
LES EXPLOSIFS NORDEX LTEE./NORDEX EXPLOSIVES LTD.

CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2008 AND 2007

N.R. McLEOD
CHARTERED ACCOUNTANT

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AUDITORS' REPORT

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

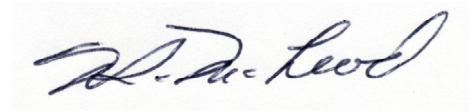
I have audited the consolidated balance sheets of **Les Explosifs Nordex Ltee./ Nordex Explosives Ltd.** as at December 31, 2008 and 2007 and the consolidated statements of operations and deficit and cash flows for the years then ended. These financial statements are the responsibility of the Company's 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, 2008 and 2007, 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 27, 2009

Licensed Public Accountant

LES EXPLOSIFS NORDEX LTEE./NORDEX EXPLOSIVES LTD.

CONSOLIDATED BALANCE SHEETS

AS AT DECEMBER 31, 2008 AND 2007

	2008	2007
ASSETS		
CURRENT ASSETS		
Cash	\$ -	\$ 768,190
Accounts receivable	345,022	1,045,142
Inventories (Note 2)	1,244,620	1,149,207
	1,589,642	2,962,539
PROPERTY, PLANT AND EQUIPMENT (Notes 2 and 3)	2,764,904	1,462,801
	\$ 4,354,546	\$ 4,425,340
LIABILITIES		
CURRENT LIABILITIES		
Bank overdraft (Note 4)	\$ 73,358	\$ -
Accounts payable and accrued liabilities	781,607	1,028,720
Income taxes payable	-	36,144
Current portion of long-term debt (Note 5)	138,725	141,485
	993,690	1,206,349
LONG-TERM DEBT (Note 5)	937,644	826,224
	1,931,334	2,032,573
SHAREHOLDERS' EQUITY		
SHARE CAPITAL (Note 6)	1,988,238	1,967,082
STOCK OPTIONS (Note 7)	48,484	12,369
CONTRIBUTED SURPLUS	227,249	227,249
RETAINED EARNINGS	159,241	186,067
	2,423,212	2,392,767
	\$ 4,354,546	\$ 4,425,340

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 (DEFICIT)****YEARS ENDED DECEMBER 31, 2008 AND 2007**

	2008	2007
SALES (Schedule 1)	\$ 6,072,068	\$ 7,064,272
COST OF GOODS SOLD (Schedule 1)	4,733,127	5,286,400
GROSS PROFIT	1,338,941	1,777,872
EXPENSES		
Administrative (Schedule 1)	832,906	984,936
Bad debts expense	308,109	14,197
Amortization	138,167	108,593
Interest on long-term debt	71,579	42,721
Stock based compensation (Note 7)	43,579	10,822
	1,394,340	1,161,269
INCOME BEFORE PROVISION FOR INCOME TAXES	(55,399)	616,603
PROVISION FOR (RECOVERY OF) INCOME TAXES (Note 12)	(28,573)	36,144
INCOME (LOSS)	(26,826)	580,459
RETAINED EARNINGS (DEFICIT), beginning of year	186,067	(394,392)
RETAINED EARNINGS, end of year	\$ 159,241	\$ 186,067
BASIC AND DILUTED EARNINGS (LOSS) PER SHARE	\$ (0.004)	\$ 0.098
WEIGHTED AVERAGE NUMBER OF COMMON SHARES	7,008,965	5,943,825

See accompanying notes.

LES EXPLOSIFS NORDEX LTEE./NORDEX EXPLOSIVES LTD.

CONSOLIDATED STATEMENT OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2008 AND 2007

	2008	2007
OPERATING ACTIVITIES		
INCOME (LOSS)	\$ (26,826)	\$ 580,459
ADD ITEMS NOT REQUIRING A CASH OUTLAY		
Amortization	138,167	108,593
Stock based compensation	43,579	10,822
DECREASE (INCREASE):		
Accounts receivable	700,120	(17,234)
Inventory	(95,413)	(835,258)
INCREASE (DECREASE):		
Accounts payable	(247,114)	(89,331)
Income taxes payable	(36,144)	36,144
CASH FLOWS PROVIDED BY (USED IN) OPERATING ACTIVITIES	476,369	(205,805)
FINANCING ACTIVITIES		
Borrowing of long-term debt	250,000	-
Issue(Repayment) of long-term debt	(141,339)	610,990
Share Options Exercised	13,692	6,833
Issuance of common shares (net)	-	826,288
CASH FLOWS PROVIDED BY FINANCING ACTIVITIES	122,353	1,444,111
INVESTING ACTIVITIES		
Purchase of capital assets	(1,440,270)	(527,675)
CASH FLOWS USED IN INVESTING ACTIVITIES	(1,440,270)	(527,675)
CHANGE IN CASH DURING THE YEAR	(841,548)	710,631
CASH, beginning of year	768,190	57,559
CASH (DEFICIENCY), end of year	\$ (73,358)	\$ 768,190
CASH FLOW SUPPLEMENTARY INFORMATION		
Interest paid	\$ 71,579	\$ 42,721
CASH (DEFICIENCY) CONSISTS OF:		
Cash	\$ 4,650	\$ 768,190
Bank overdraft	(78,008)	-
	\$ (73,358)	\$ 768,190

See accompanying notes.

LES EXPLOSIFS NORDEX LTEE./NORDEX EXPLOSIVES LTD.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2008 AND 2007

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) 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.

(b) CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash, bank overdraft and short term investments.

(c) 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.

(d) 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.

(e) 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

YEARS ENDED DECEMBER 31, 2008 AND 2007

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) 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.

(g) 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.

(h) 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.

(i) 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.

(j) 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.

LES EXPLOSIFS NORDEX LTEE./NORDEX EXPLOSIVES LTD.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

PERIODS ENDED DECEMBER 31, 2008, AND 2007

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

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

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

(k) GENERAL STANDARD OF FINANCIAL STATEMENT PRESENTATION

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

(l) FUTURE ACCOUNTING CHANGES

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

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.

LES EXPLOSIFS NORDEX LTEE./NORDEX EXPLOSIVES LTD.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2008 AND 2007

3. PROPERTY, PLANT AND EQUIPMENT

	COST	ACCUMULATED AMORTIZATION	Net 2008	2007
Land and land improvements	\$ 48,094	\$ -	\$ 48,094	\$ 45,094
Buildings	1,012,280	329,428	682,852	642,385
Plant, machinery and equipment	1,969,880	377,085	1,592,795	433,623
Office equipment and furniture	50,155	31,632	18,523	19,736
Laboratory equipment	24,824	7,374	17,450	8,681
Mobile equipment	979,400	574,210	405,190	313,282
Totals	\$ 4,084,633	\$ 1,319,729	\$ 2,764,904	\$ 1,462,801

Amortization expense for the year amounted to \$138,167 (2007 - \$108,593).

4. LINE OF CREDIT

The Company has an operating line 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.

5. LONG-TERM DEBT

	2008	2007
Loan bearing interest at 7.3% per annum, repayable in blended monthly installments of \$2,453, secured by a vehicle. Maturing in 2009.	\$ 7,437	\$ 35,083
Loan bearing interest at 8.6% per annum, repayable in blended monthly installments of \$643, secured by specific equipment. Maturing in 2011.	16,120	22,294
Loan bearing interest at 8.8% per annum, repayable in blended monthly installments of \$733, secured by a vehicle. Maturing in 2011.	19,092	25,882
Loan bearing interest at 3.2% per annum, repayable in blended monthly installments of \$1,834, secured by specific equipment. Maturing in 2012.	66,197	85,749
Loan bearing interest at 7.5% per annum, repayable in monthly installments of \$4,170 plus interest, secured by specific assets. Maturing in 2015.	350,290	400,000
Loan bearing interest at 7.5% per annum, repayable in monthly installments of \$2,980 plus interest, secured by specific assets. Maturing in May 2016.	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.	367,233	393,825
Other	-	4,876

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2008 AND 2007

5. LONG-TERM DEBT (CONT'D)

	1,076,369	967,709
Current portion	138,725	141,485
	\$ 937,644	\$ 826,224

Approximate principal repayments are as follows:

2009	\$ 138,725
2010	148,592
2011	140,128
2012	116,153
2013	112,500
Subsequent to 2013	420,271
	\$ 1,076,369

6. SHARE CAPITAL

(a) AUTHORIZED

12,000,000 common shares

(b) ISSUED

	Number of Shares	Amount
Balance, January 1, 2007	5,626,000	\$ 1,129,681
Private placement	1,307,692	850,000
Options exercised	33,333	6,833
Share issuance costs	-	(23,712)
Black-scholes value of options exercised	-	4,280
Balance, December 31, 2007	6,967,025	1,967,082
Options exercised	50,000	13,692
Black-scholes value of options exercised	-	7,464
Balance, December 31, 2008	7,017,025	\$ 1,988,238

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

LES EXPLOSIFS NORDEX LTEE./NORDEX EXPLOSIVES LTD.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2008 AND 2007

7. STOCK OPTIONS

During the year 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.

A summary of the status of the Company's stock option plan and changes during the year is presented below.

The following stock options are outstanding:

NUMBER OF SHARES	EXERCISE PRICE	EXPIRY DATE
38,334	21 cents	November 28, 2010
23,333	50 cents	December 14, 2011
65,000	71 cents	June 25, 2012
245,000	48 cents	March 23, 2013

Stock options issued during the period are as follows:

	2008		2007	
	Number of shares	Weighted average exercise price	Number of shares	Weighted average exercise price
Options outstanding as at beginning of year	176,667	\$ 0.45	155,000	\$ 0.27
Granted	245,000	0.48	65,000	0.71
Exercised	(50,000)	0.27	(33,333)	0.21
Forfeited	-	-	(10,000)	0.21
Options outstanding at year end	371,667	\$ 0.49	176,667	\$ 0.45
Options exercisable at year end	71,668	\$ 0.40	53,334	0.27

LES EXPLOSIFS NORDEX LTEE./NORDEX EXPLOSIVES LTD.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2008 AND 2007

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	0.20	1.02
0.50	23,333	11,667	0.19	0.48
0.71	65,000	21,667	0.61	1.05
0.48	245,000		2.79	
\$ -	371,667	71,668	3.79	2.55

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

The Black-Scholes value of the options granted during the period was \$0.263 per option.

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	\$ 4,650
Accounts receivable (a)	Loans and receivables	Amortized cost	\$ 345,022
Bank overdraft	Held for Trading	Fair value	\$ (78,008)
Accounts payable and accrued liabilities	Other financial liability	Amortized cost	\$ 781,607
Long term debt (b)	Other liabilities, held to maturity	Amortized cost	\$ 1,076,369

(a) The carrying value of accounts receivables are net of a general allowance for doubtful accounts in the amount of \$323,109. During the period the Company accrued \$308,109 for doubtful accounts related to the suspended operations of one of its clients.

LES EXPLOSIFS NORDEX LTEE./NORDEX EXPLOSIVES LTD.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2008 AND 2007

8. FINANCIAL INSTRUMENTS (CONT'D)

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

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

CREDIT RISK

The Company has exposure to an individual customer for the amount of \$308,109. Approximately 84% of the Company's sales are concentrated in the mining industry of which 80% is attributed to four customers. 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, 2008, was 323,109 (December 31, 2007 - 15,000).

LIQUIDITY RISK

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

INTEREST RATE RISK

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

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.

LES EXPLOSIFS NORDEX LTEE./NORDEX EXPLOSIVES LTD.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2008 AND 2007

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 to equity ratio as at December 31, 2008 was 0.80.

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

There were no changes in the Company's approach to capital management during the year ended December 31, 2008.

10. MINING CLAIMS

The Company holds various mining claims covering 529 hectares in the Township of Melba located 22 kilometres 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, 2008, the Company accrued or paid 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 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

YEARS ENDED DECEMBER 31, 2008 AND 2007

12. INCOME TAXES

The Company has losses of approximately \$357,049 available to reduce future taxable income. These losses expire as follows:

2013	\$	48,834
2029		308,215
	\$	357,049

The benefit relating to these loss carryforward amounts has not been recognized in the financial statements as the amount to be recorded under generally accepted accounting principles is limited to 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:

	2008	2007
Income (loss) before income taxes	\$ (55,399)	\$ 616,603
Combined basic federal and provincial tax rate	31.50 %	36.12 %
Expected income tax	\$ (17,451)	\$ 222,717
Increase (decrease) in income taxes resulting from:		
Capital cost allowance claimed in excess of amortization	(101,211)	(52,204)
Non-deductible expenditures	13,780	6,304
Tax losses utilized	-	(53,239)
SR&ED expenditures claimed	-	(87,434)
Future income tax expense (benefit) resulting from change in tax rates	(7,178)	-
Current year valuation allowance	83,487	-
	\$ (28,573)	\$ 36,144

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

	2008	2007
Operating losses carried forward	\$ 112,470	\$ -
Tax values of capital assets in excess of accounting values	(53,178)	74,248
Total future tax assets	59,292	74,248
Valuation allowance	(59,292)	(74,248)
	\$ -	\$ -

13. LEASE COMMITMENTS

The company's total obligations under various operating leases for vehicles are as follows:

2009	\$	5,244
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LES EXPLOSIFS NORDEX LTEE./NORDEX EXPLOSIVES LTD.**YEARS ENDED DECEMBER 31, 2008 AND 2007**

REVENUE	2008	2007
Sale of product	\$ 5,669,787	\$ 6,669,847
Freight	378,843	338,125
Other	23,438	56,300
	\$ 6,072,068	\$ 7,064,272
COST OF GOODS SOLD		
Materials Purchased	\$ 3,324,567	\$ 4,146,832
Freight	497,594	322,118
Commissions	250,191	253,505
Wages & benefits	660,775	563,945
	\$ 4,733,127	\$ 5,286,400
ADMINISTRATIVE EXPENSES		
Consultants	\$ 17,225	\$ 25,320
Insurance	121,885	108,557
Utilities	43,349	37,550
Wages & benefits	338,382	465,340
Professional fees	99,323	135,422
Public company expenses	32,908	36,673
Miscellaneous	179,834	176,074
TOTAL	\$ 832,906	\$ 984,936