

## LES EXPLOSIFS NORDEX LTEE / NORDEX EXPLOSIVES LTD.

### INTERIM MANAGEMENT DISCUSSION AND ANALYSIS of Financial Condition and Results of Operations for the three months ended September 30, 2006

**Dated: November 29, 2006**

*The following information should be read in conjunction with the Corporation's unaudited September 30, 2006, and September 30, 2005 and audited December 31, 2005, 2004 and 2003 financial statements and related notes included therein which were prepared in accordance with generally accepted accounting principles in Canada. This discussion includes forward-looking statements that may differ materially from actual results achieved.*

LES EXPLOSIFS NORDEX LTEE./NORDEX EXPLOSIVES LTD. ("Nordex" or the "Corporation") is a Canadian based business incorporated under the laws of the Province of Quebec on August 4, 1970. Nordex trades on the TSX Venture Exchange under the symbol "NXX". The Corporation manufactures and distributes explosives for the mining, quarry and road construction industries from its manufacturing operations in Dane, Ontario, a small town near Kirkland Lake, Ontario. The Corporation continues to maintain its manufacturing explosives licence in good standing and is researching the possibility of expanding production and offering new explosive products and services for the mining, quarry and road construction industries.

The results for the quarter ending September 30, 2006, reflect operations of the Corporation for the three month period commencing July 1, 2006 ("Q3 2006"). Comparative financial results are for the three months commencing July 1, 2005 and ending on September 30, 2005 ("Q3 2005").

The Management Discussion and Analysis is a review of the Corporation's financial condition and results of operation as compared to the corresponding quarter ending September 30, 2005. This discussion is intended to provide historical and prospective analysis of the activities of the Corporation.

#### OVERALL PERFORMANCE AND RESULTS OF OPERATIONS

All financial data contained in this Management Discussion and Analysis has been prepared in accordance with Canadian generally accepted accounting principles. Gains and Losses from translating monetary assets and liabilities are recognized through the statement of earnings and retained earnings in the Corporation's financial statements. Transactions in foreign currencies are translated into Canadian Dollars at the appropriate rate prevailing at the time of the transactions. Foreign exchange gains and losses are included in income for the year.

#### Financial Highlights

The following table sets forth certain financial information of the Corporation for the three months ending September 30, 2006 and September 30, 2005.

<b>Three Months ended September 30</b>	<b>Q3 2006</b>	<b>Q3 2005</b>
Total Revenues	<b>\$1,166,844</b>	\$979,109
Cost of Goods Sold	<b>\$893,370</b>	\$775,134
Gross Profit	<b>\$273,474</b>	\$203,975
Gross Margin	<b>23.4%</b>	20.8%
Selling, General and Administration Expense	<b>\$174,011</b>	\$132,891
Earnings before Interest, Taxes and Amortization	<b>\$99,463</b>	\$71,084

Amortization Expenses	<b>\$15,154</b>	\$11,080
Interest and Bank Charges	<b>\$16,906</b>	\$11,720
Net Income for the Period before taxes	<b>\$67,403</b>	\$48,284
Net Income per Share before taxes	<b>\$0.012</b>	\$0.009
Cash Provided (Used In) Operating Activities	<b>\$153,985</b>	\$201,285
Cash (bank indebtedness) End of Period	<b>\$265,660</b>	\$458,431
Long Term Debt (including current portion)	<b>\$376,490</b>	\$418,650
Total Liabilities	<b>\$1,652,890</b>	\$1,483,275
Accounts Receivable	<b>\$946,839</b>	\$540,206
Shareholders' Equity	<b>\$845,640</b>	\$515,845
Total Shares Outstanding	<b>5,451,000</b>	5,451,000

### **Dividend Record and Policy**

The Corporation has not recently paid dividends on any shares of the Corporation and may never pay cash dividends.

### **Net Income**

For the three months ending September 30, 2006, Nordex recorded a net income before taxes of \$67,403 compared to \$48,284 for the three months ending September 30, 2005. Net profit margin before taxes for Q3 2006 increased to 5.8% compared to 4.9% in Q3 2005.

For the nine months ending September 30, 2006, Nordex recorded a net income before taxes of \$217,005 compared to a net income of \$125,862 for the nine months ending September 30, 2005. Net profit before taxes for the first nine months of 2006 has increased to 6.2% compared to 4.8% in the first nine months of 2005.

This increase in the net profit margins can be attributed to the increase in gross margins in 2006 compared to 2005 (further explained below).

### **Revenue**

For the three months ending September 30, 2006, Nordex revenues increased by 19.2% compared to the same period in 2005. Q3 2006 is the twelfth consecutive quarter that sales have increased over the same quarter in the previous year. For the nine months ending September 30, 2006, Nordex revenues increased by 33.7% compared to the same period in 2005.

Nordex continues to benefit from the industry wide surge in mining operations. The Corporation's increase in revenues is made up primarily from increased trade with existing mining clients and the addition of a new mining client earlier in 2006. Sales in the third quarter increased over the previous quarter as the slow down in blasting operations during the second quarter at two of the Corporation's clients subsided in the most recent period.

During Q3 2006, Nordex Explosives renewed their supply agreement with St. Andrew Goldfields to continue to provide explosives to St. Andrew Goldfields mining operations located near Timmins, Ontario. Under the terms of the agreement, St. Andrew Goldfields is to purchase from Nordex a minimum of 90% of the explosives used at their mining operations located near Timmins until May 31, 2008.

### **Cost of Sales**

Gross profit margins remain healthy at 23.4% for Q3 2006 compared to 20.8% for Q3 2005. Gross profit margins have increased because of efficiencies in raw material costs resulting from its rail siding and because of the Corporation's decision to package certain emulsion products rather than reselling a pre-packaged third-party product.

Gross profit margins for the nine months ending September 30, 2006 increased to 24.4% from 21.5% for the same period in 2005.

Freight costs increased at a greater percent than sales as a result of allocating expenses associated with the Corporation's vehicles used for deliveries to Cost of Sales in the Q3 2006 rather than treating these expenses as a vehicle cost under Administrative Expenses which was the treatment in Q3 2005.

### **Selling, General and Administrative**

Selling, General and Administrative expenses include marketing, customer support, financing, interest, executive personnel, professional services, office and occupancy costs required to manage the corporation. They do not include depreciation and amortization. Selling, General and Administrative expenses for the three months ending September 30, 2006 were \$174,011 compared to \$132,892 for the three months ending September 30, 2005. Details on the increase are provided in the paragraphs below.

Wages and benefits increased to \$80,017 for the three months ending September 30, 2006 compared to \$37,832 for the three months ending September 30, 2005. Profit sharing plan accruals made up for \$26,520 of this increase (additional detail is provided in the section below titled "Profit Sharing Plan"). A further \$4,500 of this increase resulted from increased salary for management. Much of the remaining increase resulted from the increased cost of Nordex's employee benefit plan because of an increase in the number of staff participating in the plan.

Insurance costs for the quarter were \$25,268 compared to \$18,991 in the third quarter of 2005. This increase is a result of additions to the Corporation's fleet, a doubling of the Corporation's liability coverage and an increase in insurance rates.

Utility costs increased slightly in Q3 2006 to \$5,087 from \$4,571 in Q3 2005 primarily due to increased operating activity.

During the three months ending September 30, 2006, the Corporation accrued \$15,000 in compensation to President and the Chairman. In the three months ending September 30, 2005, the same amount was accrued for these two individuals and an additional \$4,500 in compensation was accrued for the VP Operations. The individuals owed any outstanding amounts have agreed that the Corporation will not be required to pay those amounts until such time as not to cause undue hardship to the Corporation.

Miscellaneous Expenses falling under Selling, General and Administrative are explained below.

### **Miscellaneous Expenses**

Miscellaneous Expenses are a component of Selling, General and Administrative Expenses. Miscellaneous Expenses include property expense; vehicle expense; travel expenses; professional fees; training costs; and costs associated with the management and ongoing regulatory expenses related to the public company.

Total Miscellaneous Expenses decreased by \$3,675 to \$43,379 for the three months ending September 30, 2006 compared to \$47,054 for the three months ending September 30, 2005. The primary reason for the reduction is a decrease in vehicle expenses of \$7,831. This amount was somewhat offset by the fact that the company increased advertising and sponsorship and this amount increased by \$2,389 in the period. Further detail on Q3 2006 Miscellaneous Expenses is provided below.

<b>Account</b>	<b>Q2 2006</b>
Vehicle Expenses	\$7,717
Professional Fees	\$3,950
Public Company Listing Fees	\$6,707
Advertising, Travel and Promotions	\$12,424
Office Supplies and Expense	\$2,728

Rent and Property Taxes	\$3,000
Remaining Miscellaneous Accounts	\$6,853
<b>Total Miscellaneous Expenses</b>	<b>\$43,379</b>

The vehicle expense component under Selling, General and Administrative Expenses reduced significantly from \$15,548 in Q3 2005 compared to \$7,717 in Q3 2006. This is due to a change in the treatment of this expense in 2006 compared to 2005. In the past, Nordex's vehicles were used primarily for support purposes at the plant, for sales support and for customer support. Costs associated with all Nordex vehicles' were allocated to vehicle expenses under Selling, General and Administrative Expenses through 2005. Also in the past, shipping of raw materials and finished product was done primarily by third party carriers. The cost of third party carriers for this purpose was allocated to freight expenses under Cost of Sales. By December 31, 2005, the Corporation had evolved to the point where a great deal of the shipping of raw materials and almost all of the shipping of finished product was being done with its own vehicles. As a result, beginning in the first quarter 2006, the Corporation began to allocate costs associated with its vehicles used for the shipping raw materials and product to freight expenses under Cost of Sales.

### **Profit Sharing Plan ("PSP")**

In 2004 and 2005, the management of Nordex Explosives was substantially underpaid based on their backgrounds, their performance and industry norms. In 2005, the Board of Directors of the company had an objective to establish an equitable incentive plan to retain and motivate management and at the same time ensure that shareholders were rewarded significantly. Due to the economic condition of the company during 2004 and 2005, wages at industry norms could not be offered to management. Therefore the Directors determined that compensation tied to the performance of the stock would benefit both the shareholders and management.

During the fiscal year ending December 31, 2005, the Board of Directors approved the existing Profit Sharing Plan (the "PSP") for the employees, management and directors of the Corporation. The PSP is in effect through the fiscal year ending December 31, 2007. Under the terms of the PSP, no amounts shall be paid out of the PSP to any individuals for net income before tax up to \$163,530 in each of the fiscal years. If the Corporation achieves net income before tax (and before PSP amounts) in excess of \$163,530 in either of the fiscal years, certain individuals/groups will receive a portion of the amount in excess of this amount as follows:

VP Operations	20.00% of the amount in excess of \$163,500
President	13.33% of the amount in excess of \$163,500
Chairman	6.67% of the amount in excess of \$163,500
Non-management Employees in total	5.00% of the amount in excess of \$163,500
Directors in total	5.00% of the amount in excess of \$163,500
<u>Total PSP</u>	<u>50.00% of the amount in excess of \$163,500</u>

Any amounts paid out under the PSP will not take place until after the fiscal year end in which they apply. There were no amounts accrued, earned or paid out of the PSP for 2005. Accruals began in the first quarter of 2006 and details were provided in the Financial Statements and the MD&A for Q1 2006. Since this time, the share price has risen considerably based on the strength of the company's revenues and profits. In Q3 2006, the Corporation accrued a PSP expense of \$26,250 based on net income in the quarter. Year to date accrued amount for the PSP through September 30, 2006 is \$94,925.

### **Interest and Bank Charges**

Interest and bank charges increased as a result of one time administrative banking fees pertaining to securing working capital loans for the Corporation. At this time the Corporation is still working to secure these and there is no guarantee that they will be secured or what the amounts will be.

### **Inventories**

Inventory levels remained fairly consistent, increasing slightly to \$289,544 at the fiscal quarter ending September 30, 2006 from \$270,590 at the fiscal quarter ending September 30, 2005. The variance is primarily due to timing.

### **Property, Plant and Equipment**

The total value of Property, Plant and Equipment at fiscal quarter ending September 30, 2006 was \$996,487 compared to \$829,511 at quarter ending March 30, 2006. A total of \$41,383 was invested in Plant and Equipment during the quarter. Approximately half of this amount was for increased storage capabilities for finished product. The other half was for further advancements to the Corporation's manufacturing and other plant facilities.

### **Provision for Income Taxes**

As of December 31, 2005, the corporation had available non-capital loss carry-forwards for tax purposes in the amount of \$898,770, which may be carried forward and be used to reduce taxable income of future years, as set out in the notes to the financial statements. These carry forwards expire as set out in the notes. Realization of the potential benefits of these losses is dependent upon future profitability. The benefit of the loss carry-forwards will be recorded when realized.

### **Retained Earnings/(Deficit)**

Retained Earnings/(Deficit) increased to \$(486,608) (i.e. the Deficit was reduced) for at September 30, 2006 reflecting the net income for the first nine months of the year compared to \$(703,613) for the fiscal year ending December 31, 2005.

## **LIQUIDITY AND CAPITAL RESOURCES**

During the fiscal quarter ending September 30, 2006, there was an increase in the Corporation's near-cash position and short-term deposits to \$265,660 from \$163,902 as of June 30, 2006.

During Q3 2006, accounts receivable increased by approximately \$182,124. The increase is primarily a result of one client's inability to make timely payments over the last quarter. Subsequent to the end of the third quarter, this client has completed a financing through a private placement. The Corporation is working closely with the client and the client has committed to bring its account more in line with Nordex Explosive's standard payment terms.

Accounts payable and accrued liabilities were \$1,276,400 and increased by approximately \$208,348 during the quarter. Accounts payable increased by approximately \$111,000. The increase is a result of a tightening cash flow resulting from an increase in the accounts receivable with the one client mentioned above. Profit Sharing Plan accruals for Directors, management and staff totalled \$26,520 during the quarter ending September 30, 2006 compared to nil in the previous year. Accrued liabilities outstanding for deferred compensation owed to the Chairman and President increased by \$15,000 to \$155,000 (excluding PSP accruals) at the end of Q3 2006 compared to \$140,000 (excluding PSP accruals) at the end of Q2 2006.

Management continues to explore alternative sources of credit in order to obtain more favourable terms and reduce interest expense. In order to achieve its long term growth strategy, additional sources of capital may be required. If so, it is the corporation's intention to finance future growth through an operating line of credit, a term loan from a bank, or equity or debt offerings.

## **TRANSACTIONS WITH RELATED PARTIES**

For the \$15,000 of deferred compensation in the fiscal quarter ending September 30, 2006, \$7,500 was accrued to the Chairman and \$7,500 was accrued to the President who are both directors. Year to date, the

Chairman and the President have each earned \$22,500 in deferred compensation and these amounts have been accrued by the Corporation. The individuals owed these amounts have agreed that the Corporation will not be required to pay this compensation until such time as not to cause undue hardship to the Corporation.

### SUBSEQUENT EVENTS

At the end of the third quarter, the Corporation had an outstanding claim against it with a supplier. The Corporation has settled the claim subsequent to September 30, 2006 and this settlement will result in a neutral to slight benefit to the Corporation's net income that will be recognized in the fourth quarter.

### SUMMARY OF QUARTERLY RESULTS

The following table summarizes information pertaining to the operations of the Corporation on a quarterly basis for the eight quarters ending September 30, 2006.

Quarter Ended	Revenue	Income (Loss)	Income (Loss) Per Share	Total Assets	Total Long Term Financial Liabilities (excluding current)
<b>2006</b>					
September 30	\$1,166,844	\$67,403	\$0.012	\$2,498,530	\$376,490
June 30	\$1,002,570	\$48,079	\$0.009	\$2,232,457	\$387,335
March 31	\$1,342,761	\$102,088	\$0.019	\$2,310,474	\$397,924
<b>2005</b>					
December 31	\$1,048,127	\$106,707	\$0.019	\$2,079,720	\$408,457
September 30	\$979,109	\$48,284	\$0.009	\$1,999,120	\$418,650
June 30	\$803,748	\$46,478	\$0.008	\$1,726,758	\$428,337
March 31	\$843,899	\$31,101	\$0.005	\$1,625,922	\$438,121
<b>2004</b>					
December 31	\$966,961	\$73,371	\$0.012	\$1,824,318	\$447,721

### RISK FACTORS

The Corporation's business is subject to many risks and uncertainties which may affect its future performance. The risks and uncertainties described below are not the only ones facing the Corporation. Additional risks and uncertainties not presently known to the Corporation or that the Corporation currently believes are immaterial may also materially and adversely impair its business operations. The information below and information contained in publicly available information in respect of the Corporation may contain forward-looking statements that involve risks and uncertainties. All such forward-looking statements are naturally speculative and there are numerous risks and uncertainties that could cause actual events or results to differ materially from those referred to in such forward-looking statements.

**Reliance on Existing Product in Static Markets**

For the foreseeable future, the majority of the Corporation's revenues will be derived from existing products. Demand for existing products will be affected by a range of factors, many of which are beyond the Corporation's control, including the general level of mining and road construction as well as competition within the explosives industry. No assurance can be given that other companies will not enter the market in which the Corporation competes or that the Corporation will have the resources required to respond to technological changes or to compete successfully in the future.

The up-hole loading of bulk emulsions and small diameter packaged emulsions are two products that are used widely in under ground mining and are not manufactured by the Corporation. The Corporation currently distributes small diameter packaged emulsion manufactured by third parties. Currently, the Corporation must use third parties for the up-hole loading of bulk emulsion and there is a trend in the underground mining industry to utilize more of this product. The Corporation is currently investigating the requirements and cost of manufacturing both of these products internally. The Corporation is at risk of reduced revenue if it is unable to provide these products directly in the medium to long term.

**Technological Change**

Because of technological changes in the industry, there can be no assurance that the introduction of new products or the development of other technologies by other entities will not render the Corporation's products and processes obsolete or unmarketable. Moreover, increased market penetration and customer acceptance of the Corporation's products will depend upon the Corporation's ability to maintain a technically competent product development, marketing and technical support force and its ability to adapt to technology changes in its industry. The Corporation has upgraded its laboratory facilities over the last year in order to try to mitigate some of this risk.

**Dependence on Suppliers and Manufacturers**

The Corporation sources its raw materials from suppliers in North America. The Corporation manufactures, integrates and packages certain components at its facilities. The Corporation also acts as a distributor for other companies and resells their product. A significant portion of the Corporation's sales are currently made up by the resale of product from one company, Austin Powder. With the exception of Austin Powder, the Corporation believes that it could replace any of its suppliers, manufacturers or assemblers within a short period of time and without material adverse impact on the Corporation's business. The ability to replace the product supplied by Austin Powder with similar product from another supplier is a significant risk and failure to do so could have a material adverse effect on the Corporation if Austin Powder decided to significantly increase its selling price to the Corporation.

The Corporation purchases a significant amount of ammonium nitrate which is used as input to manufacture various explosive lines. Ammonium nitrate is a bi-product of ammonium and natural gas. Natural gas prices have fluctuated significantly over the last year and there is a risk of that the price and quantities of natural gas available in the industry will continue to fluctuate. As the supply levels of natural gas reduce (as a result of increased consumption, reduced supply due to natural disasters or terrorist attacks) then the availability of ammonium nitrate decreases and the price increases presenting a risk to the Corporation.

As mentioned above, the Corporation is dependant on third party manufactures to supply it with small diameter packaged explosives.

**Dependence on Significant Customers**

The majority of the Corporation's sales are derived from selling explosive products to mining clients. There can be no assurance that these customers will continue to use the Corporation's products and services. There can be no assurance that the rate of operations at an individual client will continue at or above the current rate. The failure of Nordex's current customers to continue to utilize the Corporation's

products could have a material adverse effect on the Corporation. In addition, customers who account for significant portions of the Corporation's revenues may have the ability to negotiate prices for the Corporation's products that are more favourable and could result in lower profit margins for the Corporation.

At the end of the third quarter, the Corporation had an account receivable total of \$385,940 with one of its clients. This client closed a significant financing through a private placement and received the funds from the private placement in the month of November. The Corporation is working closely with the client and the client has committed to bring its account more in line with Nordex Explosive's standard payment terms. Failure by this client to pay their accounts payable could have a material adverse effect on the Corporation.

### **Commodity Prices**

The rate of operations at the Corporation's mining clients is highly dependant on each mine's underlying commodity price. If the price of commodities drops significantly then the rate of mining operations may reduce as well resulting in reduced explosives sales by the Corporation.

### **Ability to Manage Growth**

If the Corporation obtains significant orders from large customers, the Corporation will experience rapid growth, which in turn will place significant pressure on the Corporation's managerial, operational and financial condition. The Corporation will also be required to develop and manage multiple relationships with various customers, business partners and other third parties. The Corporation's systems, procedures or controls may not be adequate to support the Corporation's operations and management may not be able to achieve the rapid expansion necessary to exploit potential market opportunities for the Corporation's products and services. The Corporation's future operating results will also depend on its ability to expand its sales and marketing to implement and manage new distribution channels, to penetrate new markets and to expand its support organization.

### **Reliance on Management**

The Corporation's business involves a high degree of risk, which even with a combination of experience, knowledge and careful evaluation, it may not be able to overcome. Purchasers of the Corporation's securities must rely on the ability, expertise, judgment, discretion, integrity and good faith of the management of the Corporation. An investment in the Corporation's securities is suitable for investors who are willing to rely solely upon the management of the Corporation and who could afford a total loss of their investment.

### **Dependence on Key Personnel**

The success of the Corporation is dependent upon, among other things, the services of key personnel. The loss of any of these individuals, for any reason, could have a material adverse effect on the prospects of the Corporation. In addition, the future success of the Corporation will depend in large part on its ability to attract and retain qualified technical, managerial and marketing personnel and there can be no assurance that such personnel can be attracted and retained. Failure to retain or to attract and retain additional key employees with necessary skills could have a material adverse impact upon the Corporation's growth and profitability. The Corporation does not maintain key man insurance for its directors, officers or employees. The contributions of these individuals to the immediate future operations of the Corporation are of central importance. The loss of any one of these individuals could have a material adverse effect of the business of the Corporation. The implementation of the Corporation's Profit Sharing Plan has been and continues to be a significant factor in retaining key personnel.

### **Directors and Officers Conflicts**

The Directors and officers of the Corporation will only devote part of their time to the affairs of the Corporation. Certain directors of the Corporation are associated with other businesses. Such associations may give rise to conflicts of interest from time to time

### **Delays in Implementing Business Plan**

The Corporation may experience a delay in developing and marketing its products and services. This may result in a delay in the Corporation generating revenues which in turn may have an adverse effect on the Corporation's ability to pay dividends and the value of the Corporation's securities.

### **Additional Financing Requirements**

The Corporation is currently investigating the cost to expand its explosive manufacturing capabilities. The Corporation may require additional financing to accomplish this if it decides to proceed. Management is also exploring new business lines in order to increase revenues and net income. These new business lines may require additional financing.

No assurance can be given that such financing will be available on commercially reasonable terms. The ability of the Corporation to arrange such financing in the future will depend in part upon the prevailing capital market conditions as well as the business performance of the Corporation. If additional financing is raised by the issuance of shares issued from the treasury of the Corporation, control of the corporation may change and shareholders may suffer dilution.

### **Regulatory Approvals**

The Corporation may be required to obtain the discretionary approval of various securities regulators in the course of carrying on its business. The failure to obtain such approvals may adversely affect the Corporation's conduct of its business. The explosives manufacturing industry is regulated at both the provincial and federal levels. There can be no assurance that the regulatory environment in which the Corporation operates will not change in the future. The laws and regulations of all provinces in which the Corporation intends to operate do impact the Corporation's operations, but do not currently materially restrict the Corporation's operations in those provinces. In connection with its operations in existing markets and expansion into new markets, The Corporation may become subject to additional laws, regulations and interpretations. The ability of The Corporation to operate profitably will depend, in part, upon its ability to operate in compliance with applicable regulations.

### **Competition**

The Corporation must compete with a number of other companies which have substantially greater technical, personnel and financial resources, longer operating histories, greater name recognition and larger customer bases. This competition could materially adversely affect the Corporation's business, operating results or financial condition.

The market for the Corporation's products is highly competitive. There can be no assurance that The Corporation will be able to continue to compete successfully with its existing competitors or will be able to compete successfully with new competitors. It will be necessary for The Corporation to develop its technological and personnel resources in order to promote and enhance development of its business. It may be necessary for The Corporation to secure additional financing to support and grow in these areas and there is no assurance The Corporation will be able to raise funds for this purpose.

### **Market for Securities**

The Common Shares are listed for trading on the TSX Venture Exchange. However, there is no assurance that an active trading market in the Common Shares will be sustained. Purchasers may not be able to dispose of the Common Shares or Warrants on a timely basis or at all. The market price for the Common Shares could be subject to wide fluctuations. Factors such as announcements of quarterly variations in

operating results, activities by competitors of the Corporation, as well as market conditions in the securities industry, may have a significant impact on the market price of the securities of the Corporation. The stock market has from time to time experienced extreme price and volume fluctuations which have often been unrelated to the operating performance of particular companies.

### OUTSTANDING SHARE DATA

The following table sets forth the capitalization of the Corporation at September 30, 2006.

Designation of Security	Authorized	Outstanding September 30, 2006
Common	12,000,000	5,451,000

To the best of the knowledge of the directors and senior officers of the Corporation, the following persons beneficially own, directly or indirectly or exercise control or direction over, more than 10% of the issued and outstanding Common Shares of the Corporation:

Name	Number of Shares Beneficially Owned or Controlled or Directed	Percentage of Outstanding Common Shares
George Doumet Vancouver, British Columbia, Canada	681,377	12.50%
Andrew Timothy Peterson Mississauga, Ontario Canada	949,300	17.42%
Jacques Levesque Point Edward, Ontario, Canada	1,097,200	20.13%

### EVALUATION OF DISCLOSURE CONTROLS AND PROCEDURES

Disclosure controls and procedures are designed to provide reasonable assurance that all relevant information is gathered and reported to senior management, including Nordex's Chief Executive Officer (the "CEO") and Chief Financial Officer (the "CFO"), and the Audit Committee on a timely basis so that appropriate decisions can be made regarding public disclosure. As at the end of the period covered by the MD&A, management of Nordex (including the CEO and the CFO) and the Audit Committee evaluated the effectiveness of the Corporation's disclosure controls and procedures as required by Canadian Securities laws. Based on that evaluation the CEO, the CFO and the Audit Committee have concluded, that as of the end of the period covered by this MD&A, the disclosure controls and procedures implemented are effective to provide reasonable assurance that the information required to be disclosed in the Corporation's annual filings and interim filings (as such terms are defined under Multilateral Instrument 52-109 – Certification of Disclosure in Issuers Annual and Interim Filings of the Canadian Securities Administrators) and other reports filed or submitted under Canadian Securities laws is recorded, processed, summarized and reported within the time periods specified by those laws and that material information is accumulated and communicated to management of the Corporation (including the CEO and CFO) and the Audit Committee as appropriate to allow timely discussions regarding required disclosure.

**OTHER INFORMATION**

Additional Information relating to Nordex is available on SEDAR at [www.sedar.com](http://www.sedar.com).