



Third Quarterly Report
Ending February 28, 2005

EXECUTIVE ANALYSIS ON THE FINANCIAL SITUATION AND PRODUCTION RESULTS / EXECUTIVE COMMENTS AND ANALYSIS

This analysis is presented in order to provide the reader with an overview of the changes to the Neptune Technologies & Bioresources Inc. ("Neptune" or "the Company") financial situation between May 31, 2004 and February 28, 2005. It also includes a comparison between the operation results, the treasury flow and the financial situation for the 3-month period ending February 28, 2005 and those from the 3-month period ending February 29, 2004.

This analysis, completed on April 5, 2005, must be read in conjuncture with the Company's audited consolidated financial statements at May 31, 2004 and presented in the last annual report. Neptune financial statements were produced in accordance with Generally Accepted Accounting Principles (GAAP). Company results are published in Canadian dollars. All amounts appearing in this executive analysis are in Canadian dollars, unless indicated otherwise.

OVERVIEW

Neptune's third quarterly report ending February 28, 2005 was dedicated to the marketing of its products in North America and Asia. Neptune also deployed development initiatives in the European market. To accomplish this, the Company participated in various tradeshows in order to promote its products and maintain its level of excellence established and developed since its foundation. The Company launched three new products at the Expo West Show in Anaheim in March 2005 through its distributor Twin Lab.

The Company maintained its clinical research initiatives. As a result, the Company can now take advantage of scientific results demonstrating the benefits of Neptune Krill Oil (NKO™) on various human conditions, such as those relating to skin cancer, premenstrual syndrome, elevated cholesterol levels and inflammation problems. Neptune is also pursuing clinical research aiming to demonstrate the benefits of NKO™ for people suffering from osteoarthritis and arteriosclerosis.

During the first three quarters of the May 31, 2005 year end, the Company has realised sales of \$3,6M, surpassing by \$1,4M the corresponding sales of last year ending May 31, 2004. The Company should more than double its sales for the current year comparing to last years' total. The Company also realised a positive EBITDA for the third consecutive quarter.

PRINCIPAL QUARTERLY FINANCIAL DATA

(In thousands of dollars, except per share data)

Fiscal Year Ending May 31, 2005

	Total	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Sales Figures	3,606	1,134	1,180	1,292	
EBITDA (before loss on foreign exchange)	387	151	119	117	
Net Loss	1,235	388	503	344	
Loss per Share	0.049	0.015	0.020	0.013	

Fiscal Year Ended May 31, 2004

	Total	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Sales Figures	2,262	643	956	602	61
EBITDA	(1,659)	(353)	(269)	(240)	(797)
Net Loss	3,534	799	744	717	1,274
Loss per Share	0.161	0.037	0.034	0.033	0.057

Fiscal Year Ended May 31, 2003

	Total	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
EBITDA	(2,402)	(653)	(982)	(265)	(502)
Net Loss	3,335	760	1,336	525	714
Loss per Share	0.213	0.049	0.085	0.034	0.045

During the third quarter ending February 28, 2005, the Company has decreased its loss by 52% compared to the quarter ending February 29, 2004 despite a loss on foreign exchange of \$30,844 for this quarter compared to a loss on foreign exchange of \$11,130 for the quarter ending February 29, 2004. This decrease is also due in part by an increase in sales by \$690,885 between the two quarters. The Company has also maintained a positive EBITDA for the third quarter in a row for a cumulative EBITDA of \$387,000 for the first three quarters.

TREASURY FLOW AND FINANCIAL SITUATION**Operating Activities**

During the third quarter ending February 28, 2005, the Company's operations have generated a decrease in liquidities of \$175,625 compared to a decrease of \$180,365 for the quarter ending February 29, 2004. Regardless of the similar decrease in liquidities between the two quarters, two important opposite variations contributed to counterbalance the effect on liquidities, a decrease in the net loss for an amount of \$372,520 and a negative variation in the working capital items for \$346,685. The changes in the working capital items for the third quarter ending February 28, 2005 are mainly due to an increase in receivables for \$570,950 and an increase in accounts payable for \$410,261 compared to the previous quarter.

Financing Activities

During the third quarter, there was no financing activity except for the long term debt reimbursement.

Investing Activities

The main variation in investing activities related to acquisitions of fixed assets and intangible assets for a total of \$31,163.

Overall, taking the treasury flow into account, the Company has increased its cash by \$137,828 since May 31, 2004.

Financial Situation

The following table details the important changes to the balance sheets as at February 28, 2005 and May 31, 2004:

Accounts	Increase (Reduction) (In thousands of dollars)	Comments
Cash	138	See cash flow statement
Receivables	718	Directly linked to the increase of operation and sales activities
Inventory	(178)	Better production management and increase in sales
Fixed assets	(403)	Depreciation of fixed assets
Other assets	(331)	Amortisation of start-up costs
Accounts payable	121	Change of the credit terms with the krill supplier
Convertible debenture	444	Addition of capitalised interest

PRIMARY ANNUAL FINANCIAL RATIOS

	Feb. 28, 2005	May 31, 2004	May 31, 2003
Working Capital Ratio	1.29	1.05	1.76
Solvency Ratio			
Debt Capital/Shareholder Equity*	1.31	1.31	0.65

* including convertible debentures

Most of the Company's financial ratios improved for the quarter ending February 28, 2005 compared to the year ended May 31, 2004, mostly because of the increase in sales and the private placement.

The Company's contractual obligations, including payments due during the next 5 reporting periods and the following ones, are presented in the following table:

Contractual Obligations	Total	Required Payments per Period			
		Less than one period	2 to 3 periods	4 to 5 periods	More than 5 periods
Long-term Debt (1)	3,696,749	628,749	1,472,000	1,472,000	124,000
Loans guaranteed by investments in rental contracts (2)	161,416	92,433	61,655	7,328	-
Total liabilities	3,858,165	721,182	1,533,655	1,479,328	124,000

(1) This amount does not consider the value of the warrants and stock issued.

(2) Including interest fees

Related Party Transactions

The transactions between related parties are described in note 2 "Related Party Transactions" of the Company's financial statements as at February 28, 2005.

Change in Accounting Policies

No changes in accounting policies since May 31, 2004.

Subsequent Events

There was no subsequent events of importance after February 28, 2005.

RISK FACTORS**Financial Risks**

Management intends to continue the careful management of risks relating to exports, foreign exchange, interest rates and sale prices for merchandise.

The majority of the Company's accounts receivable are 90% guaranteed by insurers. All export sales are completed in American funds. The exchange rate risks incurred by the Company are, at present, limited to those relating to the American dollar. During times of a strengthening Canadian dollar, at a constant level of business, our reported U.S. sales and earnings will be reduced because the local currency will translate into fewer Canadian. Due to the fact that Company's raw materials are being purchased in American dollars and that the Company intends to maintain its matching policies, the Executive is not currently using financial instruments.

Product Liability

The Company acquires a \$5M-liability insurance policy to cover civil liability relating to its products on a yearly basis. The Company also maintains a quality-assurance process that is PGO certified by the Canadian Food Inspection Agency (CFIA). In addition, the Company has begun implementing the initiatives required to receive *Good Manufacturing Practices* accreditation by Health Canada.

Prospective Statements

This Executive Analysis contains prospective information. Prospective statements include a certain amount of risk and uncertainty, and it is possible that the actual future results of the Company may differ somewhat from those predicted. These risks include: the growth in demand for Company products, seasonal variations in customer orders, changes in price and availability for raw materials and changes to economic conditions in Canada, the United States and Europe, including variations in exchange and interest rates.

The Company based its analysis on the prospective statement information available at the time of drafting. The inclusion of this information should not be considered as a declaration by the Company that the predicted results have been achieved.

Additional Information

Updated and additional Company information is available from the SEDAR Website at: <http://www.sedar.com>.

On April 5, 2005, the total number of common shares issued by the Company and in circulation was 25,594,805 and Company's common shares were being traded on the TSX stock exchange in Toronto under the listing NTB.



Henri Harland
President and CEO



André Godin
Vice-president, Administration & Finance