

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, 2005

Dated: November 8, 2005

The following information should be read in conjunction with the Corporation's unaudited September 30, 2005, and September 30, 2004 and the audited December 31, 2004 financial statements and the management discussion & analysis for the same periods. The audited statements 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 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, 2005, reflect operations of the Corporation for the three month period commencing July 1, 2005. Comparative financial results are for the three months commencing July 1, 2004 and ending on September 30, 2004.

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, 2004. This discussion is intended to provide historical and prospective analysis of the activities of the Corporation.

OVERALL PERFORMANCE AND RESULTS OF OPERATIONS

Financial Highlights

The following table sets forth certain financial information of the Corporation for the three months ending September 30, 2005 and September 30, 2004.

Three Months ended September 30	2005	2004⁽¹⁾
Total Revenues	\$979,109	\$831,100
Cost of Goods Sold	\$775,134	\$769,387
Gross Profit	\$203,975	\$61,713
Gross Margin	20.8%	7.4%
Selling and General Administration and Marketing Expense excluding Amortization and Interest	\$132,891	\$125,466
Income (loss) before Interest, Taxes, Depreciation and Amortization	\$71,084	\$(63,753)
Amortization Expenses	\$11,080	\$5,626
Interest on long term debt	\$11,720	\$3,849
Gain on Sale of Equipment	Nil	Nil
Net Income (loss) for the Period	\$48,284	\$(73,228)
Net Income (loss) per Share	\$0.009	\$(0.012)
Cash Provided By (Used In) Operating Activities	\$201,285	\$(256,181)
Cash (bank indebtedness) End of Period	\$458,431	\$30,431

Accounts Receivable	\$540,206	\$729,784
Long Term Debt (including current portion)	\$418,650	\$456,478
Total Liabilities	\$1,483,275	\$1,271,141
Shareholders' Equity	\$515,845	\$310,924
Total Shares Outstanding	5,451,000	6,039,777

Notes: (1) Certain of the comparative figures have been restated to conform to current financial presentation.

With respect to foreign currency, all monetary assets and liabilities have been translated at the year-end exchange rate. 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.

Income for the Three Months

For the three months ending September 30, 2005, Nordex recorded a net income of \$48,284 (\$0.009 earnings per common share) compared to a net loss of \$73,228 (\$0.012 loss per common share) for the three months ending September 30, 2004, reflected on the weighted average number of shares outstanding.

Revenue

For the three months ending September 30, 2005, Nordex reported revenues of \$979,109 compared to \$831,100 for the three months ending September 30, 2004, an increase of 17.8%. The revenues for the Corporation increased as a result of year over year price increases and the additional sales of detonator products due to a stable supply of these products.

Cost of Goods Sold

Cost of Goods Sold was \$775,134 for the three months ending September 30, 2005 compared to \$769,387 for the three months ending September 30, 2004. The gross margin was 20.8% for the three months ending September 30, 2005 compared to 7.4% for the three months ending September 30, 2004. The increase in gross margin is due to (1) an increase in our Regulatory Compliance Surcharge (RCS) to our clients from 3% to 5% of a product sale, and (2) raw material and product costs decreasing to 61.9% of sales in the current quarter compared to 73.8% in the same quarter last year (this is a result of a favourable exchange rate with U.S. suppliers and the ability to negotiate better pricing due to increased trade).

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, 2005 were \$144,611 (representing 14.8% of total sales for the three months) compared to \$129,315 (representing 15.6% of total sales for the three months) for the three months ending September 30, 2004. Interest on long term debt increased to \$11,270 in the current quarter compared to \$3,849 in last year's comparable quarter as a result of additional loans taken out for the implementation of a new production line and the financing of mobile equipment. Insurance decreased to \$18,991 from \$26,420 in the same quarter last year due to better rates for mobile equipment and general liability. Utilities increased to \$4,571 from \$2,834 period over period due to increased trade and increased energy rates. Total costs for consultants, wages and benefits were fairly static compared to last year's quarter (\$62,275 in Q3 2005 versus \$60,227 in Q3 2004).

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. Miscellaneous Expenses were \$47,054 for the three months ending September 30, 2005 compared to \$35,985 for the three months ending September 30, 2004 representing an increase of \$11,068. Further detail is provided below.

Account	Q3 2005	Q3 2004	Q2 2005 Increase
Vehicle Expenses	\$15,548	\$8,164	\$7,384
Public Company Listing Fees	\$13,510	\$2,654	\$10,856
Advertising & Publicity	\$4,645	\$17,342	\$(12,698)
Rent	\$2,000	nil	\$2,000
Remaining Miscellaneous Accounts	\$11,351	\$7,825	\$3,526
Total Miscellaneous Expenses	\$47,054	\$35,985	\$11,068

Vehicle Expenses increased due to increased due to the increased number of mobile equipment and increased trading activity for the period. Public Company Listing Fees increased as invoices were received in the quarter for expenses from previous quarters in 2005. Advertising & publicity decreased significantly as a result of the elimination of retainer fees/wages for a sales agent (\$2,404), elimination of product royalties (\$2,483) and participation in two less promotional events compared to Q3 2004. Rent was \$2,000 greater than the same quarter from last year as the company is not renting property at a remote location for storage. Remaining Miscellaneous Accounts increased by \$3,526 and included in this is an invoice for legal services performed in previous quarters which totaled \$4,700.

Inventories

Inventories decreased to \$257,651 compared to \$355,401 at the fiscal quarter ending September 30, 2004. Inventories generally fluctuate between \$225,000 and \$350,000 strictly on the timing of client deliveries and receipt of raw materials and product.

Property, Plant and Equipment

The total value of Property, Plant and Equipment at fiscal quarter ending September 30, 2005 was \$735,280 compared to \$626,912 at fiscal year ending December 31, 2004. The net increase from the ongoing development of the Company's emulsion manufacturing facilities was \$103,213 accounting for almost the entire increase. The Company expects the emulsion facilities will be fully operational by the end of the current year.

Amortization for the fiscal quarter ending September 30, 2005 increased to \$11,080 from \$5,626 at fiscal quarter ending September 30, 2004. The increase was a result of using an amortization rate for Mobile Equipment of 25% in the first three months of 2005 compared to 10% for the first three months of 2004 and a result of the investments made on the following: (1) improvements to the existing plant facility; (2) improvements and betterments to the buildings located at the plant including the office; (3) increasing the number of trucks and enhancements to existing trucks to deliver product to customers; and (4) increased storage capacity of finished product (inventory).

Provision for Income Taxes

As of December 31, 2004, the corporation has available non-capital loss carry-forwards for tax purposes in the amount of \$1,016,000, which may be carried forward and be used to reduce taxable income of future years, as set out in the notes to the audited 2004 annual financial statements. These carry forwards expire as set out in the notes. As of December 31, 2003, the Corporation had available non-capital loss carry-forwards for tax purposes in the amount of \$1,342,000. Realization of the potential benefits of these losses is dependent upon future profitability. In addition, the Corporation has earned non-refundable investment

tax credits amounting to approximately \$93,000 that can be applied to reduce future federal income taxes payable. These credits expire as set out in the notes. The benefit of these loss carry-forwards and investment tax credits will be recorded when realized.

Retained Earnings

Retained Earnings/(Deficit) reduced to (\$810,321) for the fiscal quarter ending September 30, 2005 compared to (\$936,184) for the fiscal year ending December 31, 2004 reflecting the net income of \$125,862 for the first nine months in 2005.

Dividend Record and Policy

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

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 Corporation's revenues will be derived entirely from existing products. Demand for existing products will be affected by many factors, many of which are beyond the Corporation's control, including the general level of mining, quarry work 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.

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 largest component of raw material used by the Corporation is Ammonium Nitrate (AN). AN is a byproduct of natural gas. Natural gas has recently experienced a significant increase in price and there is no assurance that it will not continue to increase. As a result of various natural disasters, the supply of natural gas and AN has become increasingly more narrow. The ability to obtain sufficient quantities of AN is a significant risk and failure to do so could have a material adverse effect on the Corporation.

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 that the Company is a distributor 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.

Dependence on Significant Customers

A significant percentage of Nordex's historical revenues have been attributable to installations to a relatively small number of major customers. There can be no assurance that such 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.

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 Corporation 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 all of its directors, officers or employees. The contributions of these individuals to the immediate future operations of the Corporation is likely to be of central importance and the loss of any one of these individuals could have a material adverse effect of the business of the Corporation. The Corporation's current team of personnel may not include individuals with sufficient technical expertise to carry out certain of the Corporation's stated objectives. There can be no assurance that suitably qualified personnel can be hired.

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

If the Corporation is unable to implement its business plan utilizing its current financial resources, the Corporation may require additional financing to continue to carry on business. 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.

Negative Cash Flow and Absence of Profits

There is no assurance that the Corporation will earn profits in the future, or that profitability, if achieved, will be sustained. The success of the Corporation will ultimately depend on its ability to generate revenues from its sales of its products and services, such that its business development and marketing activities may be financed by revenues from operations instead of external financing. There is no assurance that future revenues will be sufficient to generate the required funds to continue the Corporation's business development and marketing activities.

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.

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, 2005. Results for the quarters ending March, June and September are unaudited, whereas the fiscal year ends for December are audited. As a result, the quarter ending in December of each year may contain year end adjustments. Certain of the comparative figures for prior quarters have been restated to conform to current financial presentation.

Quarter Ended	Revenue	Income (Loss)	Income (Loss) Per Share	Total Assets	Total Long Term Financial Liabilities
2005					
September 30	\$979,109	\$48,284	\$0.009	\$1,999,120	\$418,650
June 30	\$803,748	\$46,478	\$0.009	\$1,726,758	\$428,337
March 31	\$843,899	\$31,101	\$0.005	\$1,625,922	\$438,121
2004					
December 31	\$966,961	\$ 73,371	\$0.012	\$1,824,318	\$447,721
September 30	\$831,100	(\$ 73,228)	(\$0.012)	\$1,582,065	\$456,478
June 30	\$268,551	(\$121,733)	(\$0.023)	\$ 826,548	\$130,742
March 31	\$342,869	(\$ 29,270)	(\$0.008)	\$ 579,454	\$104,948
2003					
December 31	\$258,148	\$ 22,615	\$0.007	\$ 633,738	\$112,174

LIQUIDITY AND CAPITAL RESOURCES

During the fiscal quarter ending September 30, 2005, there was an increase of \$95,162 in the Corporation's near-cash position and short-term deposits to \$458,431 from \$363,269 as of June 30, 2005. Accounts receivable increased to \$540,206 from \$500,703 as of June 30, 2005. The moderate increase is attributable to the slight increase in trade and timing of client payments. Accounts payable and accrued liabilities increased to \$1,064,625 from \$832,282 as of March 31, 2005. \$19,500 of the increase is a result of accrued compensation to management and officers. In the fiscal quarter ending September 30, 2005, accrued

liabilities outstanding to Directors totalled \$150,000. This amount has not been paid out and it will only be paid out in a manner and at a time that does not cause undue hardship to the Corporation.

During the fiscal year 2004, the Corporation arranged a new working capital loan in the amount of \$400,000 from the Kirkland & District Community Development Corporation of which \$375,623 is still owing. The loan bears interest at the rate of 10% per annum calculated monthly, payable in monthly instalments of \$5,318 and is amortized over a 120 months, maturing in 2014. Proceeds of the loan were used to cancel existing long term debt of approximately \$93,000 and to finance the purchase of equipment and the implementation of the Corporation's new emulsion manufacturing capabilities.

In addition the Corporation has a loan outstanding in the amount of \$28,579, bearing interest at the rate of 8% per annum, payable in monthly instalments of \$995 and maturing in 2008, secured by a vehicle, which vehicle was purchased by the Corporation for the purpose of delivering product to customers. Furthermore, the Corporation has a loan in the amount of \$14,448, bearing interest at the rate of 10% per annum, payable in monthly instalments of \$489 and maturing in 2008, secured by a vehicle.

The ability of the Corporation to continue as a going concern is dependent upon achieving profitable operations and having sufficient cash flow from operations or asset disposals to meet its obligations as they become due. Management is currently exploring ways to increase sales, increase gross margins and to continue expanding the Corporation.

Management believes its financial reserves and funds provided by ongoing operations are adequate to support its short term needs. 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 equity or debt offerings. In management's opinion, Nordex is well poised to continue its growth in the future and has adequate means, both internally and via outside banking support to finance future growth.

Transactions with Related Parties

There were no transactions with related parties in Q3 2005. During the fiscal year ending December 31, 2004 the Corporation loaned a director of the Corporation \$12,500 with no interest. This loan was repaid to the Company in full in Q2 2005.

OUTSTANDING SHARE DATA

The following table sets forth the capitalization of the Corporation at September 30, 2005.

Designation of Security	Authorized	Outstanding as at September 30, 2005
Common	12,000,000	5,451,000

At its annual meeting of shareholders on May 20, 2005, shareholders approved a by-law of the Board of Directors of the Corporation to increase the authorized capital of the corporation by an additional 5,000,000 shares. On December 15, 2004, the *Registraire des Entreprises* for the Province of Quebec issued a *Certicate De Modification* increasing the authorized capital of the corporation to 12,000,000 common no par value shares. The holders of common shares are entitled to one vote for each share held.

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:

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Name	Number of Shares Beneficially Owned or Controlled or Directed	Percentage of Outstanding Common Shares of 5,451,000
Elie J. Doumet Canada Ltd. Vancouver, British Columbia, Canada	681,377	12.50%
Jacques Levesque Point Edward, Ontario, Canada	866,700	15.90%
Andrew Timothy Peterson Mississauga, Ontario, Canada	823,800	15.11%

OTHER INFORMATION

Additional Information relating to the Corporation is available on SEDAR at www.sedar.com.