NEPTUNE
technologies & bioressources

Third Quarterly Report
Ending February 28, 2006

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 & Bioressources Inc. ("Neptune" or "the Company") financial situation between May 31, 2005 and February 28, 2006. It also includes a comparison between the operation results, the treasury flow and the financial situation for the 3-month period ending February 28, 2006 and those from the 3 month period ending February 28, 2005.

This analysis, completed on April 12, 2006, must be read in conjuncture with the Company's audited consolidated financial statements at May 31, 2005 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, 2006 was dedicated to the marketing of its products in North America and Asia. Neptune also deployed development initiatives in the European. To achieve this, the Company participated in various tradeshows in North America and Europe in order to promote its products and maintain its level of excellence, established and developed since its foundation. Neptune also deployed efforts in research and development with the objective to develop products compatible with the Functional Food market. All these projects are still underway and positive results are expected before the end of 2006.

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, 2006 year end, the Company has realised sales of 5,1M compared to 3,6M for the first three quarters ending February 28, 2005, an increase of 41%. After this year's third quarter, the Company has already surpassed all last year's sales figure.

PRINCIPAL QUARTERLY FINANCIAL DATA

(In thousands of dollars, except per share data)

Fiscal Year Ending May 31, 2006

	Total	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Sales Figures	5,089	1,822	1,445	1,822	
EBITDA (before loss on foreign exchange)	873	342	245	286	
Net Profit (net loss)	268	(390)	(380)	1,038	
Profit (Loss) per share	0.009	(0.015)	(0.015)	0.032	

Fiscal Year Ended May 31, 2005

	Total	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Sales Figures	5,038	1,134	1,180	1,292	1,432
EBITDA (before loss on foreign exchange)	401	151	119	117	14
Net Loss	1,768	388	503	344	533
Loss per Share	0.069	0.015	0.020	0.013	0.021

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

During the third quarter ending February 28, 2006, the Company has realised a net profit 1,038M compared to a net loss of 0,344M for the quarter ending February 28, 2005. The Company has also realised an EBITDA of 286M for this quarter compared to 0,117M for the quarter ending February 28, 2005, maintaining a positive EBITDA for the seventh quarter in a row.

The net profit for the quarter ending February 28, 2006 is the result among other things of a gain on debt settlement of 1,4M resulting from the settlement of the Innovatech debenture.

TREASURY FLOW AND FINANCIAL SITUATION

Operating Activities
During the third quarter ending February 28, 2006, the Company's operations have generated an increase in liquidities of $1,041,399 compared to a decrease of $175,625 for the quarter ending February 28, 2005. This variation of $1,217,024 is due in large part by the gain of $1,400,000 on the settlement of the Innovatech debenture and by the changes in the working capital items from one quarter to the other. The changes in the working capital items for the third quarter ending February 28, 2006 are mainly due to an increase in receivables for $230,807 compared to the previous quarter.

Investing Activities
The main variation in investing activities is related to acquisitions of fixed assets and intangible assets for a total of $29,189.

Financing Activities
During the third quarter, the Company has redeemed the Investissement Desjardins debenture for a total amount of $1,350,137 capital and interest. The Company has also paid $421,457 in issuance expenses in the conversion of Innovatech's debenture transaction. On the same transaction, the Company received $600,000 from a private placement and $98,719 following the exercise of options and warrants. The Company also negotiated a line of credit of $1,000,000 from which $500,000 was used at the end of the quarter. Overall, taking the treasury flow into account, the Company increased its cash by $445,975 since May 31, 2005.

Financial Situation
The following table details the important changes to the balance sheets as at February 28, 2006 and May 31, 2005:

Accounts	Increase (Reduction) (In thousands of dollars)	Comments
Cash	446	See cash flow statement
Receivables	231	Directly linked to the increase of operation and sales activities
Other assets	(138)	Amortisation of start-up costs
Bank loan	500	Use for working capital
Convertible debenture	(5,521)	Redemption and conversion of debentures

PRIMARY ANNUAL FINANCIAL RATIOS

	February 28, 2006	May 31, 2005	May 31, 2004
Working Capital Ratio	**1.82**	**1.19**	**1.05**
Solvency Ratio			
Debt Capital/Shareholder Equity*	1.30	1.47	1.31

* including convertible debentures

Most of the Company's financial ratios improved for the quarter ending February 28, 2006 compared to the year ended May 31, 2005, mostly because of the increase in sales and good management.

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

		Required Payments per Period			
Contractual Obligations	**Total**	**Less than one period**	**2 to 3 periods**	**4 to 5 periods**	**More than 5 periods**
Long-term Debt (1)	3,670,000	477,900	1,631,600	1,312,500	248,000
Loans guaranteed by investments in rental contracts (2)	128,450	79,432	38,610	10,408	-
Total liabilities	3,798,450	557,332	1,670,210	1,322,908	248,000

(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, 2006.

Change in Accounting Policies
No changes in accounting policies since May 31, 2005.

Subsequent Events
There was no subsequent event of importance after February 28, 2006.

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 receivables 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. Even if the raw material purchases are in American dollars, the Executive are still using financial instruments in order to minimize the exchange rate risk.

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 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 12, 2006, the total number of common shares issued by the Company and in circulation was 33,108,289 and Company 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

NEPTUNE
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Third Quarterly Report
Ending February 28, 2006

Neptune Technologies & Bioressources inc.

Interim Consolidated Statement of Earnings
(unaudited)

	Three months ended	**February 28,**	Nine months ended	February 28,
	2006	2005	2006	2005
	$	$	$	$
Sales	**1 822 548**	1 292 461	5 089 341	3 606 291
Cost of sales and operating expenses (before amortization)	**1 544 575**	1 139 038	4 223 504	3 165 002
Research expenses	**76 606**	37 042	204 981	115 685
Financial expenses	**282 273**	247 963	879 173	749 938
Amortization	**250 260**	244 135	786 622	730 830
	2 153 714	1 668 178	6 094 280	4 761 455
Loss before other revenue (expenses)	**(331 166)**	(375 717)	(1 004 939)	(1 155 164)
Interest income	**280**	260	692	665
Exchange loss	**(30 793)**	30 844	(127 603)	(80 987)
Gain on debt settlement	**1 400 000**		1 400 000	
Net loss	**1 038 321**	(344 613)	268 150	(1 235 486)
Basic and diluted profit (loss) per share	**0,032**	(0,013)	0,009	(0,049)
Weighted average number of shares outstanding	**32 419 020**	25 594 805	28 889 419	25 418 016

Neptune Technologies & Bioressources inc.

Interim Consolidated Statement of Deficit
Interim Consolidated Contributed Surplus

(unaudited)

Interim Consolidated Statement of Deficit

(unaudited)

	Three months ended		Nine months ended	
	February 28,		February 28,	
	2006	2005	2006	2005
	$	$	$	$
Balance, beginning of year	**(14 752 608)**	(13 105 725)	(13 982 437)	(12 194 383)
Net profit (net loss)	**1 038 321**	(344 613)	268 150	(1 235 486)
Share issue expenses	**(421 457)**		(421 457)	(20 469)
Balance, end of year	**(14 135 744)**	(13 450 338)	(14 135 744)	(13 450 338)

Interim Consolidated Contributed Surplus

(unaudited)

	Three months ended		Nine months ended	
	February 28,		February 28,	
	2006	2005	2006	2005
	$	$	$	$
Balance, beginning of year	**472 270**	309 491	345 387	187 754
Expired warrants				62 049
Stock-based compensation - employees	**64 378**		179 498	52 369
Stock-based compensation - non-employees	**19 754**		31 517	7 319
Balance, end of year	**556 402**	309 491	556 402	309 491

Neptune Technologies & Bioressources inc.

Interim Consolidated Statement of Cash Flows
(unaudited)

	Three months ended February 28, 2006	Three months ended February 28, 2005	Nine months ended February 28, 2006	Nine months ended February 28, 2005
	$	$	$	$
OPERATING ACTIVITIES				
Net Income (net loss)	**1 038 321**	(344 613)	268 150	(1 235 486)
Non-cash items				
Property and equipment	**250 260**	244 135	786 622	730 830
Amortization of deferred financing costs	**35 737**	6 280	50 735	18 839
Financial expenses	**119 495**	157 145	499 565	477 669
Stock-based compensation - employees	**64 378**		179 498	59 688
Stock-based compensation - non-employees	**19 754**		31 517	
Gain on debt settlement	**(400 000)**		(400 000)	
Changes in working capital items	**(86 546)**	(238 572)	(771 456)	(448 918)
Cash flows from operating activities	**1 041 399**	(175 625)	644 631	(397 378)
INVESTING ACTIVITIES				
Immobilisations of property and equipment	**(11 451)**	(8 305)	(16 544)	(10 320)
Intangible assets	**(17 738)**	(22 858)	(70 739)	(52 202)
Other assets			(10 977)	
Cash flows from investing activities	**(29 189)**	(31 163)	(98 260)	(62 522)
FINANCING ACTIVITIES				
Bank loan	**500 000**		500 000	
Repayment of long-term debt	**(19 120)**	(29 844)	(96 502)	(97 923)
Debenture settlement	**(1 350 137)**		(1 350 137)	
Issue of capital stock	**698 719**		1 267 700	370 839
Issue of warrants				340 092
Share issue expenses	**(421 457)**		(421 457)	(15 280)
Cash flows from financing activities	**(591 995)**	(29 844)	(100 396)	597 728
Increase (decrease) in cash and cash equivalents	**420 215**	(236 632)	445 975	137 828
Cash and cash equivalents, beginning of period	**207 710**	327 820	181 950	(46 640)
Cash and cash equivalents, end of period	**627 925**	91 188	627 925	91 188

Neptune Technologies & Bioressources inc.

Interim Consolidated Balance Sheets

	Unaudited February 28, 2006	Audited 31 mai 2005
	$	$
ASSETS		
Current assets		
Cash	**193 775**	181 950
Short-term investment, interest 1% to 3.775%	**434 150**	
Accounts receivable	**1 770 012**	1 154 379
Research tax credits receivable	**115 628**	61 198
Inventories	**1 104 007**	813 642
Prepaid expenses	**67 835**	62 673
	3 685 407	2 273 842
Property and equipment	**3 487 243**	3 881 552
Intangible assets	**620 653**	553 833
Other assets	**241 461**	588 118
	8 034 764	7 297 345
LIABILITIES		
Current liabilities		
Bank loan (note 3)	**500 000**	
Accounts payable and accrued liabilities		
Company controlled by an officer and director	**35 588**	73 494
Other	**940 798**	996 945
Instalments on long-term debt	**550 071**	841 917
	2 026 457	1 912 356
LONG-TERM DEBT (Note 4)	**3 153 420**	2 868 780
LIABILITY COMPONENT OF CONVERTIBLE DEBENTURES (Note 5)		5 156 430
	5 179 877	9 937 566
SHAREHOLDERS' EQUITY (DEFICIENCY)		
Capital stock and warrants (Note 6)	**16 434 229**	10 996 829
Contributed surplus	**556 402**	345 387
Deficit	**(14 135 744)**	(13 982 437)
	2 854 887	(2 640 221)
	8 034 764	7 297 345

Neptune Technologies & Bioressources inc.

Notes to Interim Financial Statements

February 28, 2006 (unaudited)

1 - INTERIM FINANCIAL INFORMATION

These interim consolidated financial statements as at February 28, 2006 are unaudited. They have been prepared by the Company in accordance with generally accepted accounting principles in Canada for interim information and use the same accounting policies and methods of computation as the consolidated financial statements for the fiscal year ended May 31, 2005. These interim consolidated financial statements should be read in conjunction with the audited annual consolidated financial statements and notes thereto in the Company's 2005 annual report.

2 - RELATED PARTY TRANSACTIONS

The Company entered into an agreement with a shareholder (a company controlled by an officer and director), as of June 1, 2002, calling royalties to be paid in semi-annual instalments of 1% of net annual sales, for an unlimited period. The amount paid cannot exceed net earnings before interest, taxes and amortization. For the current period, total royalties amount to $17,452 ($11,844 in 2005). As at February 28, 2006, the balance due to this shareholder amounts to $35,588 ($73,494 as at May 31,2005). This amount is shown on the balance sheet under accounts payable and accrued liabilities.

These transactions occurred in the normal course of operations and are measured at the exchange amount, which is the amount of consideration determined and accepted by the parties involved.

3 - BANK LOAN

The Company has at its disposal an authorized operating line of credit line of $500,000, and another credit facility for $500,000 at a prime rate plus 2.10% (7.35% at February 28). The bank loan is secured by first lien commercial mortgage on universality of creditors, taxes credits, accounts receivables, and inventories up to the amount of $1,000,000. The bank loan is renewable November 15, 2006.

Neptune Technologies & Bioressources inc.

Notes to Interim Financial Statements

February 28, 2006 (unaudited)

4 - LONG TERM DEBT

	February 28, 2006	May 31, 2005
	$	$
Mortgage loan, $1,200,000 par value, secured by processing and laboratory equipment having an amortized cost of $2,744,821 in 2006, prime rate plus 6.25% (14.00% as at February 28, 2006 and 12.5% as at May 31, 2005), payable in monthly capital instalments of $26,650, whit moratorium until August 2006, maturing in Marsh 2012	**1 120 000**	1 140 000
Mortgage loan, $980,000 par value less the net value of series "E" warrants, secured by the universality of property, weekly variable interest rate determined by the lender plus 5.00% (11,75% as at February, 2006 and 7% as at May 31, 2005), payable in 60 monthly capital instalments of $16,333 whit moratorium until August 2006, maturing in August 2011	**957 641**	951 726
Mortgage loan, $1,500,000 par value less the net value of the issued shares, secured by the universality of property, weekly variable interest rate determined by the lender plus 3.00% (9,75% as at February 28, 2006 and 8% as at May 31, 2005), payable in 60 monthly capital instalments of $25,000 whit moratorium until August 2006, maturing in August 2011	**1 439 241**	1 420 810
9% unsecured loan, payable in monthly blended instalments of $993, maturing in September 2005		3 900
Unsecured loan, without interest, matured	**70 000**	70 000
Obligations under capital leases, interest rates varying from 0.00% to 15.46%, payable in monthly instalments of $7,235, maturing at different dates until August 2010	**116 609**	124 261
	3 703 491	3 710 697
Instalments due within one year	**550 071**	841 917
	3 153 420	2 868 780

5 - LIABILITY COMPONENT OF CONVERTIBLE DEBENTURES

	February 28, 2006	May 31, 2005
	$	$
Unsecured convertible debenture (a face amount of $2,195,342, bearing interest at 15%)		2 250 226
Secured convertible debenture (a face amount of $1,261,780, bearing interest at 15% compounded annually)		1 668 704
Unsecured convertible debenture (a face amount of $1,000,000, bearing interest at 15%)		1 237 500
		5 156 430

Neptune Technologies & Bioressources inc.

Notes to Interim Financial Statements

February 28, 2006 (unaudited)

6 - CAPITAL STOCK AND WARRANTS

	February 28, 2006	May 31, 2005
	$	$
Issued and fully paid		
32,938,789 common shares (25,594,805 common shares as at May 31, 2005)	**16 325 479**	10 656 737
750 000 series "H" warrants	**75 000**	302 592
225 000 series "I" warrants	**33 750**	37 500
	108 750	340 092
	16 434 229	10 996 829

During the period, changes in the Company's issued capital stock were as follows:

	Number of shares	Consideration
		$
Commun shares		
Balance as at November 30, 2005	27 870 727	11 453 310
Issued upon debentures convertion	3 800 000	3 881 512
Issued for cash	600 000	600 000
Issued in consideration of a dept settlement	288 187	288 188
Issued upon stock options exercised	354 875	92 469
Issued upon series "I" warrants	25 000	10 000
Balance as at February 28, 2006	32 938 789	16 325 479

During the period, 25,000 series "I" warrants were exercised whit a compensation in cash of 6,250$ and a compensation of 25,000 common shares representing the attributed value at the emission of the series "I" warrants, July 13 2004.

During the period, 354,875 stocks options were exercised whit a compensaiton in cash of $92,469 and a compensation of 354 875 common shares.

Neptune Technologies & Bioressources inc.

Notes to Interim Financial Statements

February 28, 2006 (unaudited)

7 - STOCK-BASED COMPENSATION PLAN

Activities within the plan are detailed as follows:

	February 28, 2006		31 mai 2005	
	Number of options	**Weighted average exercise price**	Number of options	Weighted average exercise price
		$		$
Options outstanding, beginning of period	**3 975 000**	**0,26**	2 280 000	0,88
Awarded	**696 000**	**1,04**	1 129 000	0,25
Exercise	**(354 875)**	**0,26**		
Cancelled	**(371 250)**	**0,32**	(483 000)	0,80
Exercise price amendment				
Former price			(1 920 000)	0,85
New price			1 920 000	0,25
Options outstanding, end of period	**3 944 875**	**0,39**	2 926 000	0,25
Exercisable options, end of period	**1 040 875**	**0,25**	1 430 000	0,25

	February 28, 2006				
	Options outstanding			**Exercisable options**	
	Weighted average exercise price	**Weighted remaining contractual life outstanding**	**Number of options outstanding as at 28-02-2006**	**Number of options exercisable as at 28-02-2006**	**Weighted average exercise price**
	$				**$**
	0,25	**2,98**	**3 233 875**	**1 040 875**	**0,25**
	0,75	**4,74**	**20 000**		
	0,80	**4,77**	**25 000**		
	1,00	**2,81**	**216 000**		
	1,15	**4,89**	**450 000**		
	0,39	**3,75**	**3 944 875**	**1 040 875**	**0,25**

On December 8, 2005, the Company granted 30,000 stock options to non-employees at an exercise price of $0,80 per share. The fair value of each option granted has been estimated according to the Black-Scholes option pricing model using the following assumptions:

i) Fair value of the common shares at $0.88
ii) Risk-free interest rate of 3.89%
iii) Estimated life of five years
iv) Expected volatility of 119%

The fair value of the options granted is $0.7409 per option.

7 - STOCK-BASED COMPENSATION PLAN (continued)

On December 20, 2005, the Company granted 216,000 stock options to non-employees at an exercise price of $1,15 per share. The fair value of each option granted has been estimated according to the Black-Scholes option pricing model using the following assumptions:

i) Fair value of the common shares at $1.15
ii) Risk-free interest rate of 3.84%
iii) Estimated life of three years
iv) Expected volatility of 118%

The fair value of the options granted is $0.8172 per option.

On January 31, 2006, the Company granted 450,000 stock options to non-employees at an exercise price of $1,00 per share. The fair value of each option granted has been estimated according to the Black-Scholes option pricing model using the following assumptions:

i) Fair value of the common shares at $0,94
ii) Risk-free interest rate of 3.86%
iii) Estimated life of four years
iv) Expected volatility of 118%

The fair value of the options granted is $0.7286 per option.

During the period ended February 28, 2006, an amount of $64,378 (nil in 2005) representing employees' vested interests during the period was expensed as compensation. An amount of $19,754 (nil in 2005) representing non-employees' vested interests during the period was expensed.

8 - FINANCIAL INSTRUMENTS

The Company had concluded a foreign exchange contract to protect is future cash flows in US currencies. At the end of the contract, the Company must sell an amount of 100,000 US dollars for a counterpart in canadian currency, at an exchange rate of 1,15, maturing in May 31, 2006.