



LES EXPLOSIFS NORDEX LTEE/NORDEX EXPLOSIVES LTD.

**INTERIM MANAGEMENT DISCUSSION AND ANALYSIS
of Financial Condition and Results of Operations
for the three months ended March 31, 2010**

Dated: May 25, 2010

The following information should be read in conjunction with the Corporation's unaudited March 31, 2010 and March 31, 2009 financial statements and audited December 31, 2009, 2008 and 2007 financial statements and related notes included therein which were prepared in accordance with generally accepted accounting principles in Canada. This discussion includes forward-looking statements that may differ materially from actual results achieved.

LES EXPLOSIFS NORDEX LTEE./NORDEX EXPLOSIVES LTD. (“Nordex” or the “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 and its corporate office is located in Mississauga, 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.

The results for the quarter ending March 31, 2010, reflect operations of the Corporation for the three month period commencing January 1, 2010 and ending March 31, 2010 (the “First Quarter of 2010”). Comparative financial results are for the three month period commencing January 1, 2009 and ending on March 31, 2009 (the “First Quarter of 2009”).

Management discussion and analysis is a review of the Corporation’s financial condition and results of operation for the First Quarter of 2010 as compared to the First Quarter of 2009. 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 exchange rate at the end of the First Quarter of 2010. 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

The First Quarter ending March 31, 2010 was the most successful Quarter in the 40 year history of Nordex. The Nordex Board and Management have concentrated on ensuring that the Corporation was positioned to respond to recovery of the economic downturn that began in 2008. As a result, the Corporation has been able to win significant long term contracts with major mining companies that had previously depended on the large multinational suppliers, and a very large increase in sales to quarry and construction clients.

Management has implemented strategic plans for the Corporation including expanding the exceptional service that has made Nordex an industry leader, expansion of market share in the non-mining sectors, continued product development, and expansion into new geographical regions.

The Corporation achieved its highest quarterly sales for the fiscal quarter ending March 31, 2010. Sales for first quarter 2010 were \$2,794,974 for an increase of 120% compared to the 2009 first quarter sales of \$1,272,345.

Total sales for the trailing twelve months ending March 31, 2010 were \$9,459,152 for an increase of over 64% compared to sales of \$5,763,746 for the trailing twelve months ending March 31, 2009.

The First Quarter sales 2010 continued the trend of record sales seen in the prior three quarters. These record sales are attributed to the following items:

- securing new mining clients,
- retaining previous mining clients who resumed or increased operations during the year, and
- increasing Nordex’s market share in the non mining sectors, specifically the quarry and construction industries.
-

EBITDA, at \$428,164, increased substantially, along with net income for the First Quarter of 2010.



The Corporation's growth under the guidance of the Nordex Board and Management has been substantial in the First Quarter 2010 as well as the prior six years. Under the watch of the current Management, the Corporation has progressed from near bankruptcy, with sales of less than \$1,000,000 in 2003 to a financially strong enterprise with a growing market share with sales of nearly \$8,000,000 in 2009. Management expects that with their current business plans, existing and new clients, and strategic business partnerships this growth will continue and are forecasting total sales of \$11,000,000 for the fiscal year ending December 31, 2010.

In 2005, only 25% of Nordex's revenues were from the sale of products manufactured by the Corporation, and remaining revenues were from products bought from the large multinational suppliers and resold by the Corporation. By implementing a strategy of increasing Nordex's manufacturing capabilities and introducing its proprietary line of emulsion explosives products, during the First Quarter of 2010 approximately 70% of Nordex's sales were from products manufactured and services provided directly by Nordex, reducing the dependency of the Corporation on outside suppliers.

The Nordex Directors and Management is continuing to advance this strategy by increasing manufacturing and delivery capabilities, specialized customer service offerings and sourcing its own proprietary lines of explosive products.

The Corporation has also developed a strategy for expanding its business beyond its traditional market in the Kirkland Lake Region. The Corporation is actively pursuing opportunities with potential clients in both Quebec and Southern Ontario, and investigating potential satellite operations sites in those areas to enable the Corporation to expand its customer base to a larger geographic area.

OVERALL PERFORMANCE AND RESULTS OF OPERATIONS

Financial Highlights

The following table sets forth certain financial information of the Corporation for the three months ended March 31, 2010 and March 31, 2009.

Quarter ended March 31	2010	2009 (1)
Sales	\$2,794,974	\$1,272,345
Cost of Goods Sold	\$2,022,371	\$1,114,724
Gross Profit	\$772,603	\$157,621
Gross Margin	27.6%	12.4%
Administrative Expense	\$344,439	\$226,276
Bad Debt / (Recovery)	\$0.00	\$29,004
Income before Interest, Taxes and Amortization	\$428,164	\$(97,659)
Amortization Expense	\$64,329	\$48,801
Interest Expense	\$18,643	\$18,068
Stock Based Compensation Expense	\$18,465	\$15,744
Net Income (Loss) for the Period before tax	\$326,727	\$(180,272)
Net Income (Loss) for the Period after tax	\$207,954	\$(180,272)
Profit (Loss) Margin	7.4%	(14.2)%
Earnings (Loss) per Share	\$0.030	\$(0.026)
Cash Provided By (Used In) Operations	\$341,821	\$(104,372)
Cash (Deficiency) End of Period	\$417,289	\$(220,330)
Long Term Debt	\$1,067,719	\$1,038,853
Total Liabilities	\$3,140,684	\$2,258,177
Shareholders' Equity	\$3,240,814	\$2,258,685
Total Shares Outstanding at Period End	7,050,359	7,017,025

Note (1): Some of the comparative figures have been reclassified to conform to current year's presentation.



Dividend Record and Policy

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

Net Income

For the three months ending March 31, 2010, Nordex recorded a net income before tax of \$326,727. There was a provision for income tax for \$53,701 and an accrual for possible future income tax for \$65,072 in the First Quarter of 2010 resulting in net income after tax of \$207,954. This compares to a net loss after tax of \$180,272 for the First Quarter of 2009.

The increase in net income was primarily a result of an increase in sales and higher gross margins. These are explained in greater detail in the sections below.

Sales

Sales increased to \$2,794,974 in the three month period ending March 31, 2010 compared to \$1,272,345 in the three month period ending March 31, 2009. The 120% increase in sales is attributed to the procurement of new mining clients, resigning of contracts with previous mining clients whose operations were suspended during the First Quarter of 2009 and increased sales to non mining clients, primarily being in the construction and quarry sectors.

Cost of Goods Sold

Cost of Goods Sold was \$2,022,371 for the fiscal quarter ending March 31, 2010 compared to \$1,114,724 for the fiscal quarter ending March 31, 2009.

Gross profit margin for the period ending March 31, 2010 increased to 27.6% compared to 12.4% for the same period in 2009.

The increase in gross margins is a result of the following:

- The Corporation manufactured the majority of its emulsion explosives rather than reselling products from other manufacturers, resulting in a lower cost for these products,
- Management has negotiated lower costs for some of its key raw materials and finished products from its suppliers,
- The increase in the Canadian dollar relative the U.S. dollar in 2010 compared to 2009 as the Corporation purchased its detonators and some of its raw materials in U.S. dollars, and
- Economies of scale.

Administrative Expenses

Administrative expenses include wages for administrative staff, selling, marketing, customer support, executive personnel, professional services, interest and bank charges (excluding interest on long term debt), office expense and occupancy costs required to manage the Corporation. Administrative expenses do not include amortization, interest on long term debt, bad debt and stock based compensation expense. Administrative expenses for the fiscal quarter ending March 31, 2010 increased to \$344,439 compared to \$226,276 for the fiscal quarter ending March 31, 2009. The changes to Administrative expenses are broken down in the following table.

Expense Category	Q1 2010	Q1 2009 (1)	Increase
Wages & Benefits	\$136,106	\$81,993	\$54,113
Professional Fees	\$76,679	55,496	\$21,183
Insurance	\$33,079	\$27,009	\$6,070

Travel	\$15,796	\$24,759	\$(8,963)
Office Expense	\$10,687	\$8,249	\$2,438
Public Corporation Expense	\$16,401	\$8,057	\$8,344
Consultants	\$22,301	\$1,000	\$21,301
Licenses & Permits	\$12,038	\$3,926	\$8,112
Advertising	\$2,119	\$2,295	\$(176)
Interest and Bank Charges	\$3,545	\$7,209	\$(3,664)
Training and Courses	\$1,692	\$652	\$1,040
Miscellaneous	\$13,996	\$5,631	\$8,365
Totals	\$344,439	\$226,276	\$118,163

Note (1): Some of the figures have been reclassified to conform to the current year's presentation.

Wages and benefits increased primarily due to an accrual for management bonus in the First Quarter of 2010. There was no accrual for management bonus in the First Quarter of 2009.

Professional Fees increased to \$76,679 for the three months ending March 31, 2010 compared to \$55,496 for the three months ending March 31, 2009 due to increased legal costs associated with defending a motion brought against the Corporation and its directors and officers by a shareholder, Jacques Levesque, as well as The Corporation's ongoing attempts to resolve Board composition issues with a dissident group of shareholders led by Jacques Levesque.

Insurance has increased primarily due to a larger fleet of vehicles required to deliver product and to service the Corporation's clients.

Travel and selling expenses decreased to \$15,796 compared to \$24,759 for the three months ending March 31, 2009. The decrease was a result of costs associated with obtaining a distributor agreement for the Corporation which occurred in the First Quarter of 2009.

Office expense increased due to increased trade.

Interest and bank charges reduced as the Corporation was not required to use its bank operating line to the extent that was required the year prior.

Interest on Long Term Debt

Interest on long term debt was relatively unchanged at \$18,643 compared to \$18,068 the same quarter in 2009 as long term debt and interest rates were very similar in the First Quarter of 2010 and the First Quarter of 2009..

Allowance for Bad Debt Expense

The Corporation had no allowance for Bad Debt expense in the First Quarter of 2010. This compares to an allowance for Bad Debt expense of \$29,004 in the First Quarter of 2009.

Provision for Income Taxes

The Corporation took a provision for income tax of \$53,701 for income earned during the quarter.

Additionally, the Corporation accrued a future tax expense of \$65,072 due to the book value of assets on the balance sheet exceeding the book value of assets recorded for tax purposes.

Retained Earnings

Retained Earnings were \$891,803 for the period ending March 31, 2010 compared to \$683,850 at December 31, 2009 with the increase reflecting the net income during the First Quarter of 2010.

Inventories

Inventories were \$1,276,184 on March 31, 2010 compared to \$1,074,830 at the fiscal year ending December 31, 2009. Inventory valuation increased during the period primarily due to the receipt of a shipment of finished product towards the end of the First Quarter of 2010.

Property, Plant and Equipment

The total book value of Property, Plant and Equipment at fiscal quarter ending March 31, 2010 was \$3,057,454 compared to \$2,976,199 at December 31, 2009. There was a total of \$145,584 in capital expenditures made during the First Quarter of 2010.

There was \$108,846 in mobile equipment capital expenditures towards delivery vehicles, trailers and specialized bulk emulsion trucks.

The \$31,025 in capital expenditures for plant and equipment was primarily for improvements to the Corporation's plant.

LIQUIDITY AND CAPITAL RESOURCES

During the fiscal quarter ending March 31, 2010, there was a 16.7% increase in the Corporation's working capital to \$1,200,365 from \$1,027,904 as of December 31, 2009. This was a result of the income for the quarter which was partially offset by fixed asset expenditures and the reduction in long term debt.

At March 31, 2010 The Corporation 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.

Long term debt (including current portion) reduced to \$1,067,719 at March 31, 2010 from \$1,111,822 at December 31, 2009.

Current Liabilities increased to \$2,123,679 at March 31, 2010 from \$1,568,056 at December 31, 2009 primarily resulting from the increase in accounts payable to maintain sufficient inventory levels to meet the greater product demand seen during the quarter.

In management's opinion, as of March 31, 2010, Nordex was able to continue at its then current level of operations in the near term and had adequate means to finance these operations at the then current levels.

Subsequent to March 31, 2010, Nordex has continued to experience significant levels of demand for products from existing clients, and anticipates this trend to continue throughout the fiscal 2010 year. It is expected that during the fiscal 2010 year, the level of trade and the potential introduction of new products will require additional equipment and working capital to fund expansion, and maintain sufficient inventory levels to service clients. Possible other future events such as a loss of sales, decreases in earnings, decreases in cash flows, market or commodity price changes, economic downturns or defaults in payments by customers could negatively effect the Corporation's ability to generate sufficient amounts of cash and cash equivalents to continue to finance operations. The Corporation is evaluating its expected equipment and working capital requirements, and is investigating alternatives for financing this expected growth.

Nordex 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 Corporation or at all. Should the Corporation be unable to secure such financing it may have to cease operations at some point. Any equity offering will result in dilution to the ownership interests of the Corporation's current shareholders and may result in dilution in the value of such interests. The Corporation intends on fulfilling its obligations.

Contractual Obligations

The following chart sets out future contractual obligations.

Payments due by Period					
Contractual Obligation	Total	Less Than 1 Year	1 to 3 Years	4 to 5 Years	After 5 Years
Long Term Debt	\$1,067,719	\$177,656	\$304,063	\$282,120	\$303,880
Capital Lease Obligations	Nil	Nil	Nil	Nil	Nil
Operating Lease	\$45,824	\$14,747	\$24,945	\$6,132	Nil
Other Long Term Obligations	Nil	Nil	Nil	Nil	Nil
Total Contractual Obligations	\$1,113,543	\$192,403	\$329,008	\$288,252	\$303,880

RELATED PARTY TRANSACTIONS

During the three months ended March 31, 2010, the Corporation incurred a total of \$18,000 in Director Fees and meeting expenses compared to \$1,500 during the same period ending March 31, 2009. Bruce Forth, the Secretary of the Corporation is a partner in a legal firm that provides services to the Corporation. Nordex paid or accrued \$37,140 in legal fees to the legal firm the first quarter 2010. Thomas Gannon, the CFO of the Corporation is a partner in a public accounting firm that provides services to the Corporation. Nordex paid or accrued \$850 in officer fees and \$21,016 in accounting fees to the firm during the three months ending March 31, 2010.

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.

SUBSEQUENT EVENTS

Subsequent to March 31, 2010, in April 2010, the Corporation opened a credit facility with TD Bank for up to \$1,200,000. The credit facility is available to Nordex for an operating line and/or letter of credits of up to \$800,000 and for revolving term loans of up to \$400,000. Under the terms of the Agreement, the total combined credit available is equal to the lesser of (a) \$1,200,000 and (b) 75% of accounts receivables plus 33% of Eligible Inventory calculated at the end of each month. Eligible Inventory is defined as total inventory less 30 day priority accounts payable. Based on this calculation, the Corporation's credit facility in April 2010 was \$1,200,000.

SUMMARY OF QUARTERLY RESULTS

The following table summarizes information pertaining to the operations of the Corporation on a quarterly basis for the eight quarters ending March 31, 2010.

Quarter Ended	Sales	Income / (Loss)	Income / (Loss) Per Share	Total Assets	Long Term Financial Liabilities (1)
2010					
Mar-31	\$2,794,974	\$207,954	\$0.030	\$6,381,498	\$890,063
2009					
Dec-31	\$2,130,634	\$116,955	\$0.017	\$5,572,161	\$934,670
Sep-30	\$2,394,163	\$173,972	\$0.025	\$5,697,701	\$987,608

Jun-30	\$2,139,381	\$423,621	\$0.060	\$5,667,430	\$1,031,475
Mar-31	\$1,272,345	\$(180,271)	\$(0.026)	\$4,516,862	\$900,128
2008					
Dec-31	\$1,110,237	\$(120,567)	\$(0.017)	\$4,354,545	\$937,644
Sep-30	\$1,694,927	\$(105,196)	\$(0.015)	\$4,713,915	\$719,306
Jun-30	\$1,686,237	\$115,376	\$0.016	\$4,737,080	\$753,645

Note (1): Long Term Financial Liabilities excludes current portion of long term debt.

GLOBAL ECONOMIC UNCERTAINTY

Over the last two years, the global economy had experienced significant volatility and uncertainty. Management is continuously monitoring the potential effects of the global downturn. The Corporation believes that the economy and key sectors (including mining and construction) has recovered significantly over the last year. As such, Nordex is looking at growth and expansion opportunities in the near to mid term in order to capitalize on this recovery.

LEGAL PROCEEDINGS

On July 18, 2008, the Corporation 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 and Timothy Peterson, both former directors of Nordex, 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".

It is the opinion of management that the claims made by Mr. Levesque are frivolous and totally without merit. Counsel has been retained by the Corporation to defend the Motion.

FINANCING ACTIVITIES

During the First Quarter of 2010, an officer of the Corporation exercised options to purchase 33,334 shares resulting in proceeds of \$6,833.

There were no other financing activities during the quarter.

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.

Possible Change to Directors and Management

The Corporation believes that its greatest risk at this time is a change to its management and/or directors.

During the last six years, management has consisted of Mr. John Kozak, President & CEO, and Jim Taylor, Vice President & COO. The board of directors currently consists of Mr. Bruce Bent, Mr. John Huxley, Mr. Jules Roy and Mr. Kozak. Mr. Roy first became a director of the Corporation in 2002. Mr. Bent has been a director of the Corporation since 2006. Mr. Huxley has been a director of the Corporation since 2007. Mr. Bent, Mr. Huxley and Mr. Roy are all independent directors of Nordex Explosives as defined by the TSX Venture Exchange. All three independent directors have extensive experience as directors of other publicly traded Canadian corporations in addition to Nordex.

The Corporation has received a requisition signed by 2 shareholders of the Corporation (the “Dissidents”) requesting that the Corporation call a Special Meeting of Shareholders for the purpose of replacing the existing Board of Directors with 4 nominees of the Dissidents (the “Dissident Nominees”). One of the Dissidents is Mr. Jacques Levesque who is the Plaintiff in the 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, which is discussed in the section entitled “Legal Proceedings” above. The second Dissident is Jacques Levesque’s wife, Mrs. Phyllis Levesque.

Neither the Dissidents nor the Dissident Nominees have advised of their plans for the Corporation should they obtain control of the Board. They have not articulated any strategic plan for the Corporation. Neither the Current Nordex Board nor Shareholders have received any information from the Dissident Nominees as to what changes to the Current Nordex Board’s existing strategies and plans they would implement, any new initiatives the Dissident Nominees would make, or any future long-term plans for the Corporation. The Dissident Nominees have not advised the Current Nordex Board or Shareholders of any specific dissatisfaction they have with the Current Nordex Board, or the direction of the Corporation. The Dissident Nominees have not revealed whether they have any plans or strategies to increase revenues, margins or shareholders equity in the Corporation.

Based on information provided by the Dissident Nominees to the Corporation, two of the Dissident Nominees, Lino Luciani and Adel Amin have no experience in the Explosives Industry. Another of the Dissident Nominees, Jacques Levesque was a member of the Board of Directors of the Corporation for a one year period; however Mr. Levesque was not involved in any of the Corporation’s day to day operations. The Dissident Nominees have had no ongoing working relationship with the Corporation’s current customers, suppliers, or bankers. The TSX Venture Exchange requires that all Management, Directors and Officers must have adequate experience and technical expertise relevant to the Corporation’s business and industry. The TSX Venture Exchange requires that prior to becoming involved with the Corporation as a Director or Officer; the Exchange must determine their suitability for the position. To the best of the knowledge of the Current Nordex Board and Management, the Dissident Nominees have not applied to the TSX Venture Exchange for permission to act as Officers or Directors, nor have they demonstrated that they would be accepted by the TSXV for inclusion on the Board of Directors.

Based on information provided by the Dissident Nominees to the Corporation, two of the Dissident Nominees, Lino Luciani and Adel Amin have no experience as directors of public companies. Another of the Dissident Nominees, Jacques Levesque was a member of the Board of Directors of the Corporation for a one year period, however during that time, Mr. Levesque was not responsible for, or involved with ensuring that the Corporation complied with regulatory matters with the various securities commissions, nor the TSX Venture Exchange. The TSX Venture Exchange requires that all Management, Directors and Officers must have adequate reporting issuer experience in Canada or a similar Jurisdiction.

On March 20, 2007 the Corporation announced that it had entered into management agreements with each of Mr. John Kozak, the President and CEO of the Corporation, and Mr. Jim Taylor, the COO of the Corporation. With respect to Mr. Kozak and Mr. Taylor, in the event of the termination of their

employment for any reason other than just cause, the Corporation has agreed to pay the following sums as termination pay: two (2) times the annual salary at the time of termination; plus two (2) times the maximum bonus earned, including accrued amounts, for a 12 month period over the last 36 months; and the Corporation will be obligated to provide the terminated individual with an Employee Benefit Plan for a period of twenty-four (24) months from the date of termination. These terms will also apply in the event of a restructuring which results in the duties and responsibilities of the individual being materially reduced.

The termination or reduction of duties and responsibilities of either Mr. Kozak or Mr. Taylor could result in serious financial hardship to Nordex including a reduction in the Corporation's ability to finance current and expected future operations, and the possible resulting failure of the Corporation to meet its banking and loan covenants, and could jeopardize existing key supplier and customer relationships that have been developed over the past few years.

The estimated incremental payments, payables, and benefits, assuming that the triggering event took place on the last business day of the Corporation's most recently completed financial year with respect to Mr. Kozak would total \$371,951 equal to the sum of \$280,000.00 for salary (based on two (2) times the annual salary at the time of termination) plus \$83,946 (based on two (2) times the maximum bonus earned, including accrued amounts, for a 12 month period over the last 36 months) and an additional \$8,005 for Employee Benefits for a period of twenty-four (24) months from the date of termination.

The estimated incremental payments, payables, and benefits, assuming that the triggering event took place on the last business day of the Corporation's most recently completed financial year with respect to Mr. Taylor would total \$364,094 equal to the sum of \$240,000 for salary (based on two (2) times the annual salary at the time of termination); plus \$116,552 (based on two (2) times the maximum bonus earned, including accrued amounts, for a 12 month period over the last 36 months) and an additional \$7,542 for Employee Benefits for a period of twenty-four (24) months from the date of termination.

The Dissidents are seeking absolute control over Nordex. In the place of a Board representing all of the shareholders of the Corporation, the Dissidents are nominating a hand-picked group of personal confidants to ensure their control over Nordex. The Dissidents will have control, through the Dissident Nominees, over the priorities of the Corporation and its Management in order to execute their undisclosed plans. If a shareholder wants this sort of control, they normally have to offer to acquire it from the other shareholders, along with their securities by paying a significant premium to shareholders for such control. The Dissidents are offering no such premium to Nordex Shareholders.

Over the last six years, the Corporation has progressed from near bankruptcy, with sales of \$905,277 in 2003 to a financially strong enterprise with a growing market share with forecasted sales of approximately \$11,000,000 in 2009. A change to the board of directors or a change to management could have a material adverse negative effect on the Corporation and could jeopardize existing key banking, supplier and customer relationships that have been developed over the past years.

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.

The individual directors of Nordex have the skills, experience and networks required to provide Nordex shareholders with continued strong, experienced and independent leadership. The Current Nordex Board is well-equipped to fairly represent the interests of all Nordex shareholders. The Board believes that it has assembled a well-qualified team and has developed the necessary networks to achieve its objectives of becoming a leading independent producer of explosives and related products. In particular, the Current Nordex Board and management team have significant experience in the explosives industry and public

Corporation experience, both as executives and directors, and backgrounds in finance, law, and accounting. They are an experienced, highly qualified and independent Board. The Current Nordex Board is well-positioned to exercise its judgment in the best interests of the Corporation without any undue external influences on their decision-making process.

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 sales 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 on the business of the Corporation.

Reliance on Existing Product in Static Markets

For the foreseeable future, the majority of the Corporation's sales 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 activity in mining, quarry and road construction industries 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 initiating products 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 several 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 sales from products manufactured by companies based out of the U.S. which the Corporation resells. The Corporation also purchases some of its raw materials out of the U.S. The cost of these products and raw materials 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 reduces against the U.S. dollar. Conversely, the Corporation would end up paying less for these products in Canadian dollars if the Canadian dollar increases 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 and earlier in 2009 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 were to its mining clients. Management expects this to be the case for the foreseeable future. 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 sales may have the ability to negotiate prices for the Corporation's products that are more favourable resulting in reduced sales or lower profit margins for the Corporation.

In the quarter ending March 31, 2010, sales to the Corporation's top three clients comprised 61.9% of total sales compared to 82.2% in the same three month period ending March 31, 2009. The improvement to the concentration level resulted primarily from significant increased sales to non mining clients in the quarry and construction industries as well as additional mining clients.

Ability of Significant Customers to Make Payments

The majority of the Corporation's sales during the quarter were to its mining clients. Management expects this to be the case for the foreseeable future. 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 sales may have the ability to negotiate prices for the Corporation's products that are more favourable resulting in reduced sales or lower profit margins for 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.

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 and officers 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 sales which in turn may have an adverse effect on 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 believes it will require additional financing if it decides to proceed with any of these items.

In management's opinion, as of March 31, 2010, Nordex was able to continue at its then current level of operations in the near term and had adequate means to finance these operations at the then current levels..

During the first quarter 2010, Nordex continued to experience significantly increased levels of demand for products from existing clients, and anticipates this trend to continue throughout the fiscal 2010 year. Additionally, it is expected that during the fiscal 2010 year, the level of trade and the potential introduction of new products will require additional equipment and working capital to fund expansion, and maintain sufficient inventory levels to service clients. Possible other future events such as a loss of sales, decreases in earnings, decreases in cash flows, market or commodity price changes, economic downturns or defaults in payments by customers could negatively effect the Corporation's ability to generate sufficient amounts of cash and cash equivalents to continue to finance operations. The Corporation is evaluating its expected capital equipment and working capital requirements, and is investigating alternatives for financing this expected growth.

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 reputation of management and the board of directors, the prevailing capital market conditions as well as the business performance of the Corporation. The ability of the Corporation to secure financing could be negatively impacted by a change to the existing management and/or board of directors. If additional financing is raised by the issuance of shares from the treasury of the Corporation, control of the Corporation may change and current 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 continue 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 March 31, 2010.

Designation of Security	Authorized	Outstanding at March 31, 2010
Common	12,000,000	7,050,359

Note: In January, 2010, Jim Taylor, an officer in the Corporation, exercised options to purchase 33,334 shares increasing the total number of shares outstanding to 7,050,359.

In addition to the common shares, the following options to issue one common share are issued and outstanding.

Number of Options	Exercise Price	Expiry Date
5,000	\$0.21	November 28, 2010
23,333	\$0.50	December 14, 2011
65,000	\$0.71	June 25, 2012
232,500	\$0.48	March 23, 2013
275,035	\$0.33	August 22, 2014
Total of 600,868		

The Corporation has no warrants issued and outstanding.

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 March 31, 2010:

Name	Number of Shares Beneficially Owned, Controlled or Directed	Percentage of 7,050,359 Outstanding Common Shares
Mr. Jacques Levesque Point Edward, Ontario	1,154,200	16.4%
Mr. Lino Luciani Tecumseh, Ontario	942,500	13.4%

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 by 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 March 31, 2010, there were weaknesses in the systems of internal control due to the small size of the Corporation and its inability to segregate functions related to control, and the limited professional accounting expertise of the Corporation's employees. The Corporation 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 Corporation 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 Corporation has not adopted any new accounting standards during the First Quarter of 2010.

Future Accounting Changes

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

- i) Adoption of International Financial Reporting Standards (IFRS)

The Canadian Accounting Standards Board (AcSB) and the Canadian Securities Administrators (CSA) have confirmed January 1, 2011 as the date IFRS will replace Canadian Generally Accepted Accounting Principles (Canadian GAAP) for publicly accountable, profit-oriented enterprises. Therefore, effective for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011, IFRS will replace the standards and interpretations currently applicable to publicly accountable, profit-oriented enterprises under Canadian GAAP. Accordingly, the Corporation will issue its last financial statements prepared in accordance with Canadian GAAP for its fiscal year ending December 31, 2010. Starting from the first quarter of its 2011 fiscal year, the Corporation's financial statements will be prepared in accordance with IFRS, with previous year comparative figures and January 1, 2010 (being the date of transition to IFRS) opening balance sheet restated to conform with such IFRS, along with reconciliations from Canadian GAAP to IFRS, as per the guidance provided in IFRS 1, *First-Time Adoption of International Financial Reporting Standards*.

The transition to IFRS presents a change in the fundamental principles upon which financial reporting are conducted and requires significant analysis and planning to ensure a proper transition. The Corporation has completed a diagnostic and evaluation review that was presented to the Board in November of 2009 and further developed an implementation plan that comprises the following:

- Identification of adequate resources to conduct the implementation.
- An ongoing extensive analysis of the expected accounting differences between Canadian GAAP and IFRS and the expected impact on the financial statements.
- Initial training sessions provided to key finance personnel and management and the planning of additional training sessions throughout the implementation process. The majority of this training has been completed by December of 2009. Presentations are made to the audit committee quarterly to assist them in obtaining sufficient knowledge about IFRS and to advise them of the status of the changeover plan.
- A review of the potential impact on the business activities of the Corporation, on its disclosure controls and internal controls over financial reporting, and on its financial reporting systems. An initiative is underway to develop a capital asset sub ledger. This system will allow the Corporation to track all assets as required under IFRS.
- The assessment of Information Technology systems revealed that there will not be significant changes required to the existing accounting system to capture all of the information necessary for IFRS. There will be a need to revise the existing computer models used for calculating various estimates as well as a new template for the interim and annual financial statements to meet with the disclosures required under IFRS. This work will be undertaken during 2010.

The next reporting will take place before the end of the second fiscal quarter of 2010 and a report will be presented to the Board (including the audit committee) that will review the choices available upon the initial adoption of IFRS.

The results of the assessment and key elements will be discussed in greater detail as information becomes available.

ii) The following Canadian accounting pronouncements were issued and not yet adopted by the Corporation. Canadian Institute of Chartered Accountants ("CICA") Handbook Section 1582, Business Combinations, CICA Handbook Section 1601, Consolidated Financial Statements, and CICA Handbook Section 1602, Non-controlling Interests. The initial adoption of these new standards is not expected to have any material impact on the Corporation's financial statements.

FINANCIAL INSTRUMENTS

As at March 31, 2010, the financial instruments of the Corporation consist of bank overdraft, 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	\$417,289
Accounts receivable (a)	Loans and receivables	Amortized cost	\$1,630,571
Bank overdraft	Held for Trading	Fair value	Nil
Accounts payable and accrued liabilities	Other financial liability	Amortized cost	\$1,899,716
Long term debt (b)	Other liabilities, held to maturity	Amortized cost	\$1,067,719

(a) The carrying value of accounts receivables are net of a general allowance for doubtful accounts in the amount of \$43,302. During the current period the Corporation accrued Nil for doubtful accounts.

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

The Board of Directors of the Corporation has overall responsibility for the oversight of the Corporation's risk management framework and the objectives of minimizing the risk. Risk management procedures are established to monitor the risks faced by the Corporation. The reduction in commodity prices combined with a more restrictive credit market has increased the Corporation'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, (iii) the valuation of inventory in accordance with section 3031 of the CICA Handbook, and iv) Future Income Taxes. 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 Corporation 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.

The details of the estimate for future income taxes are outlined above in the section above titled *Provision for Income Taxes*.

OFF-BALANCE SHEET ARRANGEMENTS

The Corporation has no off-balance sheet arrangements and had no off-balance sheet arrangements as at March 31, 2010.

PROPOSED TRANSACTIONS

To the best of Management's knowledge, save and except as has been disclosed herein, there are no pending transactions that will materially affect the performance or operation of the Corporation.

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 May 25, 2010. This MD&A includes the Corporation's operating and financial results for the three months ended March 31, 2010 and 2009 and should be read in conjunction with the audited consolidated financial statements and notes thereto for the year ended December 31, 2009 and December 31, 2008 appearing on SEDAR's website at www.sedar.com.

FORWARD LOOKING STATEMENTS

Certain information included herein may contain "forward-looking statements" which reflect the current expectations of management of the Corporation regarding the Corporation'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 Corporation. Forward-looking statements involve significant risks, uncertainties and assumptions. Many factors could cause the Corporation's actual results, performance or achievements to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements, including, without limitation, cancellations of or the failure to renew purchase orders; production and delivery issues; quality, pricing and availability of raw materials; compliance with environmental regulations; exchange rate fluctuations as well as the other risks identified in the "Risk Factors" section and other public filings (copies of which may be obtained at www.sedar.com). Should one or more of these risks or uncertainties materialize, or should assumptions underlying the forward-looking statements prove incorrect, actual results, performance or achievements may vary materially from those expressed or implied by this Management Discussion and Analysis. These factors should be considered carefully and the reader should not place undue reliance on the forward-looking statements. Although any forward-looking statements contained in this interim report are based upon what management currently believes to be reasonable assumptions, the Corporation 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 Corporation 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 or by contacting John Kozak, President & CEO of the Corporation at:

Nordex Explosives Ltd.
145 Lakeshore Road East
Mississauga, Ontario, Canada
L5HG 4T9
416-907-6933
416-907-9520 (FAX)
jkozak@nordexplosives.com