MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE THREE-MONTH PERIOD ENDED NOVEMBER 30, 2013

The following comments are intended to provide a review and analysis of the results of operations, financial condition and cash flows of Opsens Inc. for the three-month period ended November 30, 2013 in comparison with the corresponding period ended November 30, 2012. In this Management's Discussion and Analysis ("MD&A"), "Opsens", "the Company", "we", "us" and "our" mean Opsens Inc. and its subsidiary. This discussion should be read and interpreted in conjunction with the information contained in our annual consolidated financial statements for the years ended August 31, 2013 and 2012, which have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. This document was prepared on January 20, 2014. All amounts are in Canadian dollars unless otherwise indicated.

This MD&A contains forward-looking statements with respect to the Company. These forward-looking statements, by their nature, require the Company to make certain assumptions and necessarily involve known and unknown risks and uncertainties that could cause actual results to differ materially from those expressed or implied in these forward-looking statements. Forward-looking statements are not guarantees of performance. These forward-looking statements, including financial outlooks, may involve, but are not limited to, comments with respect to the Company's business or financial objectives, its strategies or future actions, its targets, expectations for financial condition or outlook for operations and future contingent payments. Words such as "may", "will", "would", "could", "expect", "believe", "plan", "anticipate", "intend", "estimate", "continue", or the negative or comparable terminology, as well as terms usually used in the future and conditional, are intended to identify forward-looking statements.

Information contained in forward-looking statements is based upon certain material assumptions that were applied in drawing a conclusion or making a forecast or projection, including management's perceptions of historical trends, current conditions and expected future developments, as well as other considerations that are believed to be appropriate in the circumstances. The Company considers these assumptions to be reasonable based on information currently available to it, but cautions the reader that these assumptions regarding future events, many of which are beyond its control, may ultimately prove to be incorrect since they are subject to risks and uncertainties that affect the Company and its business. The forward-looking information set forth therein reflects the Company's expectations as at January 20, 2014 and is subject to change after such date. The Company disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, other than as required by law.

CORPORATE OVERVIEW

Opsens is focusing on two main growth markets, Fractional Flow Reserve ("FFR") in medical instrumentation and oil and gas. The Company is also involved in laboratories activities. Opsens develops, manufactures, supplies and installs systems for measuring parameters of pressure, temperature and others using fiber optic sensing technologies. These systems are designed around patented technologies that are effective and durable in extreme conditions.

Opsens holds six (6) patents and has four (4) patents pending covering its products and technology. With its patented technologies and highly recognized expertise, Opsens meets consumers' needs in the medical, oil and gas and laboratory markets. Since December 11, 2007, activities in the oil and gas market have been performed by the wholly-owned subsidiary Opsens Solutions Inc. ("Opsens Solutions").

VISION, STRATEGY AND OUTLOOK

The worldwide market for fiber optic and conventional sensors is a multi-billion dollar opportunity. Opsens' sales and marketing strategy aims to provide solutions for FFR, Oil & Gas and selected niche markets, in particular, markets with challenging environments, where conventional solutions are either non-existent, operate marginally or quickly fail.

In its business plan, Opsens has identified markets where its products can bring better results to their users. Opsens' management is confident that the products it offers and those it develops for these markets will deliver value to its shareholders. In addition, Opsens remains open to business opportunities, including new projects and acquisitions, to enhance its core activities and consequently add to shareholders value.

The Company's expertise, know-how and patented technologies are key to new production techniques improving the reliability of measuring equipment. Also, Opsens' production technique called MEMS (Micro-Electro-Mechanical-System) encourages penetration into markets traditionally occupied by conventional sensors through higher production volumes and reduced manufacturing costs.

In 2014, Opsens expects its net loss will increase from year 2013 due to verification and validation expenses and to commercialization costs for the FFR products.

NON-IFRS FINANCIAL MEASURE - EBITDAO

The Company quarterly reviews net earnings (loss) and Earnings Before Interest, Taxes, Depreciation, Amortization and Stock-based compensation costs ("EBITDAO"). EBITDAO has no normalized sense prescribed by IFRS. It is not very probable that this measure is comparable with measures of the same type presented by other issuers. EBITDAO is defined by the Company as the addition of net earnings (loss), depreciation and amortization, financial expenses and stock-based compensation costs. The Company uses EBITDAO for the purposes of evaluating its historical and prospective financial performance. This measure also help the Company to plan and forecast for future periods as well as to make operational and strategic decisions. The Company believes that providing this information to investors, in addition to IFRS measures, allows them to see the Company's results through the eyes of management, and to better understand its historical and future financial performance.

Reconciliation of EBITDAO to net earnings (loss)

(In thousands of Canadian dollars)	**Three-month period ended November 30, 2013**	**Three-month period ended November 30, 2012**
	$	**$**
Net earnings (loss)	(685)	21
Financial expenses	111	22
Depreciation of property, plant and equipment	79	60
Amortization of intangible assets	11	7
EBITDA	(484)	110
Stock-based compensation costs	80	31
EBITDAO	(404)	141

The negative variance of EBITDAO for the three-month period ended November 30, 2013 when compared to last year is mainly explained by the increase in the net loss.

PRODUCTS AND INNOVATION

The Company is constantly working to improve its position in terms of intellectual property and what it can offer to its customers. For the three-month period ended November 30, 2013, the Company focused on continuous improvements to its technology in markets with the highest perceived potential payoff, particularly medical instrumentation and oil and gas.

OptoWire for the Measurement of FFR

In 2011, Opsens unveiled its offering for cardiologists to use in the measurement of FFR. FFR is an index of the functional severity of a coronary stenosis that is calculated from pressure measurements taken before and after a narrowing of the arteries during coronary arteriography. This increasingly used approach enables an "on the spot" diagnosis for a better assessment as to whether a stent is an appropriate intervention to improve blood circulation in the cardiovascular system.

A study published in 2009 in the New England Journal of Medicine, "Fractional Flow Reserve vs. Angiography for Multivessel Evaluation", found that a stent was not always an appropriate intervention, and that its overuse was actually doing patients more harm than good in some cases. Patients of doctors using FFR had fewer stents used and better outcomes overall, the study found.

The FFR market represents a significant opportunity for Opsens. Opsens intends to fully exploit this opportunity by an aggressive development of the OptoWire through the stages of preclinical, regulatory and commercialization. In January 2014, Opsens announced the filing of the FFR application for Shonin approval for Japan. Filing for regulatory approvals in the US, Europe and Canada are expected to be completed in Opsens' 2014 fiscal year, enabling access to market. Opsens aims for the commercialization of its FFR product in the first half of calendar year 2015.

Unlike traditional guidewires, the OptoWire is a guidewire instrumented with a fiber optic pressure sensor, which is low-drift and will provide a high-fidelity measurement of blood pressure in coronary arteries. In addition to reliable measurement, the OptoWire aims to offer better mechanical performances in terms of trackability, torquability and support over existing pressure guidewires.

Scientific Advisory Board

To support the development and refinement of the OptoWire, Opsens has put together a scientific advisory board of experts in the field of FFR and clinical research, composed of Drs. Morton Kern, Olivier F. Bertrand and Michael J. Lim. These leading cardiologists are advising the Company on the development, clinical studies and commercialization of the OptoWire.

Oil and Gas and Other Products

As for the oil and gas field over the current fiscal year, Opsens will continue to develop its existing product line while improving its ability to respond to customer needs for multiple specifications in the measurement of pressure and temperature and also by working on new products and applications to help the Company reach new markets and increase its revenues consequently.

Opsens is also developing new products and applications to measure pressure and temperature that will help it to broaden its offering and consequently, help the Company reach new markets.

SELECTED CONSOLIDATED FINANCIAL DATA

(In thousands of Canadian dollars, except for information per share)	**Three-month period ended November 30, 2013**	**Three-month period ended November 30, 2012**
	$	$
Sales	2,202	2,533
Cost of sales	1,402	1,315
Gross margin	800	1,218
Gross margin rate	36%	48%
Administrative expenses	573	539
Marketing expenses	294	249
R&D expenses	507	387
Financial expenses	111	22
	1,485	1,197
Net earnings (loss) and comprehensive income	(685)	21
Net earnings (loss) per share – Basic	(0.01)	0.00
Net earnings (loss) per share – Diluted	(0.01)	0.00

Revenues

The Company reported revenues of $2,202,000 for the three-month period ended November 30, 2013, compared to revenues of $2,533,000 in the comparative period in 2012, a decrease of $331,000 or 13%.

Revenues in the oil and gas sector totaled $1,786,000 for the three-month period ended November 30, 2013 compared to $1,886,000 in 2012. The decrease in revenues is explained by a special project with a non-recurring client that occurred in the three-month period ended November 30, 2012. This was partly offset by the installations of the first OPP-W sensor systems from the 48-well contract placed by an oil and gas producer for an Alberta SAGD oil sands project that began during the first quarter of fiscal 2014.

Revenues in the laboratories field totaled $272,000 for the three-month period ended November 30, 2013, compared with revenues of $411,000 for the same period in 2012. The decrease in revenues in the laboratory field is explained by a strong first quarter in fiscal 2013 where significant orders were placed by an important client.

As at November 30, 2013, the backlog amounted to $3,239,000 ($4,380,000 as at August 31, 2013).

Given that a proportion of the Company's revenues is generated in U.S. dollars, fluctuations in the exchange rate affect revenues and net loss. For the three-month period ended November 30, 2013, the average exchange rate was higher than the comparative period, which affected positively the revenues by $21,100 (negative impact of $8,000 for the three-month period ended November 30, 2012).

Market acceptance of fiber optic sensors is increasing in the Company’s markets. That being said, some sectors, such as oil and gas, are seeing additional competition. Opsens is addressing the added competition by highlighting the performance characteristics of its products compared with those of its competitors. Some of Opsens’ customers reduced their capital expenditures budget for the year 2014. For the three-month periods ended November 30, 2013 and 2012, pricing fluctuations and new product launches did not have a significant impact on revenues.

Gross margin

The gross margin on product sales decreases for the three-month period ended November 30, 2013 from a year earlier, going from $1,218,000 to $800,000. In addition, the gross margin rate decreased from 48% for the three-month period ended November 30, 2012 to 36% for the three-month period ended November 30, 2013. The decrease in gross margin and gross margin rate is explained by a change in business mix where a higher proportion of gross margin was generated by businesses with gross margins below group average.

The Company expects the gross margin rate for the Company to move toward its target of 40% as revenues grow.

Administrative expenses

Administrative expenses were $573,000 and $539,000, respectively, for the three-month periods ended November 30, 2013 and 2012.

The increase is explained by higher stock-based compensation costs arising from stock options granted during the three-month period ended November 30, 2013.

Marketing expenses

Sales and marketing expenses were $294,000 for the three-month period ended November 30, 2013, compared to $249,000 for the comparative period, an increase of $45,000. The increase is explained by additional subcontractor fees incurred for the commercialization of our products and by an increase in the salaries and fringe benefits arising from one additional headcount when compared to last year.

Research and development expenses

Research and development expenses amounted to $506,000 and $387,000, respectively, for the three-month periods ended November 30, 2013 and 2012. The increase in the research and development expenses in the first quarter of fiscal 2014 when compared to 2013 is explained by costs incurred during the period for the FFR project because the verification and validation phase made significant progress.

Financial expenses

Financial expenses reached $111,000 for the three-month period ended November 30, 2013 compared to $22,000 for the three-month period ended November 30, 2012. The increase in the financial expenses during the first quarter of fiscal 2014 is explained by a negative change in fair value of embedded derivative of $78,000 and by a negative variation of $10,000 in the gain (loss) on foreign exchange.

Net loss

As a result of the foregoing, net loss for the three-month period ended November 30, 2013 was $685,000 compared with a net earnings of $21,000 for the three-month period ended November 30, 2012.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION DATA

(In thousands of Canadian dollars)	As at November 30, 2013	As at August 31, 2013	As at August 31, 2012
	$	$	$
Current assets	8,174	8,459	5,895
Total assets	10,218	10,528	7,735
Current liabilities	2,410	2,415	1,595
Long-term liabilities	4,997	4,720	507
Shareholders' equity	2,811	3,393	5,633

Total assets as at November 30, 2013 were $10,218,000 compared to $10,528,000 as at August 31, 2013. The decrease is mainly related to lower cash and cash equivalents explained by cash and cash equivalents used for the verification and validation phase of our FFR products partly offset by higher trade and other receivables arising from the first installations of the OPP-W sensor systems from the 48-well contract.

Long-term liabilities totaled $4,997,000 as at November 30, 2013 compared to $4,720,000 as at August 31, 2013, an increase of $277,000. The increase is explained by non-interest bearing contributions amounting to $314,000 received during the quarter from governmental agencies and by an increase in the value of the embedded derivative of $78,000.

SUMMARY OF CONSOLIDATED QUARTERLY RESULTS

The summary below presents the periods in which Opsens published unaudited interim financial statements.

(Unaudited, in thousands of Canadian dollars, except for information per share)	Three-month period ended November 30, 2013	Three-month period ended August 31, 2013	Three-month period ended May 31, 2013	Three-month period ended February 28, 2013
	$	$	$	$
Revenues	2,202	1,451	1,706	1,836
Net loss for the period	(685)	(1,075)	(689)	(623)
Net loss per share – Basic	(0.01)	(0.02)	(0.01)	(0.01)
Net loss per share – Diluted	(0.01)	(0.02)	(0.01)	(0.01)

(Unaudited, in thousands of Canadian dollars, except for information per share)	Three-month period ended November 30, 2012	Three-month period ended August 31, 2012	Three-month period ended May 31, 2012	Three-month period ended February 28, 2012
	$	$	$	$
Revenues	2,533	1,416	2,174	2,377
Net profit (net loss) for the period	21	(639)	(357)	(675)
Net profit (net loss) per share – Basic	0.00	(0.01)	(0.01)	(0.01)
Net profit (net loss) per share – Diluted	0.00	(0.01)	(0.01)	(0.01)

Historically, the Company's revenues and net earnings (net loss) results have experienced minimal seasonality. Seasonal fluctuations have become more significant with the increase weighting of sales in the oil and gas field, since business activity is generally greater in the fall and winter for this sector.

LIQUIDITY AND CAPITAL RESOURCES

On November 19, 2012, the Company announced the granting of distribution and other rights for OptoWire and OptoMonitor, Opsens' products for measuring FFR. Under the terms of the agreement, the Company received:

- US$3,000,000 for the distribution rights for its FFR products for Japan, Korea and Taiwan, which includes:
    a. US$2,000,000 ($2,002,000) at signing;
    b. US$1,000,000 once Opsens gets regulatory approval for its FFR devices in Japan;
- US$2,000,000 ($2,002,000) in subordinated secured convertible debenture, at signing.

The convertible debenture bears interest at a rate of 2.0% per annum payable at maturity which is November 19, 2017. At the holder's option, the convertible debenture may be converted into common shares of the Company at any time up to the maturity date at a conversion price representing the market price of the shares. However, the conversion price is subject to a minimum of $0.50 and a maximum of $0.75 per common share (the "conversion price").

The convertible debenture is also convertible at the Company's option at the conversion price if the volume-weighted average closing price per common share for the twenty trading days immediately preceding the fifth trading day before such conversion date is at least $1.20 and if a minimum of 50,000 common shares have traded on the TSX Venture Exchange during each of the twenty trading days taken into account in the calculation of the conversion price.

To secure the repayment of the convertible debenture, a movable hypothec on certain equipment has been given. As at November 30, 2013, the net book value of property, plant and equipment pledged as collateral was $58,000 ($66,000 as at August 31, 2013). This hypothec will rank second to certain long-term loans of the Company.

As noted above, the convertible debenture contains a conversion option that will result in an obligation to deliver a fixed amount of equity in exchange of a variable amount of convertible debenture when translated in the functional currency of the Company. Consequently, under IAS 32, "Financial Instruments: Presentation", the convertible debenture is accounted for as a compound instrument with a debt component and a separate embedded derivative representing the conversion option. Both the debt and embedded derivative components of this compound financial instrument are measured at fair value on initial recognition. The debt component is subsequently accounted for at amortized cost using the effective interest rate method. The embedded derivative is subsequently measured at fair value at each reporting date with gains and losses in fair value recognized through profit or loss.

The Company has an authorized line of credit for a maximum amount of $200,000, $50,000 of which is available at all times and does not take into consideration any margining of accounts receivable and inventories. When using the line of credit in an amount varying from $50,000 and $100,000, the available credit is limited to an amount that is equal to 75% of Canadian accounts receivable and 65% of foreign accounts receivable plus 50% of inventories of raw materials and finished goods. If the amount used exceeds $100,000, the credit available is limited to an amount equal to 75% of Canadian accounts receivable and 90% of insured foreign accounts receivable plus 50% of inventories of raw materials and finished goods. This line of credit bears interest at the financial institution's prime rate plus 2% and is repayable on a weekly basis by $5,000 tranches. It is secured by a first-rank movable hypothec for an amount of $750,000 on the universality of receivables and inventories.

Under an agreement entered into with Canada Economic Development ("CED"), the Company may receive a refundable contribution of a maximum amount $300,000, non-interest bearing, to cover expenses related to the development of its OptoWire product for the Fractional Flow Reserve market. This contribution is paid out based on the project's percentage of completion at the rate of 40% of eligible expenses since February 1, 2013. During the year ended August 31, 2013, the Company recognized for this refundable contribution an amount of $57,500 against research and development expenses. During the three-month period ended November 30, 2013, the Company recorded an amount of $150,000 as receivable for which a portion of $66,000 was recognized against research and development expenses.

At the end of the year ended August 31, 2012, the Company has received approval for financial support from the Ministère des Finances et de l'Économie ("MFE") in the form of a repayable contribution of $413,590 for the development of a portfolio of products for FFR. During the three-month period ended November 30, 2013, the Company received an amount of $164,200 for which a portion of $48,400 was recognized against research and development expenses.

As at November 30, 2013, the Company had cash and cash equivalents of $2,818,000 compared with $3,662,000 as at August 31, 2013. Of this amount as at November 30, 2013, $2,632,000 was invested in highly liquid, safe investments. As at November 30, 2013, Opsens had a working capital of $5,763,500, compared with a working capital of $6,043,000 as at August 31, 2013.

Based on the agreement announced on November 19, 2012 for the granting of distribution and other rights for FFR products, on the debt financings with the MDEIE, the CED and its financial institution, on the private placement completed on February 12, 2010, on the use of proceeds from the high-power transformers sale, on its cash and cash equivalents, on its working capital and its order backlog, Opsens has the financial resources necessary to maintain short-term operations, honour its commitments and support its anticipated growth and development activities. From a mid-term perspective, Opsens may need to raise additional financing by issuing equity securities and debt. From a long-term perspective, there is uncertainty about obtaining additional financing, given the risks and uncertainties identified in the *Risks and Uncertainties section*. Fluctuation in cash and cash equivalents will depend particularly on the rate of revenues growth for the coming quarters.

As at November 30, 2013, working capital of the Company was higher than what was expected when compared to the activity level of Opsens. As a result, the Company does not anticipate additional investments in the working capital for the fiscal year ending August 31, 2014.

SUMMARY OF CASH FLOWS

(In thousands of Canadian dollars)	**Three-month Period Ended November 30, 2013**	**Three-month Period Ended November 30, 2012**
	$	**$**
Operating activities	(1,076)	1,120
Investing activities	(54)	(141)
Financing activities	292	2,070
Net change in cash and cash equivalents	(838)	3,049

Operating activities

Cash flows used by our operating activities for the three-month period ended November 30, 2013 were $1,076,000, compared to cash flows generated of $1,120,000 for the same period last year, an increase of $2,085,000. The increase in the cash flows used by our operating activities is explained by the amount of $2,002,000 received during the three-month period ended November 30, 2012 for the granting of distribution and other rights for the FFR products and recognized as deferred revenues in the balance sheet.

Investing activities

For the three-month period ended November 30, 2013, cash flows used by our investing activities reached $54,000 and were used for acquisitions of property, plant and equipment for an amount of $46,000, $19,000 was used for additions to intangible assets. This was partly offset by interest received of $11,000. Acquisitions of property, plant and equipment were made primarily for our oil and gas activities and for our FFR project.

For the three-month period ended November 30, 2012, cash flows used by our investing activities reached $141,000 and were used for acquisitions of property, plant and equipment for an amount of $130,000 and $11,000 was used for additions to intangible assets.

Financing activities

For the three-month period ended November 30, 2013, cash flows generated by our financing activities reached $292,000. The increase in our long-term debt of $314,000 and the issuance of shares of $23,000 were partly offset by the $45,000 payments on the long-term debt.

For the three-month period ended November 30, 2012, cash flows generated by our financing activities reached $2,070,000. The proceeds from the issuance of the convertible debenture of $2,002,000 and the increase in our long-term debt of $130,000 were partly offset by payments of $54,000 on the long-term debt and by the $8,000 used for interest payments.

INFORMATION BY REPORTABLE SEGMENTS

Sector's Information

The Company's reportable segments are strategic business units managed separately as one is focused on developing, producing, and supplying fiber optic sensors (Opsens Inc.) and the other (Opsens Solutions Inc.) is specialized in the commercialization and installation of optical and conventional sensors for the oil and gas industry.

The same accounting policies are used for both reportable segments. Operations are carried out in the normal course of operations and are measured at the exchange amount which approximates prevailing prices in the markets.

	Three-month periods ended November 30,					
			2013			2012
	Opsens Inc.	**Opsens Solutions Inc.**	**Total**	Opsens Inc.	Opsens Solutions Inc.	Total
	$	**$**	**$**	$	$	$
External sales	**426,906**	**1,774,879**	**2,201,785**	664,243	1,868,506	2,532,749
Internal sales	**315,348**	**-**	**315,348**	196,792	-	196,792
Depreciation of property, plant and equipment	**45,931**	**33,262**	**79,193**	36,652	23,663	60,315
Amortization of intangible assets	**7,087**	**3,691**	**10,778**	5,922	1,402	7,324
Financial expenses (revenues)	**32,211**	**78,876**	**111,087**	(43,533)	65,206	21,673
Net earnings (loss)	**(806,988)**	**121,963**	**(685,025)**	(350,484)	371,713	21,229
Acquisition of property, plant and equipment	**41,026**	**5,116**	**46,142**	19,147	111,026	130,173
Additions to intangible assets	**16,678**	**2,271**	**18,949**	10,584	-	10,584
Segment assets	**5,892,199**	**4,326,266**	**10,218,465**	8,214,944	3,561,243	11,776,187
Segment liabilities	**6,692,036**	**715,546**	**7,407,582**	5,523,088	567,658	6,090,746

Geographic sector's information

	Three-month periods ended November 30,	
	2013	2012
	$	$
Revenue per geographic sector		
Canada	**1,790,212**	1,890,424
United States	**151,212**	241,520
Other*	**260,361**	400,805
	2,201,785	2,532,749

* Comprised of revenues generated in countries for which amounts are individually no significant.

Revenues are attributed to geographic sector based on the clients' location. Capital assets, which include property, plant and equipment and intangible assets, are all located in Canada.

During the three-month period ended November 30, 2013, revenues from three clients represented individually more than 10% of the total revenues of the Company, i.e. approximately 37.7% (Opsens Solutions Inc.'s reportable segment), 21.2% (Opsens Solutions Inc.'s reportable segment) and 16.6% (Opsens Solutions Inc.' reportable segment).

During the three-month period ended November 30, 2012, revenues from three clients represented individually more than 10% of the total revenues of the Company, i.e. approximately 29.5% (Opsens Solutions Inc.' reportable segment), 28.1% (Opsens Solutions Inc.'s reportable segment) and 16.0% (Opsens Solutions Inc.' reportable segment).

Opsens Inc. sector

For the three-month period ended November 30, 2013, revenues from Opsens Inc. sector were $427,000 compared to $664,000 for the comparative period, a decrease of $237,000. The decrease is explained by significant orders placed by an important client during the three-month period ended November 30, 2012.

Gross margin was $143,000 for the three-month period ended November 30, 2013, compared to $369,000 for the three-month period ended November 30, 2012, a decrease of $226,000. Gross margin rate went from 43% for the three-month period ended November 30, 2012 to 19% for the three-month period ended November 30, 2013. The decrease in the gross margin is explained by a decrease in the revenues. The decrease in the gross margin rate arises from the decrease in the revenues as explained above where a portion of the cost of sales is comprised of semi-fixed costs which do not necessarily decrease at the same rate as revenues.

Net loss for the Opsens Inc. sector was $783,000 for the three-month period ended November 30, 2013, compared to a net loss of $350,000 for the three-month period ended November 30, 2012. The increase in net loss reflects lower gross margin as explained above and the increase in research and development expenses as explained in the "SELECTED CONSOLIDATED FINANCIAL DATA" section of this MD&A. Finally, the increase in the net loss is explained by higher financial expenses arising from the issuance of the convertible debenture in November 2012, by an unfavorable variance of the gain (loss) on foreign exchange and by an unfavorable change in fair value of the embedded derivative.

The working capital of Opsens Inc. sector as at November 30, 2013 was $3,370,000 compared to $4,125,000 as at August 31, 2013. The decrease of $755,000 in the working capital is due to the net loss of $783,000 generated during the three-month period ended November 30, 2013.

Opsens Solutions Inc. sector

For the three-month period ended November 30, 2013, revenues from Opsens Solutions Inc. sector were $1,775,000 compared to $1,868,000 for the same period last year, a decrease of $93,000. The decrease in revenues is explained by the performance of a non-recurring project during the first quarter of fiscal 2013 partly offset by the first installations of the 48 OPP-W systems contract.

Gross margin was $657,000 for the three-month period ended November 30, 2013, compared to $849,000 for the same period last year, a decrease of $192,000. Gross margin rate went from 45% for the three-month period ended November 30, 2012 to 37% for the three-month period ended November 30, 2013. The decrease in the gross margin and the gross margin rate is explained by a change in business mix where a higher proportion of gross margin was generated by businesses with gross margins below group average.

Net profit for Opsens Solutions Inc. sector went from a net profit of $372,000 for the three-month period ended November 30, 2012 to a net profit of $122,000 for the three-month period ended November 30, 2013. The decrease in the net profit is mainly explained by the decrease in the gross margin as explained previously.

The working capital of Opsens Solutions Inc. sector as at November 30, 2013 was $2,439,000 compared to $2,095,000 as at August 31, 2013. The increase of $344,000 in the working capital is explained by a higher balance of accounts receivable as at November 30, 2013 resulting from the installations of the first OPP-W sensor systems from the 48-well contract.

INFORMATION ON SHARE CAPITAL

For the three-month period ended November 30, 2013, the Company granted to some employees, consultants and Directors a total of 240,000 stock options with an average exercise price of $0.68, cancelled 486,667 stock options with an exercise price of $0.33, 50,000 stock options with an exercise price of $0.40 expired and 60,000 stock options with an average exercise price of $0.38 were exercised.

For the three-month period ended November 30, 2012, the Company granted to some Directors a total of 80,000 stock options with an average exercise price of $0.24 and 500,000 stock options with an exercise price of $0.72 expired.

As at the date of this MD&A, the following components of shareholders' equity are outstanding:

Common shares	47,947,983
Stock options	3,763,000
Convertible debenture	2,800,000
Securities on a fully diluted basis	54,510,983

The number of shares that would be issued upon conversion of the debenture may vary depending on various parameters such as the exchange rate and the conversion price per share. In the table above, the conversion was carried out on the assumption that the exchange rate between the U.S. dollar and the Canadian dollar is 1.05 and the conversion price is equal to $0.75 per share.

No dividend was declared per share for each share class.

CAPACITY TO PRODUCE RESULTS

As discussed in the section regarding financial position, the Company has the required financial resources for its short-term operations, to fulfill its commitments, to support its growth plan and for the development of its activities. On a mid-term perspective, it is possible that additional financing, through the issuance of shares or debt financing or any other means of financing might be required.

During the next year, the activity level should not require additional investment in working capital. Investments in capital of a few hundreds of thousands of dollars will be needed to respond to Opsens' operational needs.

From the human resources' perspective, there are no vacancies in the major executive and technical positions within the Company. However, additional production personnel will be required in Quebec and Alberta. Taking into account the employment market in Canada, Opsens is confident in its capacity to recruit qualified human resources in a timely fashion.

Regarding the strategy on corporate executive remuneration, it is oriented towards creation of long-term value for the shareholders. Several corporate executives hold an important share and share-purchase option position, with rights to be acquired over a four-year period in order to align shareholders' interest with corporate executives' interest. This long-term vision stimulates innovation and the development of recurrent revenues.

FUTURE ACCOUNTING CHANGES

Future accounting changes, as described in note 4 of the Audited Consolidated Financial Statements for the year ended August 31, 2013, have not materially changed since August 31, 2013 except for the changes in accounting policies described in note 2 to the Condensed Interim Consolidated Financial Statements for the three-month period ended November 30, 2013.

OFF-BALANCE SHEET ARRANGEMENTS

As of November 30, 2013, the Company was not the primary beneficiary in Special Purpose Entities and there were no off-balance sheet arrangements

RISK FACTORS AND UNCERTAINTIES

Opsens operates in an industry that is subject to various risks and uncertainties. The Company's business, financial position and operating results could be impacted negatively by these risks and uncertainties. The most important risks and uncertainties are described in the management discussion and analysis for the year ended August 31, 2013.

OTHER INFORMATION

Updated information on the Company can be found on the SEDAR Web site at http://www.sedar.com.

On behalf of management,
Chief Financial Officer and Corporate Secretary

(s) Thierry Dumas

January 20, 2014