

LES EXPLOSIFS NORDEX LTEE./NORDEX EXPLOSIVES LTD.

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

November 28, 2006

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied with a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

"Andrew Timothy Peterson"
Director

"John Kozak"
Director

LES EXPLOSIFS NORDEX LTEE./NORDEX EXPLOSIVES LTD.

CONSOLIDATED FINANCIAL STATEMENTS

NINE MONTH PERIOD ENDED SEPTEMBER 30, 2006

NOTICE TO READER

We have compiled the consolidated balance sheet of Les Explosifs Nordex Ltee./Nordex Explosives Ltd. as at September 30, 2006 and the consolidated statements of operations and deficit and cash flows for the period then ended from information provided by management. We have not audited, reviewed or otherwise attempted to verify the accuracy or completeness of such information. Readers are cautioned that these statements may not be appropriate for their purposes.

Kirkland Lake, Ontario
November 28, 2006

Ross, Pope & Company

ROSS, POPE & COMPANY
CHARTERED ACCOUNTANTS

LES EXPLOSIFS NORDEX LTEE./NORDEX EXPLOSIVES LTD.

CONSOLIDATED BALANCE SHEET

AS AT SEPTEMBER 30, 2006 AND DECEMBER 31, 2005

(UNAUDITED-SEE NOTICE TO READER)

	SEPTEMBER 30 2006	DECEMBER 31 2005
ASSETS		
CURRENT ASSETS		
Cash	\$ 265,660	\$ 354,040
Accounts receivable	946,839	625,579
Inventories (Note 2)	289,544	270,590
	1,502,043	1,250,209
PROPERTY, PLANT AND EQUIPMENT (Notes 2 & 3)	996,487	829,511
	\$ 2,498,530	\$ 2,079,720
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 1,276,400	\$ 1,046,123
Current portion of long-term debt (Note 4)	46,354	43,169
	1,322,754	1,089,292
LONG-TERM DEBT (Note 4)	330,136	365,288
	1,652,890	1,454,580
SHAREHOLDERS' EQUITY		
SHARE CAPITAL (Note 5)	1,086,020	1,086,020
OPTIONS	19,538	16,043
CONTRIBUTED SURPLUS	226,690	226,690
DEFICIT	(486,608)	(703,613)
	845,640	625,140
	\$ 2,498,530	\$ 2,079,720

Contingencies (Note 9)

APPROVED BY THE BOARD OF DIRECTORS:

"Andrew Timothy Peterson"
ANDREW TIMOTHY PETERSON
DIRECTOR

"John C. Kozak"
JOHN C. KOZAK
DIRECTOR

See accompanying notes.

LES EXPLOSIFS NORDEX LTEE./NORDEX EXPLOSIVES LTD.

CONSOLIDATED STATEMENT OF OPERATIONS AND DEFICIT

PERIODS ENDED SEPTEMBER 30, 2006 AND 2005

(UNAUDITED-SEE NOTICE TO READER)

	2006		2005	
	3 MONTH PERIOD ENDED SEPTEMBER 30	9 MONTH PERIOD ENDED SEPTEMBER 30	3 MONTH PERIOD ENDED SEPTEMBER 30	9 MONTH PERIOD ENDED SEPTEMBER 30
SALES	\$ 1,166,844	\$ 3,512,175	\$ 979,109	\$ 2,626,756
COST OF GOODS SOLD (Schedule 1)	893,370	2,654,142	775,134	2,062,829
GROSS PROFIT	273,474	858,033	203,975	563,927
EXPENSES				
Administrative (Schedule 1)	174,011	556,608	132,891	370,523
Amortization	15,154	47,921	11,080	34,392
Interest and bank charges	16,906	36,499	11,720	33,150
	206,071	641,028	155,691	438,065
INCOME	67,403	217,005	48,284	125,862
DEFICIT, beginning of period	(554,011)	(703,613)	(858,605)	(936,183)
DEFICIT, end of period	\$ (486,608)	\$ (486,608)	\$ (810,321)	\$ (810,321)
BASIC AND DILUTED EARNINGS PER SHARE	\$ 0.012	\$ 0.040	\$ 0.009	\$ 0.023
WEIGHTED AVERAGE NUMBER OF COMMON SHARES	5,451,000	5,451,000	5,451,000	5,451,000

See accompanying notes.

LES EXPLOSIFS NORDEX LTEE./NORDEX EXPLOSIVES LTD.

CONSOLIDATED STATEMENT OF CASH FLOWS

PERIODS ENDED SEPTEMBER 30, 2006 AND 2005

(UNAUDITED-SEE NOTICE TO READER)

	2006		2005	
	3 MONTH PERIOD ENDED SEPTEMBER 30	9 MONTH PERIOD ENDED SEPTEMBER 30	3 MONTH PERIOD ENDED SEPTEMBER 30	9 MONTH PERIOD ENDED SEPTEMBER 30
OPERATING ACTIVITIES				
INCOME	\$ 67,403	\$ 217,005	\$ 48,284	\$ 125,862
ADD ITEMS NOT REQUIRING A CASH OUTLAY				
Amortization	15,154	47,921	11,080	34,392
Stock based compensation	1,165	3,495	1,422	4,266
DECREASE (INCREASE):				
Accounts receivable	(182,124)	(321,260)	(39,503)	165,903
Inventory	44,038	(18,954)	(52,342)	22,147
Prepaid expenses	-	-	-	(2,572)
INCREASE (DECREASE):				
Accounts payable	208,349	230,277	232,344	73,745
CASH FLOWS PROVIDED BY (USED IN) OPERATING ACTIVITIES	153,985	158,484	201,285	423,743
FINANCING ACTIVITIES				
Repayment of long-term debt	(10,846)	(31,969)	(9,687)	(29,071)
Due from shareholders	-	-	-	12,500
CASH FLOWS PROVIDED BY (USED IN) FINANCING ACTIVITIES	(10,846)	(31,969)	(9,687)	(16,571)
INVESTING ACTIVITIES				
Purchase of capital assets	(41,381)	(214,895)	(96,436)	(142,761)
CASH FLOWS USED IN INVESTING ACTIVITIES	(41,381)	(214,895)	(96,436)	(142,761)
CHANGE IN CASH DURING THE PERIOD	101,758	(88,380)	95,162	264,411
CASH, beginning of period	163,902	354,040	363,269	194,020
CASH (DEFICIENCY), end of period	\$ 265,660	\$ 265,660	\$ 458,431	\$ 458,431

See accompanying notes.

LES EXPLOSIFS NORDEX LTEE./NORDEX EXPLOSIVES LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

PERIODS ENDED SEPTEMBER 30, 2006 AND 2005

(UNAUDITED-SEE NOTICE TO READER)

1. NATURE OF OPERATIONS

The Company is incorporated under the laws of Quebec and operates as a developer, manufacturer and distributor of explosive products.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) BASIS OF PRESENTATION

The accompanying consolidated financial statements do not include all of the information and disclosures required by Canadian Generally Accepted Accounting Principles for annual audited financial statements. The consolidated financial statements should be read in conjunction with the company's consolidated financial statements including the notes thereto for the year ended December 31, 2005.

(b) PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the accounts of the Company's wholly owned subsidiary, Nordex Explosives (Ontario) Limited, after the elimination of inter-company transactions and balances. There was no activity in the subsidiary during the period.

(c) CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash and short term investments.

(d) INVENTORIES

Raw materials are valued at lower of cost and replacement cost and finished goods are valued at the lower of cost and net realizable value. Cost is determined on a first-in, first-out basis.

(e) PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is originally recorded at the laid down cost and is amortized based on this cost less salvage value on the declining balance basis using the following rates:

Buildings	3%
Emulsion plant	5%
Plant, machinery and equipment	5%
Mobile equipment	25%
Laboratory equipment	10%
Office equipment and furniture	10%

Plant and equipment assets are not amortized until they are put into use.

(f) REVENUE

The Company recognizes sales at the time ownership passes to the customer which occurs upon delivery of the goods to the customer.

LES EXPLOSIFS NORDEX LTEE./NORDEX EXPLOSIVES LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

PERIODS ENDED SEPTEMBER 30, 2006 AND 2005

(UNAUDITED-SEE NOTICE TO READER)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) USE OF ESTIMATES

The preparation of the financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

(h) INCOME TAXES

The Company uses the asset and liability method of accounting for income taxes. Under the asset and liability method, future tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Future tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on future tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the date of enactment or substantive enactment.

(i) EARNINGS PER SHARE

The Company adopted the new standard for calculating earnings per share as recommended by the Canadian Institute of Chartered Accountants. The new standard requires the use of the treasury stock method for computing diluted earnings per share, which assumes that any proceeds obtained upon exercise of options would be used to purchase common shares at average market price during the period. The adoption of this method did not have a material impact on the historical earnings per share. Anti-dilutive factors are not included in the computation of diluted earnings per share.

(j) STOCK-BASED COMPENSATION

The Company has a stock-based compensation plan, which is described in Note 6. Any consideration paid upon exercise of options and issues of shares is credited to share capital.

3. PROPERTY, PLANT AND EQUIPMENT

	COST	ACCUMULATED AMORTIZATION	Net 2006	2005
Land and land improvements	\$ 45,094	\$ -	\$ 45,094	\$ 39,839
Buildings	771,142	283,290	487,852	335,489
Plant, machinery and equipment	392,553	309,626	82,927	73,994
Office equipment and furniture	43,390	27,224	16,166	13,037
Emulsion plant	245,369	6,977	238,392	215,740
Laboratory equipment	15,453	5,525	9,928	8,485
Mobile equipment	537,148	421,020	116,128	142,927
Totals	\$ 2,050,149	\$ 1,053,662	\$ 996,487	\$ 829,511

Amortization expense for the three month period amounted to \$15,154 (2005 - \$11,080).

LES EXPLOSIFS NORDEX LTEE./NORDEX EXPLOSIVES LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

PERIODS ENDED SEPTEMBER 30, 2006 AND 2005

(UNAUDITED-SEE NOTICE TO READER)

4. LONG-TERM DEBT

	2006	2005
Term loan bearing interest at 10% per annum, repayable in blended monthly installments of \$5,318. As security the company has pledged accounts receivable, inventory, land, buildings specific equipment and has provided a general security agreement. Maturing in 2014.	\$ 348,119	\$ 368,976
Loan bearing interest at 8% per annum, repayable in blended monthly installments of \$995. As security the company has pledged a vehicle. Maturing in 2008.	18,567	26,151
Loan bearing interest at 10.0% per annum, repayable in blended monthly installments of \$498, secured by a vehicle. Maturing in 2008.	9,804	13,330
	376,490	408,457
Current portion	46,354	43,169
	\$ 330,136	\$ 365,288

Approximate principal repayments required over the next four years are as follows:

2007	\$ 46,354
2008	45,940
2009	37,097
2010	40,961
2011	45,250
Subsequent to 2011	160,888
	\$ 376,490

5. SHARE CAPITAL

(a) AUTHORIZED

12,000,000 common shares

(b) ISSUED

	2006	2005
5,451,000 common shares	\$ 1,086,020	\$ 1,086,020

LES EXPLOSIFS NORDEX LTEE./NORDEX EXPLOSIVES LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

PERIODS ENDED SEPTEMBER 30, 2006 AND 2005

(UNAUDITED-SEE NOTICE TO READER)

6. STOCK OPTIONS

The Company has a stock option plan which allows the granting of stock options to directors, employees, management and consultants up to an aggregate amount of 330,000 options. Under the current Company practice, the options will vest at a rate of 1/3 in each of the first three years of their life. The exercise price of each option is based on the closing market price of the Company's common shares on the day the options were issued.

A summary of the status of the Company's stock option plan and changes during the year is presented below.

The following stock options are outstanding:

NUMBER OF SHARES	EXERCISE PRICE	EXPIRY DATE
170,000	16 cents	January 14, 2007
125,000	21 cents	November 28, 2010

Stock options issued are as follows:

	Number of shares	2006 Weighted average exercise price
Options outstanding at beginning and at period end	295,000	\$ 0.18
Options exercisable at period end	170,000	\$ 0.16

Exercise price	Options outstanding	Options exercisable	Outstanding options weighted average contractual life (years)	Exercisable options weighted average contractual life (years)
\$ 0.16	170,000	170,000	0.31	0.54
0.21	125,000	NIL	1.87	NIL
\$ 0.16	295,000	170,000	2.18	0.54

The Company recognizes the calculated benefit at the date of granting the stock options on a straight-line basis over the shorter of the expected service period and the vesting period.

The fair value of each option at the date of grant was estimated using the Black-Scholes option pricing model with the following assumptions:

Expected life of options	5 years
Risk-free interest rate	4%
Expected stock price volatility	60%
Expected dividend yield	0%
Weighted-average fair value of options	\$0.16

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

PERIODS ENDED SEPTEMBER 30, 2006 AND 2005

(UNAUDITED-SEE NOTICE TO READER)

7. FINANCIAL INSTRUMENTS

The carrying amount of cash, account receivable, accounts payable and accrued liabilities approximate their fair market value due to the short-term maturities of these instruments. The carrying amount of the net long-term liabilities approximates fair value as the company's current rate of borrowing is not materially different from the long-term debt rates.

8. RELATED PARTY TRANSACTIONS

During the quarter ending September 30, 2006, the Company accrued a total of \$15,000 in management and consulting fees for the President and Chairman who are both directors of the Company (quarter ending September 30, 2005 - \$15,000). At September 30, 2006 \$155,000 was owing to the President and Chairman (September 30, 2005 - \$150,000).

Directors fees in the amount of \$8,400 have been accrued for the nine months ending September 30, 2006.

These transactions are in the normal course of operations and are measured at the exchange amount which is the amount of consideration established and agreed to by the related parties.

9. SUBSEQUENT EVENT

Subsequent to quarter end a legal settlement was reached with a former supplier. The amount of the settlement has been provided for in the accounts of the Company.

10. PROFIT SHARING PLAN

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. Under the terms of the PSP, if the Company achieves net income before tax (and before PSP amounts owed) in excess of \$163,530 in either of the fiscal years, certain individuals/groups will receive a portion of the amount in excess of this amount as follows:

VP Operations	20.00% of the amount in excess of \$163,500
President	13.33% of the amount in excess of \$163,500
Chairman	6.67% of the amount in excess of \$163,500
Non-management employees in total	5.00% of the amount in excess of \$163,500
All Directors in total	5.00% of the amount in excess of \$163,500

In the quarter ending September 30, 2006, the Company accrued a PSP expense of \$26,520 (quarter ending September 30, 2005 - \$nil). Year to date at September 30, 2006 the Company has accrued \$94,925 (year to date at September 30, 2005 - \$nil).

LES EXPLOSIFS NORDEX LTEE./NORDEX EXPLOSIVES LTD.

**THREE MONTH PERIOD ENDED SEPTEMBER 30 AND NINE MONTH PERIOD ENDED
SEPTEMBER 30, 2006**

(UNAUDITED-SEE NOTICE TO READER)

	3 MONTH PERIOD ENDED SEPTEMBER 30	9 MONTH PERIOD ENDED SEPTEMBER 30
COST OF GOODS SOLD		
Materials Purchased	\$ 701,031	\$ 2,108,386
Freight	48,425	154,377
Commissions	34,685	104,092
Wages & benefits	109,229	287,287
	\$ 893,370	\$ 2,654,142
ADMINISTRATIVE EXPENSES		
Consultants	\$ 20,260	\$ 79,888
Insurance	25,268	82,837
Utilities	5,087	21,907
Wages & benefits	80,017	226,583
Miscellaneous	43,379	145,393
TOTAL	\$ 174,011	\$ 556,608

LES EXPLOSIFS NORDEX LTEE./NORDEX EXPLOSIVES LTD.**THREE MONTH PERIOD ENDED SEPTEMBER 30 AND NINE MONTH PERIOD ENDED
SEPTEMBER 30, 2006****(UNAUDITED-SEE NOTICE TO READER)**

	3 MONTH PERIOD ENDED SEPTEMBER 30	9 MONTH PERIOD ENDED SEPTEMBER 30
REVENUE		
Sale of product	\$ 1,110,107	\$ 3,358,932
Freight	56,365	151,912
Other	372	1,331
	\$ 1,166,844	\$ 3,512,175