**LES EXPLOSIFS NORDEX LTEE / NORDEX EXPLOSIVES LTD.**

**INTERIM MANAGEMENT DISCUSSION AND ANALYSIS**
**of Financial Condition and Results of Operations**
**for the three months ended March 31, 2007**

**Dated: May 25, 2007**

*The following information should be read in conjunction with the Corporation's unaudited March 31, 2007, and March 31, 2006 and audited December 31, 2006, 2005 and 2004 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 March 31, 2007, reflect operations of the Corporation for the three month period commencing January 1, 2007 ("Q1 2007"). Comparative financial results are for the three months commencing January 1, 2006 and ending on March 31, 2006 ("Q1 2006").

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 March 31, 2006. 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

Revenue, net profit, net profit margins and earnings per share all increased in the quarter ending March 31, 2007 compared to the quarter ending March 31, 2006. Gross margins decreased slightly in the first quarter of 2007 compared to the same period last year.

The following table sets forth certain financial information of the Corporation for the three months ending March 31, 2007 and March 31, 2006.

| **Three Months ended March 31** | **Q1 2007** | Q1 2006 |
|---|---:|---:|
| Total Revenues | **$1,622,282** | $1,342,761 |
| Cost of Goods Sold | **$1,245,580** | $1,002,297 |
| Gross Profit | **$376,702** | $340,464 |

| | | |
|---|---:|---:|
| Gross Margin | **23.2%** | 25.4% |
| Selling, General and Administration Expense | **$211,445** | $212,514 |
| Earnings before Interest, Taxes and Amortization | **$165,257** | $127,950 |
| Amortization Expenses | **$16,711** | $15,960 |
| Interest and Bank Charges | **$8,854** | $9,902 |
| Net Income for the Period before taxes | **$139,692** | $102,088 |
| Net Income per Share before taxes | **$0.025** | $0.019 |
| Cash Provided (Used In) Operating Activities | **$210,978** | $(60,264) |
| Cash (bank indebtedness) End of Period | **$172,326** | $209,248 |
| Long Term Debt (including current portion) | **$346,427** | $397,924 |
| Total Liabilities | **$1,863,175** | $1,582,081 |
| Accounts Receivable | **$1,269,326** | $847,823 |
| Shareholders' Equity | **$1,116,539** | $728,393 |
| Total Shares Outstanding | **5,659,333** | 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 March 31, 2007, Nordex recorded a net income before taxes of $139,692 compared to $102,088 for the three months ending March 31, 2006. Net profit margin before taxes for Q1 2007 increased to 8.6% compared to 7.6% in Q1 2006.

This increase in the net profit margins can be attributed to the reduction of Selling, General & Administrative (SG&A) Expenses as a percentage of sales during the period compared to the same period in 2006. This is shown in the table below.

| **Period** | **Sales** | **SG&A Expenses** | **SG&A Expenses as Percentage of Sales** |
|---|---:|---:|---:|
| Q1 2007 | $1,622,282 | $237,010 | 14.6% |
| Q1 2006 | $1,342,761 | $238,376 | 17.8% |

The Selling, General & Administrative expenses are discussed in greater detail in the corresponding section below.

**Revenue**

The period ending March 31, 2007 is the fourteenth consecutive quarter that sales have increased over the same quarter in the prior year. Revenues increased by 20.8% in this period compared to the same period in 2006.

Nordex continues to benefit from the industry wide surge in mining operations. The Corporation's increase in revenues is made up from increased trade with existing mining clients as well as sales to two additional mining clients in the quarter compared to the first quarter of 2006.

During Q1 2007, Nordex Explosives entered into a supply agreement with Northgate Minerals and began to provide explosives to their Young Davidson Project located near Matachewan, Ontario. Under the terms of the agreement, Northgate is to purchase from Nordex a minimum of 90% of the explosives used at this mine during the development phase of approximately 18 months.

Other Revenue for the quarter increased to $8,892 from $959 as a result of equipment rental and interest on overdue accounts, neither of which occurred in the first quarter of 2006.

**Cost of Sales**

Gross profit margins remain healthy at 23.2% for Q1 2007 compared to 25.4% for Q1 2006. The reduction in gross profit margins is a reflection of (1) an increase in detonator product costs charged by the Corporation's supplier effective February 2007 and (2) one time start up costs associated with the Corporation's new client, Northgate Minerals.

**Selling, General and Administrative**

Selling, General and Administrative expenses include marketing, customer support, executive personnel, professional services, office and occupancy costs required to manage the corporation. They do not include depreciation, amortization, interest and bank expenses. Selling, General and Administrative expenses for the three months ending March 31, 2007 were consistent at $211,454 compared to $212,514 for the three months ending March 31, 2006.

Wages and benefits reduced slightly to $96,238 for the three months ending March 31, 2007 compared to $101,456 for the three months ending March 31, 2006. At the Annual General Meeting on May 17, 2007, it was announced that the corporation's Profit Sharing Plan would be terminated retroactively to January 1, 2007, and that the salaries and compensation plans of Mr. John Kozak and Mr. James Taylor, the Chief Operating Officer and VP Operations of the Corporation would be reviewed by the Compensation Committee of the Board of Directors, with any adjustments to their salaries and compensation to be retroactive to January 1, 2007. At the time of writing, adjustments to management compensation had not been made. It is expected that these adjustments will be finalized during the second quarter ending June 30, 2007. $35,000 in total was accrued for compensation adjustments in the first quarter and this represents a decrease in accrued compensation relative to the same period in 2006.

Insurance costs for the quarter were $25,609 compared to $33,974 in the first quarter of 2006. This decrease is a result of timings of insurance payments in the first quarter of 2006.

Professional fees increased dramatically in the first quarter of 2007 as a result of increased legal fees relating to (1) a motion brought the against corporation by a shareholder to eliminate the Profit Sharing Plan and (2) a lengthy review conducted by the TSX Venture Compliance and Disclosure group.

Public Company Expenses (i.e. costs associated with the management and ongoing regulatory expenses related to the public company) increased primarily as a result of increased sustaining/listing fees with the TSX Venture as these fees are a function of the corporation's share price which increased substantially relative to the previous year.

The remaining Miscellaneous Expenses falling under Selling, General and Administrative include property rent and taxes; vehicle expense; travel expenses; and training costs. The Miscellaneous Expenses increased slightly to $28,614 for the quarter ending March 31, 2007 compared to $25,810 for the quarter ending March 31, 2006. This increase can be attributed to increased marketing, travel and travel related expenses resulting from increased selling activity and meetings with suppliers.

**Interest and Bank Charges**

Interest and bank charges reduced slightly primarily as a result of the retirement of a vehicle loan.

**Inventories**

Inventory levels increased to $399,026 at the fiscal quarter ending March 31, 2007 from $313,949 at the period ending December 31, 2006. The variance is primarily due to (1) the timing and receipt of product and raw materials and (2) the increased trade carried out by the Corporation.

**Property, Plant and Equipment**

The total value of Property, Plant and Equipment at fiscal quarter ending March 31, 2007 was $1,119,759 compared to $1,045,718 at the period ending December 31, 2006. Before amortization expense, a total of approximately $92,700 was expended on capital assets for the quarter with the majority of this amount going towards additional explosive storage magazines. Most of the remaining amount was invested in down payments for additional vehicles (tractor trailer and a tractor) and in plant improvements.

**Provision for Income Taxes**

Subsequent to the year ending December 31, 2006 the Corporation has reviewed the status of non-capital loss carry-forwards for tax purposes with the Corporation’s accountants. The estimate provided for the non-capital loss carry-forwards in the audited financial statements are now revised to reflect the Corporation’s tax returns which have been filed subsequent to the audited financial statements. The loss carry-forwards are now estimated to be approximately $140,000 compared to $280,550 in the audited 2006 year end financial statements. The downward estimate is a result of greater than expected non-capital loss carry-forwards being realised on the Corporation’s tax returns subsequent to the completion of the audited year end statements. Going forward, realisation of the potential benefits of the revised losses for approximately $140,000 is dependent upon future profitability. The benefit of the loss carry-forwards will be recorded when realised.

**Retained Deficit**

Retained Deficit decreased to $(254,700) at March 31, 2007 reflecting the net income for the first three months of the year compared to $(394,392) for the fiscal year ending December 31, 2006.

## LIQUIDITY AND CAPITAL RESOURCES

During the fiscal quarter ending March 31, 2007, there was an increase in the Corporation’s near-cash position and short-term deposits to $172,326 from $57,559 as of December 31, 2006.

During Q1 2007, accounts receivable were $1,269,236 and increased by approximately $241,328 during the quarter. The increase is a result of (1) increased sales during the period and (2) one client’s inability to make timely payments. Further detail is provided in the section below titled “Ability of Significant Customers to Make Payments”.

Accounts payable and accrued liabilities increased by $389,698 during the quarter. The increase is primarily a result of (1) a tightening cash flow resulting from an increase in the accounts receivable with the one client mentioned above and (2) increased inventory levels. Subsequent to the period ending March 31, 2007, the corporation secured an operating line from its bank for the lesser of $500,000 or 75% of accounts receivable at the end of each month; as a result, the corporation expects to be able to reduce the total accounts payable and accrued liabilities in the near term.

In order to achieve its long term growth strategy, additional sources of capital may be required by the corporation. If so, it is the corporation’s intention to finance future growth through a term loan from a bank or an equity offering or a debt offering.

## LEGAL PROCEEDINGS

On January 30, 2007 the Corporation was served with a Motion to Institute Proceedings (the Motion”) dated January 29, 2007, brought in the Superior Court District of Montreal by Jacques Levesque, a shareholder of the Company. The Motion seeks an order from the Court to cancel and annul the Corporation’s Profit Sharing Plan (“PSP”) other than with respect to production employees, and an order that the 5% of benefits contemplated by the PSP for the full time production employees be retained and made available exclusively for the benefit of employees of Nordex who are actively engaged in its business activities on a full time basis. The Corporation has engaged counsel in Quebec to oppose the Motion.

Prior to the institution and receipt by the Corporation of the Motion, at a meeting of the Board of Directors on January 25, 2007, and after consultation with and approval by the TSX Venture Exchange, the Directors approved certain modifications to the PSP for the 2007 fiscal year that limit the total PSP payments to $400,000 for the 2007 fiscal year. The Nordex Explosives Ltd. Amended Profit Sharing Plan ("APSP") was for the fiscal year ending December 31, 2007 only. The APSP replaced the PSP for the fiscal year ending December 31, 2007.

At the corporation's Annual and Special Meeting of Shareholders, held in Montreal on May 17, the Corporation announced that the Board of Directors of the Corporation had made a decision that the Corporation's APSP would be terminated retroactively to January 1, 2007, and that the salaries and compensation plans of Mr. John Kozak, the President and Chief Executive Officer of the Corporation and Mr. James Taylor, the VP Operations and Chief Operating Officer of the Corporation would be reviewed by the Compensation Committee of the Board of Directors, with any adjustments to their salaries and compensation to be retroactive to January 1, 2007.

## TRANSACTIONS WITH RELATED PARTIES

There was no deferred compensation in the fiscal quarter ending March 31, 2007 whereas for the quarter ending March 31, 2006, $7,500 was accrued to the Chairman and $7,500 was accrued to the President who are both directors. The reduction in the deferred compensation for these two individuals is equal to the increase in non-deferred salary which is $2,500 per month (or $7,500 per quarter) each beginning January 1, 2007.

$3,000 in Board of Directors meeting fees were also accrued in Q1 2007.

## SUBSEQUENT EVENTS

### Business Development Bank of Canada Loans

Subsequent to the period ending March 31, 2007, the corporation finalized two loan agreements with the Business Development Bank of Canada (the "BDC"). The first loan agreement is a term loan in the amount of $400,000 (the "BDC Term Loan") and the second loan agreement is a working capital loan in the amount of $400,000 (the "BDC Working Capital Loan"). The BDC Term Loan and BDC Working Capital Loan are secured by a general security agreement over the Corporation's assets and mortgages over the Corporation's real property assets.

The $400,000 of funds under the BDC Term Loan was advanced to the Corporation on April 23, 2007. No funds under the BDC Working Capital Loan have as yet been advanced to the Corporation.

Under the BDC Term Loan, BDC is lending Nordex $400,000, with principal payments of $3,850 commencing Aug 15, 2007 and thereafter 95 monthly principal payments of $4,170 beginning on September 15, 2007. Interest is paid monthly on the outstanding principal at a rate of 8.2%. The interest rate on the loan may reduce if Nordex achieves certain financial ratios in subsequent years. $332,624 from this loan was used to fully repay the outstanding balance of a previous loan with the Kirkland & District Community Development Corporation ("KDCDC"). The KDCDC loan had an interest rate of 10% and was due to mature in approximately 7.5 years with blended monthly principal and interest payments of $5,318. The remaining amount of the BDC Term Loan is being used by Nordex Explosives for working capital.

Under the BDC Working Capital Loan, BDC has agreed to lend Nordex up to $400,000 for the purpose of replenishing working capital used by the Corporation for capital expenditures. It is not known if or when Nordex Explosives will draw down any or all of the BDC Working Capital Loan. The interest rate on any amount drawn down on the loan is 8.2% and this rate may reduce if Nordex achieves certain financial ratios in subsequent years. The BDC Working Capital Loan will be repayable in monthly installments of interest, following disbursement, and monthly installments of principal in the amount of $2,250 and will be for a term of 15 years. The BDC may cancel any unused portion of the loan if the loan has not been fully disbursed by November 24, 2007.

**CIBC Operating Line**

Subsequent to the period ending March 31, 2007, the corporation entered into an agreement with the Canadian Imperial Bank of Commerce ( “CIBC”) for CIBC to provide an operating line of credit (the “Agreement”). Under the terms of the Agreement, the CIBC will provide a revolving line of credit for the lesser of $500,000 or 75% of Nordex Explosives accounts receivable at the end of each month. The interest rate is the CIBC Prime Rate plus 0.50% and interest is payable monthly. The operating line of credit is provided for general business purposes and is secured by the current assets of Nordex Explosives including cash, accounts receivable and inventory.

Under the terms of the Agreement, the balance on the operating line of credit must be reduced to nil on a semi-annual basis in a subsequent year if Nordex Explosives’ current ratio is less than 1.20 or their debt to equity ratio is greater than 2.25 at the corporation’s year end. Nordex Explosives has met these financial ratios for the year ending 2006.

**Profit Sharing Plan**

At the corporation’s Annual and Special Meeting of Shareholders, held in Montreal on May 17, the Corporation announced that the Board of Directors of the Corporation had made a decision that the Corporation’s Profit Sharing Plan would be terminated retroactively to January 1, 2007, and that the salaries and compensation plans of Mr. John Kozak, the President and Chief Executive Officer of the Corporation and Mr. James Taylor, the VP Operations and Chief Operating Officer of the Corporation would be reviewed by the Compensation Committee of the Board of Directors, with any adjustments to their salaries and compensation to be retroactive to January 1, 2007.

**Stock Option Plan**

At the corporation’s Annual and Special Meeting of Shareholders, held in Montreal on May 17, shareholders approved a resolution authorizing the Corporation to establish a new Stock Option Plan, which allows the granting of stock options to directors, employees, management and consultants up to an aggregate amount of 300,000 options, in addition to the currently outstanding 121,667 options issued under the Corporation’s existing Stock Option Plan approved by shareholders on June 15, 2001. Implementation of the new Stock Option Plan is subject to the receipt of necessary regulatory approvals by the Corporation, and the exercise price of any options granted under the plan will be not less than the Discounted Market Price of the common shares of the Corporation at the date of the granting of any options, or such other price as may be determined under the applicable rules and regulations of all regulatory authorities to which the Corporation is subject, including the TSX Venture Exchange.

**Authorization of Issuance of Shares in the Event of a Private Placement**

At the corporation’s Annual and Special Meeting of Shareholders, held in Montreal on May 17, shareholders approved a resolution authorizing the issuance by the Corporation of one or more private placements, of such number of securities that would result in the Corporation issuing or making issuable a number of common shares aggregating up to 1,500,000 common shares of the Corporation during the period ending one year from the date of the Meeting or until the next Annual and Special Meeting of shareholders, whichever is earlier, subject to the Directors of the Corporation using their best efforts to offer any such shares to the exiting shareholders on a pre-emptory and pro-rate basis. The Corporation at this time has no specific plans to issue any private placements.

**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 March 31, 2007.

| Quarter Ended | Revenue | Income (Loss) | Income (Loss) Per Share | Total Assets | Total Long Term Financial Liabilities |
|---|---:|---:|---:|---:|---:|
| **2007** | | | | | |
| March 31 | $1,622,282 | $139,692 | $0.025 | $2,979,714 | $346,427 |
| **2006** | | | | | |
| December 31 | $1,345,778 | $92,216 | $0.015 | $2,443,134 | $356,719 |
| 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 |
| **2005** | | | | | |
| 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 |

**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. Information contained in publicly available information in respect of the Corporation and information presented in this document 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 or similar 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, quarry activity 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 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 is capable of supporting some types of loading for bulk emulsions but does not provide up-hole loading of bulk emulsion. The Corporation believes that there is a trend in the underground mining industry to utilize more of bulk emulsion product and is actively pursuing alternatives to expand its support in these areas. The Corporation is continuing to investigate the requirements and cost of manufacturing both of these products internally. The Corporation is at risk of reduced revenue if it is unable to expand its support for these products 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.

**Dependence on Suppliers and Manufacturers**

The Corporation sources its raw materials from suppliers in North America. The Corporation integrates and/or assembles 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 Austin Powder Corp. The ability to replace the product supplied by Austin Powder with similar products from alternate suppliers is a significant risk and failure to do so could have a material adverse effect on 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. Ammonium and natural gas prices have fluctuated significantly over the last two years. There is a risk that the price and quantities of these items will continue to fluctuate. As the supply levels of natural gas (as a result of increased consumption, reduced supply due to natural disasters or terrorist attacks) or ammonium reduce 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 manufacturers to supply it with small diameter packaged explosives and bulk emulsions.

**Dependence on Significant Customers**

The majority of the Corporation’s sales in the quarter were to its mining clients. Management expects this to be the case for the fiscal year 2007 as well. There can be no assurance that these customers will continue to use the Corporation's products and services. 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.

Economic concentration to the Corporation’s top three clients improved during the quarter (i.e. there was less concentration with the top three clients). In the first quarter of 2007, sales to the Corporation’s top three clients comprised 71.6% of total sales compared to 79.0% for the entire 2006 year.

**Ability of Significant Customers to Make Payments**

A significant customer of Nordex has a large accounts payable with the Corporation. Management has been monitoring this situation diligently and has been working closely with the customer in an attempt to improve the situation. The customer had a total accounts payable of approximately $425,020 at March 31, 2007 compared to $489,525 as of December 31, 2006. Approximately $315,766 of the account payable was over thirty days on March 31, 2007 compared to $335,795 was over thirty days on December 31, 2006.

The ability of this customer to make their payments or to make their payments on a timely basis represents a significant risk to 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 had been a significant factor in retaining key personnel. New compensation plans effective January 1, 2007 for Mr. John Kozak, the President and Chief Executive Officer of the Corporation and Mr. James Taylor, the VP Operations and Chief Operating Officer of the Corporation will be recommended by the Compensation Committee of the Board of Directors in lieu of the Profit Sharing Plan.

**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 logistical capabilities, supplier network and manufacturing facilities. The Corporation is constantly assessing business opportunities including new business lines with the objective of increasing sales and profits for the Corporation. The Corporation may require additional financing if it decides to proceed with any of these items.

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 March 31, 2007.

| Designation of Security | Authorized | Outstanding at March 31, 2007 |
|---|---|---|
| Common | 12,000,000 | 5,659,333(1) |

Note: (1) Includes 33,333 options exercised by Mr. Taylor, the VP Operations and COO on February 27, 2007.
.

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 |
|---|---|---|
| Elie J. Doumet (Canada) Ltd.<br>Vancouver, British Columbia | 681,377 | 12.1% |
| Mr. Andrew Timothy Peterson<br>Mississauga, Ontario | 1,069,300 | 19.0% |
| Mr. Jacques Levesque<br>Point Edward, Ontario | 1,187,700 | 21.0% |

**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.

**INTERNAL CONTROL OVER FINANCIAL REPORTING**

The Chief Executive Officer (CEO) and the Chief Financial Officer (CFO) are responsible for designing internal control over financial reporting or causing it to be designed under their supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Financial Statements for external purposes in accordance with Canadian generally accepted accounting principals.

Management has concluded that, as of March 31, 2007, there were weaknesses in the systems of internal control due to the small size of the company, its inability to segregate functions related to control and the limited professional accounting expertise of the company's employees. In the longer term, the company will remediate these weaknesses by expanding the number of employees involved in the accounting function as the company incurs growth. In the interim basis, the company has engaged the services of a professional accounting firm to perform a monthly review of its accounts including a review of the bank reconciliation, accounts receivable and accounts payable control accounts as well as major supplier and customer accounts. In addition on a quarterly basis, the professional accounting firm will prepare the Corporation's interim financial statements.

**OTHER INFORMATION**

Additional Information relating to the Corporation is available on SEDAR at www.sedar.com or by contacting John Kozak, President & CEO of the Corporation at:

Nordex Explosives Ltd.
1469 Indian Road
Mississauga, Ontario, Canada
L5H 1S5
416-907-6933
416-907-9520 (FAX)
johnckozak@yahoo.ca