MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE THREE-MONTH PERIOD ENDED MAY 31, 2015

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, 2015 in comparison with the corresponding period ended May 31, 2014. 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, 2014 and 2013, 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, 2015. 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, 2015 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

The Company focuses mainly on two large and growing markets: the interventional cardiology segment with a focus on Fractional Flow Reserve ("FFR") and the industrial, oil & gas segment. 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 also offers the OptoMonitor, a monitor that can be connected directly to cath lab hemodynamic system that offers FFR module to display directly on the cath lab monitor. As for the industrial, oil & gas segment, Opsens 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, in recent months, Opsens initiated a limited market release of its FFR products in Europe and in Japan for the OptoWire and OptoMonitor. These products provide cardiologists with a pressure guidewire that delivers optimized performance for navigating in coronary arteries and to reach blockages with ease while also measuring intra-coronary blood pressure. The medical process involved is referred to as the measurement of FFR. According to management and industry sources[(1)], the FFR market is expected to grow from approximately US$300 million in 2014 to more than $US 1 billion in the medium term.

Recently, the Company reached some key milestones. Opsens received regulatory approvals for Europe in November 2014, for Japan in October 2014 and for the U.S. in June 2015 for its FFR products, the largest markets in the world.

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

In Japan, after receipt of regulatory approval for the latest version of the OptoWire, Dr Shigeru Saito used Opsens' FFR products during the 21st Kamakura Live Demonstration Course 2014 in Yokohama, Japan. This course is an event to introduce to Japanese cardiologists new medical devices and practices intended to improve the treatment and the health of patients. Dr. Saito presented Opsens' FFR products and highlighted the important benefits they brought forward in terms of efficiency and effectiveness in the treatment of lesions. He also mentioned that he intended to use Opsens' products in his practice.

Opsens successfully completed investigational testing of 70 patients in Canada. The objectives of the study were to assess the usability, the functionality and safety of Opsens' OptoWire and OptoMonitor in patients with ischemic coronary artery disease who are referred for diagnostic angiography.. With the approval in the U.S., European and Japanese markets, the Company has access to more than 85% of the total market for FFR products.

In Europe, Dr. Bernard De Bruyne used Opsens' products in several patients at the Cardiovascular Center of OLV Hospital Aalst in Belgium. This founding father of FFR appreciated the impressive performance of the OptoWire. In every case he treated during percutaneous coronary interventions, he was pleased by the absence of drift, the constant reliability of the connection and the guidewire support. The OptoWire and OptoMonitor have also been used successfully at another European center of great reputation. One of these centers performed a live case broadcasted during the Cardiovascular Research Technologies that took place in Washington last February. It allowed Opsens to demonstrate the high performance of its products for the first time to American cardiologists.

Another founding father of FFR, Dr. Nico Pijls, of the Catharina Hospital in Eindhoven, the Netherlands, one of the most globally recognized cardiologists and an investigator in the FAME clinical studies on FFR, also used Opsens' FFR products in his practice. He mentioned that the arrival of an optical FFR guidewire such as the OptoWire on the market is positive for interventional cardiologists and will be helpful to promote the use of FFR. He said that it had been a pleasure to use the OptoWire in several patients, some of them with complex disease, and that it gave him the opportunity to appreciate the reliability of its measurements and impressive zero drift performance during all cases performed while also acknowledging the constant connection reliability as well as its support during percutaneous coronary intervention.

During EuroPCR 2015, one of the worlds' largest cardiology congresses, Opsens' FFR products were showcased in a live case presentation.

On June 15, 2015, Opsens announced the obtention of the 510(k) clearance from the U.S. Food and Drug Administration (FDA) for the OptoWire and OptoMonitor, its products developed to measure FFR. This clearance gives Opsens permission to sell its FFR products in the United States, the world's largest FFR market. The reception of the 510(k) clearance is a major regulatory achievement allowing Opsens to bring its products to the important U.S. market.

At this stage, Opsens has signed distribution agreements for Japan and some other smaller strategic markets. Additional distribution agreements are being negotiated and should be concluded in upcoming quarters.

In the industrial, oil & gas segment, Opsens addresses several markets including aerospace and geotechnical, mining, laboratories and others. As an example, for Structural Health Monitoring ("SHM"), qualitative and non-continuous methods have long been used to evaluate structures for their capacity to serve their intended purpose. In the last ten to fifteen years, SHM technologies have emerged creating an exciting new field within various branches of engineering. These technologies are currently becoming increasingly common. SHM is widely applied to various forms of infrastructures, especially as a majority of countries all over the world enter into an even greater period of construction of various infrastructures ranging from bridges to skyscrapers. Regarding oil & gas market applications, Opsens provides fibre optic sensor systems that deliver realtime downhole pressure and temperature information. This information is especially critical during operations such as Steam Assisted Gravity Drainage ("SAGD"), a process that recovers bitumen from oil sands. Since 2006, SAGD production has experienced 12% CAGR. SAGD is now the primary technology used in oil sands and is responsible for 81% of production increase between 2012 and 2013.

Opsens extensive portfolio of products and technologies can be adapted to measure various parameters in the most difficult conditions to deliver significant benefits in terms of optimizing production and reducing risks to the environment and health. Opsens' solutions can be used in many industries such as mining, aerospace and civil engineering.

FFR MARKET OPPORTUNITY

For the FFR market, Opsens' OptoWire and OptoMonitor solution assess the significance of arterial narrowing (stenosis) resulting from coronary artery diseases ("CAD"). CAD remains a leading cause of death in the developed world and the cost related to the management and treatment of the disease represents a significant burden to society. In recent years, the prevalence of CAD has been increasing at a rapid rate. According to the American Heart Association ("AHA"), the number of Americans receiving cardiovascular operations or procedures increased to approximately 7.6 million patients in 2010.

The benefits of FFR were demonstrated in the 2009 and 2012 FAME I and FAME II studies published in the New England Journal of Medicine. The FAME I study showed that FFR-guided percutaneous coronary intervention therapy, compared with angiography-alone procedures, reduces composites rates of death, myocardial infarction, re-PCI, and coronary artery bypass graft at one year by 30%. In 2011, the American College of Cardiology Foundation and the AHA established a Class IIA recommendation for the use of FFR during angiograms, indicating that a given treatment or procedure is beneficial, useful and effective. These developments have helped the market grow to the 2014 market size of approximately US$300 million in worldwide annual sales, based on management estimates. Management sees potential for the FFR market to grow to approximately US$1 billion worldwide in the medium term.

INDUSTRIAL, OIL & GAS SEGMENT OPPORTUNITY

In the industrial, oil & gas segment, Opsens' optical-based sensors measure temperature and pressure in oil wells that use SAGD technology. SAGD is the primary technology used to recover bitumen from oil sands. In SAGD wells, temperature and pressure distribution are key factors that impact the ability to efficiently recover bitumen and optimize production costs and margins.

Opsens extensive portfolio of products and technologies provides multiple growth opportunities. Many industries are more and more turning their eyes towards Opsens' fiber optics solutions because competing technologies did not deliver anticipated performances. Opsens has identified opportunities in SHM and mining operations that can represent significant markets.

BUSINESS STRATEGY

Opsens' growth strategy is to become a key player in the fields where Opsens has developed competitive advantages for its core products and technologies. In particular, Opsens leverages in-house expertise and technologies for addressing unmet needs in the fields of interventional cardiology and industrial, oil & gas.

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

- <u>Gaining market share in existing FFR markets</u>. For the first time in fiscal 2015, Opsens generates revenues from its FFR offering. Considering the relatively low adoption rate of FFR in percutaneous coronary intervention ("PCI") procedures in the U.S., a significant opportunity lies in expanding usage of FFR by cardiologists. Management believes that approximately 15% of PCI procedures use FFR, while research analysts suggest that up to 45% of PCI procedures could benefit from the use of FFR[2]. Management intends to pursue a comprehensive market development strategy that highlights the distinctive features and capabilities of the OptoWire and that addresses the regulatory and commercialization requirements of OptoWire in order to gain market shares over existing players and to contribute to the expansion of the FFR market. Initially, commercialization will focus on the Japanese, U.S., European and Canadian markets. These markets represent more than 85% of the total FFR market.

(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).

- 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 from OptoWire's low drift sensing technology, which is essential to effective decision making for cardiologist; competing FFR sensing technologies have higher drift levels;
    - Improved connectivity, as OptoWire's connection and measurement accuracy is unaffected by partial blood contamination and the guidewire can be reconnected easily with little to no impact on measurement accuracy;
    - Improved mechanical performance from key design attributes and product specifications such as torquability and steerability.

  Opsens holds 9 patents and has 4 patents pending to protect its optical pressure guidewire technologies and industrial-related applications.

- Developing new applications based on 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 cardiology products and to 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. At this stage, Opsens has signed distribution agreements for Japan and some other smaller strategic markets. Additional distribution agreements are being negotiated and should be concluded in upcoming quarters. In October 2014, the regulatory approval was obtained allowing 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 globally, thereby outsourcing part of its distribution operations while increasing its market potential in a cost-effective manner.
    - **Sales force**: Opsens plans to expand its sales force by hiring additional sales personnel in preparation for FFR product commercialization. Opsens' objective is to increase its sales and marketing efforts in order to penetrate the North American, European and Asian healthcare sectors, particularly amongst cardiologists and hospitals.

The Company's Industrial, Oil & Gas segment growth strategy will be executed by:

- Investing in innovation to enhance the existing applications of the Company's technology. In the industrial, oil and gas segment, Opsens' downhole pressure and temperature sensors provide more reliable measurements than conventional sensors at multiple difficult conditions such as high temperatures (up to 300 ^{0}C), high pressure and low pressure and are not affected by electromagnetic interferences. Opsens is also developing a new version of its pressure sensor that will open new markets in the industrial, oil and gas segment.

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, 2015**	**Three-month period ended May 31, 2014**	**Nine-month period ended May 31, 2015**	**Nine-month period ended May 31, 2014**
	$	**$**	**$**	**$**
Net loss	(1,355)	(1,022)	(1,072)	(2,550)
Current income tax expense	-	-	340	-
Financial expenses (revenues)	(2)	10	(7)	230
Depreciation of property, plant and equipment	90	79	289	233
Amortization of intangible assets	17	14	44	36
Impairment of assets	-	-	796	-
EBITDA	(1,250)	(919)	390	(2,051)
Stock-based compensation costs	75	71	261	179
EBITDAO	(1,175)	(848)	651	(1,872)

For the three-month period ended May 31, 2015, the negative variance of EBITDAO when compared with last year is mainly explained by the higher net loss resulting from the decrease in revenues when compared with last year.

For the nine-month period ended May 31, 2015, the positive variance of EBITDAO when compared with last year is mainly explained by increased revenues arising from the milestone payment of $1,115,500 (US$1,000,000) received when the Company obtained Shonin approval in October 2014 and 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), partly offset by the decrease in sales for the nine-month period ended May 31, 2015 when compared with last year.

SELECTED CONSOLIDATED FINANCIAL DATA

(In thousands of Canadian dollars, except for information per share)	**Three-month period ended May 31, 2015**	**Three-month period ended May 31, 2014**	**Nine-month period ended May 31, 2015**	**Nine-month period ended May 31, 2014**
	$	$	$	$
Revenues	831	1,703	7,555	5,024
Cost of sales	599	1,197	2,706	3,343
Gross margin	232	506	4,849	1,681
Gross margin rate	28%	30%	64%	33%
Administrative expenses	612	667	1,985	1,781
Sales and marketing expenses	342	323	1,183	829
R&D expenses	635	528	1,624	1,391
Financial expenses (revenues)	(2)	10	(7)	230
Impairment of assets	-	-	796	-
	1,587	1,528	5,581	4,231
Loss before income taxes	(1,355)	(1,022)	(732)	(2,550)
Current income tax expense	-	-	340	-
Net loss and comprehensive loss	(1,355)	(1,022)	(1,072)	(2,550)
Net loss per share – Basic	(0.02)	(0.02)	(0.02)	(0.05)
Net loss per share – Diluted	(0.02)	(0.02)	(0.02)	(0.05)

QUARTERS ENDED MAY 31, 2015 AND 2014

Revenues

The Company reported revenues of $831,000 for the three-month period ended May 31, 2015 compared with revenues of $1,703,000 in the comparative period in 2014, a decrease of $872,000 or 51%.

Revenues in the industrial field totalled $320,000 for the three-month period ended May 31, 2015 compared with revenues of $295,000 for the same period in 2014. The increase in revenues is explained by orders received from companies involved in the defense sector.

Revenues in the medical sector totalled $255,000 for the three-month period ended May 31, 2015 compared with $172,000 for the three-month period ended May 31, 2014. The increase in revenues is mainly explained by FFR revenues recorded during the quarter. During this third quarter, medical revenues were limited by production capacity. Also, part of the units produced were dedicated to the verification and validation activities of OptoWire II, which impacted our revenues.

Revenues in the oil and gas sector totalled $145,000 for the three-month period ended May 31, 2015 compared with $1,163,000 for the three-month period ended May 31, 2014. The decrease in revenues is explained by the difficult economic environment in Alberta (Canada), where major producers significantly reduced their investments because of the significant decline in the crude oil prices.

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 May 31, 2015, the average exchange rate was higher than the previous year, which affected sales positively by $64,000.

Market acceptance of fiber optic sensors is increasing in the Company’s markets. That being said, some sectors, such as oil and gas, are experiencing difficult economic conditions. Opsens is addressing the difficult economic conditions by downsizing and reviewing its business model. Moreover, Opsens is addressing the competition by highlighting the performance characteristics of its products compared with those of its competitors. For the periods ended May 31, 2015 and 2014, pricing fluctuations did not have a significant impact on revenues. During the nine-month period ended May 31, 2015, Opsens began the pre-commercialization phase of its FFR products in Europe and in Japan with a limited market release. Management expects that the proportion of revenues generated by its FFR offering will increase in the quarters to come.

As at May 31, 2015, Opsens' total backlog amounted to $826,000 ($927,000 as at August 31, 2014). 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 generate revenues in the FFR sector resulting from its right to commercialize in the U.S., in Europe and in Japan.

Gross margin

The gross margin on product sales decreased for the three-month period ended May 31, 2015 when compared with last year, from $506,000 to $232,000. The gross margin percentage decreased from 30% for the three-month period ended May 31, 2014 to 28% for the three-month period ended May 31, 2015. The decrease in gross margin is the result of lower revenues, as explained previously. The decrease in gross margin percentage is explained by additional costs incurred by the Company to increase its manufacturing capacity.

Administrative expenses

For the three-month periods ended May 31, 2015 and 2014, administrative expenses were $612,000 and $667,000, respectively. The decrease is explained by a lower number of headcount when compared with last year.

Sales and marketing expenses

Sales and marketing expenses were $342,000 for the three-month period ended May 31, 2015 compared with $323,000 for the three-month period ended May 31, 2014, an increase of $19,000. The increase is explained by higher tradeshows and travelling expenses and by inventories of FFR products used in promotional activities when compared with last year to support the limited market release of the FFR products.

Research and development expenses

Research and development expenses were $635,000 for the three-month period ended May 31, 2015 compared with $528,000 for the three-month period ended May 31, 2014. The increase is explained by higher salaries and fringe benefits.

Financial expenses (revenues)

Financial revenues reached $2,000 for the three-month period ended May 31, 2015 compared with $7,000 for the three-month period ended May 31, 2014.

Net loss

As a result of the foregoing, net loss for the three-month period ended May 31, 2015 was $1,355,000 compared with a net loss of $1,022,000 for the three-month period ended May 31, 2014.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION DATA

(In thousands of Canadian dollars)	**As at May 31, 2015**	**As at August 31, 2014**
	$	**$**
Current assets	12,591	14,613
Total assets	14,264	16,789
Current liabilities	2,487	4,428
Long-term liabilities	4,223	4,152
Shareholders' equity	7,554	8,209

Total assets as at May 31, 2015 were $14,264,000 compared with $16,789,000 as at August 31, 2014. The decrease is related to the impairment of assets charge of $796,237 recognized during the quarter ended November 30, 2014, by reduced cash and cash equivalents resulting from the net loss of $1,072,000 for the nine-month period ended May 31, 2015 and by cash flows used for investing activities amounting to $517,000. This was partly offset by higher inventories arising from the manufacturing of our FFR products.

Current liabilities totalled 2,487,000 as at May 31, 2015 compared with $4,428,000 as at August 31, 2014. The decrease is explained by the deferred revenues recognized in the statement of loss and comprehensive loss amounting to $2,002,000 (US$2,000,000) when the Company received the CE mark approval in Europe.

Long-term liabilities totalled $4,223,000 as at May 31, 2015 compared with $4,152,000 as at August 31, 2014, an increase of $71,000. The increase is explained by a foreign exchange loss of $321,000 on the conversion of the convertible debenture, partly offset by lower deferred revenues of $271,000.

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 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	1,804
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)

(Unaudited, in thousands of Canadian dollars, except for information per share)	Three-month period ended May 31, 2014	Three-month period ended February 28, 2014	Three-month period ended November 30, 2013	Three-month period ended August 31, 2013
	$	$	$	$
Revenues	1,703	1,118	2,202	1,451
Net loss for the period	(1,022)	(843)	(685)	(1,075)
Net loss per share – Basic	(0.02)	(0.02)	(0.01)	(0.02)
Net loss per share – Diluted	(0.02)	(0.02)	(0.01)	(0.02)

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

LIQUIDITY AND CAPITAL RESOURCES

On April 15, 2014, the Company announced 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 ($1,647,000) 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.

The value of one-half of one common share purchase warrant was established at $0.02, being the difference between the issuing price of $0.75 per unit and of $0.73 per common share. 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. The total issue fees of $969,348 and the broker warrants value of $32,213 have been allocated on a pro-rata basis between share capital and the warrants reserve, $989,015 and $12,546 respectively, based on the ratio established by their respective values as described above.

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 consisted of:
    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 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, 2015, the net book value of property, plant and equipment pledged as collateral was $7,950 ($32,800 as at August 31, 2014). 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.

As at May 31, 2015, the Company had cash and cash equivalents of $8,821,000 compared with $10,621,000 as at August 31, 2014. Of this amount as at May 31, 2015, $8,327,000 was invested in highly liquid, safe investments. As at May 31, 2015, Opsens had a working capital of $10,104,000, compared with $10,185,000 as at August 31, 2014.

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, 2014. 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, 2015	Three-month period ended May 31, 2014	Nine-month period ended May 31, 2015	Nine-month period ended May 31, 2014
	$	$	$	$
Operating activities	(234)	754	(1,682)	(859)
Investing activities	(345)	(242)	(517)	(366)
Financing activities	(10)	(204)	27	7,932
Effect of foreign exchange rate changes on cash and cash equivalents	(13)	39	372	(13)
Net change in cash and cash equivalents	(602)	347	(1,800)	6,694

Operating activities

Cash flows used by our operating activities for the three-month period ended May 31, 2015 were $234,000 compared with cash flows generated of $754,000 for the same period last year, an increase of $988,000. The increase in the cash flows used by our operating activities is explained by the higher net loss of $333,000 when compared with last year and by a negative impact of the changes in non-cash operating working capital items of $740,000, mainly attributable to an increase in deferred revenues arising from the up-front payment of Abiomed of $1,647,000 (US$1,500,000) received during the three-month period ended May 31, 2014.

Investing activities

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.

For the three-month period ended May 31, 2014, cash flows used by our investing activities reached $242,000 and were used to acquire property, plant and equipment for an amount of $248,000 and $30,000 was used for additions to intangible assets. This was partly offset by interest income received of $36,000. Acquisitions of property, plant and equipment were made primarily for our oil and gas activities and to support our FFR project.

Financing activities

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.

For the three-month period ended May 31, 2014, cash flows used by our financing activities reached $204,000. The $44,000 payments on the long-term debt and the $227,000 paid for share and warrants issue costs were partly offset by proceeds from the issuance of shares of $67,000.

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 May 31,					
			2015			**2014**
	Opsens Inc.	**Opsens Solutions Inc.**	**Total**	**Opsens Inc.**	**Opsens Solutions Inc.**	**Total**
	$	**$**	**$**	**$**	**$**	**$**
External sales	**594,278**	**144,680**	**738,958**	500,175	1,163,424	1,663,599
Internal sales	**1,149**	**-**	**1,149**	28,000	-	28,000
Depreciation of property, plant and equipment	**64,631**	**25,128**	**89,759**	45,635	33,198	78,833
Amortization of intangible assets	**15,638**	**1,797**	**17,435**	12,507	1,886	14,393
Financial expenses (revenues)	**(43,931)**	**40,870**	**(2,521)**	(75,239)	85,208	9,969
Net loss	**(1,109,933)**	**(245,009)**	**(1,354,942)**	(857,231)	(164,560)	(1,021,791)
Acquisition of property, plant and equipment	**341,382**	**-**	**341,382**	230,822	17,402	248,224
Additions to intangible assets	**38,350**	**-**	**38,350**	29,874	-	29,874
Segment assets	**12,511,184**	**1,753,013**	**14,264,197**	12,982,773	4,184,087	17,166,860
Segment liabilities	**5,975,796**	**733,737**	**6,709,533**	7,779,687	700,346	8,480,033

	Nine-month periods ended May 31,					
	2015			2014		
	Opsens Inc.	**Opsens Solutions Inc.**	**Total**	**Opsens Inc.**	**Opsens Solutions Inc.**	**Total**
	$	**$**	**$**	**$**	**$**	**$**
External sales	**2,825,828**	**997,593**	**3,823,421**	1,539,105	3,444,891	4,983,996
Internal sales	**85,561**	**-**	**85,561**	369,848	-	369,848
Depreciation of property, plant and equipment	**203,566**	**85,322**	**288,888**	132,984	99,777	232,761
Amortization of intangible assets	**38,485**	**5,457**	**43,942**	28,291	7,447	35,738
Financial expenses (revenues)	**(128,234)**	**120,782**	**(7,452)**	(16,293)	245,779	229,486
Impairment of assets	**676,574**	**119,663**	**796,237**	-	-	-
Net earnings (loss)	**21,452**	**(1,093,624)**	**(1,072,172)**	(2,130,473)	(419,644)	(2,550,117)
Acquisition of property, plant and equipment	**520,094**	**1,131**	**521,225**	299,098	30,670	329,768
Additions to intangible assets	**105,406**	**-**	**105,406**	90,127	2,271	92,398
Segment assets	**12,511,184**	**1,753,013**	**14,264,197**	12,982,773	4,184,087	17,166,860
Segment liabilities	**5,975,796**	**733,737**	**6,709,533**	7,779,687	700,346	8,480,033

Geographic sector's information

	Three-month periods ended May 31,		Nine-month periods ended May 31,	
	2015	**2014**	**2015**	**2014**
	$	**$**	**$**	**$**
Revenues per geographic sector				
Chile	**-**	-	**1,169,182**	-
Canada	**158,579**	1,170,374	**1,040,183**	3,488,501
United States	**153,554**	113,638	**334,993**	526,604
Others*	**426,825**	379,587	**1,279,063**	968,891
	738,958	1,663,599	**3,823,421**	4,983,996

* Comprised of revenues generated in countries for which amounts are individually not 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 May 31, 2015, revenues from three clients represented individually more than 10% of the total revenues of the Company, i.e. approximately 13% (Opsens Inc.'s reportable segment), 12% (Opsens Inc.'s reportable segment) and 10% (Opsens Inc.'s reportable segment).

During the three-month period ended May 31, 2014, revenues from three clients represented individually more than 10% of the total revenues of the Company, i.e. approximately 30% (Opsens Solutions Inc.'s reportable segment), 16% (Opsens Solutions Inc.'s reportable segment) and 12% (Opsens Solutions Inc.' 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% (Opsens Inc.'s reportable segment).

During the nine-month period ended May 31, 2014, revenues from three clients represented individually more than 10% of the total revenues of the Company, i.e. approximately 27% (Opsens Solutions Inc.'s reportable segment), 19% (Opsens Solutions Inc.'s reportable segment) and 14% (Opsens Solutions Inc.'s reportable segment).

Opsens Inc. sector

Information and analysis in this section don't take into consideration revenues from distribution rights and licensing.

For the three-month period ended May 31, 2015, revenues from Opsens Inc. segment were $595,000 compared with $528,000 for the three-month period ended May 31, 2014, an increase of $67,000. The increase is explained by higher medical revenues of $83,000.

Gross margin was $107,000 for the three-month period ended May 31, 2015, compared with $113,000 for the three-month period ended May 31, 2014, a decrease of $6,000. The gross margin percentage decreased from 21% for the three-month period ended May 31, 2014 to 18% for three-month period ended May 31, 2015. The decrease in gross margin percentage is explained by additional costs incurred by the Company to increase its manufacturing capacity.

Net loss for the Opsens Inc. segment was $1,110,000 for the three-month period ended May 31, 2015 compared with a net loss of $857,000 for the same period in 2014. The increase in net loss reflects higher research and development expenses as explained in the "QUARTERS ENDED MAY 31, 2015 AND 2014" section of this MD&A and by higher marketing expenses when compared with the same period last year because of promotional activities to support the limited market release of the FFR products

The working capital of Opsens Inc. segment as at May 31, 2015 was $9,402,000 compared with $8,654,000 as at August 31, 2014. The increase of $748,000 in the working capital is due to the decrease in the current portion of deferred revenues resulting from the recognition in the statement of loss and comprehensive loss of deferred revenues amounting to $2,002,000 (US$2,000,000) ("non-recurring revenues") when the Company received the CE mark approval in Europe. This was partly offset by lower cash and cash equivalents of $1,500,000 arising from the net loss of $1,072,000 and by acquisitions of property, plant and equipment of $520,000.

Opsens Solutions Inc. sector

For the three-month period ended May 31, 2015, revenues from Opsens Solutions Inc. segment were $145,000 compared with $1,163,000 in 2014, a decrease of $1,018,000. The decrease is explained by lower installations of OPP-W when compared to last year, explained by the challenging economic conditions affecting oil and gas producers in Western Canada.

Gross margin was $32,000 for the three-month period ended May 31, 2015 compared with $353,000 for the same period in 2014, a decrease of $321,000. Gross margin percentage decreased from 30% for the three-month period ended May 31, 2014 to 22% for the same period in 2015. The decrease in the gross margin and gross margin percentage is explained by lower revenues as explained previously.

Net loss for the Opsens Solutions Inc. segment was $245,000 for the three-month period ended May 31, 2015 compared to a net loss of $165,000 for the three-month period ended May 31, 2014. The increase in the net loss is explained by the decrease in the gross margin as explained previously, partly offset by lower administrative and sales and marketing expenses resulting from cost reduction measures implemented by the Company.

The working capital of Opsens Solutions Inc. segment as at May 31, 2015 was $702,000 compared with $1,531,000 as at August 31, 2014. The decrease of $829,000 is explained by lower accounts receivable of $340,000 as a result of the reduced level of activities, by an increase in deferred revenues of $160,000 for payments received by Opsens Solutions Inc. in advance of meeting the revenue recognition criteria and by lower cash and cash equivalents of $300,000.

NINE-MONTH PERIODS ENDED MAY 31, 2015 AND 2014

Revenues

Revenue totalled $7,555,000 for the nine-month period ended May 31, 2015 compared with $5,024,000 a year earlier. The increase is mainly explained by the recognition, during the nine-month period ended May 31, 2015, of distribution rights amounting to $3,457,500 (US$3,300,000) and by higher industrial revenues of $1,000,000. This was partly offset by lower oil & gas revenues of $2,463,000.

Gross margin

Gross margin, without taking into consideration the distribution rights and licensing revenues, was $1,118,000 for the nine-month period ended May 31, 2015 compared with $1,641,000 for the same period last year, a decrease of $523,000. Gross margin rate decreased from 33% for the nine-month period ended May 31, 2014 to 29% for the nine-month period ended May 31, 2015. The decrease in gross margin is explained by lower revenues as explained previously. The decrease in the gross margin rate is also explained by lower revenues in the oil & gas sector and by additional costs incurred by the Company to increase its manufacturing capacity.

Administrative expenses

Administrative expenses were $1,985,000 and $1,780,000, respectively, for the nine-month periods ended May 31, 2015 and 2014. The increase is mainly explained by higher professional fees and higher insurance expenses.

Sales and marketing expenses

Sales and marketing expenses for the nine-month period ended May 31, 2015 were $1,184,000, an increase of $355,000 over the $829,000 reported during the same period in 2014. The increase is explained by higher tradeshows and travelling expenses when compared with last year for the limited market release of the FFR products.

Research and development expenses

Research and development expenses totalled $1,625,000 for the nine-month period ended May 31, 2015, an increase of 234,000$ over the $1,391,000 reported during the same period in 2014. The variation is explained by lower tax credits for research and development and grants that are accounted for against research and development expenses.

Financial expenses (revenues)

Financial revenues reached $7,000 for the nine-month period ended May 31, 2015 compared with financial expenses of $229,000 in the same period last year. The increase in the financial revenues is explained by a favourable change of $116,000 in the gain (loss) on foreign exchange, by higher interest income of $20,000 and by a more favorable change of $94,000 in fair value of embedded derivative.

Impairment of assets

During the three-month period ended November 30, 2014, the Company updated its long-term financial forecast for Opsens Solutions Inc.'s cash generating unit ("CGU") which corresponds to a reportable segment of the Company. As a result of lower than anticipated long-term revenue projections due to economic factors, including the significant decrease of the crude oil prices, the Company concluded its goodwill may be impaired and as a result performed an impairment analysis. The recoverable amount of the goodwill as at November 30, 2014 was determined using the fair value less costs of disposal method, in the same manner as disclosed in the audited consolidated financial statements for the years ending August 31, 2014 and 2013.

As a result of the impairment analysis as at November 30, 2014, the Company concluded the carrying value of the Opsens Solutions Inc.'s CGU was in excess of its recoverable amount. The recoverable amount of Opsens Solutions Inc.'s CGU amounted to $1,611,000 and was classified at level 3 in the fair value hierarchy. The Company has recorded an impairment charge relating to its goodwill of $676,574 for the nine-month period ended May 31, 2015.

In addition, an impairment charge of $119,663 was also recorded during the nine-month period ended May 31, 2015 for automotive equipment resulting from the challenging economic environment Opsens Solutions Inc.' CGU is facing.

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, 2015 was $1,072,000 compared with a net loss of $2,550,000 for the same period in 2014.

INFORMATION ON SHARE CAPITAL

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	60,467,003
Stock options	3,810,500
Warrants	3,475,426
Convertible debenture	3,333,333
Securities on a fully diluted basis	71,086,262

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 $1.25 and the conversion price is equal to $0.75 per share.

No dividend was declared per share for each share class.

COMMITMENTS

During the three-month period ended May 31, 2015, the Company signed a lease for a new facility. This lease will be treated as an operating lease and will expire on September 30, 2025. The estimated future payments for the lease, totalling $8,424,300, required in each of the forthcoming years are as follows:

	$
2016	698,700
2017	777,500
2018	794,500
2019	812,000
2020	829,900
2021	848,300
2022	867,100
2023	886,400
2024	906,200
2025	926,400
2026	77,300

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 require additional investment in working capital of approximately $400,000. Opsens intends to relocate its facilities to meet the growing needs of its FFR business. An amount of $900,000 is expected to be invested and financed by the landlord for leasehold improvements and other various expenses. In addition, Opsens will purchase production equipments and other assets for an amount of approximately $600,000. The Company believes it can finance between 50% and 70% of these investments, thereby reducing the impact on its cash position.

From the human resources' perspective, there are no vacancies in the major executive positions within the Company. However, additional technical and production personnel will be required in Quebec. 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, 2014, have not materially changed since August 31, 2014 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, 2015.

OFF-BALANCE SHEET ARRANGEMENTS

As of May 31, 2015, 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, 2015