



LES EXPLOSIFS NORDEX LTEE/NORDEX EXPLOSIVES LTD.

**INTERIM MANAGEMENT DISCUSSION AND ANALYSIS
of Financial Condition and Results of Operations
for the three months ended September 30, 2009**

Dated: November 24, 2009

The following information should be read in conjunction with the Corporation's unaudited September 30, 2009 and September 30, 2008 financial statements and 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.

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 near Kirkland Lake, Ontario in one of the world’s largest mining regions. The Corporation continues to maintain its manufacturing explosives licence in good standing and is researching the possibility of offering new explosive products and services for the mining, quarry and road construction industries.

The results for the quarter ending September 30, 2009, reflect operations of the Corporation for the three month period commencing July 1, 2009 and ending September 30, 2009 (the “Third Quarter of 2009”). Comparative financial results are for the three month period commencing July 1, 2008 and ending on September 30, 2008 (the “Third Quarter of 2008”).

Management discussion and analysis is a review of the Corporation’s financial condition and results of operation during the Third Quarter of 2009 as compared to the Third Quarter of 2008. 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 period-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.

OVERALL PERFORMANCE AND RESULTS OF OPERATIONS

Financial Highlights

The following table sets forth certain financial information of the Corporation for the Third Quarter of 2009 and the Third Quarter of 2008.

Three Months ended September 30	Q3 2009	Q3 2008
Sales	\$2,394,163	\$1,694,927
Cost of Goods Sold	\$1,766,809	\$1,353,767
Gross Profit	\$627,354	\$341,160
Gross Margin	%26.2	20.1%
Administrative Expense	\$296,458	\$172,478
Bad Debt (Recovery)	Nil	\$196,846
Income (Loss) before Interest, Taxes and Amortization	\$330,895	\$(28,164)
Amortization Expense	\$63,751	\$43,287
Interest Expense	\$21,785	\$20,785
Stock Based Compensation Expense	\$19,187	\$12,960
Net Income (Loss) for the Period before tax	\$226,173	\$(105,196)
Net Income (Loss) for the Period after tax	\$173,972	\$(105,196)
Earnings per Share	\$0.025	\$(0.015)
Cash Provided By (Used In) Operations	\$186,015	\$(13,162)
Cash (Deficiency) End of Period	\$297,053	\$(223,559)
Long Term Debt	\$1,155,853	\$860,789
Total Liabilities	\$2,815,388	\$2,184,658
Shareholders’ Equity	\$2,882,313	\$2,529,257
Total Shares Outstanding at Period End	7,017,025	7,017,025

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 three months ending September 30, 2009, Nordex recorded net income before tax of \$226,173 compared to a net loss before tax of \$105,196 for the three months ending September 30, 2008. There was an accrual for a possible future income tax expense of \$52,201 for the Third Quarter of 2009 due to the book value of assets on the balance sheet exceeding the book value of assets recorded for tax purposes. The Company does not expect to pay any taxes in the current fiscal year. There was no income tax allowance / recovery for income tax in the Third Quarter of 2008.

The increase in net income from the Third Quarter of 2008 to the Third Quarter of 2009 was a result of higher sales, higher gross margins and no allowance for bad debt. These items were slightly offset by a higher Amortization expense and Administrative expense in the Third Quarter of 2009.

Revenue

Revenue increased to \$2,394,163 in the three month period ending September 30, 2009 compared to \$1,694,927 in the three month period ending September 30, 2008 for an increase of 41.3%. The increase was a result of a 224% increase in sales to construction and quarry clients along with a 19% increase in sales to mining clients.

Cost of Goods Sold

Cost of Goods Sold was \$1,766,809 for the Third Quarter ending September 30, 2009 compared to \$1,353,767 for the fiscal year ending September 30, 2008. Gross profit margin for the period ending September 30, 2009 increased to 26.2% compared to 20.1% for the same period in 2008. The increase in gross profit margin is primarily a result of the company manufacturing its own emulsions and the lower cost of ammonium nitrate, a significant raw material for explosives.

Administrative

Administrative expense includes selling, marketing, customer support, executive personnel, professional services, interest and bank charges (excluding interest on long term debt), office and occupancy costs required to manage the Corporation and do not include amortization, interest on long term debt and stock based compensation expense. Selling, general and administrative expenses for the three months ending September 30, 2009 increased to \$306,467 compared to \$172,478 for the three months ending September 30, 2008. The following table breaks down the increase by category.

Expense Category	Q3 2009	Q3 2008
Consultants	\$5,235	Nil
Insurance	\$50,451	\$20,527
Utilities	\$11,504	\$10,320
Wages & Benefits	\$131,928	\$95,834
Professional Fees	\$42,660	\$21,132
Public Company Expense	\$3,860	\$3,897
Travel	\$21,867	\$2,361
Other	\$28,953	\$31,367
Totals	\$296,458	\$185,438

Insurance expense increased due to the company expanding its liability coverage required to service larger clients, the increase in the number of trucks in the Third Quarter of 2009 compared to the Third Quarter of 2008 and the addition of directors and officers insurance.

Wages and Benefits expense increased due to accruals for management bonuses for the 2009 year.

Professional Fees increased due to additional legal fees resulting from the defence of a motion brought against the Corporation by a shareholder and due to the hiring of a CFO.

Travel and selling expenses increased significantly due to increased selling activity outside of Northern Ontario including Southern Ontario and Quebec and due to travel related expenses associated with a mining conference in which the company was an exhibitor.

Other costs include items such as property expense; administrative vehicle expense; advertising & promotion; licenses; and office expenses. These amounts increased primarily due to increased costs associated with advertising and marketing.

Interest and Bank Charges

Interest on long term debt increased to \$21,785 compared to \$20,785 primarily due to the higher level of long term debt.

Bad Debt Expense (Recovery)

The company did not incur a bad debt expense or recovery in the Third Quarter of 2009. During the Third Quarter of 2008, the company incurred an allowance for a potential bad debt expense for monies owing by Liberty Mines Inc. ("Liberty") in the amount of \$196,846. During the three months ending December 31, 2008, the company incurred an additional allowance for a potential bad debt expense for monies owing by Liberty in the amount of \$111,263.

On June 29th, 2009, Nordex announced "that it has agreed with Liberty to settle the outstanding amounts owed by Liberty to Nordex. Under the terms of the settlement, Liberty has paid Nordex \$268,054 of the \$308,109 owed and Nordex has agreed to forgive the remaining \$40,054. As a result of this settlement, Nordex has recorded a recovery of \$268,054 in its Financial Statements for the second quarter ending June 30, 2009."

Provision for Income Taxes

The Corporation did not take a provision for current income taxes in the Third Quarter of 2009, as a result of prior year losses and tax credits carried forward in excess of income for the year to date in 2009.

The Corporation did take a provision for possible future income tax expense for the amount of \$52,101 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 was \$576,564 for the period ending September 30, 2009, compared to \$279,811 at September 30, 2008.

Inventories

Inventories were \$1,146,249 on September 30, 2009 compared to \$1,190,892 at the Third Quarter ending September 30, 2008. Inventory values did not increase despite the increase in trade primarily due to the Corporation manufacturing most of its emulsions rather than reselling third party product.

Property, Plant and Equipment

The total book value of Property, Plant and Equipment at fiscal quarter ending September 30, 2009 was \$2,947,768 compared to \$2,736,530 at September 30, 2008. The increase in these asset values is primarily due to the equipment and work performed to complete the Corporation's emulsion manufacturing facilities. The Corporation also added mobile equipment during the year including bulk emulsion trucks.

LIQUIDITY AND CAPITAL RESOURCES

During the fiscal quarter ending September 30, 2009, there was an decrease in the Corporation's near-cash position and short-term deposits to \$297,053 from \$328,679 as of June 30, 2009. The decrease is primarily a result of the purchase of fixed assets during the quarter that were not financed. The Corporation's long term debt was reduced to \$1,155,853 at September 30, 2009 from \$1,199,720 at June 30, 2009.

At September 30, 2009, the Corporation had working capital of \$974,354 compared to \$512,033 at September 30, 2008.

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. At September 30, 2009, the Corporation's operating line was \$500,000.

Current Liabilities reduced to \$1,775,579 September 30, 2009 from \$1,946,801 at June 30, 2009 resulting from the decrease in accounts payables and accrued liabilities.

In management's opinion, Nordex is able 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.

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. Should the Company 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 Company's shareholders and may result in dilution to the value of such interests. The Company intends on fulfilling its obligations.

RELATED PARTY TRANSACTIONS

During the three months ended September 30, 2009, the Corporation incurred a total of \$15,900 in Director Fees and meeting expenses. \$15,000 of this expense was an accrual for the three independent directors' retainer fee of \$5,000 each

On August 24, 2009, a total of 275,035 options to purchase shares were issued to management and directors of the Corporation pursuant to the Corporations Stock Option Plan. The options vest as to 1/3 in each of the first three years of their life, and will expire on August 23, 2014. The exercise price for the

options was set at \$0.33 per share, being the closing price of trading of the shares of the Company on August 21, 2009, being the previous trading day to the date of granting.

An officer of the Corporation is a partner in a legal firm that provides services to the Corporation. The Corporation paid, or accrued, \$13,283 in legal fees for services provided by the legal firm. Another officer of the Corporation is a partner in an accounting firm that provides services to the Corporation. The Corporation paid \$11,000 in accounting fees for services provided by the accounting firm. These transactions are in the normal course of operations and are measured at fair market value.

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 September 30, 2009.

Summary of Quarterly Results

Quarter Ended	Revenue	Income (Loss)	Income (Loss) Per Share	Total Assets	Total Long Term Financial Liabilities
2009					
September 30	\$2,394,163	\$173,972	\$0.025	\$5,697,701	\$987,608
June 30	\$2,139,381	\$423,621	\$0.060	\$5,667,430	\$1,031,475
March 31	\$1,272,345	\$(180,271)	\$(0.026)	\$4,516,862	\$900,128
2008					
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
2007					
December 31	\$1,732,921	\$134,862	\$0.019	\$4,425,340	\$967,709

GLOBAL ECONOMIC UNCERTAINTY

As at the time of writing, the global economy had recently experienced significant volatility and uncertainty. Management is monitoring the potential effects of any sustained global downturn. The Corporation has not planned any changes to its marketing strategy or targeted customers and intend to continue ongoing service quality, product improvements and customer development. In the environment of global uncertainty, the Corporation continues to manage and monitor its overheads and ongoing cost containment of general and administration expenses.

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, 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 Corporation on July 18, 2008, which is available on SEDAR at 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.

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 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 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 and the first six months of 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 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 the Third Quarter of 2009, sales to the Corporation's top three clients comprised 59.4% of total sales compared to 71.7% in the Third Quarter of 2008. The lower concentration resulted from significant increased sales to non mining clients in the quarry and construction industries.

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 on 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 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 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 September 30, 2009.

Designation of Security	Authorized	Outstanding at September 30, 2009
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 November 24, 2009:

Name	Number of Shares Beneficially Owned, Controlled or Directed	Percentage of 7,017,025 Outstanding Common Shares
Mr. Leo Luciani Tecumseh, Ontario	942,500	13.4%
Mr. Jacques Levesque Point Edward, Ontario	1,154,200	16.4%

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 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 September 30, 2009, 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. 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 assist in preparing the Corporation's Quarterly interim financial statements and the company has hired a new Chief Financial Officer with the requisite financial statement competencies.

RECENT DEVELOPMENTS IN ACCOUNTING STANDARDS

The Corporation has not adopted any new accounting standards during the Third Quarter of 2009.

Future Accounting Changes

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

- i) 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 Corporation's financial statements has been analyzed in a diagnostic report identifying the areas that need to be addressed. The corporation will ensure that sufficient resources are allocated to this project to meet the conversion deadline.

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 September 30, 2009, 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	\$297,053
Accounts receivable (a)	Loans and receivables	Amortized cost	\$1,306,631
Bank overdraft	Held for Trading	Fair value	Nil
Accounts payable and accrued liabilities	Other financial liability	Amortized cost	\$1,607,337
Long term debt (b)	Other liabilities, held to maturity	Amortized cost	\$1,155,853

(a) The carrying value of accounts receivables are net of a general allowance for doubtful accounts in the amount of \$41,413.

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

(c) Transaction costs that are directly attributable to the issuance of financial assets or liabilities are accounted for as part of the carrying value at inception, and are recognized over the term of the assets or liabilities using the effective interest method. Any gains or losses are recognized in net income.

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. 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, (iv) the impairment, if anything, of long lived assets and (v) 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.

Management has reviewed the long lived assets in accordance with Section 3063 of the CICA Handbook and has determined that there is no reason to test for impairment at this time.

Management has quantified the future income tax asset as at September 30, 2009 and determined it to be immaterial to the financial statements taken as a whole.

OFF-BALANCE SHEET ARRANGEMENTS

The Corporation has no off-balance sheet arrangements and had no off-balance sheet arrangements as at September 30, 2009.

PROPOSED TRANSACTIONS

To the best of Management's knowledge, 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 November 19, 2009. This MD&A includes the Corporation's operating and financial results for the three months ended September 30, 2009 and 2008 and should be read in conjunction with the 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.

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:

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