



LES EXPLOSIFS NORDEX

LTEE./NORDEX EXPLOSIVES LTD.

CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2009 AND 2008

AUDITORS' REPORT

To the Shareholders of
Les Explosifs Nordex Ltee./ Nordex Explosives Ltd.

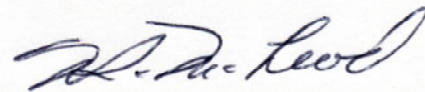
I have audited the consolidated balance sheets of **Les Explosifs Nordex Ltee./ Nordex Explosives Ltd.** as at December 31, 2009 and 2008 and the consolidated statements of operations and retained earnings and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2009 and 2008, and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

North Bay, Canada

N. R. McLeod, C.A.



March 1, 2010

Licensed Public Accountant

LES EXPLOSIFS NORDEX LTEE./NORDEX EXPLOSIVES LTD.

CONSOLIDATED BALANCE SHEETS

AS AT DECEMBER 31, 2009 AND 2008

	2009	2008
ASSETS		
CURRENT ASSETS		
Cash	\$ 258,322	\$ -
Accounts receivable	1,262,808	345,022
Inventories	1,074,830	1,244,620
	2,595,960	1,589,642
PROPERTY, PLANT AND EQUIPMENT (Note 3)	2,976,199	2,764,904
	\$ 5,572,159	\$ 4,354,546
LIABILITIES		
CURRENT LIABILITIES		
Bank overdraft (Note 4)	\$ -	\$ 73,358
Accounts payable and accrued liabilities	1,390,904	781,607
Current portion of long-term debt (Note 5)	177,152	138,725
	1,568,056	993,690
LONG-TERM DEBT (Note 5)	934,670	937,644
FUTURE INCOME TAXES PAYABLE	61,870	-
	2,564,596	1,931,334
SHAREHOLDERS' EQUITY		
SHARE CAPITAL (Note 6)	1,988,238	1,988,238
STOCK OPTIONS (Note 7)	106,722	48,484
CONTRIBUTED SURPLUS	228,753	227,249
RETAINED EARNINGS	683,850	159,241
	3,007,563	2,423,212
	\$ 5,572,159	\$ 4,354,546

APPROVED BY THE BOARD OF DIRECTORS:

"Bruce Bent"
BRUCE BENT
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****YEARS ENDED DECEMBER 31, 2009 AND 2008**

	2009	2008
SALES (Schedule 1)	\$ 7,936,523	\$ 6,073,647
COST OF GOODS SOLD (Schedule 1)	6,157,503	4,788,380
GROSS PROFIT	1,779,020	1,285,267
EXPENSES		
Administrative (Schedule 1)	1,046,188	779,232
Amortization	245,990	138,167
Interest on long-term debt	80,916	71,579
Stock based compensation (Note 7)	59,742	43,579
Bad debt (recovery) (Note 8)	(240,295)	308,109
	1,192,541	1,340,666
	586,479	(55,399)
CURRENT INCOME TAXES (Note 12)	-	(28,573)
FUTURE INCOME TAX EXPENSE (Note 12)	61,870	-
INCOME (LOSS)	524,609	(26,826)
RETAINED EARNINGS, beginning of year	159,241	186,067
RETAINED EARNINGS, end of year	\$ 683,850	\$ 159,241
BASIC AND DILUTED EARNINGS (LOSS) PER SHARE	\$ 0.075	\$ (0.004)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES	7,017,025	7,008,965

See accompanying notes.

LES EXPLOSIFS NORDEX LTEE./NORDEX EXPLOSIVES LTD.

CONSOLIDATED STATEMENT OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2009 AND 2008

	2009	2008
OPERATING ACTIVITIES		
INCOME (LOSS)	\$ 524,609	\$ (26,826)
ADD ITEMS NOT REQUIRING A CASH OUTLAY		
Amortization	245,990	138,167
Stock based compensation	59,742	43,579
DECREASE (INCREASE):		
Accounts receivable	(917,786)	700,120
Inventories	169,790	(95,413)
INCREASE (DECREASE):		
Accounts payable	609,297	(247,114)
Future income taxes payable	61,870	(36,144)
CASH FLOWS PROVIDED BY (USED IN) OPERATING ACTIVITIES	753,512	476,369
FINANCING ACTIVITIES		
Borrowing of long-term debt	200,000	250,000
Repayment of long-term debt	(164,547)	(141,339)
Share Options Exercised	-	13,692
CASH FLOWS PROVIDED BY FINANCING ACTIVITIES	35,453	122,353
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(457,285)	(1,440,270)
CASH FLOWS USED IN INVESTING ACTIVITIES	(457,285)	(1,440,270)
CHANGE IN CASH DURING THE YEAR	331,680	(841,548)
CASH, beginning of year	(73,358)	768,190
CASH (DEFICIENCY), end of year	\$ 258,322	\$ (73,358)
CASH FLOW SUPPLEMENTARY INFORMATION		
Interest paid	\$ 80,916	\$ 71,579
Income taxes paid (recovered)	-	(28,573)
	\$ 80,916	\$ 43,006
CASH (DEFICIENCY) CONSISTS OF:		
Cash	\$ 364,488	\$ (73,358)
Bank overdraft	(106,166)	-
	\$ 258,322	\$ (73,358)

Supplemental cash flow information (Note 13)

See accompanying notes.

LES EXPLOSIFS NORDEX LTEE./NORDEX EXPLOSIVES LTD.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2009 AND 2008

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

These financial statements have been prepared in accordance with Canadian Generally Accepted Accounting Principles (GAAP).

(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 year.

(c) CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash, bank overdraft 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%
Mobile equipment	25%
Laboratory equipment	10%
Office equipment and furniture	10%

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

(f) REVENUE

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

LES EXPLOSIFS NORDEX LTEE./NORDEX EXPLOSIVES LTD.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

YEARS ENDED DECEMBER 31, 2009 AND 2008

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 7. Any consideration paid upon exercise of options and issues of shares is credited to share capital. The fair value of each option at the date of grant was estimated using the Black-Scholes option pricing model and accreted over the vesting period of the stock options.

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

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 8 – Financial Instruments.

(l) GOODWILL AND INTANGIBLE ASSETS

Effective January 1, 2009 the Company adopted 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. This new standard provides guidance for the recognition, measurement and disclosure of goodwill and intangible assets. This new standard did not have any material impact on the Company's financial position or results.

LES EXPLOSIFS NORDEX LTEE./NORDEX EXPLOSIVES LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

PERIODS ENDED DECEMBER 31, 2009, AND 2008

(m) FUTURE ACCOUNTING CHANGES

The following Canadian accounting pronouncements were issued and not yet adopted by the company:

- CICA Handbook Section 1582, Business Combinations. The new standard prescribes how an organization recognizes, measures and discloses a business combination. This standard is not expected to have a significant impact on the company's financial position or results. This is effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2011.
- CICA Handbook Section 1601, Consolidated Financial Statements. The new section prescribes consolidation accounting standards. This standard is not expected to have a significant impact on the company's financial position or results. This is effective for fiscal years beginning on or after January 2011.
- CICA Handbook Section 1602, Non-Controlling Interests. The new section prescribes standards for the accounting for a non-controlling interest in business combination. This standard is not expected to have a significant impact on the company's financial position or results. This is effective for fiscal years beginning on or after January 2011.

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 Company is currently assessing the impact of IFRS on its financial statements.

3. PROPERTY, PLANT AND EQUIPMENT

	COST	ACCUMULATED AMORTIZATION	Net 2009	2008
Land and land improvements	\$ 48,094	\$ -	\$ 48,094	\$ 48,094
Buildings	1,061,546	350,652	710,894	682,852
Plant, machinery and equipment	2,067,446	459,312	1,608,134	1,592,795
Office equipment and furniture	51,377	33,545	17,832	18,523
Laboratory equipment	31,492	9,452	22,040	17,450
Mobile equipment	1,281,963	712,758	569,205	405,190
Totals	\$ 4,541,918	\$ 1,565,719	\$ 2,976,199	\$ 2,764,904

Amortization expense for the year amounted to \$245,990 (2008 - \$138,167).

LES EXPLOSIFS NORDEX LTEE./NORDEX EXPLOSIVES LTD.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

YEARS ENDED DECEMBER 31, 2009 AND 2008

4. LINE OF CREDIT

The Company has a combined credit facility of \$500,000 for an operating line and letters of credit. The operating line is equal to the minimum of (a) \$300,000 or (b) 75% of receivables plus 25% of inventory (to a maximum of \$250,000) calculated at the end of each month. The operating line bears interest at the prime rate plus 1% and is secured by a general security agreement, accounts receivable, inventory and equipment.

5. LONG-TERM DEBT

	2009	2008
Loan bearing interest at 7.3% per annum, repayable in monthly installments of \$2,380 plus interest, secured by specific assets. Maturing in 2016.	\$ 183,260	\$ -
Loan bearing interest at 8.6% per annum, repayable in blended monthly installments of \$643, secured by specific equipment. Maturing in 2011.	9,688	16,120
Loan bearing interest at 8.8% per annum, repayable in blended monthly installments of \$733, secured by a vehicle. Maturing in 2011.	11,679	19,092
Loan bearing interest at 3.2% per annum, repayable in blended monthly installments of \$1,834, secured by specific equipment. Maturing in 2012.	46,010	66,197
Loan bearing interest at 7.5% per annum, repayable in monthly installments of \$4,170 plus interest, secured by specific assets. Maturing in 2015.	300,240	350,290
Loan bearing interest at 7.5% per annum, repayable in monthly installments of \$2,980 plus interest, secured by specific assets. Maturing in 2016.	220,520	250,000
Loan bearing interest at 7.5% per annum, repayable in monthly installments of \$2,225 plus interest, secured by specific assets. Maturing in 2022.	340,425	367,233
Other	-	7,437
	1,111,822	1,076,369
Current portion	(177,152)	(138,725)
	\$ 934,670	\$ 937,644

LES EXPLOSIFS NORDEX LTEE./NORDEX EXPLOSIVES LTD.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

YEARS ENDED DECEMBER 31, 2009 AND 2008

5. LONG-TERM DEBT (CONT'D)

Approximate principal repayments are as follows:

2010	\$	177,152
2011	\$	168,692
2012	\$	144,713
2013	\$	141,060
2014	\$	141,060
Subsequent	\$	339,145
		<hr/>
		\$ 1,111,822

6. 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	50,000	13,692
Black-scholes value of options exercised	-	7,464
<u>Balance, December 31, 2008</u>	<u>7,017,025</u>	<u>1,988,238</u>
<u>Balance, December 31, 2009</u>	<u>7,017,025</u>	<u>\$ 1,988,238</u>

LES EXPLOSIFS NORDEX LTEE./NORDEX EXPLOSIVES LTD.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

YEARS ENDED DECEMBER 31, 2009 AND 2008

7. STOCK OPTIONS

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. The New Stock Option Plan was approved again at the Annual and Special Meeting of Shareholders held on May 22, 2009.

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
232,500	48 cents	March 23, 2013
275,035	33 cents	August 22, 2014

Stock options issued during the period are as follows:

	2009		2008	
	Number of shares	Weighted average exercise price	Number of shares	Weighted average exercise price
Options outstanding as at beginning of year	371,667	\$ 0.49	176,667	\$ 0.45
Granted	275,035	0.33	245,000	0.48
Exercised	-	-	(50,000)	0.27
Forfeited	(12,500)	0.48	-	-
Options outstanding at year end	634,202	\$ 0.42	371,667	\$ 0.49
Options exercisable at year end	182,500	\$ 0.48	71,668	0.40

LES EXPLOSIFS NORDEX LTEE./NORDEX EXPLOSIVES LTD.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

YEARS ENDED DECEMBER 31, 2009 AND 2008

7. 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	38,334	38,334	0.05	0.19
0.50	23,333	23,333	0.07	0.25
0.71	65,000	43,333	0.25	0.59
0.48	232,500	77,500	1.18	1.37
0.33	275,035		2.01	
\$ -	634,202	182,500	3.56	2.40

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 - 140%
Expected dividend yield	0%
Weighted-average fair value of options	\$0.27

The Black-Scholes value of the options granted during the period was \$.294 per option or \$80,773 in total.

The value ascribed to unexercised stock options recorded as a component of shareholders' equity is as follows:

	2009	2008
Balance - Beginning of year	\$ 48,484	\$ 12,369
Accretion of stock options granted	59,742	43,579
Exercise of stock options	-	(7,464)
Stock options forfeited	(1,504)	-
Balance - End of year	\$ 106,722	\$ 48,484

LES EXPLOSIFS NORDEX LTEE./NORDEX EXPLOSIVES LTD.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

YEARS ENDED DECEMBER 31, 2009 AND 2008

8. FINANCIAL INSTRUMENTS

As at December 31, 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
Cash and cash equivalents	Held for Trading	Fair value	\$ 364,488
Accounts receivable (a)	Loans and receivables	Amortized cost	\$ 1,262,808
Bank overdraft	Held for Trading	Fair value	\$ (106,166)
Accounts payable and accrued liabilities	Other financial liability	Amortized cost	\$ 1,390,904
Long term debt (b)	Other liabilities, held to maturity	Amortized cost	\$ 1,111,822

(a) The carrying value of accounts receivables are net of a general allowance for doubtful accounts in the amount of \$45,397. During the period the Company recovered \$273,054 related to account receivables previously written off and accrued \$32,760 for doubtful accounts.

(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 year.

CREDIT RISK

The Company has exposure to an individual customer for the amount of \$463,859. 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 December 31, 2009, was 45,397 (December 31, 2008 - 323,109).

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.

LES EXPLOSIFS NORDEX LTEE./NORDEX EXPLOSIVES LTD.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

YEARS ENDED DECEMBER 31, 2009 AND 2008

8. FINANCIAL INSTRUMENTS (CONT'D)

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.

CURRENCY RISK

The majority of the Company's expenses are incurred in Canadian Dollars therefore the Company is substantially protected against movements in foreign exchange. The Company's principle exchange rate risk relates to movements between the Canadian Dollar the US Dollar on the purchase of materials.

SENSITIVITY ANALYSIS

The carrying amount of financial instruments approximates their fair market value. The movement on long term debt interest rates of plus or minus 1% would affect net income by approximately \$11,000. A movement of plus or minus 1% on the US Dollar exchange rate would affect net income by approximately \$15,000.

9. 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/equity ratio as at December 31, 2009 was 0.85.

The Company has complied with all of it's externally imposed capital requirements during 2009 and 2008.

The were no changes in the Company's approach to capital management during the years ended December 31, 2009 and 2008.

LES EXPLOSIFS NORDEX LTEE./NORDEX EXPLOSIVES LTD.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

YEARS ENDED DECEMBER 31, 2009 AND 2008

10. MINING CLAIMS

The Company holds various mining claims covering 529 hectares in the Township of Melba located 22 kilometers north of Kirkland Lake, Ontario. At this time, the Company has no plans to carry out exploration work on these claims.

11. RELATED PARTY TRANSACTIONS

During the year ending December 31, 2009, the Company accrued or paid \$24,000 in Director Fees and meeting expenses (December 31, 2008 - \$27,600). An officer of the company is a partner in a legal firm that provides services to the company. The Company paid \$72,200 in legal fees to the legal firm. An officer of the company is a partner in a public accounting firm that provides services to the Company. The Company paid, or accrued, \$7,600 in officer fees and \$26,063 in accounting fees to the 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.

LES EXPLOSIFS NORDEX LTEE./NORDEX EXPLOSIVES LTD.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

YEARS ENDED DECEMBER 31, 2009 AND 2008

12. INCOME TAXES

The Company has losses of approximately \$121,715 available to reduce future taxable income. If not utilized these losses expire in 2029.

The benefit relating to these loss carryforward amounts has been recognized in the financial statements as the amount to be recorded under generally accepted accounting principles is the amount which is more likely than not to be realized.

Income for taxation purposes differs from the amounts that would be obtained by applying the combined Canadian Federal and Provincial statutory income tax rates to loss before income taxes. This difference results from the following:

	2009	2008
Income (loss) before income taxes	\$ 586,479	\$ (55,399)
Combined basic federal and provincial tax rate	31.00 %	31.50 %
Expected income tax	\$ 181,808	\$ (17,451)
Increase (decrease) in income taxes resulting from:		
Capital cost allowance claimed in excess of depreciation	(108,808)	(101,211)
Non-deductible expenditures	20,596	13,780
Tax losses utilized	(15,139)	-
SR&ED expenditures / credits recovered (claimed)	(77,934)	-
Future income tax expense (benefit) resulting from change in tax rate	(523)	(7,178)
Current year valuation allowance	-	83,487
	\$ -	\$ (28,573)

Significant components of the Company's future income tax assets (liabilities) are as follows:

	2009	2008
Operating losses carried forward	\$ 35,298	\$ 112,470
Tax values of capital assets in excess of accounting values	(140,958)	(53,178)
SR&ED expenditures to be carried forward	43,790	-
Total future tax asset (liability)	(61,870)	59,292
Valuation allowance	-	(59,292)
Future Tax Liability	\$ (61,870)	\$ -

13. SUPPLEMENTAL CASH FLOW INFORMATION

	2009	2008
Value assigned to stock options exercised / forfeited	\$ 1,504	\$ 7,454
Scientific Research and Experimental Development tax credits earned and included in accounts receivable and applied as a reduction in capital assets.	\$ 29,991	\$ -

14. COMPARATIVE FIGURES

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

LES EXPLOSIFS NORDEX LTEE./NORDEX EXPLOSIVES LTD.

YEARS ENDED DECEMBER 31, 2009 AND 2008

REVENUE	2009	2008
Sale of product	\$ 7,372,356	\$ 5,642,788
Freight	528,998	378,843
Other	35,169	52,016
	\$ 7,936,523	\$ 6,073,647
COST OF GOODS SOLD		
Materials Purchased	\$ 4,428,655	\$ 3,336,471
Freight	495,846	497,594
Commissions	218,779	250,191
Wages & benefits	944,624	660,775
Utilities	69,599	43,349
	\$ 6,157,503	\$ 4,788,380
ADMINISTRATIVE EXPENSES		
Consultants	\$ 29,593	\$ 17,225
Insurance	150,545	121,885
Office	40,914	38,113
Wages & benefits	435,869	345,882
Professional fees	177,813	99,323
Public company expenses	33,290	32,908
Interest and bank charges	17,087	11,491
Travel and expenses	82,874	48,539
Licenses and permits	20,340	16,146
Advertising	17,931	13,194
Training and courses	5,355	626
Miscellaneous	34,577	33,900
TOTAL	\$ 1,046,188	\$ 779,232