

**LES EXPLOSIFS NORDEX LTEE/NORDEX EXPLOSIVES LTD.**

**ANNUAL MANAGEMENT DISCUSSION AND ANALYSIS  
of Financial Condition and Results of Operations  
for the twelve months ended December 31, 2008**

**Dated: April 15, 2009**

*The following information should be read in conjunction with the Corporation's audited December 31, 2008, 2007 and 2006 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.*

**COMPANY OVERVIEW**

LES EXPLOSIFS NORDEX LTEE./NORDEX EXPLOSIVES LTD. ("Nordex" or the "Corporation") 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 Corporation manufactures and distributes 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 Corporation 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 fiscal year ending December 31, 2008, reflect operations of the Corporation for the twelve month period commencing January 1, 2008. Comparative financial results are for the fiscal year commencing January 1, 2007 and ending on December 31, 2007.

Management discussion and analysis is a review of the Corporation's financial condition and results of operation as compared to the corresponding prior year end. This discussion is intended to provide historical and prospective analysis of the activities of the Corporation.

All financial data contained in this Management Discussion and Analysis has been prepared in accordance with Canadian generally accepted accounting principles. With respect to foreign currency, all monetary assets and liabilities have been translated at the year-end exchange rate. Gains and Losses from translating monetary assets and liabilities are recognized through the statement of earnings and retained earnings in the Corporation'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.

**EXECUTIVE SUMMARY**

There were several items of significant importance to the Corporation in 2008. These items include the implementation of the Corporations new emulsion plant, increased costs for raw materials and finished product, and the impact of the economy on the Corporation's mining clients.

The Corporation's new emulsion plant is capable of producing detonator sensitive and booster sensitive emulsion explosives in both packaged and bulk form. The plant can manufacture underground and surface emulsion explosives for use in the mining, quarry and construction industries. The Corporation has received certification of its manufacturing facility and its booster sensitive emulsion products from the Explosives Regulatory Division of the Ministry of Natural Resources. The plant will make the Corporation more competitive with mining clients and prospects. It will also allow the Corporation to more aggressively pursue customers outside of the mining sector including quarrying and construction, thereby reducing its dependence on the mining sector.

The cost of several key raw materials used for the manufacture of industrial explosives as well as the cost of finished products purchased for resale increased significantly during 2008 resulting in a reduction of gross margins for the year to 22.1% compared to 25.2% in 2007. The cost of diesel fuel and ammonium nitrate which are widely used in the manufacturing of industrial explosives increased significantly during the year. Additionally, the Corporation's costs for a significant amount of the finished products that the Corporation resells and are produced by other manufacturers are based in U.S. dollars. With the Canadian dollar dropping approximately 16% against the U.S. dollar during 2008, the costs for these finished products increased during the year.

The economy affected a number of the Corporation's mining customers. Specifically, the drop in commodities prices and increased restrictions to accessing credit resulted in reduced mining operations at some of the Corporation's customers. Several customers' mines that were operating during 2007 and parts of 2008 were placed under care and maintenance at various times in 2008. As a result, revenues for the entire year dropped by 14% in 2008 compared to 2007. In addition, one of the Corporation's customers which suspended their mining operations has an amount owing of \$308,109 to the Corporation. As a result, the Corporation has taken on an allowance for bad debt expense during 2008 for the entire \$308,109.

## OVERALL PERFORMANCE AND RESULTS OF OPERATIONS

### Financial Highlights

The following table sets forth certain financial information of the Corporation for the fiscal years ending December 31, 2008, 2007 and 2006.

<b>Twelve Months ended December 31</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>
Total Revenues	\$6,072,068	\$7,064,272	\$4,857,953
Cost of Goods Sold	\$4,733,127	\$5,286,400	\$3,640,210
Gross Profit	\$1,338,941	\$1,777,872	\$1,217,743
Gross Margin	22.1%	25.2%	25.1%
Selling, Admin and Marketing Expense	\$832,906	\$984,936	\$797,706
Income (loss) before Interest, Taxes Amortization and Bad Debt Expense	\$506,035	\$792,936	\$420,037
Allowance for Bad Debt Expense	\$308,109	\$14,197	Nil
Income (loss) before Interest, Taxes and Amortization	\$197,926	\$778,739	\$420,037
Amortization Expenses	\$138,167	\$108,593	\$69,047
Interest on long term debt	\$71,579	\$42,721	\$35,990
Stock based compensation	\$43,579	\$10,822	\$5,779
Net Income (loss) before tax for the Period	\$(55,399)	\$616,603	\$309,221
Income after tax (or recovery)	\$(26,826)	\$580,459	\$309,221
Profit Margin	(0.47)%	8.2%	6.4%
Earnings (loss) per Share	\$(0.004)	\$0.098	\$0.057
Cash Provided By (Used In) Operations	\$476,369	\$(205,805)	\$10,287
Cash End of Period/(Deficiency)	\$(73,358)	\$768,190	\$57,559
Accounts Receivable	\$345,022	\$1,045,142	\$1,027,908
Total Assets	\$4,354,546	\$4,425,340	\$2,443,134
Accounts Payable & Accrued Liabilities	\$781,607	\$1,028,720	\$1,118,050
Long Term Debt	\$1,076,369	\$967,709	\$356,719
Total Liabilities	\$1,931,334	\$2,032,573	\$1,474,769
Shareholders' Equity	\$2,423,212	\$2,392,767	\$968,365
Total Shares Outstanding at Period End	7,017,025	6,967,025	5,626,000

### **Dividend Record and Policy**

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

### **Net Income**

For the fiscal year ending December 31, 2008, Nordex recorded a net loss before tax of \$(55,399) and a net loss after a tax recovery of \$(26,826) compared to a net income before tax of \$616,603 and a net income after tax of \$580,459 for the fiscal year ending December 31, 2007 and a net income of \$309,221 for the fiscal year ending December 31, 2006. The tax recovery resulted primarily from a favourable adjustment resulting from a prior year's SR&ED claim (Scientific Research and Experimental Development tax credit).

Net Income decreased significantly due to the \$308,109 allowance for bad debt expense resulting from one customer which ceased its mining operations in the fourth quarter of 2008. 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. (Additional detail is contained in the section titled "Allowance For Bad Debt Expense")

Other reasons contributing the reduction in net income were the reduction in sales and the reduction in gross margins compared to prior years.

Earnings/(Loss) per common share were \$(0.004), \$0.098 and \$0.057, reflected on the weighted average number of shares outstanding for the fiscal years 2008, 2007 and 2006 respectively.

### **Revenue**

Revenue decreased by 14% in 2008 compared to 2007. For the fiscal year ending December 31, 2008, Nordex reported revenue of \$6,072,068 compared to \$7,064,272 for the fiscal year ending December 31, 2007 and to \$4,857,953 for the fiscal year ending December 31, 2006.

In 2008, Nordex was impacted by the downturn in the mining industry. The downturn in mining resulted primarily from the decreased demand for commodities resulting in lower commodities prices as well as the tightening of the credit and equity markets. Several of the Company's clients suspended their mining operations at various times during the year.

### **Cost of Goods Sold and Gross Margins**

Cost of Goods Sold were \$4,733,127 for the fiscal year ending December 31, 2008 compared to \$5,286,400 for the fiscal year ending December 31, 2007 and \$3,640,210 for the fiscal year ending December 31, 2006. Gross margin for the year decreased to 22.1% compared to 25.2% for 2007 and 25.1% for 2006.

Cost of Goods Sold was lower than last year due to the decrease in sales. Gross margins reduced because of increasing costs to raw material cost (primarily ammonium nitrate and diesel fuel) throughout the year and because of increased costs for finished products purchased by the Corporation for resale from U.S. suppliers. The cost of products purchased from U.S. suppliers increased during the year as a result of the decrease in the Canadian dollar against the US dollar over that time.

### **Selling, General and Administrative**

Selling, general and administrative expenses include marketing, customer support, financing, interest and bank charges (excluding interest on long term debt), executive personnel, professional services, office and occupancy costs required to manage the corporation and do not include amortization and amortization and bad debt expense.

Selling, general and administrative expenses for 2008 decreased by over 15% to \$832,906 compared to \$984,936 in 2007 and decreased slightly as a percentage of sales in 2008 to 13.7% from 13.9% in 2007.

During the year, management worked to decrease administrative expenses where possible due to the decrease in revenues. There was an increase for the cost of insurance in 2008 versus 2007 (\$121,885 versus \$108,557) resulting primarily from a larger fleet of vehicles in 2008. The cost of utilities also increased in 2008 to \$43,349 compared to \$37,550 in 2007. However, these increases were more than offset by decreases in other areas where management had greater influence. Specifically, wages & benefits, professional fees, public company expenses and consultant fees all reduced in 2008 compared to 2007.

Wages & benefits made up the largest amount of the reduction with \$338,382 in 2008 compared to \$465,340 in 2007. Miscellaneous Expenses increased by 2% in the year. Management Compensation and Miscellaneous Expenses are outlined in the following two sections.

### **Executive Compensation**

Salary and bonus for the Company's three executives made up \$296,833 of the \$338,382 in total administrative wages and benefits expenses in 2008. The 2008 amount of \$296,833 was a reduction of over 20% compared to the 2007 total of \$374,000 for the Company's executives' wages and bonus. Compensation was reduced in 2008 as a result of the executives' bonuses being tied to the financial performance for the year.

### **Miscellaneous Expenses**

Miscellaneous Expenses are a component of Selling, General and Administrative Expenses. Miscellaneous Expenses include property expense; administrative vehicle expense; travel expenses; advertising & promotion; licenses; and office expenses. Miscellaneous Expenses increased slightly to \$179,834 for the fiscal year ending December 31, 2008 compared to \$176,074 for the fiscal year ending December 31, 2007 representing a year over year increase of \$3,760.

Further details on Miscellaneous Expenses are provided below.

<b>Account</b>	<b>2008</b>	<b>2007</b>	<b>2007 Increase / (Decrease)</b>
Administrative Vehicle Expense	\$8,467	\$10,877	\$(2,410)
Travel	\$48,539	\$66,722	\$(18,183)
Bank Charges	\$11,491	\$6,414	\$5,077
Advertising & Promotion	\$13,194	\$20,193	\$(6,999)
Licenses & Permits	\$16,146	\$13,529	\$2,617
Office Expense	\$38,111	\$26,177	\$11,934
Other	\$43,886	\$32,162	\$11,724
<b>Total</b>	<b>\$179,834</b>	<b>\$176,074</b>	<b>\$3,760</b>

The vehicle expense component under Selling, General and Administrative Expenses reduced as there were leases for two vehicles for part of the 2007 year. These vehicles were purchased at the end of their lease during 2007 resulting in the elimination of these lease payments during 2008.

Bank charges increased due to annual administrative fees for additional long term debt taken out and due to interest expense for the operating line which was used for a part of 2008.

Office expense increased in 2008 as a result of the Corporation's office in Mississauga operating the entire 2008 year compared to operating for a portion of the year in 2007.

Increased property taxes and trade show costs contributed to an increase in Other Miscellaneous Expenses.

### **Allowance for Bad Debt Expense**

On November 5, 2008, the Company announced that a customer, Liberty Mines Inc., ("Liberty Mines") had announced that it had placed its nickel mining operations near Timmins on care and maintenance. In a press release issued by Liberty Mines, Liberty Mines indicated that it had placed the mines on care and maintenance as a result of the recent downturn in commodity prices and the general economic slow-down. Liberty Mines indicated that they would be seeking near-term financing in order to fund its intended restructuring and interim operations and would also seek out partners with which to complete a business combination such as an amalgamation, arrangement, take-over bid or another combination for the purposes of financing its growth and operations.

As a result of this announcement, the Company reduced its accounts receivable to reflect an allowance for a potential bad debt expense for monies owing by Liberty Mines to the Company as of September 30, 2008 in the amount of \$196,846 which was reflected in the third quarter 2008 unaudited Financial Statements and Third Quarter Management Discussion and Analysis previously filed by the Company.

As of December 31, 2008, the total amount owing by Liberty Mines to the Company was the sum of \$308,109. The Company has taken an Allowance For Bad Debt Expense in the full amount of this sum as of December 31, 2008, which is reflected in the Audited Financial Statements of the Company and in this Management Discussion and Analysis. Taking into account this Allowance for Bad Debt Expense, the company suffered a Loss for the year of \$26,826.

On February 19, 2009, Liberty Mines issued a Press Release indicating that "progress continues to be made towards obtaining the financing necessary to continue Liberty's exploration, development and production programs. Management is striving to conclude negotiations and announce the signing of a definitive agreement. As described by a press release on April 29, 2008, a loan was advanced to the Company for CDN\$16.45 million. All interest payable on the loan was pre-paid until the maturity date of October 29, 2009. The Trustee for the loan has served notice on the Company that the outstanding principal and warrants associated with the loan are due and payable according to an alleged event of default under the indenture securing the loan. The majority of the note-holders signed a resolution instructing the Trustee to call the loan under the assumption that one or more liens have been registered as charges ranking in priority to or equal to the mortgage securing the loan. Certain contractors and suppliers working for the Company have placed liens on the Company's Redstone and McWatters properties claiming priority and have commenced actions against the Company. However, there has been no judicial determination of any charge as alleged. The note-holders have agreed to negotiate a forbearance agreement which will stay the notice of default for a period of time that should be sufficient to complete the financing noted above and provide funds to settle the lien claims. In the event the forbearance agreement cannot be completed, the Company will defend this alleged default vigorously."

On February 26, 2009, Liberty Mines issued a Press Release indicating that "that further to the press release of February 19, 2009, the note-holders shall refrain from enforcing or directing the Trustee of the loan to enforce any rights under the indenture securing the loan until April 1, 2009 provided there are no actions by creditors which materially deteriorate the security position of the note-holders or the Trustee. The note-holders encouraged management to pursue alternative financing arrangements with one or more third parties to ensure the long term well being of the Company. Management hopes to conclude negotiations and announce the signing of a definitive agreement soon."

On April 7, 2009, Liberty Mines issued a Press Release indicating that "Liberty Mines Inc. confirms that a definitive agreement for a financing is nearing completion. The financing is structured to resolve the debt referred to in the February 26, 2009 press release; to pay current payables; and to provide some working capital. Upon successful completion of the definitive agreement, a press release will be issued specifying the details of the financing."

On April 14, 2009, Liberty Mines issued a further Press Release indicating that "it has arranged a CDN\$30,000,000 equity financing with Jilin Jien Nickel Industry Co., Ltd. ("JJNICL") of Panshi City in China. The financing consists of a private placement of \$9,430,604 for 85,732,763 common shares at 11

cents per share; and the issuance of 186,994,510 preferred shares at 11 cents per share for the balance of the financing of \$20,569,396.” The Press Release further indicates that “As part of this financing, JJNICL will directly pay the negotiated balance due on the loan described in the February 19<sup>th</sup> press release. The balance of the financing will be funded to Liberty to pay amounts owing to employees, trades and suppliers; and to provide additional working capital. The financing is subject to certain governmental or regulatory approvals that are required such as those from the Chinese government and the Toronto Stock Exchange (“TSX”).”

As of the date of this Management Discussion and Analysis, the Company is unaware as to whether Liberty Mines will be successful in completing this financing, or obtaining other financing which will enable Liberty Mines to pay the full amount currently outstanding to the Company. In the event that Liberty Mines is successful in completing this financing or obtaining other financing, then some or all of the amount included in the Allowance For Bad Debt Expense for the year ending December 31, 2008 may be recoverable by the Company.

### **Provision for Income Taxes**

As of December 31, 2008, the corporation has non-capital loss carry-forwards and other tax deduction carry forwards to possibly offset taxes payable in future years. Based on the Audited Financial Statements, the Corporation will not pay any income tax for the year ending December 31, 2008.

Prior to 2008, the Corporation filed amended tax returns for the years 2005 and 2006. These returns were assessed by Canadian Revenue Agency during the year ending December 31, 2008 and resulted in a tax recovery of \$28,573 which has been applied to the year ending December 31, 2008.

### **Retained Earnings**

Retained Earnings are \$159,241 for the fiscal year ending December 31, 2008 reflecting the net loss for the period compared to \$186,067 for the fiscal year ending December 31, 2007 and compared to \$(394,392) for the fiscal year ending December 31, 2006.

### **Inventories**

Inventories were \$1,244,620 on December 31, 2008 compared to \$1,149,207 at the fiscal year ending December 31, 2007 and \$313,949 at the fiscal year ending December 31, 2006. Although actual inventory levels decreased year over year, Inventory values increased primarily as a result of the increased cost of inventory product purchased from U.S. suppliers in U.S. dollars.

### **Property, Plant and Equipment**

The total book value of Property, Plant and Equipment at fiscal year ending December 31, 2008 was \$2,764,904 compared to \$1,462,801 at fiscal years ending December 31, 2007.

Increases in 2008 before amortization totaled \$1,440,270. Most of the increase was due to the construction and implementation of the new Emulsion Plant. The asset class of Plant, Machinery and Equipment increase represented \$1,196,070. The expansion of the Company’s vehicle fleet represented the next largest investment in capital assets for the year for a total of \$169,398.

## **LIQUIDITY AND CAPITAL RESOURCES**

During the fiscal year ending December 31, 2008, there was a decrease in the Corporation’s near-cash position and short-term deposits. The Corporation had a bank overdraft of \$73,358 at December 31, 2008 compared to a cash position of \$768,190 as of December 31, 2007. The decrease in short-term cash is primarily a result of the capital expenditures used to build and implement the emulsion plant and the allowance for bad debt for \$308,109 which occurred over the last two quarters.

The Company has an operating line with the CIBC that is equal to the minimum of (a) \$500,000 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 has been in place for a number of years and the cost of borrowing has not changed as a result of the tightening of the credit markets during 2008 and the start of 2009.

Long term debt (including current year's portion) increased to \$1,076,369 at the end of 2008 from \$967,709 at the end of 2007. \$967,523 of this amount is for 3 loans with the Business Development Bank of Canada ("BDC"). The remainder of the long term debt loans totalling \$108,846 are for various trucks. Two of the BDC loans totalling \$717,523 in principal outstanding at year end were secured in 2007. An additional loan with the BDC for \$250,000 was secured in the fourth quarter of 2008 for various capital expenditures not associated with the Corporation's new emulsion plant. All three of the loans with the BDC bear interest at the rate of 7.5% per annum calculated monthly, repayable in monthly instalments.

Current Liabilities decreased to \$993,690 from \$1,206,349 at December 31, 2007 resulting from a decrease in the accounts payable during the year. Accounts payable decreased because of reduced trade.

In management's opinion, Nordex is well poised to continue its current level of operations in the near term and has adequate means to finance these operations. However, future events currently unknown to the corporation 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, or the need for capital equipment or working capital to fund expansion, could negatively effect the Corporation's ability to generate sufficient amounts of cash and cash equivalents to continue to finance operations.

#### **TRANSACTIONS WITH RELATED PARTIES**

During the year ending December 31, 2008, the Company incurred a total of \$27,600 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 \$62,824 in legal fees for services provided by the legal firm. These transactions are in the normal course of operations and are measured at fair market value.

#### **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 compensation plan, including bonuses, options and benefits, be established for Messrs. Kozak, Taylor and Peterson. The Compensation Committee obtained input from outside consultants, the Board and management in making a final recommendation 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 year ending December 31, 2008.

<b>Person</b>	<b>Positions</b>	<b>Salary</b>	<b>Bonus</b>	<b>Director Fees (2)</b>	<b>Stock Options Granted</b>	<b>Other</b>
John Kozak	President, CEO & Director	\$140,000	Nil	\$4,500	55,000	\$2,800 (3)
Jim Taylor	VP & COO	\$120,000	\$6,833	Nil	45,000	\$2,537 (3)
A. Timothy Peterson	CFO, Director & Chairman	\$30,000	Nil	\$5,400	12,500	Nil
Bruce Forth	Director & Secretary (1)	Nil	Nil	\$4,500	12,500	\$62,824 (4)

Bruce Bent	Director	Nil	Nil	\$5,700	40,000	Nil
John Huxley	Director	Nil	Nil	\$5,700	80,000	Nil
Jules Roy	Director (1)	Nil	Nil	\$1,800	Nil	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 \$62,824 in legal fees for services provided by the legal firm.

## GLOBAL ECONOMIC UNCERTAINTY

As at April 15, 2009 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. 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 reasonably 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 of 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](http://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.

## **FINANCING ACTIVITIES**

### **Private Placement and Public Offering**

In October 2007 the Corporation completed a Private Placement for a total of 1,307,692 Common Shares for total proceeds of \$850,000 less expense relating to the Private Placement. The resulting net proceeds of \$826,288 are for the expansion of the Corporation's existing manufacturing facilities, working capital and for general corporate purposes. Following the final closing there were 6,967,025 common shares of the Company issued and outstanding at year end.

During the year ending December 31, 2008, the Corporation did not conduct a private placement or a public offering. During the year, 50,000 options were exercised by employees, management and directors resulting in 7,017,025 common shares of the Company issued and outstanding at year end.

### **Business Development Bank of Canada Loans**

During the second quarter 2007, the corporation finalized two loan agreements for \$400,000 each with the BDC which are secured by a general security agreement over the Corporation's assets and mortgages over the Corporation's real property assets.

During the fourth quarter of 2008, the Corporation finalized an additional loan agreement for \$250,000 with the BDC further secured by a general security agreement over the Corporation's assets and mortgages over the Corporation's real property assets.

## **RISK FACTORS**

The Corporation'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 Corporation. Additional risks and uncertainties not presently known to the Corporation or that the Corporation currently believes are immaterial may also materially and adversely impair its business operations.

Information contained in publicly available information in respect of the Corporation 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 Corporation'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 Corporation'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 Corporation competes or that the Corporation will have the resources required to respond to technological changes or to compete successfully in the future.

### **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 Corporation's products and processes obsolete or unmarketable. Moreover, increased market penetration and customer acceptance of the Corporation's products will depend upon the Corporation'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 Corporation sources its raw materials from suppliers in North America. The Corporation integrates and/or assembles certain components at its facilities. The Corporation resells products manufactured by other companies.

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

The Corporation 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 fluctuated significantly 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 Corporation.

**Foreign Exchange Risk**

The Corporation derives a significant amount of revenue from products manufactured by companies based out of the U.S. which the Corporation resells. The cost of these products to the Corporation is based in U.S. dollars. The Corporation would end up paying more for these products in Canadian dollars if the Canadian dollar weakens against the U.S. dollar.

**Commodity Prices**

The rate of operations at the Corporation'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 Corporation. Nordex has been affected by the drop in commodity prices and mining activity during 2008 as several clients placed their mines under care and maintenance. A further downturn in the commodities market and/or mining sector could have a material adverse negative effect on the Corporation.

**Dependence on Significant Customers**

The majority of the Corporation's sales in the year were to its mining clients. Management expects this to be the case for at least the next twelve months. Several mines that the Corporation was supplying at the start of 2008 ceased operations and were put under care and maintenance. A further downturn in the commodities market and/or mining sector could have a material adverse negative effect on the Corporation.

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

In 2008, sales to the Corporation's top three clients comprised 70% of total sales compared to 60% in 2007 and 79% in 2006.

**Ability of Significant Customers to Make Payments**

Two customers of Nordex placed their mines under care and maintenance during the fourth quarter of 2008. One of these customers has insufficient funds to pay its suppliers at this time. The Corporation is owed \$308,109 for products and services provided to this customer. The Corporation has taken an allowance for bad debt expense for the entire amount of \$308,109. There are not any other significant amounts owing to

the Company from other clients at this time. A continued downturn in the commodities market and/or mining sector could have a material adverse negative effect on the Corporation.

### **Ability to Manage Growth**

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

### **Dependence on Key Personnel**

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

### **Directors and Officers Conflicts**

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

### **Delays in Implementing Business Plan**

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

### **Additional Financing Requirements**

The Corporation is constantly investigating the cost to expand its logistical capabilities, supplier network, manufacturing facilities and geographical market. The Corporation is constantly assessing business opportunities including new business lines with the objective of increasing sales and profits for the Corporation. The Corporation 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 Corporation 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 Corporation. If additional financing is raised by the issuance of shares from the treasury of the Corporation, control of the corporation may change and shareholders may suffer dilution.

### **Regulatory Approvals**

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

### **Competition**

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

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

**OUTSTANDING SHARE DATA**

The following table sets forth the capitalization of the Corporation at December 31, 2008.

<b>Designation of Security</b>	<b>Authorized</b>	<b>Outstanding at December 31, 2008</b>
Common	12,000,000	7,017,025

To the best of the knowledge of the directors and senior officers of the Corporation, 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 Corporation on April 15, 2009:

<b>Name</b>	<b>Number of Shares Beneficially Owned, Controlled or Directed</b>	<b>Percentage of 7,017,025 Outstanding Common Shares</b>
Mr. Andrew Timothy Peterson Mississauga, Ontario	1,014,300	14.5%
Mr. Jacques Levesque Point Edward, Ontario	1,144,200	16.3%

**Summary of Quarterly Results**

<b>Quarter Ended</b>	<b>Revenue</b>	<b>Income (Loss)</b>	<b>Income (Loss) Per Share</b>	<b>Total Assets</b>	<b>Total Long Term Financial Liabilities</b>
<b>2008</b>					
December 31	\$1,108,659	\$(120,569)	\$(0.017)	\$4,354,547	\$937,644
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
<b>2007</b>					
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

## FOURTH QUARTER RESULTS

Following is the Consolidated Statement of Operations for the three months ending December 31, 2008 and December 31, 2007.

	<b>2008</b>	<b>2007</b>
	<b>3 month</b>	<b>3 month</b>
	<b>period</b>	<b>period</b>
	<b>ended</b>	<b>ended</b>
	<b>Dec. 31</b>	<b>Dec. 31</b>
SALES	\$1,108,659	\$1,732,921
COST OF GOODS SOLD	<u>\$829,500</u>	<u>\$1,246,152</u>
GROSS PROFIT	<u>\$279,159</u>	<u>\$486,769</u>
EXPENSES		
Administrative	\$239,360	\$264,700
Allowance for bad debt	\$111,263	\$14,197
Amortization	\$25,631	\$30,315
Interest & bank charges	\$8,949	\$2,789
Stock based compensation	<u>\$14,525</u>	<u>\$3,762</u>
	<u>\$399,728</u>	<u>\$315,763</u>
INCOME(LOSS) BEFORE TAX	-\$120,569	\$171,006
PROVISION FOR INCOME TAXES	<u>\$0</u>	<u>\$36,144</u>
<b>NET INCOME (LOSS)</b>	-\$120,569	\$134,862
RETAINED EARNINGS, beg of period	\$279,811	\$51,206
RETAINED EARNINGS, end of period	<u>\$159,242</u>	<u>\$186,068</u>

### Net Income

For the three months ending December 31, 2008, Nordex recorded a loss before taxes of \$(120,569) compared to \$171,006 for the three months ending December 31, 2007. The reduction was primarily a result of an allowance for bad debt expense of \$111,263 for one client and reduced revenues during the quarter.

### Revenue

Revenues decreased by 36% in this period compared to the same period in 2007. The Corporation's decrease in revenue is a result of several significant customers' mines being placed under care and maintenance and not operating in the fourth quarter of 2008 compared to 2007 when they were operating and purchasing explosives.

### Cost of Sales

Gross profit margins were 25.2% for Q4 2008 compared to 28.1% for Q4 2007. The decrease in gross profit margins resulted from increased costs for raw materials and product for resale, as well as the decrease in the Canadian dollar and the resulting economic disadvantage for purchases from U.S. suppliers.

**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 corporation and, for the three months ending December 31, 2008, increased to \$350,623 compared to \$282,660 for the three months ending December 31, 2007.

**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 Corporation'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 Corporation'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 Corporation (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 principals.

Management has concluded that, as of December 31, 2008, 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 Corporation's Quarterly interim financial statements.

**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 8 to the Financial Statements.

### **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 9 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.

### **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

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

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 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:

<u>Financial Instrument</u>	<u>Classification</u>	<u>Basis</u>	<u>Amount</u>
Cash and cash equivalents	Held for Trading	Fair Value	\$4,650
Accounts receivable (a)	Loans and receivables	Amortized cost	\$345,020
Bank overdraft	Held for Trading	Fair value	\$(78,008)
Accounts payable and accrued liabilities	Other financial liability	Amortized cost	\$766,150
Long term debt (b)	Other liabilities, held to maturity	Amortized cost	\$1,076,369

(a) The carrying value of accounts receivable is net of a general allowance for doubtful accounts in the amount of \$322,306. During the year, the Company accrued \$308,109 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.

### 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 7. 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 statements

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 as at December 31, 2008.

#### **PROPOSED TRANSACTIONS**

To the best of Management's knowledge, there are no pending transactions that will materially affect the performance or operation of the Company.

#### **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 April 15, 2009. This MD&A includes the Company's operating and financial results for the three and twelve months ended December 31, 2008 and 2007 and should be read in conjunction with our audited consolidated financial statements and notes thereto for the year ended December 31, 2008 and December 31, 2007 appearing on SEDAR's website at [www.sedar.com](http://www.sedar.com).

#### **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](http://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.

**OTHER INFORMATION**

Additional Information relating to the Corporation is available on SEDAR at [www.sedar.com](http://www.sedar.com) or by contacting John Kozak, President & CEO of the Corporation at:

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