2006 to 2005 were as a result of the increases in certain major areas such as; research and development (2006 - \$1,091,351; 2005 - \$591,807), professional fees (2006 - \$294,607; 2005 - \$48,943) and general and administrative (2006 - \$1,769,260; 2005 - \$252,956), most of the increased G&A was due to costs associated with executing the RTO, fund raising, the top level development of the solar product plan, and the addition of a management staff.

In 2005, the Company received over \$2,500,000 in equity financing before issuance costs. These funds were used in the current year to expand its R&D program. The Company also increased its general and administrative expenses with the hiring of key senior personnel such as engineers, marketing personnel and other support staff. Other expenses included costs commensurate with laying the foundation for the RTO, which took place in September of 2006 and the identification of the steps required to transfer of the Company's POET process from the UCONN labs to the CPFC in Ottawa.

Additional expenses included in general and administrative include; insurance, rent, health insurance and marketing and promotional costs. Many of these expenses were not incurred in 2005 since the Company was not as well funded and the corporate management was increased in 2006.

The increase is also due to the fact that this amount is consolidated as of September 27, 2006.

Professional fees increased significantly due to the legal and financial requirements associated with general business development and regulatory reporting requirements.

The net loss for the year ended December 31, 2006 was \$2,308,650 as compared to \$409,428 for the year ended December 31, 2005. Basic and diluted net loss per common share for fiscal 2006 and 2005 were \$0.17 and \$0.04 respectively. The current year's losses included non-cash expenses of \$297,868 relating to stock options of \$81,868 and \$216,000 in to be issued penalty share valuations. Similar non-cash expenses were \$147,709 in 2005.

Summary of Quarterly Results

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

	<u>Dec.</u> <u>31/06</u>	<u>Sept.</u> <u>30/06</u>	<u>Jun.</u> <u>30/06</u>	<u>Mar.</u> <u>31/06</u>	<u>Dec.</u> <u>31/05</u>	<u>Sept.</u> <u>30/05</u>	<u>Jun.</u> <u>30/05</u>	<u>Mar.</u> <u>31/05</u>
Sales	191,761	310,080	428,640	169,943	178,396	223,420	265,734	153,710
Research and development	137,096	264,821	352,003	337,431	135,577	226,720	147,495	82,015
Amortization	31,360	25,042	32,471	17,614	18,040	18,040	18,040	18,040
Professional fees	25,785	56,313	97,725	114,784	33,872	2,193	8,134	4,744
Stock-based compensation	-	-	5,017	76,851	147,709	-	-	-
General and administrative	824,053	320,886	289,771	334,550	69,658	94,196	35,859	53,244
Interest expense	4,055	20,191	20,468	20,787	67,365	17,288	17,097	15,363
Net income (loss)	(830,588)	(377,173)	(368,815)	(732,074)	(293,824)	(135,017)	39,109	(19,696)

Explanation of Quarterly Results

The Company's net loss for the three months ended December 31, 2006 was \$830,588 compared with a net loss of \$293,824 for the same period in 2005. The three months ended December 31, 2006 included the consolidated loss of both Companies along with a non-cash charge of \$216,000, representing a listing delay penalty for the Company not obtaining a current listing on the TSX Venture Exchange.

Financial Condition

The Company had a working capital deficit of \$272,849 at December 31, 2006 compared to working capital of \$1,946,638 on December 31, 2005. The cash flow deficit in the current year is due in part to the Company having deferred share issue costs of \$343,725. Cash has been spent on these share issue costs, the benefits of which will be recognized in 2007.

During the year, the Company's focus was on completing the proposed RTO with Tandem Resources Ltd. and obtaining a listing on the TSX Venture Exchange. A large portion of the costs relating to this RTO have been netted against proceeds in the current year. Management has procured the necessary financing to continue its R&D and to return its attention to the core business of the Company. Subsequent to December 31, 2006, the Company raised approximately \$7,800,000 in equity financing and debt financing.

Summary of the RTO transaction

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

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

As at December 31, 2006, the Company is obligated to do the following to complete the RTO:

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

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

The Company also agreed to assume, on substantially the same terms and conditions the 660,000 outstanding share purchase warrant and 3,030,000 stock options of Opel Inc.

Critical Accounting Estimates

Stock-based Compensation

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

Other stock-based payments

The Company accounts for other stock-based payments based on the fair value of the equity instruments issued in exchange for the receipt of goods and services from non-employees by using the stock price and other measurement assumptions as at the measurement date.

Related Party Transactions

On October 30, 2006, a Director loaned \$14,000 to the Company for a period ending April 30, 2007 at an interest rate of prime plus 1%. A loan agreement was entered into with the Company and 200,000 shares of Richmond Minerals Inc. were pledged as collateral.

Financial Instruments

The Company's financial instruments consist of cash, receivables, payables and notes payable. 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.

Strategy and Outlook

The Company is prepared for an exciting 2007. There are a number of projects planned, many of which already began. The short-term and long-term goals of the Company include, but are not limited to the following:

- Produce and test Opel's first prototype solar chip at the CPFC in Ottawa. The first chips are due the second quarter of 2007.
- Migrate Opel's prototype concentrating solar panel to manufacturing for low level production orders to be filled in the second half of 2007, and then ramping up for large production orders by 2008.
- Execute on Opel's first order for a solar installation in Ontario to take advantage of the Ontario government's offer to purchase solar generated electricity at a rate of Cdn.\$0.42 per kWhr.
- Close and start delivery of several new concentrated solar panel inquiries and potential orders.
- Establish the transfer of the POET technology to the CPFC in Ottawa and/or another qualified fabrication facility. This transfer OPEL believes will then provide a foundation going forward of capacity at CPFC.

Subsequent events

Subsequent to December 31, 2006, the Company raised approximately \$7,800,000 in equity and debt financing, has obtained a conditional approval to list its stock on the TSX Venture Exchange, and on April 23, 2007 purchased a perpetual, irrevocable, license to core intellectual property from UCONN. (Refer to note 18 on the audited consolidated financial statements of the Company for more details of subsequent events).

Outstanding Share Data

	Number of Shares	Amount
Balance, December 31, 2004	1,860,537	\$ 17,667,747
Common shares issued, net of issue costs	5,037,500	2,518,750
Issued for repayment of advances from a director	170,000	85,000
Value assigned to warrants	-	(922,255)
Issued for assignment of promissory notes and receivables	3,508,021	1,754,011
Value assigned to warrants	-	(621,308)
Balance, December 31, 2005	10,576,058	20,481,945
Common shares issued, net of issue costs	792,500	396,250
Value assigned to warrants	-	(136,466)
	11,368,558	20,741,729

Elimination of share capital in Tandem Resources Ltd.	-	(20,741,729)
Acquisition of net assets, net of issue costs (note 2)	-	3,632,744
Proportion related to 5,972,000 shares to be issued	-	(1,217,408)
Value assigned to warrants at the date of acquisition	-	(165,000)
Share capital carryforward from Opel Inc.	-	5,972
Common shares issued for cash, net of issue costs	333,333	180,000
Value assigned to warrants	-	(67,454)
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Balance, December 31, 2006	11,701,891	\$ 2,368,854
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Outstanding warrant data:

	Number of Warrants	Fair Value (\$)	Exercise Price (\$)	Expiry Date
	9,508,021	-	0.75	December 30, 2008
Broker warrants	660,000	165,000	0.50	December 30, 2008
	166,667	56,326	0.75	November 20, 2009
Broker warrants	33,333	11,128	0.60	November 20, 2009
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	10,368,021		232,454	
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Outstanding Stock options:

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

Opel leases office space and research facilities. The office lease extends to April, 2011 whereas the lease on the research facility ends in September, 2007. The total obligation to the end of both leases is \$155,048.

Off-Balance Sheet Arrangements

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

Disclosure Controls

Based on an evaluation of The Company's disclosure controls and procedures, The Company's Chief Executive Officer and Chief Financial Officer have concluded at December 31, 2006 that these controls and procedures operated effectively.

Internal Controls over Financial Reporting

The Chief Executive Officer and the Chief Financial Officer have evaluated the effectiveness of the Company's internal control over financial reporting as of December 31, 2006. It was concluded that there is a weakness in the Company's ability to adequately segregate the duties of the Chief Financial Officer due its

size. Management concluded and the Board of Directors agreed that this weakness has not resulted in any material errors in the financial statements of the Company.

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

Key Business Risks and Uncertainties

Dependence Upon Key Personnel – Opel depends on its senior management and technical staff. If Opel is unable to attract and retain key personnel, it may have a material adverse effect on the Company.

Production Capability – Opel has no history of product production and must rely on outsourcing its products to other companies for production. Delays in product development or the transition to production may cause a material adverse effect to the Company.

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

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

Additional Information

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