NOTICE TO SHAREHOLDERS
FOR THE THREE MONTHS ENDED MARCH 31, 2007
(Unaudited and Expressed in US Dollars)

OPEL INTERNATIONAL INC.
(A Development Stage Company)

Responsibility for Consolidated Financial Statements

The accompanying consolidated financial statements for Opel International Inc. have been prepared by management in accordance with Canadian generally accepted accounting principles consistently applied. The most significant of these accounting principles have been set out in the December 31, 2006 audited consolidated financial statements. Only changes in accounting information have been disclosed in these consolidated financial statements. These statements are presented on the accrual basis of accounting. Accordingly, a precise determination of many assets and liabilities is dependent upon future events. Therefore, estimates and approximations have been made using careful judgment. Recognizing that the Company is responsible for both the integrity and objectivity of the unaudited consolidated financial statements, management is satisfied that these unaudited consolidated financial statements have been fairly presented.

Auditors' involvement

The auditors of Opel International Inc. have not performed a review of the unaudited consolidated financial statements for the three months ended March 31, 2007 and March 31, 2006.

OPEL INTERNATIONAL INC.
(Formerly Tandem Resources Ltd.)
(A Development Stage Company)

CONSOLIDATED BALANCE SHEETS
(Unaudited and Expressed in US Dollars)

	March 31, 2007	December 31, 2006
Assets		
Current		
Cash	**$ 3,029,737**	$ 117,022
Unbilled accounts receivables	**136,073**	156,657
Prepaids and other current assets	**37,799**	37,700
Marketable securities (Note 4)	**16,552**	17,961
	3,220,161	329,340
Other assets	**17,312**	25,046
Equipment	**217,590**	239,518
Patents	**171,595**	175,503
Deferred financing costs (Note 5)	**281,500**	343,675
	$ 3,908,158	$ 1,113,082
Liabilities		
Current		
Accounts payable and accrued liabilities	**$ 292,112**	$ 602,189
Notes payable to related parties (Note 5)	**2,012,117**	14,000
	2,304,229	616,189
Shareholders' Equity		
Share capital (Note 6(b))	**3,539,600**	2,368,854
Shares to be issued (Note 9)	**1,649,408**	1,433,408
Warrants (Note 7)	**822,189**	232,454
Contributed surplus (Note 8)	**229,577**	229,577
Deficit	**(4,636,845)**	(3,767,400)
	1,603,929	496,893
	$ 3,908,158	$ 1,113,082

OPEL INTERNATIONAL INC.
(Formerly Tandem Resources Ltd.)
(A Development Stage Company)

CONSOLIDATED STATEMENTS OF OPERATIONS AND DEFICIT
(Unaudited and Expressed in US Dollars)

For The Three Months Ended March 31, 2007 and 2006

	2007	2006	Cumulative from inception on December 29, 2000 to March 31, 2007
Sales	**$ 284,235**	$ 169,943	$ 4,224,056
Expenses			
Research and development	**299,050**	337,431	3,732,489
General and administration (note 9)	**805,466**	548,886	4,817,181
Interest expense	**40,048**	20,787	299,308
Other (income) expense	**9,116**	(5,087)	11,923
	1,153,680	902,017	8,860,901
Net loss	**(869,445)**	(732,074)	(4,636,845)
Deficit, beginning of period	**(3,767,400)**	(1,458,750)	-
Deficit, end of period	**$(4,636,845)**	$(2,190,824)	$(4,636,845)
Basic and diluted loss per share (Note 10)	**$ (0.05)**	$ (0.08)	

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

OPEL INTERNATIONAL INC.
(Formerly Tandem Resources Ltd.)
(A Development Stage Company)

CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited and Expressed in US Dollars)

For The Three Months Ended March 31, 2007 and 2006

	2007	2006	Cumulative from inception on December 29, 2000 to March 31, 2007
CASH (USED IN) PROVIDED BY			
OPERATING ACTIVITIES			
Net loss	**$ (869,445)**	$ (732,074)	$(4,636,845)
Adjustment for:			
Amortization of equipment	**21,928**	13,706	321,140
Amortization of patents	**3,908**	3,907	56,203
Other (income) expense	**185**	-	2,999
Stock option compensation	**-**	76,851	229,577
Listing delay penalty (Note 9)	**216,000**	-	432,000
	(627,424)	(637,610)	(3,594,926)
Net change in non-cash working capital:			
Unbilled accounts receivable	**20,584**	(38,926)	(120,020)
Prepaid and other assets	**6,976**	(35,000)	(27,830)
Deferred financing costs	**143,675**	-	(200,000)
Accounts payable and accrued liabilities	**(310,077)**	(1,826)	269,501
	(766,266)	(713,362)	(3,673,275)
INVESTING ACTIVITIES			
Purchase of furniture and equipment	**-**	(34,047)	(538,730)
Purchase of patents	**-**	-	(227,798)
Cash acquired on reverse takeover	**-**	-	51,781
	-	(34,047)	(714,747)
FINANCING ACTIVITIES			
Repayment of notes payable to related parties	**-**	(5,000)	(5,000)
Proceeds from notes payable to related parties	**2,000,000**	-	3,634,295
Issue of common shares for cash, net of issue costs	**1,678,981**	(328,533)	3,788,464
	3,678,981	(333,533)	7,417,759
NET CHANGE IN CASH	**2,912,715**	(1,080,942)	3,029,737
CASH, beginning of period	**117,022**	2,160,002	-
CASH, end of period	**$ 3,029,737**	$ 1,079,060	$ 3,029,737

OPEL INTERNATIONAL INC.
(Formerly Tandem Resources Ltd.)
(A Development Stage Company)

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
(Unaudited and Expressed in US Dollars)

	Shares issued and subscribed		Warrant	Contributed	Shares to	Accumulated	
	# of Shares	Share Value	Value	Surplus	be issued	deficit	Total
Balance from inception on December 29, 2000 to December 31, 2003	1,760,537	$ 17,581,747	$ -	$ -	$ -	$ (17,141,204)	$ 440,543
Shares issued on under private placement	100,000	86,000	-	-	-	-	86,000
Loss for the year	-	-	-	-	-	(393,850)	(393,850)
Balance at December 31, 2004	1,860,537	17,667,747	-	-	-	(17,535,054)	132,693
Issued for cash under private placement	5,037,500	2,518,750	-	-	-	-	2,518,750
Issued for repayment of advances from director	170,000	85,000	-	-	-	-	85,000
Black Scholes value of warrants on private placement	-	(922,255)	922,255	-	-	-	-
Issued for assignment of promissory notes and receivables	3,508,021	1,754,011	-	-	-	-	1,754,011
Black Scholes value of warrants issued on assignment	-	(621,308)	621,308	-	-	-	-
Loss for the year	-	-	-	-	-	(174,151)	(174,151)
Balance at December 31, 2005	10,576,058	20,481,945	1,543,563	-	-	(17,709,205)	4,316,303
Issued for cash under private placement, net of issue costs	792,500	396,250	-	-	-	-	396,250
Black Scholes value of warrants on private placement	-	(136,466)	136,466	-	-	-	-
Elimination of share capital of Tandem Resources LTD.	-	(20,741,729)	(1,680,029)	-	-	17,709,205	(4,712,553)
Share capital and equity carried forward on reverse takeover	-	5,972	-	229,577	-	(1,458,750)	(1,223,201)
Acquisition of net assets, net of issue costs (Note 2)	-	3,632,744	-	-	-	-	3,632,744
Black Scholes value of warrants assumed on RTO	-	(165,000)	165,000	-	-	-	-
Shares to be issued (Note 9)	-	(1,217,408)	-	-	1,217,408	-	-
Issued for cash under private placement	333,333	180,000	-	-	-	-	180,000
Black Scholes value of warrants on private placement	-	(67,454)	67,454	-	-	-	-
Listing delay penalty shares to be issued	-	-	-	-	216,000	-	216,000
Loss for the year	-	-	-	-	-	(2,308,650)	(2,308,650)
Balance at December 31, 2006	11,701,891	$ 2,368,854	$ 232,454	$ 229,577	$ 1,433,408	$ (3,767,400)	$ 496,893
Common shares issued, net of issue costs	3,879,670	1,678,981	-	-	-	-	1,678,981
Listing delay penalty shares to be issued	-	-	-	-	216,000	-	216,000
Valuation of warrants	-	(413,183)	413,183	-	-	-	-
Valuation of broker warrants	-	(95,052)	95,052	-	-	-	-
Valuation of broker warrants debt issue	-	-	81,500	-	-	-	81,500
Loss for the period	-	-	-	-	-	(869,445)	(869,445)
Balance at March 31, 2007	15,581,561	$ 3,539,600	$ 822,189	$ 229,577	$ 1,649,408	$ (4,636,845)	$ 1,603,929

1. DESCRIPTION OF BUSINESS

Opel International Inc. (formerly Tandem Resources Ltd.) (the "Company"), incorporated in the Province of Ontario and continued in the Province of New Brunswick on January 30, 2007, is in the development stage and is engaged principally in developing a gallium arsenide microchip and the process to produce it. The Company's research and development ("R&D") efforts relate to the commercialization of optical laser, infrared detection, and smart solar microchips using planar opto electronic technology ("POET"). Additionally, the Company is developing a concentrating solar panel. Through March 31, 2007, the Company has provided, incidental to its own extensive R&D activities, services under "fixed price" and "cost plus" R&D contracts exclusively with the Department of Defense of the United States of America. Such contracts relate to either preparing documentation on feasibility and/or developing product prototypes.

2. REVERSE TAKEOVER AND NAME CHANGE

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

Under the terms of the RTO transaction, that commenced on December 30, 2005, the Company purchased newly issued Class A common shares from the treasury of Opel Inc. and purchased promissory notes payable by Opel Inc. from note holders in exchange for private placement units. Effective with the approval of the RTO, the holders of Opel Inc's. 5,972,000 common shares, being all the shares not owned by the Company, were given the right to exchange each common share held in Opel Inc. into one common share of the Company. This was evidenced by the cancellation of all the common shares of Opel Inc. and the issuance of Exchangeable Shares of Opel Inc. (the “Exchangeable Shares”) to the same holders, which was completed 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.

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

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

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

In order to complete the RTO, the Company is obligated 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.

2. REVERSE TAKEOVER AND NAME CHANGE (Continued)

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.

3. ACCOUNTING POLICIES

The unaudited consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles for interim financial information. Accordingly, they do not include all of the information and notes to the consolidated financial statements required by Canadian generally accepted accounting principles for annual consolidated financial statements. In the opinion of management, all adjustments considered necessary for a fair presentation have been included.

Operating results for the three month period ended March 31, 2007 may not necessarily be indicative of the results that may be expected for the year ended December 31, 2007. The consolidated balance sheet at December 31, 2006 has been derived from the audited consolidated financial statements at that date but does not include all of the information and footnotes required by Canadian generally accepted accounting principles for annual consolidated financial statements. The interim consolidated financial statements have been prepared by management in accordance with the accounting policies described in the Company's annual audited consolidated financial statements for the year ended December 31, 2006. For further information, refer to the audited consolidated financial statements and notes thereto for the year ended December 31, 2006.

Financial Instruments, Comprehensive Income (Loss), and Hedges

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

(a) Section 3855 “Financial Instruments – Recognition and Measurement”

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

3. ACCOUNTING POLICIES (continued)

(b) Section 1530 “Comprehensive Income” and Section 3251 “Equity”

These sections describe standards for reporting and disclosing comprehensive income, its components and related changes in equity. Comprehensive income includes net income as well as changes in equity during a period from transactions and events from non-owner sources, such as unrealized gains or losses on available-for-sale financial instruments. As a result of adopting this standard, comprehensive income will now be disclosed in the consolidated financial statements.

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

The Company's financial instruments include cash, accounts receivable, marketable securities, accounts payable, notes payable and notes payable to related parties. Upon adoption of these new standards, the Company designated its cash as held-for-trading, its accounts receivable as loans and receivables, and its account payable and accrued liabilities, notes payable and notes payable to related parties as other financial liabilities. The fair values of these financial instruments approximate their carrying values because of their short term nature. The Company had no held-to-maturity or available-for-sale financial assets during the three months ended March 31, 2007. In management's opinion the Company is not exposed to significant interest rate, currency exchange rate or credit risk arising from these financial instruments. The Company is not exposed to derivative financial instruments.

Comprehensive income represents the change in shareholders’ equity from transactions and other events from non-owner sources. Other comprehensive income refers to items that are recognized in comprehensive income but excluded from net income calculated in accordance with generally accepted accounting principles until such time as it is considered appropriate to recognize them in net income. The Company had no “other comprehensive income or loss” transactions during the three months ended March 31, 2007 and no opening or closing balances of accumulated other comprehensive income or loss.

Impact Upon Adoption of These Sections

The adoption of this new accounting policy resulted in an adjustment to marketable securities considered to be held-for-trading. The adjustment resulted in a charge to the current period loss of $2,068. A transition adjustment was not required.

Future Accounting Changes

Capital Disclosures and Financial Instruments – Disclosures and Presentation

On December 1, 2006, the CICA issued three new accounting standards: Handbook Section 1535, Capital Disclosures, Handbook Section 3862, Financial Instruments – Disclosures, and Handbook Section 3863, Financial Instruments – Presentation. These new standards are effective for interim and annual financial statements for the Company's reporting period beginning on January 1, 2008.

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

3. ACCOUNTING POLICIES (continued)

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

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

4. MARKETABLE SECURITIES

	Shares	Market Value	2006
Tribute Minerals Inc.	4,476	$ 1,084	$ 304
Yangarra Resources Inc.	3,578	467	289
Titanium Corporation Inc.	595	1,153	457
Richmond Minerals Inc. (1)	200,000	13,848	16,691
Other	-	-	220
Balance, March 31, 2007	208,649	$ 16,552	$ 17,961

(1) These shares have been pledged as collateral against a $12,117 loan from a director. (Note 5)

5. NOTES PAYABLE TO RELATED PARTIES

On October 30, 2006, a Director loaned $12,117 to the Company for a period ending April 30, 2007 at an interest rate of prime plus 1%. A loan agreement was entered into with the Company and 200,000 shares of Richmond Minerals Inc. were pledged as collateral. The lender resigned as a director during the period.

On January 30, 2007, the Company closed a convertible debenture financing of $2,000,000 which had been committed by an investor in early December. The investor is considered a related party by virtue of holding greater than 20% of the voting securities of the Company. The debenture matures January 30, 2009, pays interest at the rate of 1% per month (increasing to 1.5% per month if certain events have not occurred by June 30, 2007), and upon completion of a minimum of $5,500,000 equity financing and listing on a Canadian exchange, will be convertible at the option of the lender into either a special warrant or units at $0.40 per unit, each unit will comprise one common share of the Company and one-half common share purchase warrant to purchase additional shares at $0.60 per share for a period of 3 years from the date of conversion.

Accounts payable and accrued liabilities include $38,982 of accrued interest on this note payable.

As compensation for securing the $2,000,000 financing, IBK Capital (the "Agent") was paid a commission of $200,000 and was issued 500,000 broker warrants, exercisable into common shares of the Company at a price of $0.40 for a period of 2 years from the date the Company obtains a listing on the TSX Venture Exchange. The 500,000 broker warrants were valued at $81,500. The warrants were valued using the Black-Scholes option pricing model using the following assumptions; risk-free interest rate of 4.74%, volatility factor of 70%, dividend yield of 0% and an expected life of 2 years.

5. NOTES PAYABLE TO RELATED PARTIES (contined)

The transaction cost of $281,500 has been included in deferred financing costs and will be amortized over the term of the debt or transferred to share capital if the debt is converted into equity of the Company.

6. SHARE CAPITAL

(a) AUTHORIZED

Unlimited number of common shares

(b) COMMON SHARES ISSUED

	Number of Shares	Amount
Balance, December 31, 2006	11,701,891	$ 2,368,854
Common shares issued for cash	3,879,670	2,327,802
Share issue costs	-	(648,821)
Value assigned to warrants	-	(413,183)
Value assigned to broker warrants	-	(95,052)
Balance, March 31, 2007	15,581,561	3,539,600

During the period, the Company completed a private placement financing of 3,879,670 units at a price of $0.60 per unit for gross proceeds of $2,327,802. Each unit is comprised of one common share and one-half common share purchase warrant. Each warrant is exercisable into common shares of the Company at a price of $1.00 for a period of 3 years. The Agent was paid a commission of $232,780 in cash and received 387,967 broker warrants to purchase common shares of the Company at a price of $0.60 for a period of 2 years from the date the Company obtains a listing on the TSX Venture Exchange. The 1,939,835 warrants and 387,967 broker warrants were valued at $413,183 and $95,052 respectively. The warrants were valued using the Black-Scholes option pricing model using the following assumptions; risk-free interest rate of 4.74%, volatility factor of 70%, dividend yield of 0% and an expected life of 3 years and 2 years for the broker warrants.

Deferred share issue costs at December 31, 2006 of $343,675 was charged against this private placement.

During the period, the Company also closed in escrow, a financing of 4,456,700 units at a price of $0.60 per unit for gross proceeds of $2,674,020. The funds are held in escrow with the Agent until such time as the Company obtains a listing on the TSX Venture Exchange at which time the funds will be released to the Company and the shares issued. Each unit of this escrowed financing is comprised of one common share and one-half common share purchase warrant. Each warrant is exercisable into common shares of the Company at a price of $1.00 for a period of 3 years. The Agent will be paid a commission of $267,402 in cash and will receive 445,670 broker warrants to purchase common shares of the Company at a price of $0.60 for a period of 2 years from the date the Company obtains a listing on the TSX Venture Exchange.

7. WARRANTS

The following table reflects the continuity of warrants:

	Average exercise price	Number of warrants	Black-Scholes value
Balance, December 31, 2006	$ 0.73	10,368,021	$ 232,454
Issued	0.84	2,827,802	589,735
Balance, March 31, 2007	$ 0.75	13,195,823	$ 822,189

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

	Number of Warrants	Fair Value ($)	Exercise Price ($)	Expiry Date
	9,508,021	-	0.75	December 30, 2008
Broker warrants	660,000	165,000 (1)	0.50	December 30, 2008
	166,667	56,326	0.75	November 20, 2009
	1,939,835	413,183	1.00	March 26, 2010
Broker warrants	33,333	11,128	0.60	2 years from date of listing
Broker warrants	387,967	95,052	0.60	2 years from date of listing
Broker warrants	500,000	81,500	0.40	2 years from date of listing
	13,195,823	822,189		

(1) Refer to note 2

8. STOCK OPTIONS AND CONTRIBUTED SURPLUS

The Company has a stock option plan (the "Plan") in place under which the board of directors may grant options to acquire common shares of the Company to qualified directors, officers, employees and technical consultants. The number of shares that can be issued under the plan cannot exceed 10% of the total number of outstanding common shares. The options under the plan generally vest immediately upon issue, however, the directors may specify a different vesting period.

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

	Number of stock options	Weighted average exercise price
Balance, beginning and end of period	**3,045,000**	$ 0.16

All options outstanding at March 31, 2007 are fully vested and are exercisable.

8. STOCK OPTIONS AND CONTRIBUTED SURPLUS (continued)

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

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

9. SHARES TO BE ISSUED

Pursuant to the RTO agreement, the Company is obligated to issue 5,972,000 shares to common shareholders of Opel Inc. in exchange for their 5,972,000 Exchangeable Shares of Opel Inc. The net acquisition of Tandem has been apportioned as at the RTO date based on the number of shares issued including the reserve of 5,972,000 shares to be issued after giving effect to the 480,000 penalty shares that had accrued to the date of the RTO. The value ascribed to the 5,972,000 shares to be issued was $1,217,408.

As at March 31, 2007, the Company is obligated to issue 1,200,000 shares to the Tranche 1 private placement investors arising from the Company not obtaining a listing on the TSX Venture Exchange by May 31, 2006. The Company is obligated to issue 120,000 shares for each month the Company remains unlisted. 480,000 of the shares that had accrued to the date of the RTO and the capital was eliminated as part of the RTO accounting. The 720,000 shares that have accrued since the RTO were valued at $432,000 and have been charged to general and administration expense. General and administrative expense for the three months ended March 31, 2007 includes a charge of $216,000 for the 360,000 shares to be issued during the period.

10. PER SHARE AMOUNTS

		2007		2006
Numerator				
Net loss	**$**	**(869,445)**	$	(732,074)
Denominator				
Weighted average number of common shares outstanding		**18,488,270**		9,480,021
Weighted average number of common shares outstanding - diluted		**22,516,929**		9,480,021
Basic and diluted loss per share	**$**	**(0.05)**	$	(0.08)

10. PER SHARE AMOUNTS (continued)

The denominator includes the 7,172,000 of shares to be issued (refer to note 9).

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

11. LEASES

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

Rent expense under these leases was $14,350 and $6,900 for the three months ended March 31, 2007 and 2006 respectively. Further, as of March 31, 2007, the remaining minimum annual rental payments to the lease expiration dates were:

2007	$ 41,060
2008	32,010
2009	32,592
2010	32,592
2011	4,074
	$ 142,328

12. LICENSE AGREEMENT WITH RELATED PARTY

The Company has a license agreement with a related party (the University of Connecticut) for certain intellectual property (the "Intellectual Property"). The license agreement expires when the last patent included in the Intellectual Property expires or otherwise becomes invalid. Effective April 23, 2007, the Company paid $100,000 to convert the original license agreement into an irrevocable license. The amount paid will be amortized based on the greater of the units sold compared to the expected units to be sold under the license or the amount determined by the straight-line method over the estimated useful life of the license.

Under the above license agreement, no expense was required to be recognized for any period presented.

13. SUBSEQUENT EVENTS

Subsequent to March 31, 2007, the Company completed various equity financings aggregating to 9,173,595 units of the Company at a price of $0.60 for gross proceeds of $5,504,157. Each unit is comprised of one common share and one-half common share purchase warrant. Each warrant is exercisable into common shares of the Company at a price of $1.00 for a period of 3 years. Of these financings, 1,225,000 units are held in escrow with the Agent until such time as the TSX Venture Exchange has set the date of listing.

In connection with these financings, commissions of $550,416 were paid or are payable and 917,360 broker warrants were issued or are issuable to the Agent. Each broker warrant is exercisable into common shares of the Company at a price of $0.60 per share for a period of 2 years from the date of listing on the TSX Venture Exchange.