MANAGEMENT DISCUSSION & ANALYSIS

Quarterly report for shareholders
Period ended November 30, 2007

The following comments are intended to provide a review and analysis of the operating results and financial position of Opsens Inc. as of November 30, 2007, and for the three-month period ending on this date in comparison with the corresponding period ending November 30, 2006. They should be read and interpreted in conjunction with the audited financial statements as well as the accompanying notes as of August 31, 2007.

Unless stated otherwise, the interim Management Discussion and Analysis has been prepared in accordance with Canadian Generally Accepted Accounting Principles (GAAP). This document was prepared as of January 14, 2008.

This report contains forward-looking statements that involve risks and uncertainties. These forward-looking statements are not guarantees of our future results, and actual results could differ significantly from those foreseen by such statements due to several factors, including capital expenditures in the measuring instrument sector, currency exchange rate variation, and our ability to manage Opsens successfully under these uncertain conditions. Consequently, the reader should not place undue reliance on these forward-looking statements. The forward-looking statements are only valid as of the date of this document. The Company is under no obligation to revise or update these forward-looking statements in order to reflect the events or circumstances that occur after the date of this analysis except when it is required by law.

CORPORATE OVERVIEW

Opsens Inc. is a leading developer, manufacturer, and supplier of a wide range of fiber optic sensors and associated signal conditioners based on proprietary patented and patent-pending technologies. Opsens sensors provide long-term accuracy and reliability in the harshest environments. Opsens provides sensors to measure pressure, temperature, strain and displacement to original equipment manufacturers (OEM) and end-users in the oil and gas, medical instrument, energy, and scientific and military laboratory fields. The Company also offers technical, installation, and training services, as well as turnkey fiber optic measurement systems.

Opsens holds two (2) patents and five (5) pending patents covering its products and technology provided to its markets, giving the Company freedom to operate on these markets without paying royalties to any partners. With its patented technologies and highly recognized expertise, Opsens meets consumer needs in the medical, oil and gas, electric transformer, and scientific laboratory markets. Since December 11, 2007, activities in the field of oil and gas have been performed by the wholly-owned subsidiary Opsens Solutions Inc. (“Opsens Solutions”) formerly Inflo Solutions Inc.

VISION, STRATEGY AND PERSPECTIVE

The worldwide sensor market is a multi-billion dollar market. The Opsens marketing strategy aims to provide solutions for the various current niche markets and develop new specific markets. The Company's expertise, know-how, and patented technology are the keys to new production techniques improving the reliability of measuring equipment. Also, the 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.

During the second quarter of the 2008 fiscal year, Opsens expects to record its first Oil & Gas revenues and to maintain products sales revenues growth in medical devices, energy and scientific and military laboratory markets.

SELECTED FINANCIAL DATA

(In thousands of dollars, except for information per share)	Three-month period ended November 30, 2007	Three-month period ended November 30, 2006
	$	$
Sales	569	174
Cost of sales	268	117
Gross margin	301	57
Administrative expenses	253	245
Marketing expenses	195	230
R&D expenses	163	115
Amortization of property, plant, and equipment	18	15
Amortization of intangible assets	5	2
Amortization of deferred financing fees	-	9
Financial expenses	14	3
	648	619
Loss before income taxes	(347)	(562)
Income taxes	-	-
Net loss for the period	(347)	(562)
Net loss per share - Basic	(0.01)	(0.02)
Net loss per share - Diluted	(0.01)	(0.02)

(In thousands of dollars)	As at November 30, 2007	As at August 31, 2007
	$	$
Current assets	2,986	2,543
Total assets	3,473	3,029
Current liabilities	613	541
Long-term debt	387	499
Shareholders' equity	2,473	1,989

No cash dividend declared per share for each share class.

SUMMARY OF QUARTERLY RESULTS

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

(In thousands of dollars)	Three-month period ended November 30, 2007	Three-month period ended August 31, 2007	Three-month period ended May 31, 2007	Three-month period ended February 28, 2007
	$	$	$	$
Revenues	569	187	187	265
Net loss for the period	347	531	700	520
Net loss per share - Basic	(0.01)	(0.02)	(0.02)	(0.02)
Net loss per share - Diluted	(0.01)	(0.02)	(0.02)	(0.02)

(In thousands of dollars)	Three-month period ended November 30, 2006
	$
Revenues	174
Net loss for the period	562
Net loss per share - Basic	(0.02)
Net loss per share - Diluted	(0.02)

PERFORMANCE INDICATORS

In order to evaluate the Company's performance and generate long-term value for its shareholders, the Company has identified the following financial and non-financial performance indicators:

1) Distribution, sales, and long-term recurring revenues;
2) Products and innovation;
3) Short-term financial performance and cash flows;
4) Strategic acquisitions and development of new projects.

THREE-MONTH PERIOD ENDED NOVEMBER 30, 2007 and 2006

DISTRIBUTION, SALES, AND LONG-TERM RECURRING REVENUES

The Company recorded $569,000 in sales for the three-month period ended November 30, 2007, compared to $174,000 for the three-month period ended November 30, 2006, which is an increase of 327 %. As at November 30, 2007, the order backlog was $829,000. This order backlog includes, in particular, a $200,000 order obtained on May 16, 2007, from a major oil sand producer from Alberta.

The increased sales for the three-month period ended November 30, 2007, were generated by strong performance in the scientific and military laboratory sector. Sales in this sector represented more than $400,000 of sales during the quarter, particularly due to orders received from BAE Systems and other major companies in the military industry.

Given that a large proportion of the Company's revenue is generated in US dollars, fluctuation in the Canadian dollar in relation to the US dollar has an impact on revenue. For the three-month period ended November 30, 2007, the average conversion rates were lesser than those in the previous year, which affected the amount of sales by $78,000. Usually, the Company's industry and its revenues are affected very little by seasonal fluctuations. Fiber optic sensors are finding increasing acceptance from customers in various sectors. Consequently, some sectors, such as electric transformers, are seeing additional competition. In order to deal with this competition, Opsens is working to promote features of its products that are more effective than those of its competitors.

The gross margin rate and the gross margin on product sales increased for the three-month period ended November 30, 2007, in relation to the same period of the previous year. The increase was generated by the strong weighting, in relation to total sales, of the scientific and military laboratory sector, a sector where the generated margin is high. The gross margin rate obtained during first quarter 2007 is in the expected range between 40% and 60% and should be maintained in the upcoming quarters.

PRODUCTS AND INNOVATION

R&D expenses increased to $163,000 and $115,000 respectively for the three-month periods ended November 30, 2007 and 2006.

The Company constantly works to improve its position in terms of intellectual property and what it can offer to its customers. During the three-month period ended November 30, 2007, Opsens emphasized the continuous improvement of its existing product line and products for the oil and gas market. The Company's R&D strategy involves focusing its new product development efforts toward markets with very high potential. The oil and gas market represents a concrete application of this strategy. The change in R&D expenses during the fiscal year was generated mainly by increased salaries and a lower reimbursement rate for R&D tax credits now that Opsens is a public company during first quarter 2007.

SHORT-TERM FINANCIAL PERFORMANCE AND CASH FLOWS

Net loss

Reconciliation of EBITDA to the Quarterly Results

(In thousands of dollars)	**Three-month period ended November 30, 2007**	**Three-month period ended November 30, 2006**
	$	**$**
Net loss	(347)	(562)
Financial expenses (income)	14	3
Amortization of property, plant, and equipment	18	15
Amortization of intangible assets	5	2
Amortization of deferred financing fees	-	9
EBITDA[1]	(310)	(533)
Stock-based compensation costs	50	111
EBITDA before stock-based compensation costs	(260)	(422)

(1) The Company uses only one financial measure that is not consistent with Canadian GAAP, namely earnings before interest, income taxes, depreciation and amortization (EBITDA). Such a measure is used because management believes that it provides meaningful information about the Company's performance and operating results. Such a non-GAAP measure has no standardized meaning as prescribed by GAAP and is not necessarily comparable to similarly titled measures presented by other companies. Accordingly, it should not be considered independently of other figures.

The net loss for the three-month period ended November 30, 2007, was $347,000, compared to $562,000 for the three-month period ended on November 30, 2006. The decrease in the net loss as well as the EBITDA before stock-based compensation for first quarter 2008 in relation to first quarter 2007 reflects, in particular, the increased sales and gross margin and the decreased stock-based compensation. Net results for the coming quarters will be strongly influenced by product sales volume. Commercialization in the oil and gas market planned for the next quarter should contribute positively to EBITDA.

Administrative expenses

Administrated expenses were $253,000 for three-month period ended November 30, 2007, compared to $245,000 for the three-month period ended November 30, 2006, which is an increase of $8,000.

Stock-based compensation expenses in the amounts of $50,000 and $111,000 respectively were recorded into administrative expenses for the first quarters of 2008 and 2007, representing a favourable difference of $61,000. On the other hand, salaries, public communication expenses, and other administrative expenses increased slightly. In the coming periods of 2008, stock-based compensation related to options already granted should be slightly higher than recorded for first period 2008, particularly due to the granting of 500,000 options on December 11, 2007.

Without considering stock-based compensation expenses, administrative expenses increase was $53,000, reflecting the increased salaries, public communication expenses, and other administrative expenses necessary for future sales growth and the appropriate governance of a public company. With the exception of the stock-based compensation expenses, administrative expenses for the coming quarters should increase, given the acquisition of Inflo Solutions Inc. and the increase in activities.

Marketing expenses

Marketing expenses were $195,000 for the three-month period ended November 30, 2007, compared to $230,000 for the same quarter in 2007, a decrease of $35,000.

This decrease is explained mainly by the decreased expenses related to participation in conventions. Sales & marketing expenses for fiscal year 2008 should increase compared to 2007, considering the increased sales force.

Financial expenses

Financial expenses were $14,000 and $3,000 respectively for the first quarters of 2008 and 2007. The increased financial expenses during first quarter 2008 were the direct consequence of the exchange rate loss as a result of the appreciation of the Canadian dollar against the American dollar. Financial expenses should increase slightly during the coming quarters of 2008.

Financing activities cash flow

On November 5, 2007 Opsens announced that it has entered into an agreement with a syndicate led by Desjardins Securities Inc. and Blackmont Capital Inc., and including Cormark Securities Inc. (the “Agents“), to raise up to a maximum of $6,250,000 of Units (the “Units”) by way of best efforts private placement (“the Offering”). The price of each unit will be determined, in the context of the market, by the Agents and Opsens. Each unit is comprised of one common share and one half-common share purchase warrant. Each full warrant will entitle the holder to purchase one common share for a period of 24 months following the closing date. The net proceeds of the offer will be used for acquisitions, marketing expenses, and working capital.

Warrants exercised

During the three-month period ended November 30, 2007, 1,276,111 warrants entitling their holders to acquire one common share in the Company at an average price of $0.56 per share were exercised for a total amount of $707,111. The book value of the exercised warrants was transferred to share capital in the amount of $184,267.

The funding obtained will provide Opsens with cash resources to expand its sales and marketing activities and finalize the three main product development partnerships, which should provide long-term recurring revenues to the Company.

As at the date of this Management Discussion and Analysis, the following components of shareholders' equity are outstanding:

Common shares	35,134,718
Stock options	2,503,333
Warrants	5,626,611
Securities on a fully diluted basis	43,264,662

Investing activities cash flow

Opsens acquired various fixed assets for $17,000 for the three-month period ended November 30, 2007, compared to $16,000 for the same period in 2007. These acquisitions were made primarily to gain access to high-tech R&D and production equipment.

As for intangible assets, Opsens invested $12,000 for the three-month period ended November 30, 2007. These investments involve patent protection for the Company's inventions.

Cash and cash equivalents

As at November 30, 2007, the Company had cash and cash equivalents of $1,797,000 compared to $1,839,000 as at August 31, 2007. Of this amount as at November 30, 2007, $1,723,000 is invested in highly liquid, short-term investments. The Company also has an available line of credit in the amount of $200,000. This line of credit bears interest at prime + 2%. The restrictive clauses of the Company’s financial institution are respected.

Financial position

As at November 30, 2007, Opsens had working capital of $2,373,000, compared to working capital of $2,002,000 as at August 31, 2007. Based on the exercised warrants, its cash and cash-equivalents, its working capital, and its order backlog, Opsens has the minimum financial resources necessary to maintain short-term operations, honour its commitments, and support its anticipated growth and development activities. From a long-term perspective, Opsens may need to raise additional financing by issuing equity securities and debts. In the long term, obtaining additional financing presents uncertainty, given the risks and uncertainties identified in the *Risks and uncertainties* section of the annual management report as at August 31, 2007. During the coming quarters, the fluctuation in cash and cash-equivalents will depend on the rate of revenue growth in particular.

Commitments

The following table summarizes the Company’s minimum contractual commitments for the future twelve-month periods ending November 30, 2008, 2009, 2010, and 2011.

(In thousands of dollars)	Obligations – Capital leases			Other debts	Debts and principal portion of capital leases
	Total payments	Imputed interest	Principal payments		
2008	$3	$1	$2	$182	$184
2009	$3	$1	$2	$141	$143
2010	$3	$1	$2	$89	$91
2011	$2	$0	$2	$71	$73
2012	$2	$0	$2	$44	$46

To date, the Company has no significant off-balance sheet commitments, with the exception of the lease requiring yearly payments of $81,000 until it expires on December 31, 2008, for a cumulative commitment of $87,000.

License

According to an exclusive license agreement with a third party, the Company has committed to providing exclusivity for the marketing of some of its products for a defined territory.

Related party transactions

During the normal course of business, management and professional fees have been incurred from related parties. These transactions have been valued at the exchange amount agreed by the parties. Management fees paid to a shareholder in 2007 were paid prior to the cancellation of the shareholder agreement on October 3, 2006. Professional fees were disbursed in exchange for administrative support and management consulting.

(In thousands of dollars)	Period Ended November 30	
	2007	2006
	$	$
Management fees		
Paid to a shareholder	-	1
Company controlled by a shareholder and director		
Professional fees	15	-
	15	1

Financial instruments

Credit risk

The Company grants credit to its customers in the normal course of business. Evaluations are performed on an ongoing basis of all its accounts receivable, and an allowance for doubtful accounts is recorded when those accounts are deemed uncollectible.

Interest rate and cash flow risk

The Company is exposed to interest rate fluctuations on certain long-term debts with variable interest rates. The Company does not actively manage this risk.

Foreign exchange risk

The Company makes some sales and partnership revenue and some purchases of supplies and professional services in US dollars. Therefore, it is exposed to foreign currency fluctuations. The Company does not actively manage this risk. The Company expects that its weighting of Canadian sales will increase simultaneously with sales in the oil and gas sector, which will ease the fluctuation of foreign exchanges on sales in a weighted manner.

Fair value

The fair value of cash and cash equivalents, accounts receivable, income tax credits receivable, and accounts payable and accrued liabilities is approximately their carrying value due to their short-term maturities. The fair value of long-term debt is based on the discounted value of future cash flows under the current financial arrangements at the interest rate at which the Company currently expects to be able to obtain loans with similar terms and conditions and maturity dates. The fair value of long-term debt is close to its carrying value due to current market rates.

STRATEGIC ACQUISITIONS AND NEW PROJECT DEVELOPMENT

In its business plan, Opsens has identified some acquisition targets for growth. In order to maximize value creation for our shareholders, and based on the opportunities, Opsens may make strategic acquisitions during the next fiscal year. Opsens remains open to any business opportunities that could occur at any time.

On December 11, 2007, the Company acquired all of the outstanding shares of Inflo Solutions Inc., which designs and installs solutions intended for the analysis of reservoirs based on optical and conventional sensors within the oil industry (See the section – subsequent events).

ACCOUNTING PRINCIPLES

A summary of the main accounting principles used to prepare the financial statements is presented below.

Unaudited interim financial statements

The accompanying unaudited interim financial statements are prepared in accordance with Canadian Generally Accepted Accounting Principles ("GAAP") for interim financial statements, and they are consistent with the accounting policies and methods used in the preparation of the Company's most recent audited financial statements. However, they do not include all information required for annual financial statements. As such, these unaudited interim financial statements and related notes should be read in conjunction with the Company's most recent annual audited financial statements.

The financial statements as at November 30, 2007 and for the three-month periods ended November 30, 2007 and 2006 are unaudited. However, in the opinion of management, all adjustments, consisting solely of normal recurring adjustments considered necessary for a fair presentation of the results of operations for the period presented, have been included. Operating results for the interim periods are not necessarily indicative of the operating results that may be expected for the full year.
All amounts are disclosed in Canadian dollars.

Use of estimates

The presentation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingencies as at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The main accounting estimates relate to the income tax credit receivable, the provision for warranty and the assumptions used in the determination of the fair value of the stock options and warrants. Actual results could differ from these estimates.

Revenue recognition

Revenues related to product sales are recognized when persuasive evidence of an arrangement exists, a delivery has occurred, the price is fixed or determinable, and collection is reasonably assured.

Partnership revenues are recorded using the percentage of completion method. Therefore, these revenues are recognized proportionately with the degree of completion of work. The Company uses the efforts-expended method to calculate the degree of completion of work based on the number of hours incurred as at the balance sheet date compared to the estimated total number of hours. Work in progress is valued by taking into consideration the number worked but yet uninvoiced hours and received receipts. Losses are recorded as soon as they become apparent.

Loss per share

Loss per share is determined using the weighted average number of outstanding shares during the period. The Company uses the treasury stock method to calculate the diluting effect of share purchase options, warrants and convertible debentures. Reconciliations of the numerators and the denominators used in the calculation of the basic and diluted loss are disclosed in accordance with the standard.

Stock-based compensation and other stock-based payments

The Company uses the fair value method to assess the fair value of stock options or warrants as at their date of allocation. The fair value is determined using the Black-Scholes option pricing model and is amortized to earnings over the vesting period with an offset to contributed surplus. When stock options or warrants are exercised, the corresponding contributed surplus and the proceeds received by the Company are credited to share capital.

MODIFICATION OF ACCOUNTING POLICIES

Impact of adopting Financial instruments

On September 1, 2007, the Company adopted the new accounting standards issued by the Canadian Institute of Chartered Accountants regarding Financial instruments (Section 3855) and Comprehensive Income (section 1530). Information released prior to September 1, 2007 was not restated.

On September 1, 2007, the Company made the following adjustments in order to conform to the new accounting standards:

	Amount
	$
Decrease	
Balance Sheet	
Assets	
Deferred financing costs	4,336
Liabilities	
Long-term debt	78,023
Statements of deficit	
Change in accounting policies	73,687

Other comprehensive income

According to the new accounting standards, the Company must present a comprehensive income statement. Since the Company has classified all of its financial instruments as financial instruments “held for trading”, except for the long-term debt which is classified as “other liabilities”, there is no element to be disclosed distinctively in other comprehensive income. Consequently, the net earnings (net loss) also represents the results of the comprehensive income.

Financial Instruments – Evaluation and Recognition

Short-term investments

Short-term investments are classified as financial instruments “held for trading”. As such, these financial instruments are recorded at their fair values. Changes in the fair value of held for trading instruments are recorded as investment income and disclosed as financial expenses in the income statement.

The fair value of financial instruments represents the amount at which the financial instruments could be traded knowingly and voluntarily between the parties involved. The fair value is based on market prices (buyer-seller prices) in an active market. If this is not the case, the fair value is based on market prices prevailing for instruments with similar risk profiles or characteristics or on internal or external valuation models that use observable market data.

Derivative financial instruments

Derivative financial instruments must be recorded at fair value unless they are specifically designated in an effective hedging relationship, and the change in fair value will be recorded directly in net earnings.

Long-term debt

The long-term debt is classified as "other liabilities" and is recorded at cost. Transaction fees related to "other liabilities" are capitalized and amortized using the effective interest rate and are recorded in the income statement.

SUBSEQUENT EVENTS

i. Acquisition

On December 11, 2007, the Company concludes the acquisition of all outstanding shares of Inflo Solutions Inc. ("Inflo"), a company dedicated to the design and installation of reservoir surveillance solutions based on optical and conventional sensors to the oil and gas market. The purchase price is 1,199,997 Opsens common shares and $120,000 cash. At the closing, 510,000 shares out of the first 600,000 shares were paid into escrow and will be released over a 48-month period. The balance of the shares and the cash, represented by a series of promissory notes, have also been paid in escrow, to be released or cancelled, as applicable, over a 48-month period ending December 11, 2011, following the achievement or non achievement of certain performance milestones. The Company has also committed to invest up to $350,000 into the working capital of Inflo during the 48-month period following the acquisition. The shares issued at closing are subject to a statutory 4-month hold period ending on April 12, 2008.

ii. Stock options

On December 11, 2007, with respect to the stock option plan, the Board of Directors authorized the attribution of a total of 500,000 stock options to employees and officers. Each option entitles its holder to acquire one common share of the Company at an exercise price of $0.72 per share on December 10, 2012 at the latest.

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 Secretary

(s) Louis Laflamme

January 14, 2008