

LES EXPLOSIFS NORDEX LTEE/NORDEX EXPLOSIVES LTD.

INTERIM MANAGEMENT DISCUSSION AND ANALYSIS of Financial Condition and Results of Operations for the three months ended September 30, 2008

Dated: November 25, 2008

The following information should be read in conjunction with the Company's unaudited September 30, 2008 and September 30, 2007 financial statements and audited December 31, 2007, 2006 and 2005 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 "Company") 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 Company manufactures and resells explosives for the mining, quarry and road construction industries. Its manufacturing operations and distribution centre is strategically located in one of the world's largest mining regions near Kirkland Lake, Ontario. The Company 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 quarter ending September 30, 2008, reflect operations of the Company for the three month period commencing July 1, 2008 and ending September 30, 2008. Comparative financial results are for the three month period commencing July 1, 2007 and ending on September 30, 2007.

Management discussion and analysis is a review of the Company's financial condition and results of operation as compared to the corresponding quarter ending September 30, 2007. This discussion is intended to provide historical and prospective analysis of the activities of the Company.

All financial data contained in this Management Discussion and Analysis has been prepared in accordance with Canadian generally accepted accounting principles. Gains and Losses from translating monetary assets and liabilities are recognized through the statement of earnings and retained earnings in the Company'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.

Forward Looking Statements

Certain information included herein may contain "forward-looking statements" which reflect the current expectations of management of the Company regarding the Company's future growth, results of operations, performance, business prospects and opportunities.

Wherever possible, words such as “may”, “would”, “could”, “should”, “will”, “anticipate”, “believe”, “plan”, “expect”, “intend”, “estimate”, “aim”, “endeavour”, “seek”, “predict”, “potential” and similar expressions have been used to identify these forward-looking statements. These statements reflect management’s current beliefs with respect to future events and are based on information currently available to management of the Company. Forward-looking statements involve significant risks, uncertainties and assumptions. Many factors could cause the Company’s actual results, performance or achievements to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements, including, without limitation, cancellations of or the failure to renew purchase orders; production and delivery issues; quality, pricing and availability of raw materials; compliance with environmental regulations; exchange rate fluctuations as well as the other risks identified in the “Risk Factors” section and other public filings (copies of which may be obtained at www.sedar.com). Should one or more of these risks or uncertainties materialize, or should assumptions underlying the forward-looking statements prove incorrect, actual results, performance or achievements may vary materially from those expressed or implied by this Management Discussion and Analysis. These factors should be considered carefully and the reader should not place undue reliance on the forward-looking statements. Although any forward-looking statements contained in this interim report are based upon what management currently believes to be reasonable assumptions, the Company cannot assure readers that actual results, performance or achievements will be consistent with these forward-looking statements, and management’s assumptions may prove to be incorrect. These forward-looking statements are made as of the date of this report and, other than as required by law, the Company does not intend, and does not assume any obligation, to update or revise these forward-looking statements, whether as a result of new information, future events or otherwise.

OVERALL PERFORMANCE AND RESULTS OF OPERATIONS

Financial Highlights

The following table sets forth certain financial information of the Company for the three months ending September 30, 2008 and September 30, 2007.

Three Months ended September 30	2008	2007
Total Revenues	\$1,694,927	\$1,927,949
Cost of Goods Sold	\$1,353,767	\$1,422,391
Gross Profit	\$341,160	\$505,558
Gross Margin	20.1%	26.2%
Selling, General and Administration Expense	\$382,284	\$253,318
Amortization Expenses	\$43,287	\$29,985
Interest Expense	\$20,785	\$17,911
Net Income for the Period before tax	\$(105,196)	\$204,344
Income after tax expense	\$(105,196)	\$204,344
Income per Share	\$(.015)	\$0.036
Cash Provided By (Used In) Operations	(\$12,141)	\$100,827
Cash (Overdraft) End of Period	(\$223,559)	\$154,459
Long Term Debt	\$860,789	\$591,204
Total Liabilities	\$2,184,658	\$2,472,859
Shareholders' Equity	\$2,529,257	\$1,427,856
Shares Outstanding at Period End	7,017,025	5,659,333

Note: During the fourth quarter of the fiscal year ending December 31, 2007, 1,307,692 shares were issued under a private placement. During the three month period ending March 31, 2008, 50,000 options to purchase shares were issued under the Company's stock option plan.

Dividend Record and Policy

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

Net Income

For the three months ending September 30, 2008, Nordex recorded net income before tax expense/recovery of \$(105,196) compared to \$204,344 for the three months ending September 30, 2007 resulting primarily from an increase in Selling, General and Administration Expenses due to an increase in allowances for potential bad debt expenses of \$196,846 (see Selling, General and Administrative Expenses and Subsequent Events) as well as a reduction in sales and gross margin.

Revenue

Revenue decreased by 12.1% in the three month period ending September 30, 2008 compared to the three month period ending September 30, 2007. The primary reason for the reduced revenue is the lack of blasting operations at one of the Company's mining clients during the third quarter. Excluding the one mining client, revenue from other clients increased by 27.5% for the three months ending September 30, 2008 compared to the same period in 2007.

Cost of Good Sold

Cost of Goods Sold was \$1,353,767 for the three month period ending September 30, 2008 compared to \$1,422,391 for the three month period ending September 30, 2007. Gross margin for the period ending September 30, 2008 reduced to 20.1% compared to 26.2% for the same period in 2007.

The reduction in gross profit margins is a result of increased raw material costs (for primarily ammonium nitrate and diesel fuel) and increased finished good costs from its detonator supplier.

Selling, General and Administrative

Selling, general and administrative expenses include marketing, customer support, executive personnel, professional services, office and occupancy costs required to manage the Company, and allowances for potential bad debt expenses and do not include depreciation, amortization and interest. Selling, general and administrative expenses for the three months ending September 30, 2008 were \$382,284 (22.6% of sales) compared to \$253,318 (13.1% of sales) for the three months ending September 30, 2007 reflecting an overall 33.7% increase resulting from an increase in allowances for potential bad debt expenses.

The following table sets forth a breakdown of selling, general and administrative expenses of the Company for the three months ending September 30, 2008 and September 30, 2007.

Three Months ended September 30	2008	2007
Bad Debt Expense	\$196,846	Nil ⁽¹⁾
Consultants	Nil	\$2,792
Insurance	\$20,527	\$23,033
Utilities	\$10,320	\$4,091
Wages & Benefits	\$95,834	\$145,935
Professional Fees	\$21,132	\$32,100
Public Company Expenses	\$3,897	\$6,342
Miscellaneous	\$33,728	\$39,025
Total	\$382,284	\$253,318

Notes: (1) **In 2007, allowances for potential bad debt expenses were included in Miscellaneous Expenses**

Wages and benefits for the three months ending September 30, 2008 were \$95,834 compared to \$145,935 for the three months ending September 30, 2007. In the corresponding period in 2007, the Company had accrued \$60,000 for management compensation adjustments for that period.

Insurance costs for the three months ending September 30, 2008 were \$20,527 compared to \$23,033 for the three months ending September 30, 2007.

Costs for Utilities increased to \$10,320 for the three months ending September 30, 2008 compared to \$4,091 for the three months ending September 30, 2007.

Professional Fees decreased to \$21,132 for the three months ending September 30, 2008, compared to \$32,100 for the three months ending September 30, 2007, primarily as a result of decreased legal fees incurred by the Company.

Public Company expenses decreased to \$3,897 for the three months ending September 30, 2008 compared to \$6,342 for the three months ending September 30, 2007.

Miscellaneous Expenses, which include office expenses, vehicle expenses and travel expenses decreased to \$33,728 for the three months ending September 30, 2008 compared to \$39,025 for the three months ending September 30, 2007. In the corresponding period in 2007, the Company included provisions for potential bad debt expenses in Miscellaneous Expenses. Allowances for potential Bad Debt Expenses increased by \$196,846 for the three months ending September 31, 2008 (see Subsequent Events).

Interest and Bank Charges

Interest and bank charges for the three months ending September 30, 2008 were \$20,785 compared to \$17,911 for the three months ending September 30, 2007 and have increased as a result of the financing of mobile equipment vehicle loans and loans from the Business Development Bank of Canada for working capital expenditures.

Inventories

Inventories were \$1,190,892 on September 30, 2008 compared to \$1,149,207 at the fiscal year ending December 31, 2007 and compared to \$1,141,860 on September 30, 2007.

Property, Plant and Equipment

The total book value of Property, Plant and Equipment at fiscal quarter ending September 30, 2008 was \$2,736,530 compared to \$1,462,801 at fiscal year ending December 31, 2007 and compared to \$1,399,346 at September 30, 2007.

Purchase of capital assets in the third quarter before depreciation totaled \$530,583 consisting largely of expenditures on plant manufacturing equipment additions and improvements as well as the purchase of a truck for client deliveries.

Provision for Income Taxes

The Company has filed amended tax returns for the years 2005 and 2006 which have been assessed favourably, which will provide tax deductions and credits to reduce current and future taxes payable. The Company has filed the 2007 tax return showing federal non-capital losses available to carry forward to future years of \$49,519 and federal investment tax credits available to reduce taxes otherwise payable of \$35,031.

In the third quarter ended September 30, 2008, the Company has recorded nil current tax payable.

Retained Earnings

Retained Earnings improved to \$279,811 for the period ending September 30, 2008 compared to \$186,067 at December 31, 2007 and compared to \$51,206 at September 30, 2007 reflecting the net profits over these periods.

LIQUIDITY AND CAPITAL RESOURCES

During the fiscal quarter ending September 30, 2008, there was a reduction in the Company's near-cash position and short-term deposits to \$0.00, from \$768,190 as of December 31, 2007. This reduction is primarily a result of the purchase of capital assets and repayment of long term debt. The capital asset purchases were comprised primarily of plant improvements and mobile equipment.

Long term debt (including current year's portion) reduced to \$860,789 at September 30, 2008 from \$967,709 at December 31, 2007. \$736,708 of this amount is for two loans with principal outstanding of \$362,800 and \$373,908 obtained from the Business Development Company in 2007 which each having interest rates of 7.5% per annum calculated monthly. The principal on the loans is repayable in monthly instalments of \$4,700 amortized over 96 months and \$2,225 amortized over 180 months respectively. The remainder of the long term debt loans are for mobile equipment.

Accounts Receivable as of September 30, 2008 were \$766,743, compared to \$768,190 at December 31, 2007 and \$1,189,265 at September 30, 2007. Accounts receivable as of September 30, 2008 have been reduced to reflect the allowance for potential bad debt expenses of \$211,846 which includes both the allowance for potential bad debt expenses for the third quarter of \$196,846, and an allowance of \$15,000 previously included in Miscellaneous Expenses (See Selling, General and Administrative and Subsequent Events)

Working Capital decreased to \$512,033 at September 30, 2008 from \$1,756,190 at December 31, 2007. Current Liabilities increased to \$1,480,352 at September 30, 2008 from \$1,206,349 at December 31, 2007 resulting from an increase in accounts payables and borrowings on the Company's existing line of credit with the Company's bank.

In management's opinion, Nordex is poised to continue its current level of operations in the near term and adequate means to finance these operations. However, future events currently unknown to the Company such as a loss of sales, decreases in earnings, decreases in cash flows, market or commodity price changes, economic downturns or defaults in payments by customers, could negatively effect the Company's ability to generate sufficient amounts of cash and cash equivalents to continue to finance operations.

The Company has an operating line of up to \$500,000 available from the CIBC. The operating line is for working capital purposes.

GLOBAL ECONOMIC UNCERTAINTY AND SUBSEQUENT EVENTS

As at November 18, 2008 the global economy had recently experienced significant volatility and uncertainty. Management is monitoring the potential effects of any sustained global downturn. On October 31, 2008, one of the Company's clients suspended operations at two of its nickel mines near Timmins, Ontario where the Company supplied explosives 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 has not planned any changes to its marketing strategy or targeted customers and they intend to continue their ongoing service quality, product improvements and customer development. The operations of existing clients may no longer be profitable if commodity prices continue to decrease resulting in additional mine closures. Future prospective clients in the mining sector may be delayed indefinitely. In the environment of global uncertainty, the Company continues to manage and monitor its overheads and ongoing cost containment of general and administration expenses.

LEGAL PROCEEDINGS

On July 18, 2008, the Company announced that it had received an Amended Motion to Institute Proceedings and Application for the Issuance of Orders to Rectify Acts which are Oppressive and Unfairly Prejudicial, dated July 17, 2008 (hereinafter called the "Motion"), brought in the Superior Court (Commercial Division) District of Montreal by Jacques Levesque, a shareholder of Nordex, as Plaintiff. The Motion names Computershare Limited, the transfer agents for Nordex, Bruce Forth, a former director of Nordex, Timothy Peterson, John Kozak, Bruce Bent and Jules Roy, directors of Nordex, James Craig Taylor, Chief Operating Officer of Nordex and Flavio Moroso, an employee

of Computershare Limited, as Defendants and Nordex Explosives Ltd. as “Mise-en-cause”.

The Motion seeks an oppression remedy and in the name of Nordex Explosives Ltd., a derivative action, asking the Court for an accounting to Nordex of amounts received by the individual Defendants pursuant to the Nordex Profit Sharing Plan; a declaration that Mr. Levesque has been and remains a director of Nordex since 2004; an order vitiating and setting aside the results of the May 19, 2006 annual and special meetings of Nordex and directing that the issues there presented be brought before a special meeting of shareholders as soon as reasonable practicable; an order declaring null and void the Nordex Profit Sharing Plan and required all persons having received money thereunder to account therefore and disgorge the same to Nordex; an award in pecuniary damages of \$40,000 for loss of salary; and \$200,000 for compensation for time and legal expenses; and an award in damages of \$60,000 for humiliation. Full details of the Motion are contained in the Press Release issued by the Company on July 18, 2008, which is available on SEDAR at www.sedar.com.

It is the opinion of management that the claims made by Mr. Levesque are without merit, and counsel has been retained to defend the Motion.

TRANSACTIONS WITH RELATED PARTIES

During the quarter the Company accrued \$3,750 in Director Fees and meeting expenses. An officer in the Company is a partner in a legal firm that provides services to the Company. The Company accrued \$14,999 in legal fees for services provided by the legal firm (inclusive of GST and disbursements).

DIRECTORS AND OFFICERS COMPENSATION

At a meeting of the Board of Directors held during the quarter ending March 31, 2008, the Compensation Committee recommended and the directors approved annual salaries for the 2008 year of \$140,000 for Mr. John Kozak, \$120,000 for Mr. Jim Taylor and \$30,000 for Mr. A. Timothy Peterson for their roles as officers of the Company.

At the same meeting, the Compensation Committee also recommended that a long term compensation plan, including bonuses, LTIP, and benefits to be established for Messrs. Kozak, Taylor and Peterson. It is the intention of the Compensation Committee to obtain input from both management, the Board, and if thought necessary or helpful, outside consultants before making final recommendations for the compensation structure for these officers for the 2008 fiscal year.

The directors and officers of the Company received the following compensation for the three months ending September 30, 2008.

Person	Positions	Salary	Bonus	Director Fees (2)	Stock Options Granted	Other
John Kozak	President, CEO & Director	\$35,000	Nil	\$750	Nil	\$700 (3)
Jim Taylor	VP & COO	\$30,000	Nil		Nil	\$600 (3)
A. Timothy Peterson	CFO, Director & Chairman	\$7,500	Nil	\$750	Nil	Nil
Bruce Forth	Director & Secretary (1)	Nil	Nil	Nil	Nil	\$14,999 (4)
Bruce Bent	Director	Nil	Nil	\$750	Nil	
John Huxley	Director	Nil	Nil	\$750	Nil	
Jules Roy	Director (1)	Nil	Nil	\$750	Nil	

Note (1): At the Annual and Special Shareholders Meeting held on May 8, 2008, Bruce Forth did not stand for re-election as a director. Jules Roy stood for election and was voted a director at the Meeting.

Note (2): The Directors receive a stipend for each Board of Director meeting in which they participate.

Note (3): As part of the Company's Benefits Program, John Kozak and Jim Taylor receive payments towards the pension of 2% of their cash compensation (e.g. salary and bonus).

Note (4): In addition to being the Company's Secretary, Bruce Forth is a partner in a legal firm that provides services to the Company. The Company accrued \$14,999 in legal fees for services provided by the legal firm (inclusive of GST and disbursements).

SUMMARY OF QUARTERLY RESULTS

The following table summarizes information pertaining to the operations of the Company on a quarterly basis for the eight quarters ending September 30, 2008.

Quarter Ended	Revenue	Income	Income Per Share	Total Assets	Total Long Term Financial Liabilities
2008					
September 30	\$1,694,927	\$(105,196)	\$(0.015)	\$4,713,915	\$860,789
June 30	\$1,686,237	\$115,376	\$0.016	\$4,737,080	\$895,128
March 31	\$1,582,246	\$83,565	\$0.012	\$4,255,574	\$931,285
2007					
December 31	\$1,732,921	\$134,862	\$0.019	\$4,425,340	\$967,709
September 30	\$1,927,949	\$204,344	\$0.036	\$3,900,715	\$591,604
June 30	\$1,781,120	\$101,561	\$0.018	\$3,478,370	\$608,246
March 31	\$1,622,282	\$139,692	\$0.025	\$2,979,714	\$346,427

2006					
December 31	\$1,345,778	\$92,216	\$0.015	\$2,443,134	\$356,719

RISK FACTORS

The Company'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 Company. Additional risks and uncertainties not presently known to the Company or that the Company currently believes are immaterial may also materially and adversely impair its business operations. Information contained in publicly available information in respect of the Company and information presented in this document 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 Company's revenues will be derived from existing or similar products. Demand for existing products will be affected by a range of factors, many of which are beyond the Company's control, including the general level of mining, quarry activity 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 Company competes or that the Company will have the resources required to respond to technological changes or to compete successfully in the future.

The 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 Company. The Company believes that there is a trend in the underground mining industry to utilize more emulsion products and is investing in alternatives to increase its competitiveness in these areas. The Company is at risk of reduced revenue if it is unable to expand its support for 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 Company's products and processes obsolete or unmarketable. Moreover, increased market penetration and customer acceptance of the Company's products will depend upon the Company'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 Company sources its raw materials from suppliers in North America. The Company integrates and/or assembles certain components at its facilities. The Company resells products manufactured by other explosive manufacturers.

A significant portion of the Company's sales are currently made up by the resale of detonator products from one manufacturer. The ability to replace the product supplied by this manufacturer with similar products from alternate suppliers or by manufacturing internally is a significant risk and failure to do so could have a material adverse effect on the Company.

The Company is dependent on another third party manufacturer to supply small diameter packaged explosives. The ability to replace these products with similar products from an alternative supplier or by manufacturing internally is a significant risk.

The Company 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. Ammonium and natural gas prices have been very volatile over the last two years. There is a risk that the price and quantities of these items will continue to fluctuate. As the supply levels of natural gas or ammonium reduce then the availability of ammonium nitrate decreases and the price increases presenting a risk to the Company.

The Company purchases a significant amount of diesel fuel which is used as input to manufacture various explosive lines. The price of diesel fuel has increased significantly over the last two years. There is a risk that the price of diesel fuel will continue to increase.

Dependence on Significant Customers

The majority of the Company's sales in the quarter were to its mining clients. Management expects this to be the case for at least the next twelve months. A significant downturn in the mining industry could have a material adverse effect on the Company.

The failure of Nordex's current customers to continue to utilize the Company's products could have a material adverse effect on the Company. In addition, customers who account for significant portions of the Company's revenues may have the ability to negotiate prices for the Company's products that are more favourable and resulting lower profit margins for the Company.

During the period ending September 30, 2008, sales to the Company's top three clients comprised 71.7% of sales compared to 56% for the similar period in 2007.

Commodity Prices

The rate of operations at the Company's mining clients is highly dependant on each mine's underlying commodity price. If the price of commodities drops significantly then the rate of mining operations may reduce as well resulting in reduced explosives sales by the Company. The Company's mining clients mine for primarily gold, phosphates and nickel. Reduction in the price of these commodities could result in reduced or suspended mining operations at the Company's clients.

Ability to Manage Growth

If the Company obtains significant orders from large customers, the Company will experience rapid growth, which in turn will place significant pressure on the Company's managerial, operational and financial condition. The Company will also be required to develop and manage multiple relationships with various customers, business partners and other third parties. The Company's systems, procedures or controls may not be adequate to support the Company's operations and management may not be able to achieve the rapid expansion necessary to exploit potential market opportunities for the Company's products and services. The Company'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 Company'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 Company's securities must rely on the ability, expertise, judgment, discretion, integrity and good faith of the management of the Company. An investment in the Company's securities is suitable for investors who are willing to rely solely upon the management of the Company and who could afford a total loss of their investment.

Dependence on Key Personnel

The success of the Company 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 Company. In addition, the future success of the Company 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 Company's growth and profitability. The Company does not maintain key man insurance for its directors, officers or employees. The contributions of these individuals to the immediate future operations of the Company are of central importance. The loss of any one of these individuals could have a material adverse effect of the business of the Company.

Directors and Officers Conflicts

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

Delays in Implementing Business Plan

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

Additional Financing Requirements

The Company is currently negotiating a loan for \$250,000 with the Business Development Bank of Canada to be secured by various equipment purchased by the Company. If this transaction is completed then proceeds from the loan will be used for general working capital purposes.

The Company is currently investigating the cost to expand its logistical capabilities, supplier network, sales territories and manufacturing facilities. The Company is constantly assessing business opportunities including new business lines with the objective of increasing sales and profits for the Company. The Company may require additional financing if it decides to proceed with any of these items.

No assurance can be given that such financing will be available on commercially reasonable terms. The ability of the Company 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 Company. If additional financing is raised by the issuance of shares issued from the treasury of the Company, control of the Company may change and shareholders may suffer dilution.

Regulatory Approvals

The Company 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 Company'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 Company operates will not change in the future. The laws and regulations of all provinces in which the Company intends to operate do impact the Company's operations, but do not currently materially restrict the Company's operations in those provinces. In connection with its operations in existing markets and expansion into new markets, The Company may become subject to additional laws, regulations and interpretations. The ability of The Company to operate

profitably will depend, in part, upon its ability to operate in compliance with applicable regulations.

Competition

The Company 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 Company's business, operating results or financial condition.

The market for the Company's products is highly competitive. There can be no assurance that the Company 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 Company to develop its technological and personnel resources in order to promote and enhance development of its business. It may be necessary for The Company to secure additional financing to support and grow in these areas and there is no assurance The Company 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 Company, as well as market conditions in the securities industry, may have a significant impact on the market price of the securities of the Company. 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.

SUBSEQUENT EVENTS

On October 31, 2008, one of the Company's clients suspended operations at two of its nickel mines near Timmins, Ontario where the Company supplied explosives 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 anticipates a further allowance for doubtful accounts of \$111,263 subsequent to the current period relating to this client. The Company has filed liens under the *Construction Lien Act* (Ontario) on properties owned or leased by the client for the full amount of the amounts owed by the client to the Company.

OUTSTANDING SHARE DATA

The following table sets forth the capitalization of the Company at September 30, 2008.

Designation of Security	Authorized	Outstanding at September 30, 2008
Common	12,000,000	7,017,025

To the best of the knowledge of the directors and senior officers of the Company, 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 Company:

Name	Number of Common Shares Beneficially Owned or Controlled or Directed	Percentage of 7,017,025 Outstanding Common Shares at November 18, 2008
Mr. A. Timothy Peterson Mississauga, Ontario	1,014,300	14.5%
Mr. Jacques Levesque Point Edward, Ontario	1,144,200	16.3%

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 Nordex's Chief Executive Officer (the "CEO") and Chief Financial Officer (the "CFO"), and the Audit Committee on a timely basis so that appropriate decisions can be made regarding public disclosure. As at the end of the period covered by the MD&A, management of Nordex (including the CEO and the CFO) and the Audit Committee evaluated the effectiveness of the Company's disclosure controls and procedures as required by Canadian Securities laws. Based on that evaluation the CEO, the CFO and the Audit Committee have concluded, that as of the end of the period covered by this MD&A with the exception noted in the following section (Internal Control Over Financial Reporting), the disclosure controls and procedures implemented are 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 CEO and CFO) and the Audit Committee as appropriate to allow timely discussions regarding required disclosure.

INTERNAL CONTROL OVER FINANCIAL REPORTING

The Chief Executive Officer (CEO) and the Chief Financial Officer (CFO) are responsible for designing internal control over financial reporting or causing it to be designed under their supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Financial Statements for external purposes in accordance with Canadian Generally Accepted Accounting Principles.

Management has previously concluded that there were weaknesses in the systems of internal control due to the small size of the Company and its inability to segregate functions related to control, and the limited professional accounting expertise of the Company's employees. The Company determined that it would remediate these weaknesses by expanding the number of employees with accounting expertise that are involved in the accounting function as the Company incurs growth. In addition, the services of a professional accounting firm are used to prepare the Company's Quarterly interim financial statements.

During the third quarter of 2007, the Company hired a Finance Manager who provides accounting and financial management to the Company over financial reporting and internal controls, including review of the organization's accounting system processes and the implementation of procedures designed to address internal control weaknesses relating to cash disbursements, working capital management and financial reporting.

Subsequent to the end of the third quarter 2008, the Company contracted an external accounting firm to conduct a review of its internal control over financial reporting. This review has been completed and there were no significant deficiencies identified from this review.

RECENT DEVELOPMENTS IN ACCOUNTING STANDARDS

The Company has adopted the following recent standards as of January 1, 2008.

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.

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.

Capital Management

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 the required information is disclosed in Note 8 to the Financial Statements.

CICA Handbook Section 3031 “Inventories”

The adoption of this new inventory standard requires changes for accounting of inventory including the requirement to allocate overhead costs based on normal production levels and changes to the definition of net realizable value. The Company adopted this new accounting standard using permitted transitional provisions. The new inventory standard clarifies the definition of “cost” to include all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. As a result, companies are required to systematically allocate fixed and variable production

overheads that are incurred in converting materials into finished goods. The allocation of fixed production overheads is based on the normal production capacity of the production facilities. In addition, the standard requires companies to assess the recoverability of inventory costs in comparison to net realizable value. Declines in replacement cost below carrying values for raw material inventories do not require write downs if the finished goods in which they will be incorporated are expected to be sold at or above cost. There were no changes to the opening values of inventory and retained earnings at January 1, 2008.

Additionally, the Canadian Institute of Chartered Accountants ("CICA") has recently issued the following accounting standards:

General Standard of Financial Statement Preparation

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.

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 periods commencing July 1, 2009. 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.

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:

<u>Financial Instrument</u>	<u>Classification</u>	<u>Basis</u>	<u>Amount</u>
Accounts receivable (a)	Loans and receivables	Amortized cost	\$963,589
Bank overdraft	Held for Trading	Fair value	\$223,559
Accounts payable and	Other financial liability	Amortized cost	\$1,115,310

accrued liabilities			
Long term debt (b)	Other liabilities, held to maturity	Amortized cost	\$860,789

(a) The carrying value of accounts receivable is 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 at 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 the 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 to the risk management objectives in the period.

The Company is exposed to credit risk which can arise from the possibility that a counter party to a financial instrument fails to perform. The Company anticipates a further allowance for doubtful accounts of \$111,263 related to the suspended operations of the same client in Note (a) above.

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 in the Financial Instruments section above. The Company does not have a significant exposure to any other individual customer or counter party. 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 customer, historical trends and other information. The allowance for doubtful accounts for September 30, 2008 was \$211,846 (December 31, 2007 - \$15,000).

CRITICAL ACCOUNTING ESTIMATES

The Corporation utilizes certain critical accounting estimates in the preparation of the financial statements. These estimates are as follows: (i) the estimate of allowance for doubtful accounts, (ii) the valuation of stock based compensation and (iii) the valuation of inventory in accordance with section 3031 of the CICA Handbook. All of these estimates involve considerable judgment and are, or could be affected by significant factors that are out of the Corporation's control.

The assumptions affecting stock based compensation are outlined in Financial Statement Note 6. Management utilizes the Black-Scholes valuation model in arriving at fair market value of these transactions.

The amount recorded for the allowance for doubtful accounts is fully disclosed within this document as well as the financial statement.

The Company adopted the new Handbook section 3031 on January 1, 2008. This new section requires that cost be determined as cost to purchase, cost to convert including an allocation of fixed and variable production costs and other costs. At period end, the inventories are carried at the lower of cost and net realizable value. The cost formula utilized is first in, first out.

OFF-BALANCE SHEET ARRANGEMENTS

The Corporation has no off-balance sheet arrangements and had no off-balance sheet arrangements during as at November September - 2008.

REVIEW AND APPROVAL BY THE BOARD OF DIRECTORS

The Board of Directors, on the recommendation of the Audit Committee, approved the contents of this MD&A on November 25, 2008. This MD&A includes the Company's operating and financial results for the three and nine months ended September 30, 2008 and 2007 and should be read in conjunction with our audited consolidated financial statements and notes thereto for the year ended December 31, 2007 appearing on SEDAR's website at www.sedar.com.

OTHER INFORMATION

Additional Information relating to the Company is available on SEDAR at www.sedar.com or by contacting John Kozak, President & CEO of the Company at:

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