

LES EXPLOSIFS NORDEX LTEE/NORDEX EXPLOSIVES LTD.

ANNUAL MANAGEMENT DISCUSSION AND ANALYSIS of Financial Condition and Results of Operations for the twelve months ended December 31, 2005

Dated: April 18, 2006

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

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

The results for the fiscal year ending December 31, 2005, reflect operations of the Corporation for the twelve month period commencing January 1, 2005. Comparative financial results are for the fiscal year commencing January 1, 2004 and ending on December 31, 2004.

Management discussion and analysis is a review of the Corporation's financial condition and results of operation as compared to the corresponding prior year end. This discussion is intended to provide historical and prospective analysis of the activities of the Corporation.

All financial data contained in this Management Discussion and Analysis has been prepared in accordance with Canadian generally accepted accounting principles. 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.

OVERALL PERFORMANCE AND RESULTS OF OPERATIONS

Financial Highlights

The following table sets forth certain financial information of the Corporation for the fiscal years ending December 31, 2005, 2004 and 2003.

Twelve Months ended December 31	2005	2004	2003⁽¹⁾
Total Revenues	\$3,674,883	\$2,409,481	\$967,628
Cost of Goods Sold	\$2,816,898	\$2,012,251	\$774,829
Gross Profit	\$857,985	\$ 397,230	\$192,799
Selling and General Administration and Marketing Expense excluding interest	\$535,590	\$ 493,350	\$233,984
Income (loss) before Interest, Taxes, Depreciation and Amortization	\$322,395	\$(96,120)	\$(41,185)
Amortization Expenses	\$46,460	\$33,690	\$1,328

Interest on long term debt	\$43,365	\$21,050	\$12,313
Net Income (loss) for the Period	\$232,570	\$(150,860)	\$(64,726)
Net Income (loss) per Share	\$0.040	\$(0.029)	\$(0.020)
Cash Provided By (Used In) Operations	\$435,841	\$(36,244)	\$4,266
Cash (bank indebtedness) End of Period	\$365,040	\$194,020	\$3,059
Accounts Receivable	\$625,579	\$706,109	\$156,998
Total Assets	\$2,079,720	\$1,824,318	\$633,738
Accounts Payable & Accrued Liabilities	\$1,046,123	\$990,880	\$243,175
Long Term Debt	\$365,288	\$408,457	\$82,203
Total Liabilities	\$1,454,580	\$1,438,601	\$355,349
Shareholders' Equity	\$625,140	\$385,717	\$278,939
Total Shares Outstanding at End of Period	5,451,000 ⁽²⁾	6,039,777	3,314,777

Note: (1) Certain of the comparative figures have been restated to conform to the current financial presentation.
(2) During the fiscal year ending December 31, 2005, the corporation cancelled 588,777 common shares held in treasury.

Dividend Record and Policy

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

Income

For the fiscal year ending December 31, 2005, Nordex recorded a net income of \$232,570 compared to a net loss of \$150,860 for the fiscal year ending December 31, 2004 and a net loss of \$64,726 for the fiscal year ending December 31, 2003. Earnings/(Loss) per common share were \$0.040, \$(0.029) and \$(0.020) for the corresponding periods reflected on the weighted average number of shares outstanding.

Net Income increased significantly as a result of (1) increased revenue, (2) improved gross margins, and (3) lower Selling, General and Administrative Expense as a percentage of Revenue. Each of these is explained further in the next three sections.

Revenue

Sales increased by 52.5% in 2005 over 2004. For the fiscal year ending December 31, 2005, Nordex reported revenues of \$3,674,883 compared to \$2,409,481 for the fiscal year ending December 31, 2004 and to \$967,628 for the fiscal year ending December 31, 2003.

In order of significance, revenue increased as a result of (1) having several large clients for the entire year compared to a portion of the fiscal 2004 year, (2) increased operations by its mining clients in 2005, and (3) a price increase that was implemented in February 2005.

Management anticipates continued growth in revenues through 2006.

Cost of Good Sold

Cost of Goods Sold were \$2,816,898 for the fiscal year ending December 31, 2005 compared to \$2,012,251 for the fiscal year ending December 31, 2004 and \$774,829 for the fiscal year ending December 31, 2003. The gross margin was 23.3% for the fiscal year ending December 31, 2005 compared to 16.5% for the fiscal year ending December 31, 2004 and to 19.9% for the fiscal year ending December 31, 2003.

Gross margins increased over 2004 as a result of (1) implementing the price increase in February 2005, (2) reduced cost of freight to obtain goods and (3) efficiencies in wages and benefits as a percentage of sales.

As a result of the price increase implemented by the Corporation, material costs were 64.4% of product sales in 2005 compared to 69.6% in 2004.

In 2005, the cost of freight to obtain goods reduced to \$135,709 from \$143,209 or to 3.9% of product sales from 6.2% compared to 2004. Savings were obtained as a result of converting from truck to rail for receipt of some of its raw materials and efficiencies from the overall increase in goods purchased.

Some of the reductions in Cost of Goods Sold were offset by increased commissions to the Corporation's sales agent. Commissions paid to the sales agent increased primarily as a result of the sales agent working for the Corporation for the entire 2005 year compared to a portion of 2004.

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 fiscal year ending December 31, 2005 were \$535,590 compared to \$493,350 in 2004 (representing an increase of 8.6% over 2004) and compared to \$246,197 for the fiscal year ending December 31, 2003.

Wages and benefits increased to \$128,444 in 2005 compared to \$110,125 in 2004 and \$32,864 in 2003. The increase is a result of an increase in the President's salary in 2005.

Despite an increase in the number of vehicles in the Corporation, insurance costs remained relatively unchanged in 2005 compared to 2004 as a result of negotiating better rates.

Utility costs increased by 10.7% from \$26,117 in 2004 to \$28,919 in 2005 due to increased production at the plant and higher utility rates.

In 2005, the Corporation accrued management consulting expenses for the VP Operations, President and Chairman. These individuals have agreed that the Corporation will not be required to pay those accrued amounts until such time as not to cause undue hardship to the Corporation. Accrued management consulting expense in 2005 reduced to \$78,000 from \$101,750 in 2004. The total for all consulting expenses including external consultants in 2005 reduced to \$87,540 from \$123,650 in 2004.

Miscellaneous Expenses increased and are explained below.

Miscellaneous Expenses

Miscellaneous Expenses are a component of Selling, General and Administrative Expenses. Miscellaneous Expenses include property expense; vehicle expense; travel expenses; professional fees; training costs; licenses; and expenses related to maintaining a public listing on the TSX Venture Exchange. Miscellaneous Expenses were \$225,130 for the fiscal year ending December 31, 2005 compared to \$167,859 for the fiscal year ending December 31, 2004 representing a year over year increase of \$57,271.

Account	2005	2004	2005 Increase
Plant Expense	\$20,658	\$13,963	\$6,695
Vehicle Expense	\$72,850	\$30,513	\$42,337
Travel	\$16,528	\$24,690	\$(8,162)
Rent	\$13,000	\$3,000	\$10,000
Office Supplies and Expense	\$9,070	\$7,597	\$1,473
Professional Fees	\$29,063	\$24,150	\$4,913
Remaining Miscellaneous Expense	\$63,961	\$63,946	\$15
Total Miscellaneous Expenses	\$225,130	\$167,859	\$57,271

The majority of the increase in Miscellaneous Expenses occurred under Vehicle Expense. Vehicle Expense increased by \$42,337 as the Corporation increased the number of vehicles it uses to handle raw materials and ship product to its customers. Over the year, the Corporation evolved to the point where all client deliveries are done using Corporation vehicles and staff. In 2004, a great deal of product was delivered by third party carriers. As a result, maintenance costs and gas costs increased significantly year over year.

The plant expense increased from \$13,963 in 2004 to \$20,658 in 2005 proportionate to the increased sales and production.

Travel expense reduced as a result of using a sales agent for selling the entire year in 2005 compared to a portion of the year in 2004. The Corporation does not reimburse the sales agent for travel costs resulting for the reduction in this the Travel expense year over year.

Rent expense is for an off site location used to store inventory. This location was rented for the entire year compared to 3 months in 2004 accounting for the increase.

The total remaining miscellaneous expense is made up of property taxes, licenses & permits, public listing expense, bank fees, advertising, trade shows and marketing materials and was relatively unchanged year over year.

Management Compensation

During the fiscal year ending December 31, 2005, the Board of Directors approved a Profit Sharing Plan (the "PSP") for the employees, management and directors of the Corporation. The PSP applies to the fiscal years ending December 31, 2006 and 2007 but not beyond these years. Under the terms of the PSP, no amounts shall be paid out of the PSP to any individuals for net income before tax up to \$163,530 in each of the fiscal years. If the Corporation achieves net income before tax in excess of \$163,530 in either of the fiscal years, certain individuals/groups will receive a portion of the amount in excess of this amount as follows:

VP Operations	20.00% of the amount in excess of \$163,500
President	13.33% of the amount in excess of \$163,500
Chairman	6.67% of the amount in excess of \$163,500
Employees	5.00% of the amount in excess of \$163,500 shared between all employees
Directors	5.00% of the amount in excess of \$163,500 shared between all directors

Any amounts paid out under the PSP will not be done until after the fiscal year end in which they apply.

Inventories

Inventories were \$270,590 on December 31, 2005 compared to \$279,798 at the fiscal year ending December 31, 2004 and \$159,034 at the fiscal year ending December 31, 2003. Inventory levels have consistently ranged between \$225,000 and \$350,000 over the last year depending on timing of shipments of raw materials and finished product. Management expects this range to increase between \$25,000 and \$50,000 in 2006 as a result of increased sales levels.

Property, Plant and Equipment

The total book value of Property, Plant and Equipment at fiscal year ending December 31, 2005 was \$829,511 compared to \$626,912 and \$311,258 at fiscal years ending December 31, 2004 and 2003. During the fiscal year 2005, an additional \$158,508 was invested in the completion of facilities to manufacture emulsion products. This represents the majority of capital asset investments for the year. Test batches of packaged emulsion were successfully run through the emulsion plant facilities during the fourth quarter and have moved into full production in the first quarter 2006. Depreciation will commence on this asset in the first quarter of 2006.

The Corporation expanded its mobile fleet allowing it to ship product to its clients directly without the need for third party carriers. In addition to resulting cost savings, the Corporation can be more responsive to clients' orders and reduce the lead time from order placement to receipt of goods for the client. During the fiscal year 2005, \$43,824 was invested in mobile equipment assets.

As the Corporation's sales increased and mining activities at its major clients increased, the need for explosive storage magazines increased. During the fiscal year 2005, \$43,791 was invested in upgrades to existing storage magazines and the purchasing of additional storage magazines. The storage magazines are classified under Buildings in the notes of the audited Financial Statements.

Provision for Income Taxes

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

As of December 31, 2004, the Corporation had available non-capital loss carry-forwards for tax purposes in the amount of \$1,016,000.

For the fiscal year 2005, approximately \$100,785 in tax loss carry-forwards was utilized resulting in no income taxes owing for the year.

Retained Earnings

Retained Earnings/(Losses) decreased to (\$703,613) for the fiscal year ending December 31, 2005 reflecting the net profit for the period compared to (\$936,183) for the fiscal year ending December 31, 2004 and compared to (\$785,323) for the fiscal year ending December 31, 2003.

LIQUIDITY AND CAPITAL RESOURCES

During the fiscal year ending December 31, 2005, there was an increase in the Corporation's near-cash position and short-term deposits to \$354,040 from \$194,020 as of December 31, 2004 and \$3,059 as of December 31, 2003. During the year an impressive \$435,841 in cash flow was provided by operating activities.

Financially the Corporation is in a healthy position at year end. The Working Capital (or Current) Ratio was 1.15 at year ending December 31, 2005. The Quick Ratio (or Acid Test) was at 0.90 at the same time. Both these figures are significant improvements over the last several years.

At the end of 2004, accounts receivable were \$625,127 compared to \$706,109 at December 31, 2004 and \$156,998 at December 31, 2003. On average, receivables are being collected between forty-five and sixty days which is common for the industry.

Accounts payable and accrued liabilities increased to \$1,046,123 from \$990,880 at December 31, 2004 and \$243,175 at December 31, 2003. At the fiscal year ending December 31, 2005, accounts payable made up \$867,623 of the \$1,046,123. Accrued liabilities outstanding to Directors, staff and consultants were \$178,500 at the end of 2005 compared to \$180,659 at the end of 2004. The entire \$178,500 is accrued compensation for the President, VP Operations and the Chairman and will be paid out in a manner and at a time that does not cause undue hardship to the Corporation.

Long term debt and the current year's portion was \$408,457 at the end of 2005. \$368,976 of this amount is for a loan obtained from the Kirkland & District Community Development Corporation in 2004. 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. The remainder of the debt is for vehicle loans of \$26,151 and \$13,330 for 10% and 8% respectively. Both of the vehicle loans mature in 2008.

Management is currently exploring alternative sources of credit in order to obtain more favourable rates, reduce long term debt and reduce interest expense.

In management's opinion, Nordex is well poised to continue its growth in the near term and has adequate means, both internally and via outside banking support to finance this growth.

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

TRANSACTIONS WITH RELATED PARTIES

During the fiscal year ending December 31, 2004 the Corporation loaned a director of the Corporation \$12,500 that was repaid in full in 2005.

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 December 31, 2005.

Quarter Ended	Revenue	Income (Loss)	Income (Loss) Per Share	Total Assets	Total Long Term Financial Liabilities
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
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

RISK FACTORS

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

Reliance on Existing Product in Static Markets

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

The up-hole loading of bulk emulsions and small diameter packaged emulsions are two products that are used widely in under ground mining and are not manufactured by the Corporation. The Corporation currently distributes small diameter packaged emulsion manufactured by third parties. Currently, the Corporation has no way of supporting up-hole loading of bulk emulsion and there is a trend in the underground mining industry to utilize more of this product. The Corporation is currently investigating the requirements and cost of manufacturing both of these products internally. The Corporation is at risk of reduced revenue if it is unable to provide these products 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 one Corporation, Austin Powder. With the exception of Austin Powder, the Corporation believes that it could replace any of its suppliers, manufacturers or assemblers within a short period of time and without material adverse impact on the Corporation's business. The ability to replace the product supplied by Austin Powder with similar product from another supplier is a significant risk and failure to do so could have a material adverse effect on the Corporation.

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

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

Dependence on Significant Customers

The majority of the Corporation's sales in 2005 were to its mining clients. Management expects this to be the case for the fiscal year 2006 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.

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 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.

Directors and Officers Conflicts

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

Delays in Implementing Business Plan

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

Additional Financing Requirements

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

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

Regulatory Approvals

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

Competition

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

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

Market for Securities

The Common Shares are listed for trading on the TSX Venture Exchange. However, there is no assurance that an active trading market in the Common Shares will be sustained. Purchasers may not be able to dispose of the Common Shares or Warrants on a timely basis or at all. The market price for the Common Shares could be subject to wide fluctuations. Factors such as announcements of quarterly variations in operating results, activities by competitors of the Corporation, as well as market conditions in the securities industry, may have a significant impact on the market price of the securities of the Corporation. The stock market has from time to time experienced extreme price and volume fluctuations which have often been unrelated to the operating performance of particular companies.

OUTSTANDING SHARE DATA

The following table sets forth the capitalization of the Corporation at December 31, 2005.

Designation of Security	Authorized	Outstanding December 31, 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 Certificate 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:

Name	Number of Shares Beneficially Owned or Controlled or Directed	Percentage of Outstanding Common Shares
George Doumet Vancouver, British Columbia, Canada	681,377	12.50%
Andrew Timothy Peterson Mississauga, Ontario Canada	949,300	17.42%
Jacques Levesque Point Edward, Ontario, Canada	1,012,200	18.57%

FOURTH QUARTER RESULTS

Income

For the quarter ending December 31, 2005, the Corporation recorded a net income of \$106,707 (\$0.019 earnings per common share) compared to a net income of \$73,371 (\$0.012 earnings per common share) for the quarter ending December 31, 2004, reflected on the weighted average number of shares outstanding. The Corporation does not expect to pay income taxes for the 2005 year as a result of loss carry forwards from previous years.

Net income increased as a result of the increased revenue and gross margins which are explained below. Furthermore, earnings per share was proportionately higher than net income for the fourth quarter compared to 2004 as a result of there being less weighted average number of shares outstanding. This is because 588,777 shares held in treasury were cancelled in the second quarter of 2005.

Revenue

For the quarter ending December 31, 2005, revenues were \$1,048,127 compared to \$966,961 for the quarter ending December 31, 2004 representing an increase of 8.4% for the same periods. The increase in revenue was a result of increased mining activity at two of its mining clients in the quarter compared to the previous year.

Cost of Goods Sold

The Cost of Goods Sold were \$754,069 for the quarter ending December 31, 2005, compared to \$718,121 for the quarter ending December 31, 2004. The gross margin was 28.06% for the quarter ending December 31, 2004, compared to 25.73% for the quarter ending December 31, 2004. The gross margin increased as a result of efficiencies (1) in wages & benefits, (2) procuring raw materials and (3) shipping to clients as explained in additional detail in the Cost of Goods Sold section above for the complete year's results.

Selling, General and Administrative

The Selling, General and Administrative Expenses for the quarter ending December 31, 2005 were \$165,067 compared to \$127,221 for the quarter ending December 31, 2004 for an increase of \$37,846. Property taxes increased by \$7,507 in the fourth quarter of 2005 compared to the fourth quarter of 2004. A further \$7,500 of the increase was increased salary for executive management compared to the fourth quarter of 2004.

The majority of the remaining portion of the increase is attributable to an increase in vehicle expense compared to the same period in 2004. The Corporation had more trucks in its fleet in the final quarter of 2005 compared to 2004. In the fourth quarter of 2005, all shipments to clients were done using the Corporation's trucks whereas the majority of product shipped in the fourth quarter of 2004 was done using third party carriers. Vehicle expenses increased as a result of these two items.

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 the Company's Chief Executive Officer and Chief Financial Officer on a timely basis so that appropriate decisions can be made regarding public disclosure. As at the end of the period covered by this MD&A, management of the Company, with the participation of the Chief Executive Officer and the Chief Financial Officer evaluated the effectiveness of the Company's disclosure controls and procedures as required by Canadian Securities laws. Based on that evaluation, the Chief Executive Officer and the Chief Financial Officer have concluded, that as of the end of the period covered by this MD&A, the disclosure controls and procedures were effective to provide reasonable assurance that the information required to be disclosed in the Company'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 Company, including the Chief Financial Officer and the Chief Executive Officer, as appropriate to allow timely decisions regarding required disclosure.

OTHER INFORMATION

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