



Nordex Explosives Ltd.

March 17, 2008

Dear Shareholders,

Nordex Explosives has experienced another excellent year of significant growth in revenue with resulting healthy net income returns and a strong financial position in 2007 generating value for the shareholders. Three critical strategic areas relating to the company's proven growth and substantial development include:

- an increased revenue base,
- a significantly improved and sustained income return, and
- a strong financial position.

The mission of the company is to bring increased value to the mining, construction and quarry industries with the delivery of products and services, while reducing our collective environmental footprint.

The vision is to be the world's most dynamic explosives company by creating unique sustainable solutions for a safer, healthier and more efficient work environment for our employees and customers. To be an industry leader in all aspects of our operations demonstrating continual improvement in the provision of quality products and services which meet or exceed our clients' expectations.

The company has accomplished a great deal in moving towards its vision during the last year. In addition to the improvements to the financial strength of the company, management has implemented continuing operating improvements and human resource development initiatives including:

- continued improvement in the capacity of the truck fleet to better service the growing client base,
- additional explosive magazines and storage tanks to increase overall storage capacity at the plant and at client sites,
- improved explosives product research and testing capacity,
- consistent high level health and safety process and procedures,
- continued key industry regulatory approvals,
- the establishment of new positions resulting in:
 - a) the strengthening of operations with a quality assurance manager, and
 - b) improved financial and internal controls with the addition of a finance manager.

The company is now well positioned for future business growth and long term industry opportunities in meeting its strategic goals and targets.

Increased revenue base

The strategy of providing excellence in customer service and full range in product offerings has shown positive financial and marketing results. Revenue has increased in 2007 by 45.4% year over year to \$7,064,272. Nordex continues to benefit customers in manufacturing and supplying products in close geographic proximity to clients with resultant cost effective transportation, efficient service and customer response time. New product and service offerings in the year have included the provision of bulk underground emulsion. New market orientation has initiated the development of new market territories into Quebec. Customer growth areas include new clients in both the mining and the construction sectors.

Nordex is becoming an industry leader in the manufacture of explosive products and has proven high growth in sales volumes and resulting profitability. Market share has increased through the ongoing development of its new corporate image as a major participant in the explosives industry. The company is well positioned in the market as one of the only licensed manufacturing facilities for packaged explosive products in northeastern Ontario and northwestern Quebec.

Improved income returns

In addition to a significant growth in sales, net income after tax increased by 87.7% to \$580,459 which resulted from product cost control as well as a reduction in administrative costs as a percentage of revenue (14.3% in 2007 compared to 16.5% in 2006). Management has placed considerable emphasis on keeping administrative expenses low in order to increase the bottom line. Net profit margins have grown during the last four years as a result of increasing

revenues, maintaining healthy gross profit margins and decreasing administration expenses as a percentage of revenue.

Strong financial position

The company has established a strong financial position and is positioned for strategic growth with a solid balance sheet and positive financial ratios. A new Private Placement financing was finalized during the year which secured \$830,000 in equity. In addition, favourable long term financing secured for loans of \$400,000 over 15 years as well as another \$400,000 over 8 years. The funds position the company for future growth and improvements and are used to replace a prior loan which had less favourable terms and to provide cash for continued working capital growth and strategic capital expansion and plans.

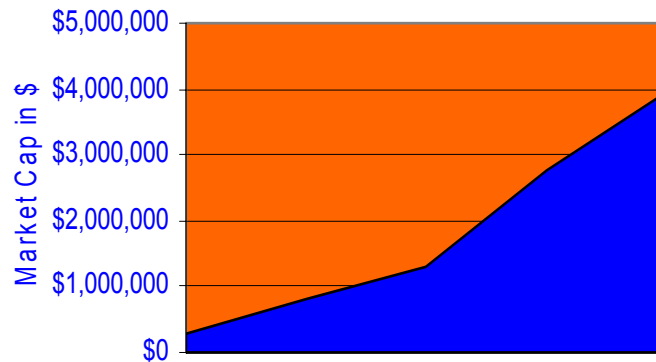
Financially, the company is in its healthiest position in over a decade. The following table summarizes and indicates the positive financial growth of the company over the past four years:.

	2007	2006	2005	2004
Revenue	7,064,272	4,857,953	3,674,883	2,409,481
Cost of Goods Sold	5,286,400	3,610,281	2,816,898	2,012,251
Gross Profit	1,777,872	1,247,672	857,985	397,230
Gross Margin	25.2%	25.1%	23.3%	16.5%
Administration	1,009,955	803,485	535,590	493,350
Amortization & Financing	151,314	105,037	89,825	54,740
Net Profit after tax	580,459	309,221	232,570	(150,860)
Net Profit Margin	8.2%	6.4%	6.3%	(6.3%)

Significant improvement, growth and sustainability continued in all financial areas in 2007. Shareholders' equity has increased from \$278,389 at the start of 2004 to \$2,392,767 as at December 31, 2007 for an increase of 859.5%. During this same period, total assets have increased from \$633,738 to \$4,425,340 for an increase of about sevenfold.

The market has recognized the improvements to the company's financial position over the last four years. This recognition is seen in the dramatic increase in market capitalization which has grown from \$297,110 at the start of 2004 to approximately \$4,000,000 at time of writing.

Market Capitalization



Dec 31, 2003 to Mar 14, 2008

In generating value over time, shareholders continue to benefit from the proven successes, the strategic growth and the substantial development of the company. This development includes the increased revenue base, the significantly improved and sustained income return, the strong financial position and the ongoing operating improvements.

I would like to thank all of our employees, our management and my fellow directors who have all contributed to the success of the company over the last year. Finally, I would like to say that it has been a pleasure working on behalf of all of the shareholders and I look forward to celebrating continued future successes with you.

Sincerely,

John Kozak
President & CEO

This discussion includes forward-looking statements that may differ materially from actual results achieved.