LES EXPLOSIFS NORDEX LTEE./NORDEX EXPLOSIVES LTD.

NOTICE OF NO AUDITOR REVIEW OF INTERIM CONSOLIDATED FINANCIAL STATEMENTS

October 31, 2007

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim consolidated 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 consolidated 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 consolidated financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim consolidated financial statements by an entity's auditor.

"Andrew Timothy Peterson"	***"John Kozak"***
Director	**Director**

LES EXPLOSIFS NORDEX LTEE./NORDEX EXPLOSIVES LTD.

CONSOLIDATED FINANCIAL STATEMENTS

NINE MONTH PERIOD ENDED SEPTEMBER 30, 2007

Ross, Pope & Company
Chartered Accountants
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NOTICE TO READER

On the basis of information provided by management, we have compiled the consolidated balance sheet of Les Explosifs Nordex Ltee./Nordex Explosives Ltd. as at September 30, 2007 and the consolidated statements of operations and retained earnings (deficit) and cash flow for the six month period then ended.

We have not performed an audit or a review engagement in respect of these financial statements and, accordingly, we express no assurance thereon.

Readers are cautioned that these statements may not be appropriate for their purposes.

Ross, Pope & Company

Kirkland Lake, Ontario
October 31, 2007

ROSS, POPE & COMPANY
CHARTERED ACCOUNTANTS
LICENSED PUBLIC ACCOUNTANTS

LES EXPLOSIFS NORDEX LTEE./NORDEX EXPLOSIVES LTD.

CONSOLIDATED BALANCE SHEET

AS AT SEPTEMBER 30, 2007 AND DECEMBER 31, 2006

(UNAUDITED-SEE NOTICE TO READER)

	SEPTEMBER 30 2007	DECEMBER 31 2006
ASSETS		
CURRENT ASSETS		
Cash	**$ 154,459**	$ 57,559
Accounts receivable	**1,189,265**	1,027,908
Inventories (Note 2)	**1,141,860**	313,949
Prepaid expenses	**15,785**	-
	2,501,369	1,399,416
PROPERTY, PLANT AND EQUIPMENT (Notes 2 & 3)	**1,399,346**	1,043,718
	$ 3,900,715	$ 2,443,134
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	**$ 1,881,655**	$ 1,118,050
Current portion of long-term debt (Note 4)	**86,510**	42,206
	1,968,165	1,160,256
LONG-TERM DEBT (Note 4)	**504,694**	314,513
	2,472,859	1,474,769
SHAREHOLDERS' EQUITY		
SHARE CAPITAL (Note 5)	**1,140,236**	1,129,681
OPTIONS	**9,724**	6,386
CONTRIBUTED SURPLUS	**226,690**	226,690
RETAINED EARNINGS (DEFICIT)	**51,206**	(394,392)
	1,427,856	968,365
	$ 3,900,715	$ 2,443,134

Contingencies

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 RETAINED EARNINGS (DEFICIT)

PERIODS ENDED SEPTEMBER 30, 2007 AND 2006

(UNAUDITED-SEE NOTICE TO READER)

	2007		2006	
	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	**$ 1,927,949**	**$ 5,331,351**	$ 1,166,844	$ 3,512,174
COST OF GOODS SOLD (Schedule 1)	**1,422,391**	**4,040,248**	893,370	2,654,142
GROSS PROFIT	**505,558**	**1,291,103**	273,474	858,032
EXPENSES				
Administrative (Schedule 1)	**253,318**	**727,295**	174,011	556,608
Amortization	**29,985**	**78,278**	15,154	47,921
Interest and bank charges	**17,911**	**39,932**	16,906	36,499
	301,214	**845,505**	206,071	641,028
INCOME	**204,344**	**445,598**	67,403	217,004
DEFICIT, beginning of period	**(153,138)**	**(394,392)**	(554,011)	(703,612)
RETAINED EARNINGS (DEFICIT), end of period	**$ 51,206**	**$ 51,206**	$ (486,608)	$ (486,608)
BASIC AND DILUTED EARNINGS PER SHARE	**$ 0.036**	**$ 0.079**	$ 0.012	$ 0.040
WEIGHTED AVERAGE NUMBER OF COMMON SHARES	**5,659,333**	**5,652,251**	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, 2007 AND 2006

(UNAUDITED-SEE NOTICE TO READER)

	2007		2006	
	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	**$ 204,344**	**$ 445,598**	$ 67,403	$ 217,004
ADD ITEMS NOT REQUIRING A CASH OUTLAY				
Amortization	**29,985**	**78,278**	15,154	47,921
Stock based compensation	**3,762**	**7,060**	1,165	3,495
DECREASE (INCREASE):				
Accounts receivable	**(179,615)**	**(161,357)**	(182,124)	(321,260)
Inventory	**(185,197)**	**(827,911)**	44,038	(18,954)
Prepaid expenses	**(3,733)**	**(15,785)**	-	-
INCREASE (DECREASE):				
Accounts payable	**231,281**	**763,605**	208,349	230,277
CASH FLOWS PROVIDED BY (USED IN) OPERATING ACTIVITIES	**100,827**	**289,488**	153,985	158,483
FINANCING ACTIVITIES				
Borrowing of long-term debt	**-**	**612,185**	-	-
Repayment of long-term debt	**(17,043)**	**(36,917)**	(10,846)	(31,969)
Demand loans repaid	**-**	**(340,782)**	-	-
Issuance of common shares	**-**	**6,833**	-	-
CASH FLOWS PROVIDED BY (USED IN) FINANCING ACTIVITIES	**(17,043)**	**241,319**	(10,846)	(31,969)
INVESTING ACTIVITIES				
Purchase of capital assets	**(70,462)**	**(433,907)**	(41,381)	(214,895)
CASH FLOWS USED IN INVESTING ACTIVITIES	**(70,462)**	**(433,907)**	(41,381)	(214,895)
CHANGE IN CASH DURING THE PERIOD	**13,322**	**96,900**	101,758	(88,381)
CASH, beginning of period	**141,137**	**57,559**	163,902	354,041
CASH (DEFICIENCY), end of period	**$ 154,459**	**$ 154,459**	$ 265,660	$ 265,660

See accompanying notes.

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, 2006.

(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%
Plant, machinery and equipment	5%
Office equipment and furniture	10%
Laboratory equipment	10%
Mobile equipment	25%

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.

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 uses 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. 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.

(k) FINANCIAL INSTRUMENTS, COMPREHENSIVE INCOME(LOSS) AND HEDGES

In January 2005, the Canadian Institute of Chartered Accountants ("CICA") issued Handbook Sections 3855, "Financial Instruments - Recognition and Measurement", 1530, "Comprehensive Income", and 3865, "Hedges". These new standards are effective for interim and annual financial statements relating to fiscal years commencing on or after October 1, 2006 on a prospective basis; accordingly, comparative amounts for prior periods have not been restated. The Company has adopted these new standards effective January 1, 2007.

(k) FINANCIAL INSTRUMENTS, COMPREHENSIVE INCOME(LOSS) AND HEDGES (CONT'D)

a) Financial instruments - recognition and measurement

Section 3855 prescribes when a financial instrument is to be recognized on the balance sheet and at what amount. It also specifies how financial instrument gains and losses are to be presented. This section requires that:

- All financial assets be measured at fair value on initial recognition and certain financial assets to be measured at fair value subsequent to initial recognition;
- All financial liabilities be measured at fair value if they are classified as held for trading purposes. Other financial liabilities are measured at amortized cost using the effective interest method; and
- All derivative financial instruments be measured at fair value on the balance sheet, even when they are part of an effective hedging relationship.

b) Comprehensive income (loss)

Section 1530 introduces a new requirement to temporarily present certain gains and losses from changes in fair value outside net income. It includes unrealized gains and losses, such as: changes in the currency translation adjustment relating to self-sustaining foreign operations; unrealized gains or losses on available-for-sale investments; and the effective portion of gains or losses on derivatives designated as cash flow hedges or hedges of the net investment in self-sustaining foreign operations.

c) Hedges

Section 3865 provides alternative treatments to Section 3855 for entities which choose to designate qualifying transactions as hedges for accounting purposes. It replaces and expands on Accounting Guideline 13 "Hedging Relationships", and the hedging guidance in Section 1650 "Foreign Currency Translation" by specifying how hedge accounting is applied and what disclosures are necessary when it is applied.

d) Impact upon adoption of sections 1530, 3855, and 3865

The Company has evaluated the impact of the adoption of Sections 1530, 3855 and 3865 on its interim financial statements and determined that no adjustments are currently required.

3. PROPERTY, PLANT AND EQUIPMENT

	COST	ACCUMULATED AMORTIZATION	Net **2007**	Net 2006
Land and land improvements	$ 45,094	$ -	**$ 45,094**	$ 45,094
Buildings	942,776	302,750	**640,026**	520,534
Plant, machinery and equipment	712,912	336,660	**376,252**	332,398
Office equipment and furniture	46,716	28,968	**17,748**	15,858
Laboratory equipment	15,453	6,514	**8,939**	9,689
Mobile equipment	789,460	478,173	**311,287**	120,145
Totals	$ 2,552,411	$ 1,153,065	**$ 1,399,346**	$ 1,043,718

Amortization expense for the three month period amounted to $29,985 (2006 - $15,154).

4. LONG-TERM DEBT

	2007	2006
Term loan bearing interest at 10% per annum, repayable in blended monthly installments of $5,318. As security the Company has pledged accounts receivable, inventory, land, buildings specific equipment and has provided a general security agreement. Paid off in full during 2007.	**$ -**	$ 340,783
Loan bearing interest at 8% per annum, repayable in blended monthly installments of $995 secured by a vehicle. Maturing in 2008.	**7,724**	15,936
Loan bearing interest at 8.6% per annum , repayable in blended monthly installments of $643 secured by specific equipment. Maturing in 2009.	**23,724**	-
Loan bearing interest at 7.3% per annum , repayable in blended monthly installments of $2,453, secured by a vehicle. Maturing in 2011.	**41,727**	-
Loan bearing interest at 8.8% per annum , repayable in blended monthly installments of $733, secured by a vehicle. Maturing in 2011.	**27,489**	-
Loan bearing interest at 3.20% per annum, repayable in blended monthly installments of $1,833 secured by specific equipment. Maturing in 2012.	**90,540**	-
Loan bearing interest at 8.2% per annum, repayable in monthly installments of $2,225 plus interest secured by specific assets. Maturing in 2022.	**400,000**	-
	591,204	356,719
Current portion	**86,510**	42,206
	$ 504,694	$ 314,513

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

2008	$ 86,510
2009	81,390
2010	61,816
2011	61,778
2012	41,197
Subsequent to 2012	258,513
	$ 591,204

5. SHARE CAPITAL

(a) AUTHORIZED

12,000,000 common shares

(b) ISSUED	**2007**	2006
	$ 1,140,236	$ 1,086,020
Common shares outstanding	**5,659,333**	5,451,000

During the first quarter 33,333 options were exercised for proceeds of $6,833. The black-scholes value associated with the options exercised ($3,722) was also transferred to common shares.

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 421,667 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
86,667	21 cents	November 28, 2010
35,000	50 cents	December 14, 2011
65,000	70.5 cents	June 25, 2012

Stock options issued are as follows:

		2007
	Number of shares	Weighted average exercise price
Options outstanding as at beginning of period	121,667	$ 0.29
Granted	65,000	0.71
Options outstanding at period end	186,667	$ 0.43
Options exercisable at period end	41,667	$ 0.21

6. STOCK OPTIONS (Cont'd)

	Exercise price	Options outstanding	Options exercisable	Outstanding options weighted average contractual life (years)	Exercisable options weighted average contractual life (years)
	0.21	86,667	41,667	1.47	3.16
	0.50	35,000		0.79	
	0.71	65,000		1.65	
$	0.43	186,667	41,667	3.91	3.16

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	3.8 - 4.55%
Expected stock price volatility	60%
Expected dividend yield	0%
Weighted-average fair value of options	$0.24

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, 2007, the Company accrued a total of $NIL in management and consulting fees for the President and Chairman who are both directors of the Company (quarter ending September 30, 2006 - $15,000). At September 30, 2007 $NIL was owing to the President and Chairman (September 30, 2006 - $155,000). Another officer of the company is a partner in a legal firm that provides services to the company. The payments made to this firm relating to fees for services provided in the normal course of business at the exchange amount agreed to by the parties during the quarter ended September 30, 2007 were approximately $14,100.

Directors fees in the amount of $3,300 have been accrued for the quarter ending September 30, 2007.

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 the Company completed a private placement of 1,307,692 common shares, at $0.65 per share, for gross proceeds of $850,000. The net proceeds of the offering will be used for the expansion of the Company's existing manufacturing facilities, working capital and for general corporate purposes.

Schedule 1

LES EXPLOSIFS NORDEX LTEE./NORDEX EXPLOSIVES LTD.

THREE MONTH PERIOD ENDED SEPTEMBER 30 AND NINE MONTH PERIOD ENDED SEPTEMBER 30, 2007

(UNAUDITED-SEE NOTICE TO READER)

	3 MONTH PERIOD ENDED SEPTEMBER 30	9 MONTH PERIOD ENDED SEPTEMBER 30
REVENUE		
Sale of product	$ 1,831,859	$ 5,024,487
Freight	76,978	257,344
Other	19,112	49,520
	$ 1,927,949	$ 5,331,351
COST OF GOODS SOLD		
Materials Purchased	$ 1,174,526	$ 3,321,325
Freight	38,497	132,096
Commissions	66,059	179,921
Wages & benefits	143,309	406,906
	$ 1,422,391	$ 4,040,248
ADMINISTRATIVE EXPENSES		
Consultants	$ 2,792	$ 11,419
Insurance	23,033	69,569
Utilities	4,091	31,682
Wages & benefits	145,935	330,721
Professional fees	32,100	121,120
Public company expenses	6,342	30,805
Miscellaneous	39,025	131,979
TOTAL	$ 253,318	$ 727,295

Some of the comparative figures have been reclassified to conform to the current year's presentation.