

LES EXPLOSIFS NORDEX LTEE / NORDEX EXPLOSIVES LTD.

**INTERIM MANAGEMENT DISCUSSION AND ANALYSIS
of Financial Condition and Results of Operations
for the three months ended June 30, 2007**

Dated: August 24, 2007

The following information should be read in conjunction with the Corporation's unaudited June 30, 2007, and June 30, 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 near 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 June 30, 2007, reflect operations of the Corporation for the three month period commencing April 1, 2007 ("Q2 2007"). Comparative financial results are for the three months commencing April 1, 2006 and ending on June 30, 2006 ("Q2 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 June 30, 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 June 30, 2007 compared to the quarter ending June 30, 2006. Gross margins decreased slightly in the second 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 June 30, 2007 and June 30, 2006.

Three Months ended June 30	Q2 2007	Q2 2006
Total Revenues	\$1,781,120	\$1,002,570
Cost of Goods Sold	\$1,372,277	\$757,921

Gross Profit	\$408,843	\$244,649
Gross Margin	23.0%	24.4%
Selling, General and Administration Expense	\$262,533	\$170,084
Earnings before Interest, Taxes and Amortization	\$146,310	\$74,565
Amortization Expenses	\$31,582	\$16,807
Interest and Bank Charges	\$13,167	\$9,679
Net Income for the Period before taxes	\$101,561	\$48,079
Net Income per Share before taxes	\$0.018	\$0.009
Cash Provided (Used In) Operating Activities	\$(22,320)	\$64,763
Cash (bank indebtedness) End of Period	\$141,137	\$163,902
Long Term Debt (including current portion)	\$608,246	\$387,335
Total Liabilities	\$2,258,619	\$1,455,387
Accounts Receivable	\$1,009,649	\$764,715
Shareholders' Equity	\$1,219,751	\$777,070
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 June 30, 2007, Nordex recorded a net income before taxes of \$101,561 compared to \$48,079 for the three months ending June 30, 2006. Net profit margin before taxes for Q2 2007 increased to 5.7% compared to 4.8% in Q2 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 offsetting a reduction in Gross Margin percent. This is shown in the table below.

Period	Sales	SG&A Expenses	SG&A Expenses as Percentage of Sales
Q1 2007	\$1,781,120	\$262,533	14.7%
Q1 2006	\$1,002,570	\$170,084	17.0%

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

Revenue

The period ending June 30, 2007 is the fifteenth consecutive quarter that sales have increased over the same quarter in the prior year. Revenues increased by 77.6% in this period compared to the same period in 2006 reflecting a strong three month period which has historically been a weaker quarter.

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 mining clients in the quarter that were not clients in the second quarter of 2006.

Other Revenue for the quarter increased to \$21,516 from \$nil in 2006, largely as a result of equipment rental (\$8,450) and interest on accounts receivable (\$12,101)

Cost of Sales

Gross profit margins remain healthy at 23.0% for Q2 2007 compared to 24.4% for Q2 2006. The reduction in gross profit margins is a reflection of two increases in detonator product costs charged by the Corporation's supplier effective February 2007 and April 2007 despite the Company's annual price increase to its clients going into effect on April 1, 2007.

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 June 30, 2007 were \$262,533 compared to \$170,084 for the three months ending June 30, 2006.

Wages and benefits for the three months ending June 30, 2007 were \$88,549 compared to \$54,110 for the three months ending June 30, 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. A net of \$26,250 in total was accrued for these compensation adjustments in the quarter and \$61,250 has been accrued year to date.

Director meeting fees in the second quarter were \$4,500 compared to \$5,400 in the same quarter of 2006.

Insurance costs for the quarter were \$20,926 compared to \$23,596 in the second quarter of 2006.

Professional fees increased in the second quarter of 2007 as a result of increased legal fees relating to a motion brought against corporation by a shareholder to eliminate the Company's Profit Sharing Plan.

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 1) an increase in regulatory filings and press releases and 2) an increase in costs related to the AGM.

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 to \$64,340 for the quarter ending June 30, 2007 compared to \$30,984 for the quarter ending June 30, 2006. This increase can be attributed to increased marketing, travel and related expenses resulting from increased selling activity and meetings with suppliers.

Interest and Bank Charges

Interest and bank charges have increased as a result of the financing of mobile equipment vehicle loans. Vehicles were necessary for the delivery of product and use at the plant as a result of increased trade.

Inventories

Inventory levels increased to \$956,663 at the second quarter ending June 30, 2007 from \$313,949 at the period ending December 31, 2006. The variance is primarily due to 1) a change in terms by a major supplier who has eliminated a policy of consignment resulting in a large increase in inventory 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 June 30, 2007 was \$1,358,869 compared to \$1,043,718 at the period ending December 31, 2006. Before amortization expense, a total of

approximately \$270,691 was expended on capital assets for the quarter with the majority of this amount going towards mobile equipment.

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 \$147,395 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 \$147,395 is dependent upon future profitability. The benefit of the loss carry-forwards will be recorded when realised.

Deficit

The Deficit decreased to \$(153,138) at June 30, 2007 reflecting the net income for the six months of the year compared to \$(394,392) at the fiscal year ending December, 2006.

LIQUIDITY AND CAPITAL RESOURCES

During the fiscal quarter ending June 30, 2007, there was an increase in the Corporation's near-cash position and short-term deposits to \$141,137 from \$57,559 as of December 31, 2006.

Accounts receivables at the quarter ending June 30, 2007 were \$1,009,649 and decreased by \$259,587 during the quarter.

Accounts payable and accrued liabilities increased by \$133,622 during the quarter. The increase is primarily a result of a change in terms, as noted above, by a major supplier who has eliminated a policy of consignment which was partially offset by reduction of accrued compensation. The corporation has secured an operating line from its bank for the lesser of \$500,000 or 75% of accounts receivable at the end of each month and, as a result, the corporation expects to be able to reduce the total accounts payable and accrued liabilities as required.

In order to achieve its long term growth strategy, additional financing sources of capital may be acquired 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 June 30, 2007 whereas for the quarter ending June 30, 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 an increase in non-deferred salary, which is \$2,500 per month (or \$7,500 per quarter) for each beginning January 1, 2007. There was also \$4,500 in Board of Directors meeting fees accrued in Q2, 2007.

An officer of the company is a partner in a legal firm which provides legal services to the company. The payments made to this firm during the second quarter were \$26,113 and are related to services provided in the normal course of business.

FINANCING ACTIVITIES

Business Development Bank of Canada Loans

During the period ending June 30, 2007, the corporation finalized two loan agreements with the Business Development Bank of Canada (the "BDC") which 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 first BDC Loan was advanced to the Corporation on April 23, 2007. No funds under the second BDC Loan, which is to be used for new capital expenditures, have as yet been advanced to the Corporation.

Under the first BDC Loan, BDC is lending Nordex \$400,000, repayable in 180 principal payments of \$2,225 commencing October 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 first loan is being used by Nordex Explosives for working capital.

Under the second loan which is for financing new capital expenditures, BDC has agreed to lend Nordex up to \$400,000. It is not known if or when Nordex Explosives will draw down any or all of the second 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. This loan will be repayable in monthly installments of interest, following disbursement, and monthly installments of principal in the amount of \$4,170 and will be for a term of 8 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

During the period ending June 30, 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.

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 June 30, 2007.

Quarter Ended	Revenue	Income (Loss)	Income (Loss) Per Share	Total Assets	Total Long Term Financial Liabilities
2007					
June 30	\$1,781,120	\$101,561	\$0.018	\$3,478,370	\$608,246
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

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 resells products manufactured by other companies.

A significant portion of the Corporation's sales are currently made up by the resale of product from one manufacturer. The ability to replace the product supplied by this manufacturer 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 is dependent on another third party manufacturer to supply small diameter packaged explosives. The ability to replace these products with similar products from an alternative supplier is a significant risk.

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 or ammonium reduce then the availability of ammonium nitrate decreases and the price increases presenting a risk to the Corporation.

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 second quarter of 2007, sales to the Corporation's top three clients comprised 64.5% of total sales compared to 72.2% in the same quarter in 2006.

Ability of Significant Customers to Make Payments

A significant customer of Nordex has a large accounts payable amount owing to 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 \$477,877 at June 30, 2007 compared to \$489,525 as of December 31, 2006. Approximately \$303,836 of the account payable was over thirty days on June 30, 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 June 30, 2007.

Designation of Security	Authorized	Outstanding at June 30, 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. Vancouver, British Columbia	681,377	12.1%
Mr. Andrew Timothy Peterson Mississauga, Ontario	1,069,300	19.0%
Mr. Jacques Levesque Point Edward, Ontario	1,163,700	20.6%

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 with the exception noted in the following section (Internal Control Over Financial Reporting), 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. 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, the services of a professional accounting firm are provided who performs 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. The professional accounting firm prepares the Corporation's Quarterly interim financial statements. The company has also recently hired a Finance Manager who will provide accounting and financial management to the internal controls over the Company's financial reporting.

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