MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED MAY 31, 2016

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 and nine-month periods ended May 31, 2016 in comparison with the corresponding period ended May 31, 2015. 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, 2015 and 2014, 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 June 30, 2016. 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 June 30, 2016 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.

OVERVIEW

Opsens focuses mainly on the measure of Fractional Flow Reserve ("FFR") in interventional cardiology. Opsens offers an advanced optical-based pressure guidewire (OptoWire) that aims at improving the clinical outcome of patients with coronary artery disease. Opsens is also involved in industrial activities. The Company develops, manufactures and installs innovative fibre optic sensing solutions for critical applications such as the monitoring of oil wells and other demanding industrial applications.

In the interventional cardiology field, during fiscal 2015, Opsens initiated a limited market release of its OptoWire and OptoMonitor. OptoWire provides cardiologists with a guidewire that offers optimal performance to navigate in coronary arteries and cross blockages with ease, while measuring intracoronary blood pressure. This procedure is called measurement of FFR. According to management and industry sources(1), the FFR market was estimated at approximately US$300 million in 2014 and should exceed US$1 billion annually in the medium term.

During fiscal 2015, Opsens received approval to commercialize the OptoWire I and OptoMonitor in the U.S., Europe, Japan and Canada. These combined markets represent approximately 85% of the total market worldwide for FFR products.

(1) Opsens FFR Market Calculations based on **R. Scott Huennekens, "Volcano's CEO Hosts NASDAQ Analyst Day"** ***TRANSCRIPT*** **p.5** ***(2013-03-7)***, JOHN T. DAHLDORF, "Volcano's Annual Report 2012" and St. Jude Medical 2015 – Investors Conference , February 6, 2015.

On March 16, 2016, Opsens announced receipt of the 510(k) clearance from the U.S. Food and Drug Administration (FDA) for the OptoWire II. This major regulatory milestone allows the Company to commercialize its optical guidewire in the U.S., the largest market in the world for these types of products and expanded regulatory clearance for the OptoWire II to the U.S. from previous clearances in Europe and Japan. On June 22, 2016, the Company announced the receipt of Health Canada's approval to sell the OptoWire II in Canada.

The OptoWire II continues to draw positive comments from cardiology experts around the world. Subsequent to approvals received to commercialize the OptoWire II, the number of orders have increased. In addition, many account conversions in Canada, in Europe and in Japan have materialized recently. Opsens also recently began its limited market release in the U.S. These recent developments enable Opsens to compete in the growing FFR market.

In Canada, Opsens has been executing its limited market release with its direct sales force following the successful completion of clinical trials on 60 patients. The objectives of the study were to evaluate the ease of use, functionality and security of Opsens' OptoWire and OptoMonitor in patients with ischemic coronary artery disease who were referred for diagnostic angiography.

Opsens expanded its sales channels during the nine-month period ended May 31, 2016. Opsens is currently present, with its sales channels, in the U.S., in several European countries, in Canada and in Japan. To support revenue growth with increased production capacity, Opsens recently moved its medical devices business into a new location in Quebec City (Canada).

In the industrial sector, Opsens' technology, expertise and products can serve several markets including aerospace, geotechnical, infrastructures, oil and gas, mining, laboratories and others. For example, for the monitoring of the integrity of structures ("SHM" for Structural Health Monitoring), qualitative and non-continuous methods have long been used to assess the structures and their ability to perform their function. In the past 10 to 15 years, SHM technologies have emerged, creating new exciting fields within the different branches of engineering. SHM is widely applied to various types of infrastructures and represents solid growth opportunities considering that many countries are entering periods of pent up demand for the construction of various infrastructures ranging from bridges to skyscrapers.

As for the oil and gas market, Opsens provides fiber optic sensor systems that provide reliable real-time pressure and temperature measurements at the bottom of the wells. This information is critical during operations such as Steam Assisted Gravity Drainage ("SAGD"), a process that recovers bitumen from oil sands.

Opsens' broad portfolio of products and technologies can be adapted to measure various parameters in the most harsh conditions and provide significant advantages in terms of production optimization and reduced risk to the environment and health.

Opsens holds 10 patents and 3 pending patents to protect its medical and industrial businesses.

FFR MARKET OPPORTUNITY

For the FFR market, Opsens has developed the OptoWire and OptoMonitor, instruments that assess the significance of arterial narrowing (stenosis) resulting from coronary heart disease. Coronary artery disease is a leading cause of death in the developed world and the cost related to the management and treatment of this disease is a significant burden to society. In recent years, the prevalence of coronary heart disease has increased at a rapid pace. According to the American Heart Association ("AHA"), the number of Americans who undergo surgery or cardiovascular operations or procedures has increased to about 7.6 million patients in 2010. Based on health data compiled from over 190 countries, heart disease remains the No. 1 global cause of death with 17.3 million deaths annually based on a report from the AHA "Heart Disease and Stroke Statistics – 2015 Update". That number is expected to rise to more than 23.6 million by 2030.

The benefits of FFR were demonstrated in various clinical studies such as FAME I and FAME II published respectively in 2009 and 2012 in the New England Journal of Medicine. The FAME I study showed that FFR-guided treatment rather than standard angiography alone led to a reduction in mortality, myocardial infarction, readmission for

percutaneous coronary intervention and coronary bypass by about 30% after a year. In 2011, the American College of Cardiology Foundation and the AHA established a class IIA recommendation for the use of FFR during angiography, meaning that the proposed procedure or treatment is beneficial, useful and effective. These developments have contributed to the growth of the market. According to management and industry sources' estimates, the global FFR market reached approximately US$300 million in 2014. Management estimates a potential market of approximately US$1 billion in the medium term.

INDUSTRIAL MARKET OPPORTUNITY

Structural Health Monitoring market: the opportunities in this market are related principally to strain, load and displacement measurements. The applications are found in geotechnical, civil engineering, energy, aerospace and O&G sectors. Monitoring of civil engineering structures accounts for a large proportion of this market. Only in Europe, there is more than 5 billion square meters of dams and bridges. In the U.S. alone, there are 67,000 unmonitored bridges with an anticipated cost to repair or replace of $76 billion. New industrial versions of the strain sensor like the extensometer and load cell are the main flagship products for these applications.

Pressure Monitoring Solution market: the opportunities in this market are principally related to absolute and differential pressure measurements. The measure of the pressure is found in many industrial applications of the energy, geotechnical, oil and gas and aerospace sectors. New industrial versions of the pressure sensor and the recent addition of a differential pressure sensor are the main flagship products for these applications.

Traditional Niche Applications market: include niche applications in which Opsens is currently involved like the electro explosive device (EED) application. It also includes applications such as SAGD in Western Canada and laboratories applications (special projects and custom products).

BUSINESS STRATEGY

Opsens' growth strategy is to become a key player in the interventional cardiology market by focussing on the FFR procedure where its products and technologies have competitive advantages. The Company also aims to capitalize on its technologies and products in industrial markets.

The Company's FFR growth strategy will be executed by:

- Gaining market shares in the fast-growing FFR market. In fiscal 2015, for the first time, Opsens has generated revenues from its FFR offering in the limited market release phase. In 2016, Opsens is expanding sales activities in several markets, which should translate in solid revenue growth. Management believes that FFR is used in over 15% of PCI, but industry analysts suggest that up to 45% of PCI could advantageously be combined with FFR[2]. Management is pursuing a comprehensive market development strategy that highlights the features and distinctive capabilities of the OptoWire and to meet regulatory requirements and exceed marketing requirements to gain market share from competitors and contribute to the expansion of the FFR market. Initially, marketing efforts are focused on the Japanese, U.S., European and Canadian markets.

- Investing in innovation to enhance the existing applications of the Company's technology. The Company's commitment to innovation has been a major driving force behind its success. Opsens is constantly working to improve its intellectual property portfolio and customer value proposition. In the FFR market, OptoWire is designed to provide:
  - Improved measurement reliability and fidelity from OptoWire's no drift[3] sensing technology, which is essential to the decision-making process of cardiologists; competing FFR sensing technologies have higher drift levels;

(2) D. STARKS, "St Jude Medical 2013 Investor Conference" p.105 (2013-02-01); R. Scott Huennekens, "Volcano NASDAQ Analyst Day" POWERPOINT PRESENTATION p.44 (2013-03-07).

(3) Per 60601-2-34 ed3

- Improved connectivity, as OptoWire's connection and measurement accuracy is unaffected by blood contamination and the guidewire can be reconnected easily without compromising measurement accuracy;
- Improved mechanical performance from key design attributes and product specifications such as torquability and steerability.

- Developing new applications for the Company's medical technology. Opsens plans to leverage its technologies and knowledge in the medical devices field to expand into new markets and increase clinical applications. As the Company pursues opportunities in these new markets, it plans to develop new FFR products and explore product development and marketing partnerships with other leading companies in the sector.

- Expanding and investing in FFR-focused sales force and distribution channels.
  - **Distribution agreements**: Opsens signed an agreement with a leading Japanese medical supplier in November 2012, which provides the Japanese company with distribution rights for the OptoWire in Japan, Korea and Taiwan. In January 2014, this agreement translated into the first regulatory filing towards the commercialization of Opsens' FFR product in Japan. In October 2014, regulatory approval was obtained allowing Opsens to start the commercialization process in Japan. Opsens plans on continuing to expand its worldwide market penetration by pursuing additional distribution agreements with medical equipment companies to address large market potential opportunities in a cost-effective manner. Opsens also signed other distribution agreements covering various countries in Europe.
  - **Sales force**: Opsens is in the early stage of expanding its sales force by hiring additional sales personnel for the FFR product commercialization phase. Opsens' objective is to increase its marketing and market penetration in the North American, European and Asian health care sectors, particularly amongst cardiologists and hospitals.

The Company's growth strategy in the Industrial sector will be achieved by:

- Investing in innovation to enhance applications for the Company's technologies. In the industrial sector, Opsens' pressure and temperature sensors provide more reliable measurements at higher temperatures (up to 300°C) than conventional sensors, and are not affected by electromagnetic interference. Also, Opsens is developing a new version of its pressure sensor that will open new markets in the industrial sector.

NON-IFRS FINANCIAL MEASURE - EBITDAO

The Company quarterly reviews net 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 loss, current income tax expense, depreciation and amortization, impairment of assets, financial expenses (revenues) and stock-based compensation costs. The Company uses EBITDAO for the purposes of evaluating its historical and prospective financial performance. This measure also helps 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 loss

(In thousands of Canadian dollars)	Three-month period ended May 31, 2016	Three-month period ended May 31, 2015	Nine-month period ended May 31, 2016	Nine-month period ended May 31, 2015
	$	$	$	$
Net loss	(3,076)	(1,355)	(6,257)	(1,072)
Current income tax expense	-	-	-	340
Financial expenses (revenues)	375	(2)	700	(7)
Depreciation of property, plant and equipment	172	90	372	289
Amortization of intangible assets	17	17	54	44
Impairment of assets	-	-	-	796
EBITDA	(2,512)	(1,250)	(5,131)	390
Stock-based compensation costs	153	75	327	261
EBITDAO	(2,359)	(1,175)	(4,804)	651

For the three-month period ended May 31, 2016, the negative variance of EBITDAO when compared with last year is explained by higher administrative, marketing and research and development expenses as explained further below. In addition, following the relocation of its medical activities, the Company had to interrupt most of the production activities for approximately half of the second quarter.

For the nine-month period ended May 31, 2016, the negative variance of EBITDAO when compared with last year is mainly explained by higher revenues in 2015 arising from the milestone payment of $1,115,500 (US$1,000,000) received when the Company obtained Shonin approval in October 2014, by the CE mark approval obtained in November 2014 that allowed the Company to record in the consolidated statement of loss and comprehensive loss deferred revenues amounting to $2,002,000 (US$2,000,000) and with the adjustment on revenues of $340,000 (US$300,000) to recognize additional revenues from the distribution agreement (the “non- recurring revenues”). The negative variance of EBITDAO is also explained by higher administrative, marketing and research and development expenses as explained further below.

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SELECTED CONSOLIDATED FINANCIAL DATA

(In thousands of Canadian dollars, except for information per share)	Three-month period ended May 31, 2016	Three-month period ended May 31, 2015	Nine-month period ended May 31, 2016	Nine-month period ended May 31, 2015
	$	$	$	$
Revenues	2,125	831	6,576	7,555
Cost of sales	1,611	599	4,813	2,706
Gross margin	514	232	1,763	4,849
Gross margin rate	24%	28%	27%	64%
Administrative expenses	1,304	612	2,851	1,985
Sales and marketing expenses	1,178	342	2,427	1,183
R&D expenses	733	635	2,042	1,624
Financial expenses (revenues)	375	(2)	700	(7)
Impairment of assets	-	-	-	796
	3,590	1,587	8,020	5,581
Loss before income taxes	(3,076)	(1,355)	(6,257)	(732)
Current income tax expense	-	-	-	340
Net loss and comprehensive loss	(3,076)	(1,355)	(6,257)	(1,072)
Net loss per share – Basic	(0.05)	(0.02)	(0.10)	(0.02)
Net loss per share – Diluted	(0.05)	(0.02)	(0.10)	(0.02)

QUARTERS ENDED MAY 31, 2016 AND 2015

Revenues

The Company reported revenues of $2,125,000 for the three-month period ended May 31, 2016 compared with revenues of $831,000 in the comparative period in 2015, an increase of $1,294,000 or 156%.

Revenues in the medical sector totalled $1,270,000 for the three-month period ended May 31, 2016 compared with $347,000 for the three-month period ended May 31, 2015. The increase is explained by higher FFR revenues of $941,000 when compared with last year. This was partly offset by lower other medical revenues of $18,000.

Revenues in the industrial sector totalled $855,000 for the three-month period ended May 31, 2016 compared with $484,000 for the three-month period ended May 31, 2015. The increase in revenues is explain by the completion of an order for the installation of OPP-W in the oil and gas sector.

Given that a proportion of the Company's revenues is generated in U.S. and Euro dollars, fluctuations in the exchange rate affect revenues and net loss. For the period ended May 31, 2016, the average exchange rate was higher than the previous year, which affected sales positively by $69,000.

Market acceptance of FFR and for industrial fiber optic sensors is increasing in the Company’s potential markets. However, some sectors, such as oil and gas, are experiencing challenging economic conditions. To address this situation, Opsens downsized and reviewed its business model. Consequently, a partnership was announced during fiscal 2015 with a third party for the installation of its products for the oil and gas market in Western Canada. For the periods ended May 31, 2016 and May 31, 2015, pricing fluctuations did not have a significant impact on revenues. During the year ended August 31, 2015, Opsens began the limited market release phase of its FFR products in Europe and in Japan. During the quarter ended May 31, 2016, the Company initiated the limited market release in the U.S. Management expects that the proportion of revenues generated by FFR will increase in upcoming quarters.

As of May 31, 2016, the backlog of orders amounted to $2,855,000 ($1,131,000 as at August 31, 2015). Despite a slowdown of capital expenditures by major oil and gas producers, significant efforts are being made to increase the backlog and expand the customer base. In addition, the Company will benefit from increased revenues in the medical field resulting from its regulatory clearances in the U.S., Europe, Japan and Canada.

Gross margin

The gross margin on product sales increased for the period ended May 31, 2016 when compared with last year, from $232,000 to $514,000. The gross margin percentage amounted to 24% for the three-month period ended May 31, 2016 compared with 28% for the three-month period ended May 31, 2015. The increase in gross margin is explained by higher revenues as explained previously. The gross margin percentage for the three-month period ended May 31, 2016 was affected by downtime caused by the relocation, training of employees and other ramp up costs.

Administrative expenses

For the periods ended May 31, 2016 and May 31, 2015, administrative expenses were $1,304,000 and $612,000, respectively. The increase is explained by higher allowance for doubtful account related to a client in the oil and gas sector, by higher rental fees arising from the long-term lease signed by the Company to relocate its medical activities and higher headcount.

Sales and marketing expenses

Sales and marketing expenses were $1,178,000 for the three-month period ended May 31, 2016 compared with $342,000 for the three-month period ended May 31, 2015, an increase of $836,000. The increase is largely explained by higher headcount, publicity, tradeshows, travelling and subcontractor expenses when compared with last year due to the limited market release of the FFR products.

Research and development expenses

For the periods ended May 31, 2016 and May 31, 2015, research and development expenses were $733,000 and $635,000, respectively. The increase is explained by higher headcount for FFR business.

Financial expenses (revenues)

Financial expenses reached $375,000 for the three-month period ended May 31, 2016 compared with revenues of $2,000 for the three-month period ended May 31, 2015. The increase in financial expenses is explained by a negative variation of the change in fair value of the embedded derivative of $416,000 and lower interest income of $16,000. This was partly offset by a more favorable exchange rate resulting in a positive impact of $74,000.

Net loss

As a result of the foregoing, net loss for the three-month period ended May 31, 2016 was $3,076,000 compared with a net loss of $1,355,000 for the three-month period ended May 31, 2015.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION DATA

(In thousands of Canadian dollars)	**As at May 31, 2016**	**As at August 31, 2015**
	$	**$**
Current assets	16,818	11,077
Total assets	20,992	12,763
Current liabilities	4,234	2,584
Long-term liabilities	6,589	4,286
Shareholders' equity	10,169	5,893

Total assets as at May 31, 2016 were $20,992,000 compared with $12,763,000 as at August 31, 2015. The increase is mainly related to higher cash and cash equivalents of $2,818,000 explained by the closing of an equity financing of $5,000,000 and a private placement of $4,999,050 during the nine-month period ended May 31, 2016. The increase is also explained by higher property, plant and equipment of $2,446,000 because of acquisitions of equipment and investments in leasehold improvements arising from the relocation into the new facility. The increase in total assets is also explained by higher trade and other receivables of $1,100,000 and higher inventories of $1,531,000, a result of the increase in the FFR activities.

Current liabilities totalled $4,234,000 as at May 31, 2016 compared with $2,584,000 as at August 31, 2015. The increase is explained by higher accounts payable and accrued liabilities related to the increase of the production of FFR products.

Long-term liabilities totalled $6,589,000 as at May 31, 2016 compared with $4,286,000 last year, an increase of $2,303,000. The increase is explained by new loans amounting to $1,410,000 contracted during the quarter and by higher deferred lease inducements of $894,000 related to an amount of $900,000 received from the landlord. There amounts were used to finance the relocation costs into the new facility.

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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 May 31, 2016	Three-month period ended February 29, 2016	Three-month period ended November 30, 2015	Three-month period ended August 31, 2015
	$	$	$	$
Revenues	2,125	2,741	1,711	1,110
Net loss for the period	(3,076)	(1,523)	(1,658)	(1,811)
Net loss per share – Basic	(0.05)	(0.02)	(0.03)	(0.03)
Net loss per share – Diluted	(0.05)	(0.02)	(0.03)	(0.03)

(Unaudited, in thousands of Canadian dollars, except for information per share)	Three-month period ended May 31, 2015	Three-month period ended February 28, 2015	Three-month period ended November 30, 2014	Three-month period ended August 31, 2014
	$	$	$	$
Revenues	831	2,287	4,437	1,765
Net earnings (loss) for the period	(1,355)	(880)	1,162	(549)
Net earnings (loss) per share – Basic	(0.02)	(0.01)	0.02	(0.01)
Net earnings (loss) per share – Diluted	(0.02)	(0.01)	0.02	(0.01)

Historically, the Company's revenues and net earnings (net loss) results has experienced minimal seasonality.

LIQUIDITY AND CAPITAL RESOURCES

On May 27, 2016, the Company entered into a loan agreement of $836,000, net of transaction costs of $9,000, with Investissement Québec. This loan bears interest at prime rate plus 0.25%, is payable in monthly instalments of $17,604, and will be maturing in May 2020. This loan is secured by a movable hypothec on the Company's assets. Under this loan agreement, the Company is subject to certain covenants with respect to maintaining certain financial ratios, which were met as of the date of this MD&A.

On May 16, 2016, the Company completed a non-brokered private placement offering for aggregate gross proceeds of $4,999,050. In connection with the offering, the Company issued a total of 4,761,000 units at a price of $1.05 per unit. Each unit consists of one common share in the capital stock of Opsens and one-half of one common share purchase warrant, with each whole common share purchase warrant entitling the holder thereof to purchase one common share at a price of $1.55 until November 16, 2017.

Expenses of the offering include professional fees and miscellaneous fees for total fees of $78,242 of which $64,992 have been paid and $13,250 are included in accounts payable and accrued liabilities.

On May 20, 2016, the Company received an amount $894,000 from the landlord arising in accordance with the long-term lease signed by the Company to relocate its medical activities. This amount is presented in the balance sheet under the caption "Deferred lease inducements".

On April 18, 2016, the Company entered into a loan agreement amounting to $497,500, net of transaction costs of $2,500, with Desjardins. This loan bears interest at prime rate plus 2.0%, is payable in monthly instalments of $10,417, calculated over an amortization period of forty-eight (48) months and will be maturing in April 2017. This loan is secured by a movable hypothec on the Company's assets. Under this loan agreement, the Company is subject to certain covenants with respect to maintaining certain financial ratios, which were met as of the date of this MD&A.

Under an agreement entered into with Canada Economic Development ("CED"), the Company may receive a refundable contribution of a maximum amount $200,000, non-interest bearing, to cover expenses related to the commercialization of its OptoWire product for the FFR market. This contribution is paid out based on presentation by the Company of invoice related to specific expenses since May 22, 2015. On April 1, 2016, the Company received an amount of $65,000 of which $28,000 was recognized against administrative and sales and marketing expenses.

On December 22, 2015, the Company completed a public offering for aggregate gross proceeds of $5,000,000. In connection with the offering, the Company issued a total of 5,681,819 units at a price of $0.88 per unit. Each unit consists of one common share in the capital stock of Opsens and one-half of one common share purchase warrant, with each whole common share purchase warrant entitling the holder thereof to purchase one common share at a price of $1.20 until June 22, 2017.

Expenses of the offering include underwriting fees of $276,202 and other professional fees and miscellaneous fees of $319,787 for total fees of $595,989.

The Company also issued 313,886 broker warrants as additional compensation, each warrant entitling the holder to purchase one common share of the Corporation at a price of $0.88 until June 22, 2017.

Concurrently with the public offering, the Company completed a non-brokered private placement offering of 184,400 units at a price of $0.88 per unit for aggregate gross proceeds of $162,272. Each unit comprises the same terms and conditions than the units issued under the public offering. Expenses related to the private placement amount to $10,082.

On April 15, 2014, the Company announced that it had entered into an agreement with Abiomed in connection with its miniature optical pressure sensor technology for applications in circulatory assist devices. The Company has granted Abiomed an exclusive worldwide license to integrate its miniature pressure sensor in connection with Abiomed's circulatory assist devices. Under the agreement, Abiomed is expected to pay Opsens an aggregate amount of US$6 million. Of that amount, US$1,500,000 ($1,647,150) was paid upon closing of the deal, while the balance will be disbursed based on the achievement of certain milestones, such as the meeting of certain performance requirements, the filing of regulatory application, the obtaining of regulatory approval and the transfer of manufacturing to Abiomed.

On February 18, 2014, the Company completed a public offering for aggregate gross proceeds of $8,505,104. In connection with the offering, the Company issued a total of 5,340,220 units at a price of $0.75 per unit and 6,164,300 common shares at a price of $0.73 per common share. Each unit consists of one common share in the capital stock of Opsens and one-half of one common share purchase warrant, with each whole common share purchase warrant entitling the holder thereof to purchase one common share at a price of $1.05 until February 18, 2016.

Expenses of the offering include underwriting fees of $595,357 and other professional fees and miscellaneous fees of $373,991 for total fees of $969,348.

The Company also issued 805,316 broker warrants as additional compensation, each warrant entitling the holder to purchase one common share at a price of $0.73 until February 18, 2016.

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

- US$3,000,000 for the distribution rights for Japan, Korea and Taiwan, which includes:

  a. US$2,000,000 ($2,002,000) at signing;

  b. US$1,000,000 ($1,115,500) with the regulatory approval in Japan;

- US$2,000,000 ($2,002,000) in a form of a 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 May 31, 2016, the net book value of property, plant and equipment pledged as collateral was nil ($2,000 as at August 31, 2015). 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 the margining. 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.

As of May 31, 2016, the Company had cash and cash equivalents of $10,021,000 compared with $7,204,000 as of August 31, 2015. Of this amount as of May 31, 2016, $7,516,000 was invested in highly liquid, safe investments. As of May 31, 2016, Opsens had a working capital of $12,584,000, compared with $8,493,000 as of August 31, 2015.

Based on the cash and cash equivalents position, Opsens has the financial resources necessary to maintain short-term operations, honour its commitments and support its anticipated growth and development activities. From a medium-term perspective, Opsens may need to raise additional financing by issuing equity securities and/or 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 of the annual MD&A for the year ended August 31, 2015. Changes in cash and cash equivalents position will largely depend on the rate of revenue growth in upcoming quarters.

SUMMARY OF CASH FLOWS

(In thousands of Canadian dollars)	Three-month period ended May 31, 2016	Three-month period ended May 31, 2015	Nine-month period ended May 31, 2016	Nine-month period ended May 31, 2015
	$	$	$	$
Operating activities	(1,413)	(234)	(5,832)	(1,682)
Investing activities	(904)	(345)	(2,859)	(517)
Financing activities	6,355	(10)	11,476	27
Effect of foreign exchange rate changes on cash and cash equivalents	(21)	(13)	33	372
Net change in cash and cash equivalents	4,017	(602)	2,818	(1,800)

Operating activities

Cash flows used by our operating activities for the three-month period ended May 31, 2016 were $1,413,000 compared with $234,000 for the same period last year. The increase in the cash flows used by our operating activities is mainly explained by a lower EBITDAO as explained previously and by a negative variance in the changes in non-cash operating working capital items.

Investing activities

For the three-month period ended May 31, 2016, cash flows used by our investing activities reached $904,000 and were used for acquisitions of property, plant and equipment for an amount of $900,000 and of intangible assets for an amount of $24,000. This was partly offset by interest income received of $20,000. Acquisitions of property, plant and equipment were made primarily for the relocation in the new facility.

For the three-month period ended May 31, 2015, cash flows used by our investing activities reached $345,000 and were used for acquisitions of property, plant and equipment for an amount of $341,000 and of intangible assets for an amount of $38,000. This was partly offset by interest income received of $34,000. Acquisitions of property, plant and equipment were made primarily for our FFR activities.

Financing activities

For the three-month period ended May 31, 2016, cash flows generated by our financing activities were $6,355,000. The net proceeds from the issuance of shares and units of $4,990,000 and the increase in our long-term debt of $1,399,000 were partly offset by the $34,000 payment on the long-term debt.

For the three-month period ended May 31, 2015, cash flows used by our financing activities reached $10,000. The payments on the long-term debt of $44,000 were partly offset by the proceeds from the issuance of share pursuant to the stock option plan of $34,000.

INFORMATION BY REPORTABLE SEGMENTS

In order to strengthen its medical identity to develop its full potential in the FFR market, the Company reorganized, on September 1, 2015, its corporate structure. Following the reorganization, the Company is now organized into two segments: Medical and Industrial.

Medical segment: In this segment, Opsens focuses mainly on the measure of FFR in interventional cardiology.

Industrial: In this segment, Opsens' develops, manufactures and installs innovative fiber optic sensing solutions for critical applications such as the monitoring of oil wells and other demanding industrial applications.

The principal factors employed in the identification of the two segments include the Company's organizational structure, the nature of the reporting lines to the President and Chief Executive Officer and the structure of internal reporting documentation such as management accounts and budgets.

In accordance with IFRS 8, *Operating Segments*, the Company has restated the corresponding information for the three-month period ended May 31, 2015 to reflect the corporate reorganization with the exception of the information on segment assets and liabilities because the information was not available and the cost to develop it would have been excessive.

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 period ended May 31, 2016			Three-month period ended May 31, 2015		
	Medical	**Industrial**	**Total**	Medical	Industrial	Total
	$	**$**	**$**	$	$	$
External sales	**1,269,937**	**854,799**	**2,124,736**	347,143	484,168	831,311
Internal sales	**-**	**107,060**	**107,060**	-	-	-
Depreciation of property, plant and equipment	**145,794**	**26,692**	**172,486**	49,359	40,400	89,759
Amortization of intangible assets	**15,523**	**1,670**	**17,193**	14,115	3,320	17,435
Financial expenses (revenues)	**307,602**	**66,933**	**374,535**	(43,391)	40,870	(2,521)
Net loss	**(2,303,331)**	**(769,947)**	**(3,073,278)**	(667,873)	(687,069)	(1,354,942)
Acquisition of property, plant and equipment	**290,465**	**43,659**	**334,124**	341,382	-	341,382
Additions to intangible assets	**12,281**	**2,001**	**14,282**	24,278	14,072	38,350
Segment assets	**18,228,303**	**2,763,648**	**20,991,951**	N/A	N/A	N/A
Segment liabilities	**10,022,868**	**800,490**	**10,823,358**	N/A	N/A	N/A

	Nine-month period ended May 31, 2016			Nine-month period ended May 31, 2015		
	Medical	**Industrial**	**Total**	Medical	Industrial	Total
	$	**$**	**$**	$	$	$
External sales	**4,019,589**	**2,556,713**	**6,576,302**	4,443,759	3,111,215	7,554,974
Internal sales	**-**	**328,179**	**328,179**	-	-	-
Depreciation of property, plant and equipment	**295,371**	**76,830**	**372,201**	156,345	132,543	288,888
Amortization of intangible assets	**47,918**	**5,725**	**53,643**	32,963	10,979	43,942
Financial expenses (revenues)	**531,788**	**167,970**	**699,758**	(128,233)	120,781	(7,452)
Net earnings (loss)	**(4,983,821)**	**(1,270,162)**	**(6,253,983)**	1,647,374	(1,923,309)	(275,935)
Acquisition of property, plant and equipment	**2,768,334**	**52,084**	**2,820,418**	449,668	71,557	521,225
Additions to intangible assets	**83,247**	**12,210**	**95,457**	82,023	23,383	105,406
Segment assets	**18,228,303**	**2,763,648**	**20,991,951**	N/A	N/A	N/A
Segment liabilities	**10,022,868**	**800,490**	**10,823,358**	N/A	N/A	N/A

	Three-month periods ended May 31,		Nine-month periods ended May 31,	
	2016	**2015**	**2016**	**2015**
	$	$	**$**	$
Net loss per reportable segments	**(3,073,278)**	(1,354,942)	**(6,253,983)**	(275,935)
Elimination of inter-segment profits	**(2,552)**	-	**(2,552)**	-
Impairment charge on property, plant and equipment (note 3)	**-**	-	**-**	(119,663)
Impairment charge on goodwill (note 3)	**-**	-	**-**	(676,574)
Net loss and comprehensive loss	**(3,075,830)**	(1,354,942)	**(6,256,535)**	(1,072,172)

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Geographic sector's information

	Three-month periods ended May 31,		Nine-month periods ended May 31,	
	2016	2015	**2016**	2015
	$	$	**$**	$
Revenues per geographic sector				
Japan	**480,149**	98,627	**2,267,072**	3,739,480
Canada	**717,389**	158,579	**1,839,998**	1,040,183
United States	**286,755**	245,908	**939,471**	609,046
France	**140,790**	41,603	**489,878**	172,594
Chile	**-**	-	**6,396**	1,169,182
Others*	**499,653**	286,594	**1,033,487**	824,489
	2,124,736	831,311	**6,576,302**	7,554,974

* Comprised of revenues generated in countries for which amounts are individually not significant.

Revenues are attributed to the 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 May 31, 2016, revenues from two clients represented individually more than 10% of the total revenues of the Company, i.e. approximately 23% (industrial's reportable segment) and 19% (medical's reportable segment).

During the three-month period ended May 31, 2015, revenues from three clients represented individually more than 10% of the total revenues of the Company, i.e. approximately 13% (medical's reportable segment), 12% (industrial's reportable segment) and 11% (industrial's reportable segment).

During the nine-month period ended May 31, 2016, revenues from two clients represented individually more than 10% of the total revenues of the Company, i.e. approximately 34% (medical's reportable segment) and 15% (industrial's reportable segment).

During the nine-month period ended May 31, 2015, revenues from one client represented individually more than 10% of the total revenues of the Company, i.e. approximately 31% (industrial's reportable segment).

Medical segment

For the three-month period ended May 31, 2016, revenues from medical segment were $1,270,000 compared with $347,000 for the three-month period ended May 31, 2015, an increase of $923,000. The increase is explained by higher FFR revenues of $941,000. This was partially offset by lower other medical revenues of $18,000.

Gross margin was $244,000 for the three-month period ended May 31, 2016 compared with $138,000 for the three-month period ended May 31, 2015, an increase of $107,000. The gross margin percentage decreased from 40% for the three-month period ended May 31, 2015, to 19% for three-month period ended May 31, 2016. The decrease is explained by additional costs incurred by the Company to increase its manufacturing capacity and to relocate its activities into a new facility. Following the relocation of its medical activities, the Company had to interrupt most of the production activities for approximately half of the third quarter. In addition, the Company had to seek regulatory approvals for the facility from various geographies in order to be allowed to manufacture and ship FFR products.

Net loss for the medical segment was $2,303,000 for the three-month period ended May 31, 2016 compared with a net loss of $668,000 for the three-month period ended May 31, 2015. The increase in net loss reflects higher administrative, sales and marketing and research and development expenses.

Industrial segment

For the three-month period ended May 31, 2016, revenues from industrial segment were $855,000 compared with $484,000 for the three-month period ended May 31, 2015, an increase of $371,000. The increase is explained by the - completion during the third quarter of 2016 of a contract related to the installations of OPP-W in the oil and gas sector when compared with last year.

Gross margin was $272,000 for the three-month period ended May 31, 2016 compared with $94,000 for the same period in 2015, an increase of $178,000. Gross margin percentage increase from 19% for the three-month period ended May 31, 2015 to 32% for the same period in 2016. The increase in the gross margin and gross margin percentage is explained by higher revenues, as explained previously.

Net loss for the industrial segment was $770,000 for the three-month period ended May 31, 2016 compared to a net loss of $687,000 for the three-month period ended May 31, 2015. The increase in the net loss is explained by a higher allowance for doubtful accounts related to a client in the oil and gas, partly offset by lower administrative and sales and marketing expenses, reflecting the effectiveness of the Company's implemented cost reduction measures.

NINE-MONTH PERIODS ENDED MAY 31, 2016 AND 2015

Revenues

Revenue totalled $6,576,000 for the nine-month period ended May 31, 2016 compared with $7,555,000 a year earlier. The decrease is mainly explained by the recognition, during the nine-month period ended May 31, 2015, of non-recurring revenues of $3,457,500 related to a milestone payment of $1,115,500 (US$1,000,000) received from its Japanese distributor upon obtaining Shonin approval, the deferred revenues amounting to $2,002,000 (US$2,000,000) ("non-recurring revenues") recognized in the statement of loss and comprehensive loss when the Company received the CE mark approval in Europe and by an adjustment on revenues of $340,000 (US$300,000) to recognize additional revenues from the distribution agreement. The decrease in revenues is also explained by lower industrial revenues of $554,000 mainly explained by an order worth more than $1 million for fiber optic sensor systems for mining operations in South America completed during the second quarter of fiscal 2015. This is partially offset by increased FFR revenues of $2,924,000.

Gross margin

Gross margin, without taking into consideration the non-recurring revenues, was $1,763,000 for the nine-month period ended May 31, 2016 compared with $1,392,000 for the same period last year, an increase of $371,000. The gross margin percentage decreased from 34% for the nine-month period ended May 31, 2015, without taking into consideration the non-recurring revenues, to 27% for the nine-month period ended May 31, 2016. The increase in gross margin is explained by higher revenues. The decrease in gross margin percentage is explained by additional costs incurred by the Company to increase its manufacturing capacity and for the relocation of its activities into a new facility. In addition, following the relocation of its medical activities, the Company had to interrupt most of the production activities for approximately half of the third quarter. In addition, the Company had to seek regulatory approval for the facility from various geographies in order to be allowed to manufacture and ship FFR products

Administrative expenses

Administrative expenses were $2,851,000 and $1,985,000, respectively, for the nine-month periods ended May 31, 2016 and 2015. The increase is explained by an increase in the allowance for doubtful account related to a client in the oil and gas sector and by higher rental fees arising from the long-term lease signed by the Company to relocate its medical activities.

Sales and marketing expenses

Sales and marketing expenses for the nine-month period ended May 31, 2016 totalled $2,427,000, an increase of $1,243,000 over the $1,184,000 reported during the same period in 2015. The increase is largely explained by higher headcount, publicity, tradeshows and travelling and subcontractor expenses when compared with last year due to the limited market release of the FFR products.

Research and development expenses

Research and development expenses totalled $2,042,000 for the nine-month period ended May 31, 2016, an increase of 417,000$ over the $1,625,000 reported during the same period in 2015. The variation is explained by higher headcount for our FFR activities.

Financial expenses (revenues)

Financial expenses reached $700,000 for the nine-month period ended May 31, 2016 compared with financial revenues of $7,000 for the same period last year. The increase in the financial expenses during the period is explained by a negative variation of the change in fair value of embedded derivative of $645,000, by a less favorable exchange rate resulting in a negative impact of $48,000 and by lower interest revenues of $43,000.

Current income tax expense

During the nine-month period ended May 31, 2015, an adjustment on revenues and income tax expense of $340,000 was made to recognize additional revenues from the distribution agreement and withholding taxes paid by the Corporation.

Net loss

As a result of the foregoing, net loss for the nine-month period ended May 31, 2016 was $6,257,000 compared with net loss of $1,072,000 for the same period in 2015.

INFORMATION ON SHARE CAPITAL

For the nine-month period ended May 31, 2016, the Company granted to some employees, Directors and consultants a total of 2,004,750 stock options with an average exercise price of $0.89, cancelled 3,750 stock options with an exercise price of $0.57 and 283,750 stock options with an average exercise price of $0.52 were exercised.

For the nine-month period ended May 31, 2015, the Company granted to some employees, Directors and consultants a total of 962,000 stock options with an average exercise price of $0.80, cancelled 605,000 stock options with an exercise price of $0.49, 10,000 stock options with an exercise price of $1.15 expired and 620,500 stock options with an average exercise price of $0.25 were exercised.

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

Common shares	72,351,538
Stock options	5,247,000
Warrants	5,617,496
Convertible debenture	3,440,000
Securities on a fully diluted basis	86,656,034

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 $1.29 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 "LIQUIDITY AND CAPITAL RESOURCES", 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 require additional investment in working capital (without taking into consideration the cash and cash equivalents) of approximately $2,000,000.

From the human resources' perspective, there are no vacancies in the major executive positions within the Company. However, additional technical and production personnel as well as sales and marketing personnel will be required to support the expected growth. 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, 2015, have not materially changed since August 31, 2015 except for the changes in accounting policies described in note 2 to the Condensed Interim Consolidated Financial Statements for the nine-month period ended May 31, 2016.

OFF-BALANCE SHEET ARRANGEMENTS

As of May 31, 2016, the Company was not the primary beneficiary in Special Purpose Entities and there were no off-balance sheet arrangements.

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

June 30, 2016