

NORDEX EXPLOSIVES LTD.

NOTICE OF NO AUDITOR REVIEW OF INTERIM CONSOLIDATED FINANCIAL STATEMENTS

November 26, 2008

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"
Director

"John Kozak"
Director

NORDEX EXPLOSIVES LTD.
CONSOLIDATED FINANCIAL STATEMENTS
THREE AND NINE MONTH PERIOD ENDED SEPTEMBER 30, 2008

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, 2008 and the consolidated statements of operations and retained earnings and cash flow for the three and nine month periods 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.

Kirkland Lake, Ontario
November 18, 2008

Ross, Pope & Company

ROSS, POPE & COMPANY
CHARTERED ACCOUNTANTS
LICENSED PUBLIC ACCOUNTANTS

NORDEX EXPLOSIVES LTD.**CONSOLIDATED BALANCE SHEET****AS AT SEPTEMBER 30, 2008 AND DECEMBER 31, 2007****(UNAUDITED-SEE NOTICE TO READER)**

	SEPTEMBER 30 2008	DECEMBER 31 2007
ASSETS		
CURRENT ASSETS		
Cash	\$ -	\$ 768,190
Accounts receivable	766,743	1,045,142
Inventories (Note 2)	1,190,892	1,149,207
Prepaid expenses	19,750	-
	1,977,385	2,962,539
PROPERTY, PLANT AND EQUIPMENT (Notes 2 & 3)	2,736,530	1,462,801
	\$ 4,713,915	\$ 4,425,340
LIABILITIES		
CURRENT LIABILITIES		
Bank overdraft	\$ 223,559	\$ -
Accounts payable and accrued liabilities	1,100,310	1,028,720
Income taxes payable	-	36,144
Current portion of long-term debt (Note 4)	141,483	141,485
	1,465,352	1,206,349
LONG-TERM DEBT (Note 4)	719,306	826,224
	2,184,658	2,032,573
SHAREHOLDERS' EQUITY		
SHARE CAPITAL (Note 5)	1,988,238	1,967,082
STOCK OPTIONS (Note 6)	33,959	12,369
CONTRIBUTED SURPLUS	227,249	227,249
RETAINED EARNINGS AND ACCUMULATED OTHER COMPREHENSIVE INCOME	279,811	186,067
	2,529,257	2,392,767
	\$ 4,713,915	\$ 4,425,340

APPROVED BY THE BOARD OF DIRECTORS:

"Andrew Timothy Peterson"
ANDREW TIMOTHY PETERSON
DIRECTOR

"John C. Kozak"
JOHN C. KOZAK
DIRECTOR

See accompanying notes.

NORDEX EXPLOSIVES LTD.

CONSOLIDATED STATEMENT OF OPERATIONS AND RETAINED EARNINGS AND ACCUMULATED OTHER COMPREHENSIVE INCOME

PERIODS ENDED SEPTEMBER 30, 2008 AND 2007

(UNAUDITED-SEE NOTICE TO READER)

	2008		2007	
	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	\$ 1,694,927	\$ 4,963,409	\$ 1,927,949	\$ 5,331,351
COST OF GOODS SOLD (Schedule 1)	1,353,767	3,903,627	1,422,391	4,040,248
GROSS PROFIT	341,160	1,059,782	505,558	1,291,103
EXPENSES				
Administrative (Schedule 1)	382,284	819,446	253,318	727,295
Amortization	43,287	112,536	29,985	78,278
Interest and bank charges	20,785	62,630	17,911	39,932
	446,356	994,612	301,214	845,505
INCOME (LOSS) BEFORE UNDERNOTED	(105,196)	65,170	204,344	445,598
RECOVERY OF INCOME TAXES	-	(28,573)	-	-
INCOME(LOSS) BEING COMPREHENSIVE INCOME (LOSS)	(105,196)	93,743	204,344	445,598
RETAINED EARNINGS (DEFICIT) AND ACCUMULATED OTHER COMPREHENSIVE INCOME, beginning of period	385,007	186,068	(153,138)	(394,392)
RETAINED EARNINGS AND ACCUMULATED OTHER COMPREHENSIVE INCOME, end of period	\$ 279,811	\$ 279,811	\$ 51,206	\$ 51,206
BASIC AND DILUTED EARNINGS (LOSS) PER SHARE	\$ (0.015)	\$ 0.013	\$ 0.036	\$ 0.079
WEIGHTED AVERAGE NUMBER OF COMMON SHARES	7,017,025	7,006,259	5,659,333	5,652,251

See accompanying notes.

NORDEX EXPLOSIVES LTD.

CONSOLIDATED STATEMENT OF CASH FLOWS

PERIODS ENDED SEPTEMBER 30, 2008 AND 2007

(UNAUDITED-SEE NOTICE TO READER)

	2008		2007	
	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(LOSS) BEING COMPREHENSIVE INCOME (LOSS)	\$ (105,196)	\$ 93,743	\$ 204,344	\$ 445,598
ADD ITEMS NOT REQUIRING A CASH OUTLAY				
Amortization	43,287	112,536	29,985	78,278
Stock based compensation	12,960	29,054	3,762	7,060
DECREASE (INCREASE):				
Accounts receivable	224,974	278,399	(179,615)	(161,357)
Inventory	(66,487)	(41,685)	(185,197)	(827,911)
Prepaid expenses	3,750	(19,750)	(3,733)	(15,785)
INCREASE (DECREASE):				
Accounts payable	(125,429)	71,590	231,281	763,605
Income taxes payable	-	(36,144)	-	-
CASH FLOWS PROVIDED BY (USED IN) OPERATING ACTIVITIES	(12,141)	487,743	100,827	289,488
FINANCING ACTIVITIES				
Borrowing of long-term debt	-	-	-	612,185
Repayment of long-term debt	(34,339)	(106,920)	(17,043)	(36,917)
Demand loans repaid	-	-	-	(340,782)
Issuance of common shares	-	-	-	6,833
CASH FLOWS PROVIDED BY (USED IN) FINANCING ACTIVITIES	(34,339)	(106,920)	(17,043)	241,319
INVESTING ACTIVITIES				
Purchase of capital assets	(530,583)	(1,386,264)	(70,462)	(433,907)
Proceeds on disposal of capital assets	-	13,692	-	-
CASH FLOWS USED IN INVESTING ACTIVITIES	(530,583)	(1,372,572)	(70,462)	(433,907)
CHANGE IN CASH DURING THE PERIOD	(577,063)	(991,749)	13,322	96,900
CASH, beginning of period	353,504	768,190	141,137	57,559
CASH (DEFICIENCY), end of period	\$ (223,559)	\$ (223,559)	\$ 154,459	\$ 154,459

See accompanying notes.

NORDEX EXPLOSIVES LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

PERIODS ENDED SEPTEMBER 30, 2008 AND 2007

(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 reseller 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, 2007.

(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

Inventories are valued at lower of cost and net realizable value. Cost is determined on a first-in, first-out basis.

On January 1, 2008 the Company adopted CICA Handbook Section 3031, Inventories. The Company has evaluated the impact of the adoption of Section 3031 on its financial statements and determined that no adjustments are required to the inventories as at January 1, 2008.

(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.

NORDEX EXPLOSIVES LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

PERIODS ENDED SEPTEMBER 30, 2008 AND 2007

(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 and their respective tax basis. Future tax assets and liabilities are measured using 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. The amount of future income tax assets recognized is limited to the amount that is more likely than not to be realized.

(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

On December 1, 2006, the CICA issued accounting standards Handbook Section 3862, Financial Instruments – Disclosures; and Handbook Section 3863, Financial Instruments - Presentation.

Sections 3862 and 3863 replace Handbook Section 3861, Financial Instruments - Disclosure and Presentation, revising and enhancing its disclosure requirements, and carrying forward unchanged its presentation requirements. These new sections place increased emphasis on disclosures about the nature and extent of risks arising from financial instruments and how the entity manages those risks.

Under the new standards all financial instruments are classified into one of the following five categories: held for trading, held-to-maturity, loans and receivables, available for sale financial assets, or other financial liabilities. All financial instruments are included on the Statement of Financial Position and are initially measured at fair value. Loans and receivables, held-to-maturity investments and other financial liabilities are subsequently measured at amortized cost. Held for trading financial instruments are subsequently measured at fair value, and all gains and losses are included in net income in the period which they arise. Available-for-sale financial instruments are subsequently measured at fair value with revaluation gains and losses included in other comprehensive income until the instrument is derecognized or impaired. As a result of adoption of these standards, the Company has classified its cash and cash equivalents as held for trading. Accounts receivable are classified as loans and receivables. Accounts payable and accrued liabilities are classified as other financial liabilities. Long-term debt has been classified as other financial liabilities, held to maturity; the carrying cost is amortized value which approximates fair value.

NORDEX EXPLOSIVES LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

PERIODS ENDED SEPTEMBER 30, 2008 AND 2007

(UNAUDITED-SEE NOTICE TO READER)

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

The Company has evaluated the impact of the adoption of Sections 3862 and 3863 on its financial statements and determined that no adjustments are currently required.

The financial instruments of the Company consist of cash and cash equivalents, amounts receivable, accounts payable and accrued liabilities, and long term debt. In the opinion of management, the Company is not exposed to material or significant interest, currency, liquidity, market and/or credit risk arising from these financial instruments, except as noted in Note 7 – Financial Instruments.

Section 1535 of the CICA Handbook specifies the disclosure of (i) an entity's objectives, policies and processes for managing capital; (ii) quantitative data about what the entity regards as capital; (iii) whether the entity has complied with any capital requirements; and (iv) if it has not complied, the consequences of such non-compliance. The Company has evaluated the impact of the adoption of Section 1535 on its financial statements and determined that no adjustments are currently required.

(l) GENERAL STANDARD OF FINANCIAL STATEMENT PRESENTATION

CICA Handbook Section 1400, General Standards of Financial Statement Presentation, is the new standard that clarifies what constitutes fair presentation in accordance with Canadian generally accepted accounting standards, going concern assessment and disclosures and comparative information disclosures. This new standard is effective for interim and annual financial statements beginning on July 1, 2008. This standard affects the Corporation's disclosures relating to continuing operations and liquidity risk.

(m) FUTURE ACCOUNTING CHANGES

i) In 2008, the CICA issued Handbook Section 3064, Goodwill and Intangible Assets ("CICA 3064"). CICA 3064, which replaces Section 3062, Goodwill and Intangible Assets, and Section 3450, Research and Development Costs, establishes standards for the recognition, measurement and disclosure of goodwill and intangible assets. This new standard is effective for the Company's interim and annual financial statements for fiscal periods beginning on or after October 1, 2008. The Company is assessing the impact of the new standard on its financial statements.

ii) The CICA plans to converge Canadian Generally Accepted Accounting Principles with International Financial Reporting Standards ("IFRS") over a transition period expected to end in 2011, when IFRS will be fully adopted. The impact of the transition to IFRS on the Company's financial statements is not yet determinable.

NORDEX EXPLOSIVES LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

PERIODS ENDED SEPTEMBER 30, 2008 AND 2007

(UNAUDITED-SEE NOTICE TO READER)

3. PROPERTY, PLANT AND EQUIPMENT

	COST	ACCUMULATED AMORTIZATION	Net 2008	2007
Land and land improvements	\$ 49,180	\$ -	\$ 49,180	\$ 45,094
Buildings	994,066	325,499	668,567	642,385
Plant, machinery and equipment	1,921,843	357,831	1,564,012	433,623
Office equipment and furniture	50,155	31,077	19,078	19,736
Laboratory equipment	24,823	7,785	17,038	8,681
Mobile equipment	992,379	573,724	418,655	313,282
Totals	\$ 4,032,446	\$ 1,295,916	\$ 2,736,530	\$ 1,462,801

Amortization expense for the three month period amounted to \$43,287 (2007 - \$29,985).

4. LONG-TERM DEBT

	2008	2007
Loan bearing interest at 8% per annum, repayable in blended monthly installments of \$995, secured by a vehicle. Maturing in 2008.	\$ -	\$ 4,876
Loan bearing interest at 7.3% per annum, repayable in blended monthly installments of \$2,453, secured by a vehicle. Maturing in 2009.	14,414	35,083
Loan bearing interest at 8.6% per annum, repayable in blended monthly installments of \$643, secured by a vehicle. Maturing in 2011.	17,678	22,294
Loan bearing interest at 8.8% per annum, repayable in blended monthly installments of \$733. As security the company has pledged a vehicle. Maturing in 2011.	20,846	25,882
Loan bearing interest at 3.2% per annum, repayable in blended monthly installments of \$1,834, secured by specific equipment. Maturing in 2012.	71,143	85,749
Loan bearing interest at 7.5% per annum, repayable in monthly installments of \$4,700 plus interest, secured by specific assets. Maturing in 2015.	362,800	400,000
Loan bearing interest at 7.5% per annum, repayable in monthly installments of \$2,225 plus interest, secured by specific assets. Maturing in 2022.	373,908	393,825
	860,789	967,709
Current portion	141,483	141,485
	\$ 719,306	\$ 826,224

NORDEX EXPLOSIVES LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

PERIODS ENDED SEPTEMBER 30, 2008 AND 2007

(UNAUDITED-SEE NOTICE TO READER)

4. LONG-TERM DEBT (Cont'd)

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

2009	\$ 141,483
2010	118,185
2011	112,832
2012	104,368
2013	80,393
Subsequent to 2013	303,528
	<hr/>
	\$ 860,789

5. SHARE CAPITAL

(a) AUTHORIZED

12,000,000 common shares

(b) ISSUED

	Number of Shares	Amount
Balance, January 1, 2008	6,967,025	\$ 1,967,082
Options exercised	<u>50,000</u>	<u>13,692</u>
	7,017,025	1,980,774
Black-scholes value of options exercised (Note 10)	<u>-</u>	<u>7,464</u>
Balance, September 30, 2008	<u>7,017,025</u>	<u>\$ 1,988,238</u>

On February 28, 2008, 50,000 options were exercised for proceeds of \$13,692. The black-scholes value associated with the options exercised (\$7,464) was also transferred to common shares.

6. STOCK OPTIONS

During the period at the Annual and Special Meeting of Shareholders held on May 8, 2008, shareholders approved a resolution authorizing the Corporation to establish a new stock option plan, (the "New Stock Option Plan") which will be a "rolling" plan under which up to 10% of the issued and outstanding common shares of the Corporation from time to time, subject to adjustment in certain circumstances, may be issued. The purpose of the New Stock Option Plan is to develop the interest of bona fide officers, directors, employees, management company employees and consultants of the Corporation in the growth and development of the Corporation by providing them with the opportunity through stock options to acquire an increased proprietary interest in the Corporation. Under the terms of the New Stock Option Plan, the 371,667 outstanding options issued under the prior stock option plan of the Corporation, which was approved by Shareholders at the Annual and Special Meeting of Shareholders held on May 17, 2007, will be deemed to have been issued under the New Stock Option Plan.

NORDEX EXPLOSIVES LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

PERIODS ENDED SEPTEMBER 30, 2008 AND 2007

(UNAUDITED-SEE NOTICE TO READER)

6. STOCK OPTIONS (Cont'd)

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
38,334	21 cents	November 28, 2010
23,333	50 cents	December 14, 2011
65,000	71 cents	June 25, 2012
245,000	48 cents	March 23, 2013

Stock options issued are as follows:

	Number of shares	2008 Weighted average exercise price
Options outstanding as at January 1, 2008	176,667	\$ 0.45
Granted	245,000	0.48
Exercised	(50,000)	0.27
Options outstanding at period end	371,667	\$ 0.49
Options exercisable at period end	3,333	\$ 0.21

Exercise price	Options outstanding	Options exercisable	Outstanding options weighted average contractual life (years)	Exercisable options weighted average contractual life (years)
\$ 0.21	38,334	3,333	0.22	2.16
0.50	23,333		0.20	
0.71	65,000		0.65	
0.48	245,000		2.95	
\$ -	371,667	3,333	4.03	2.16

Balance - January 1, 2008	\$ 12,369
Accretion of options granted	29,054
Exercise of options	(7,464)
Balance - September 30, 2008	\$ 33,959

NORDEX EXPLOSIVES LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

PERIODS ENDED SEPTEMBER 30, 2008 AND 2007

(UNAUDITED-SEE NOTICE TO READER)

6. STOCK OPTIONS (Cont'd)

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. During the current period the company accreted \$16,094 in stock option compensation. The amount is included in wages and benefits under administrative expenses (Schedule 1).

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	\$0.27

7. FINANCIAL INSTRUMENTS

As at September 30, 2008, the financial instruments of the Company consist of cash, accounts receivable, accounts payable and accrued liabilities and long term debt. These financial instruments are classified as follows:

Financial Instrument	Classification	Basis	Amount
Accounts receivable (a)	Loans and receivables	Amortized cost	\$ 766,743
Bank overdraft	Held for Trading	Fair value	\$ 223,559
Accounts payable and accrued liabilities	Other financial liability	Amortized cost	\$ 1,100,310
Long term debt (b)	Other liabilities, held to maturity	Amortized cost	\$ 860,789

(a) The carrying value of accounts receivables are net of a general allowance for doubtful accounts in the amount of \$211,846. During the current period the Company accrued \$196,846 for doubtful accounts related to the suspended operations of one of its clients.

(b) The carrying value of Long Term Debt is amortized cost which approximates fair value.

The Board of Directors of the Company has overall responsibility for the oversight of the Company's risk management framework and the objectives of minimizing risk. Risk management procedures are established to monitor the risks faced by the company. The reduction in commodity prices combined with a more restrictive credit market has increased the Company's risk with respect to the profitable operations of mining clients. There have been no changes in the risk management objectives in the period.

The Company anticipates a further allowance for doubtful accounts of \$111,263 related to the suspended operations of the same client in Note 7 (a) above.

NORDEX EXPLOSIVES LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

PERIODS ENDED SEPTEMBER 30, 2008 AND 2007

(UNAUDITED-SEE NOTICE TO READER)

7. FINANCIAL INSTRUMENTS(Cont'd)

CREDIT RISK

The Company has exposure to an individual customer for the amount of \$111,263 subsequent to the end of the third quarter in addition to the amounts described above in Note 7. The Company does not have a significant exposure to any other individual customer or counter party. Approximately 84% of the Company's sales are concentrated in the mining industry. The Company reviews a new customer's credit history before extending credit and conducts regular review of its existing customers' credit performance. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific customers, historical trends and other information. The allowance for doubtful accounts for September 30, 2008 was \$211,846 (December 31, 2007 - \$15,000).

LIQUIDITY RISK

There can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. The Company may seek additional financing through debt or equity offerings, but there can be no assurance that such financing will be available on terms acceptable to the Company or at all. Any equity offering will result in dilution to the ownership interests of the Company's shareholders and may result in dilution to the value of such interests. The Company intends on fulfilling its obligations.

INTEREST RATE RISK

The Company is exposed to interest rate risk as its bank overdraft is at a variable rate. Hence, the interest cost will fluctuate with market changes in the bank rate. A one per cent change in interest rates would not materially affect the Company's earnings, cash flow or financial position. Long-term debt is at fixed rates.

8. CAPITAL MANAGEMENT

The Company manages cash and cash equivalents, long term debt, common shares, stock options and other equity as capital. The amounts of these capital items are disclosed in the Balance Sheet.

The objectives of the Company in managing capital are as follows:

- to provide security for ongoing operations and future growth
- to ensure balance of capital funding and cost of capital
- to provide a strong capital base so as to maintain investor, creditor and market confidence
- to maintain required working capital and debt equity ratio
- to provide value for shareholders

The Company manages its capital structure in the context of economic and market conditions as well as related risks on the nature of the capital, and the planned use of the capital. To meet these objectives the Company targets and forecasts its long term cash flow to achieve positive net current asset working capital and available cash resources. The Company has consistently met its required annual working capital and debt equity ratios.

The debt to equity ratio as at September 30, 2008 was 0.34.

The Company has complied with all of its externally imposed capital requirements during the period.

NORDEX EXPLOSIVES LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

PERIODS ENDED SEPTEMBER 30, 2008 AND 2007

(UNAUDITED-SEE NOTICE TO READER)

9. RELATED PARTY TRANSACTIONS

During the quarter ending September 30, 2008, the Company accrued a total of \$3,750 in Director Fees and meeting expenses. An officer of the company is a partner in a legal firm that provides services to the company. The Company paid \$14,999 in legal fees for services provided by the legal firm.

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.

10. SUBSEQUENT EVENT

On October 31, 2008, one of the Company's clients suspended operations at two of its nickel mines and placed the mines under care and maintenance. Reopening of the mines is contingent upon the client's ability to refinance or restructure and it is not known when or if this will occur at this time. The Company is monitoring the current situation, and is unable to determine at this time if any or all of the amounts owing to the Company by this client will be recoverable. An allowance for doubtful accounts has been made for \$196,846 in the current period and management anticipates a further allowance for doubtful accounts of \$111,263 subsequent to the current period relating to this client (Note 7).

NORDEX EXPLOSIVES LTD.

THREE MONTH PERIOD ENDED SEPTEMBER 30 AND NINE MONTH PERIOD ENDED SEPTEMBER 30, 2008

(UNAUDITED-SEE NOTICE TO READER)

	3 MONTH PERIOD ENDED SEPTEMBER 30	9 MONTH PERIOD ENDED SEPTEMBER 30
REVENUE		
Sale of product	\$ 1,560,833	\$ 4,611,655
Freight	121,560	305,638
Other	12,534	46,116
	\$ 1,694,927	\$ 4,963,409
COST OF GOODS SOLD		
Materials Purchased	\$ 1,063,141	\$ 3,013,461
Freight	59,887	208,032
Commissions	61,022	188,891
Wages & benefits	169,717	493,243
	\$ 1,353,767	\$ 3,903,627
ADMINISTRATIVE EXPENSES		
Consultants	\$ -	\$ 13,653
Insurance	20,527	80,670
Utilities	10,320	30,445
Wages & benefits	95,834	293,701
Professional fees	21,132	74,374
Public company expenses	3,897	29,543
Bad debts expense	196,846	196,846
Miscellaneous	33,728	100,214
TOTAL	\$ 382,284	\$ 819,446

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