5N PLUS INC.
INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2014 AND 2013

(Figures in thousands of United States dollars)

5N PLUS INC.
UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Figures in thousands of United States dollars)

	As at September 30, 2014	As at December 31, 2013
	$	$
ASSETS		
Current		
Cash and cash equivalents	10,288	22,427
Temporary investments (restricted)	2,190	2,490
Accounts receivable	63,143	60,616
Inventories (Note 5)	205,665	174,374
Income tax receivable	2,734	8,455
Derivative financial assets (Note 8)	147	955
Other current assets	2,521	2,290
Total current assets	**286,688**	**271,607**
Property, plant and equipment	65,093	59,614
Intangible assets	14,701	13,143
Deferred tax asset	13,767	13,387
Investments accounted for using the equity method	217	444
Other assets	6,864	7,045
Total non-current assets	**100,642**	**93,633**
Total assets	**387,330**	**365,240**
LIABILITIES AND EQUITY		
Current		
Bank indebtedness	4,985	10,462
Trade and accrued liabilities	53,843	65,016
Income tax payable	6,740	3,660
Derivative financial liabilities (Note 8)	-	3,284
Long-term debt due within one year (Note 6)	682	4,439
Total current liabilities	**66,250**	**86,861**
Long-term debt (Note 6)	35,110	68,346
Convertible debentures (Note 7)	47,568	-
Deferred tax liability	3,005	1,600
Retirement benefit obligation	16,952	15,887
Derivative financial liabilities (Note 8)	3,431	953
Other liabilities (Note 10)	15,164	1,064
Total non-current liabilities	**121,230**	**87,850**
Total liabilities	**187,480**	**174,711**
Shareholders' equity	199,852	190,052
Non-controlling interests	(2)	477
Total equity	**199,850**	**190,529**
Total liabilities and equity	**387,330**	**365,240**

Commitment and contingencies (Note 12)

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

5N PLUS INC.
UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF EARNINGS
For the three-month and nine-month periods ended September 30, 2014 and 2013

(Figures in thousands of United States dollars, except per share information)

	Three months		Nine months	
	2014	**2013**	**2014**	**2013**
	$	**$**	**$**	**$**
Revenues	114,438	108,570	393,414	339,596
Cost of sales	99,085	96,176	338,869	302,209
Selling, general and administrative expenses	8,480	7,682	28,283	27,459
Other expenses (income), net	1,844	2,289	6,023	(36,026)
Share of loss from joint ventures	130	28	227	281
	109,539	106,175	373,402	293,923
Operating income	**4,899**	**2,395**	**20,012**	**45,673**
Gain on disposal of property, plant and equipment	-	-	1,312	-
Financial expenses				
Interest on long-term debt	1,687	1,304	4,149	4,722
Imputed interest and other interest expense	1,075	308	1,760	2,023
Changes in fair value of debenture conversion option (Note 8)	(5,623)	-	(5,811)	-
Foreign exchange and derivative loss (gain)	824	(1,406)	314	(3,115)
	(2,037)	**206**	**412**	**3,630**
Earnings before income taxes	6,936	2,189	20,912	42,043
Income taxes expense	2,765	866	7,786	901
Net earnings for the period	**4,171**	**1,323**	**13,126**	**41,142**
Attributable to:				
Equity holders of 5N Plus Inc.	4,172	1,083	13,263	40,639
Non-controlling interests	(1)	240	(137)	503
	4,171	**1,323**	**13,126**	**41,142**
Earnings per share attributable to equity holders of 5N Plus Inc. (Note 11)	$0.05	$0.01	$0.16	$0.48
Basic earnings per share (Note 11)	$0.05	$0.02	$0.16	$0.49
Diluted earnings per share (Note 11)	$(0.01)	$0.02	$0.10	$0.49

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

5N PLUS INC.
UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the three-month and nine-month periods ended September 30, 2014 and 2013

(Figures in thousands of United States dollars)

	Three months		Nine months	
	2014	**2013**	**2014**	**2013**
	$	**$**	**$**	**$**
Net earnings for the period	4,171	1,323	13,126	41,142
Other comprehensive (loss) income				
Items that may be reclassified subsequently to the consolidated statement of earnings				
Net changes in cash flow hedges				
Effective portion of changes in fair value of cash flow hedges	106	165	560	964
Reclassification to statements of earnings	(73)	(48)	(73)	(289)
Income taxes	(9)	(31)	(142)	(181)
	24	86	345	494
Currency translation adjustment	(14)	75	(72)	252
	10	161	273	746
Items that will not be reclassified subsequently to the consolidated statement of earnings				
Remeasurement of retirement benefit obligation	(1,000)	-	(2,100)	-
Income taxes	310	-	650	-
	(690)	-	(1,450)	-
Other comprehensive (loss) income	(680)	161	(1,177)	746
Comprehensive income for the period	**3,491**	**1,484**	**11,949**	**41,888**
Attributable to equity holders of 5N Plus Inc.	3,492	1,244	12,086	41,385
Attributable to non-controlling interests	(1)	240	(137)	503

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

5N PLUS INC.
UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
For the nine-month periods ended September 30, 2014 and 2013

(Figures in thousands of United States dollars)

	For the nine-month periods ended	
	September 30, 2014	**September 30, 2013**
	$	**$**
Operating activities		
Net earnings for the period	13,126	41,142
Adjustments to reconcile net earnings to cash flows		
Depreciation of property, plant and equipment and amortization of intangible assets	8,602	8,267
Amortization of other assets	554	1,822
Amortization of deferred gain	(187)	-
Share-based compensation expense	258	425
Deferred income tax	938	(5,255)
Impairment of inventories	-	10,182
Gain on disposal of property, plant and equipment	(1,312)	-
Imputed interest	854	-
Retirement benefit obligation	(357)	-
Share of loss from joint ventures	227	281
Gain related to the settlement of the purchase price of MCP	-	(45,188)
Change in fair value of debenture conversion option (Note 8)	(5,811)	-
Unrealized gain on non-hedge financial instruments	(2,892)	(1,841)
Unrealized foreign exchange (gain) loss on assets and liabilities	(438)	1,155
	13,562	10,990
Net change in non-cash working capital balances related to operations (Note 10)	(26,746)	27,558
Cash flows (used in) from operating activities	(13,184)	38,548
Investing activities		
Business acquisitions, net of cash acquired (Note 4)	(1,525)	-
Acquisition of property, plant and equipment and intangible assets	(11,692)	(7,847)
Proceeds on disposal of property, plant and equipment	1,955	-
Temporary investments (restricted)	38	(146)
Cash flows used in investing activities	(11,224)	(7,993)
Financing activities		
Repayment of long-term debt	(97,381)	(27,201)
Proceeds from the issuance of long-term debt	60,388	-
Issue expenses related to long-term debt	(1,700)	-
Proceeds from the issuance of convertible debentures, net of transaction costs (Note 7)	58,062	-
Net (decrease) increase in bank indebtedness	(5,477)	951
Issuance of common shares	164	-
Financial instruments – net	23	330
Increase in other liabilities	1,824	-
Acquisition of 33.33% interest in a subsidiary, including transaction costs (Note 4)	(3,050)	-
Cash flows from (used in) financing activities	12,853	(25,920)
Effect of foreign exchange rate changes on cash and cash equivalents	(584)	(531)
Net (decrease) increase in cash and cash equivalents	(12,139)	4,104
Cash and cash equivalents at beginning of period	22,427	9,535
Cash and cash equivalents at end of period	**10,288**	**13,639**

Supplemental information[1]		
Income tax refunded	(2,064)	(7,037)
Interest paid	3,644	3,654

[1] Amounts (recovered) paid for interest and income tax were reflected as cash flows from operating activities in the interim consolidated statements of cash flows.

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

5N PLUS INC.
UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(Figures in thousands of United States dollars, except number of shares)

	Attributable to equity holders of the Company							
Nine-month period ended September 30, 2014	**Number of shares**	**Share capital $**	**Contributed surplus $**	**Accumulated other comprehensive loss $**	**Deficit $**	**Total shareholders' equity $**	**Non-controlling interests $**	**Total equity $**
Balances at beginning of period	83,908,269	343,272	3,747	(1,555)	(155,412)	190,052	477	190,529
Net earnings (loss)	-		-	-	13,263	13,263	(137)	13,126
Other comprehensive income (loss)	-							
Net changes in cash flow hedges	-		-	345	-	345	-	345
Currency translation adjustment	-		-	(72)	-	(72)	-	(72)
Remeasurement of retirement benefit obligation	-		-	(1,450)	-	(1,450)	-	(1,450)
Total comprehensive income (loss)	-	-	-	(1,177)	13,263	12,086	(137)	11,949
Exercise of stock options	71,388	234	(70)	-	-	164	-	164
Share-based compensation	-	-	258	-	-	258	-	258
Acquisition of a 33.33% interest in a subsidiary (Note 4)	-	-	-	-	(2,708)	(2,708)	(342)	(3,050)
Balances at end of period	**83,979,657**	**343,506**	**3,935**	**(2,732)**	**(144,857)**	**199,852**	**(2)**	**199,850**

	Attributable to equity holders of the Company							
Nine-month period ended September 30, 2013	**Number of shares**	**Share capital $**	**Contributed surplus $**	**Accumulated other comprehensive loss $**	**Deficit $**	**Total shareholders' equity $**	**Non-controlling interests $**	**Total equity $**
Balances at beginning of period	83,908,269	343,272	3,180	(3,424)	(198,073)	144,955	358	145,313
Net earnings	-	-	-	-	40,639	40,639	503	41,142
Other comprehensive income	-							
Net changes in cash flow hedges	-	-	-	494	-	494	-	494
Currency translation adjustment	-	-	-	252	-	252	-	252
Total comprehensive income	-	-	-	746	40,639	41,385	503	41,888
Share-based compensation	-	-	425	-	-	425	-	425
Balances at end of period	**83,908,269**	**343,272**	**3,605**	**(2,678)**	**(157,434)**	**186,765**	**861**	**187,626**

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

(Figures in thousands of United States dollars, unless otherwise indicated)

NOTE 1 – GENERAL INFORMATION

Nature of operations

5N Plus Inc. ("5N Plus" or the "Company") is a Canadian-based international company. 5N Plus is a producer of specialty metal and chemical products. Fully integrated with closed-loop recycling facilities, the Company's head office is located at 4385 Garand Street, Saint-Laurent, Quebec (Canada) H4R 2B4. The Company operates manufacturing facilities and sales offices in several locations in Europe, the Americas and Asia. The Company's shares are listed on the Toronto Stock Exchange ("TSX"). 5N Plus and its subsidiaries represent the "Company" mentioned throughout these unaudited interim condensed consolidated financial statements. The Company has two reportable business segments, namely Electronic Materials and Eco-Friendly Materials.

The Electronic Materials segment operates in North America, Europe and Asia. Its main products are associated with the following metals: cadmium, gallium, germanium, indium and tellurium. These metals are sold as elements, alloys, chemicals and compounds.

The Eco-Friendly Materials segment operates in Europe and China. It manufactures and sells refined bismuth and bismuth chemicals, low melting-point alloys, as well as refined selenium and selenium chemicals.

The Company's operations are not subject to seasonal fluctuations.

These unaudited interim condensed consolidated financial statements were authorized for issuance by the Company's Board of Directors on November 4, 2014.

NOTE 2 – BASIS OF PRESENTATION

These unaudited interim condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and as applicable to the preparation of interim financial statements, including International Accounting Standard ("IAS") 34, "Interim Financial Reporting". These interim condensed consolidated financial statements should be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2013, which have been prepared in accordance with IFRS as issued by the IASB.

The preparation of financial statements in accordance with IAS 34 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies.

The functional and presentation currency of the Company is the United States dollar.

Income taxes

Taxes on income in interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

(Figures in thousands of United States dollars, unless otherwise indicated)

NOTE 3 – ACCOUNTING POLICIES

The accounting policies followed in these unaudited interim condensed consolidated financial statements are consistent with those used to prepare the annual consolidated financial statements for the year ended December 31, 2013, except as described below.

Embedded derivatives

Embedded derivatives, which include debenture conversion option, are recorded at fair value separately from the host contract when their economic characteristics and risks are not clearly and closely related to those of the host contract. Subsequent changes in fair value are recorded in financial expenses in the consolidated statements of earnings.

Changes in accounting policies

The Company has adopted the following new and revised standards, along with any consequential amendments, effective January 1, 2014. These changes were made in accordance with the applicable transitional provisions.

International Financial Reporting Interpretations Committee Interpretation 21, “Levies”, provides guidance on accounting for levies in accordance with the requirements of IAS 37, “Provisions, Contingent Liabilities and Contingent Assets”. The interpretation defines a levy as an outflow from an entity imposed by a government in accordance with legislation and confirms that a liability for a levy is recognized only when the triggering event specified in the legislation occurs. The Company has applied IFRIC 21 on a retrospective basis in compliance with the transitional requirements of IFRIC 21. The application of IFRIC 21 did not result in any significant changes to the interim financial statements.

Future accounting standards change

The following standards have been issued but are not yet effective:

In May 2014, the IASB issued IFRS 15, “Revenues from Contracts with Customers”, to specify how and when to recognize revenue as well as requiring the provision of more information and relevant disclosure. IFRS 15 supersedes IAS 18, “Revenue”, IAS 11, “Construction Contracts”, and other revenue-related interpretations. The standard will be effective on January 1, 2017 for the Company with earlier adoption permitted. The Company is currently evaluating the impact of this standard on its consolidated financial statements.

In July 2014, the IASB amended IFRS 9, “Financial Instruments”, to bring together the classification and measurement, impairment and hedge accounting phases of the IASB’s project to replace IAS 39, “Financial Instruments: Recognition and Measurement”. The standard supersedes all previous versions of IFRS 9 and will be effective on January 1, 2018 for the Company with earlier application permitted. The Company is currently evaluating the impact of this standard on its consolidated financial statements.

(Figures in thousands of United States dollars, unless otherwise indicated)

NOTE 4 – BUSINESS ACQUISITIONS

Acquisition of 33.33% interest in a subsidiary

On April 3, 2014, the Company acquired for an amount of $2,975 the remaining 33.33% ownership interest in its subsidiary, Sylarus Technologies LLC, a germanium substrate supplier, and changed its name to 5N Plus Semiconductors LLC. As a result, Sylarus became a wholly owned subsidiary of the Company. The consideration paid with the related transaction costs have been recorded in equity.

Acquisition of AM&M Advanced Machine and Materials Inc.

On May 5, 2014, the Company acquired all of the issued and outstanding shares in the capital of AM&M Advanced Machine and Materials Inc. ("AM&M") for a total consideration of $2,290 (CA$2,517), mostly representing an intangible asset. AM&M is a Kanata, Ontario based corporation specialized in manufacturing micron-sized metallic powders which can be used in a variety of electronic markets, including solder powders, silver-based powders and CIGS powders. The total consideration includes amounts outstanding to be paid up to May 2015 and a contingent consideration.

NOTE 5 – INVENTORIES

	September 30, 2014	December 31, 2013
	$	$
Raw materials	53,649	45,356
Finished goods	152,016	129,018
Total inventories	**205,665**	**174,374**

For the three-month and nine-month periods ended September 30, 2014, a total of $85,968 and $293,872 of inventories was included as an expense in cost of sales ($90,927 and $271,865 for the three-month and nine-month periods ended September 30, 2013).

For the three-month and nine-month periods ended September 30, 2014, a total of $1,825 and $4,524 of inventories previously written down was recognized as a reduction of expenses in cost of sales ($9,312 and $22,260 for the three-month and nine-month periods ended September 30, 2013).

The majority of inventories are pledged as security for the senior secured revolving facility (Note 6).

(Figures in thousands of United States dollars, unless otherwise indicated)

NOTE 6 – LONG-TERM DEBT

	September 30, 2014	December 31, 2013
	$	$
Senior secured revolving facility of $125,000 with a syndicate of banks, maturing in August 2018[1]	35,000	-
Senior secured revolving facility of $100,000 with a syndicate of banks, maturing in August 2015 (refinanced)[1]	-	68,020
Unsecured balance of holdback to the former shareholders of MCP for an amount of €2,500. The holdback was paid in April 2014	-	3,448
Term loan, non-interest bearing, repayable under certain conditions, maturing in 2023. If the loan has not been repaid in full by the end of 2023, the balance will be forgiven[2]	573	733
Other loans	219	584
	35,792	72,785
Less: Current portion of long-term debt	682	4,439
	35,110	**68,346**

[1] In August 2014, the Company signed a senior secured multi-currency revolving credit facility of $125,000 maturing in August 2018 to replace its existing $100,000 senior secured revolving facility maturing in August 2015. At any time, the Company has the option to request that the credit facility be expanded to $150,000 through the exercise of an additional $25,000 accordion feature, subject to review and approval by the lenders. This revolving credit facility can be drawn in US dollars, Canadian dollars or Hong Kong dollars drawings bear interest at either the Canadian prime rate, US base rate, Hong Kong base rate or LIBOR, plus a margin based on the Company's senior consolidated debt to EBITDA ratio. The facility is subject to covenants. As at September 30, 2014, the Company met all covenants.

In addition, in August 2014, the Company's subsidiary in Belgium entered into a bi-lateral credit facility of 5,000 Euros which is coterminous with the new senior secured multi-currency revolving credit facility, and guaranteed by the same security pool. This bi-lateral facility can be drawn in Euros or US dollars and bears interest at similar rates as the revolving credit facility. No amount was drawn as at September 30, 2014.

[2] The term loan is classified as short-term debt since these amounts could become payable on demand.

NOTE 7 – CONVERTIBLE DEBENTURES

In June 2014, the Company issued convertible unsecured subordinated debentures for CA$60,000 (US$55,266) and an additional over-allotment option for CA$6,000 (US$5,580) for a total of CA$66,000 (US$60,846). The convertible unsecured subordinated debentures bear interest at a rate of 5.75% per annum, payable semi-annually on June 30 and December 31, commencing on December 31, 2014. The convertible debentures are convertible at the holder's option into the Company's common shares at a conversion price of CA$6.75 per share, representing a conversion rate of 148.1 common shares per CA$1,000 principal amount of convertible debentures. The convertible debentures will mature on June 30, 2019 and may be redeemed by the Company, in certain circumstances, after June 30, 2017.

The debenture conversion option was recorded as a derivative liability (Note 8). In accordance with IFRS, an obligation to issue shares for a price that is not fixed in the Company's functional currency must be classified as a derivative liability and measured at fair value, with changes recognized in change in fair value of debenture conversion option in the consolidated statements of earnings.

The fair value of the debenture conversion option, which consists of the holder's conversion option subject to the Company's early redemption options, was estimated based on a methodology for pricing convertible bonds using partial differential equations ("PDE"), with the following assumptions: risk-free interest rate of 2.00%; average expected volatility of 40%; expected dividend per share of nil; entity-specific credit spread, and expected life of five years. As a result, the initial fair value of the liability representing the debenture conversion option for the two tranches of the issuance of the debenture was estimated at CA$10,484 (US$9,666). Assumptions were reviewed in the valuation as at September 30, 2014, and remained the same.

(Figures in thousands of United States dollars, unless otherwise indicated)

NOTE 8 – CATEGORIES OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Fair value

All financial assets classified as loans and receivables, as well as financial liabilities classified as other liabilities are initially measured at their fair values and subsequently at their amortized cost using the effective interest method. All financial assets and financial liabilities classified as held for trading are measured at their fair values. Gains and losses related to periodic revaluations are recorded in net earnings.

The Company has determined that the carrying value of its short-term financial assets and financial liabilities, including cash and cash equivalents, temporary investments (restricted), accounts receivable, bank indebtedness, and trade and accrued liabilities approximates their fair value due to the short-term maturities of these instruments.

As at September 30, 2014, the fair value of long-term debt approximates its carrying value and is calculated using the present value of future cash flows at the period-end rate for similar debt with the same terms and maturities. The fair value of the convertible debenture including the debenture conversion option, as quoted on the market, is CA$63,030 (US$56,482).

The following table presents financial assets and financial liabilities measured at fair value in the interim consolidated statements of financial position in accordance with the fair value hierarchy. This hierarchy groups financial assets and financial liabilities into three levels based on the significance of inputs used in measuring the fair value of the financial assets and financial liabilities. The fair value hierarchy has the following levels:

- Level 1: unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level in which the financial asset or financial liability is classified is determined based on the lowest level of significant input to the fair value measurement. The financial assets and financial liabilities measured at fair value in the interim consolidated statements of financial position are grouped into the fair value hierarchy as follows:

As at September 30, 2014	**Level 1**	**Level 2**	**Level 3**
	$	**$**	**$**
Financial assets (liabilities)			
Derivative forward contracts	-	147	-
Debenture conversion option (Note 7)	-	-	(3,431)
Total	**-**	**147**	**(3,431)**

As at December 31, 2013	**Level 1**	**Level 2**	**Level 3**
	$	**$**	**$**
Financial assets (liabilities)			
Interest rate swap	-	(2,588)	-
Foreign exchange forward contracts	-	(1,468)	-
Derivative forward contracts	-	955	-
Warrants	(181)	-	-
Total	**(181)**	**(3,101)**	**-**

(Figures in thousands of United States dollars, unless otherwise indicated)

Derivative assets and liabilities

The Company has derivative financial instruments which relate to the following:

- Interest rate swap to fix the interest rate on part of its revolving credit facility;
- Foreign exchange forward contracts to sell US dollars in exchange for Euros or Canadian dollars; and to sell Euros in exchange for US dollars, related to hedge strategies;
- Derivative forward contracts to sell and buy precious metals at a fixed price;
- Debenture conversion option; and
- Warrants.

The derivative financial instruments are measured at fair value as follows:

Assets (liabilities)	September 30, 2014	December 31, 2013
	$	$
Debenture conversion option[(1)] (Note 7)	(3,431)	-
Interest rate swap[(2)]	-	(2,588)
Foreign exchange forward contracts	-	(1,468)
Derivative forward contracts[(3)]	147	955
Warrants	-	(181)
Total	**(3,284)**	**(3,282)**

(1) This instrument is classified as a Level 3 financial instrument, since the implied volatility is an unobservable input. The change in fair value of debenture conversion option of $5,623 and of $5,811 were recognized in the consolidated statement of earnings for the three-month and nine-month periods ended September 30, 2014 respectively. An increase (decrease) of 5% in the volatility would have increased (decreased) the fair value of the debenture conversion option, as at September 30, 2014, by $1,045.

(2) The interest rate swap has a nominal value of $100,000 commencing in January 2013 and ending in August 2015. Under this swap, the Company will pay a fixed interest rate of 1.82%. The Company received $1,700 when entering into this forward starting interest rate swap in September 2011. This amount forms part of the fair value that is recorded as a long-term liability. The Company initially designated this contract as a cash flow hedge of anticipated variable payments of interest on a nominal amount of $100,000 of the revolving line of credit, and the change in its fair value was recorded in the consolidated statements of comprehensive income. On September 4, 2012, the Company repaid part of its credit facility and de-designated $30,000 of nominal value of the swap. In August 2014, following the refinancing of its credit facility (Note 6), the Company terminated the interest rate swap.

(3) In February 2014, the Company entered into two derivative forward contracts to sell silver at a fixed price to cover purchases of materials containing the precious metal. The first contract fixed the price at $21.83 per ounce as at August 5, 2014 and its nominal value was approximately $1,900. The second contract fixes the price at $20.86 per ounce as at February 3, 2015 and its nominal value is approximately $2,200. Gains or losses on these derivative forward contracts are recorded as part of the cost of sales. In May 2014, the Company entered into two new derivative forward contracts in opposite position in order to crystallize its gain and to neutralize the impacts in the consolidated statements of earnings. As at September 30, 2014, the first contract and the contract in the opposite position matured.

(Figures in thousands of United States dollars, unless otherwise indicated)

The following methods were used to estimate fair value:

- Interest rate swap: Estimated by discounting expected future cash flows using period-end interest rate yield curves;
- Foreign exchange forward contracts: Estimated by discounting expected future cash flows using period-end currency rate;
- Derivative forward contracts: Estimated by discounting expected future cash flows using period-end market price of the precious metal (silver);
- Debenture conversion option: Refer to Note 7 for details of valuation models; and
- Warrants: Fair value based on the TSX closing price. The ticker symbol of the publicly traded warrants is VNP.WT.

NOTE 9 – OPERATING SEGMENTS

The following tables summarize the information reviewed by the Company's management when measuring performance:

For the three-month period ended September 30, 2014	**Eco-Friendly Materials**	**Electronic Materials**	**Corporate and Unallocated**	**Total**
	$	**$**	**$**	**$**
Segment revenues(3)	**79,654**	**34,784**	**-**	**114,438**
Adjusted EBITDA(1) (4)	6,415	4,684	(3,028)	8,071
Interest on long-term debt, imputed interest and other interest expense	-	-	2,762	2,762
Litigation and restructuring costs	149	-	-	149
Change in fair value of debenture conversion option	-	-	(5,623)	(5,623)
Foreign exchange and derivative loss (gain)(2)	-	-	824	824
Depreciation and amortization	807	2,176	40	3,023
Earnings (loss) before income tax	5,459	2,508	(1,031)	6,936
Capital expenditures	**4,383**	**1,448**	**-**	**5,831**

For the three-month period ended September 30, 2013	**Eco-Friendly Materials**	**Electronic Materials**	**Corporate and Unallocated**	**Total**
	$	**$**	**$**	**$**
Segment revenues(3)	66,610	41,960	-	108,570
Adjusted EBITDA(1) (4)	1,786	5,780	(1,791)	5,775
Interest on long-term debt and other interest expense	-	-	1,612	1,612
Litigation and restructuring costs	214	95	(54)	255
Foreign exchange and derivative loss (gain)(2)	-	-	(1,406)	(1,406)
Depreciation and amortization	1,057	2,028	40	3,125
Earnings (loss) before income tax	515	3,657	(1,983)	2,189
Capital expenditures	**1,815**	**1,363**	**-**	**3,178**

(Figures in thousands of United States dollars, unless otherwise indicated)

For the nine-month period ended September 30, 2014	**Eco-Friendly Materials**	**Electronic Materials**	**Corporate and Unallocated**	**Total**
	$	**$**	**$**	**$**
Segment revenues[3]	**265,945**	**127,469**	**-**	**393,414**
Adjusted EBITDA[1] [4]	19,061	18,789	(8,462)	29,388
Interest on long-term debt, imputed interest and other interest expense	-	-	5,909	5,909
Litigation and restructuring costs	447	142	185	774
Change in fair value of debenture conversion option	-	-	(5,811)	(5,811)
Foreign exchange and derivative loss (gain)[2]	-	-	314	314
Gain on disposal of property, plant and equipment	(748)	(564)	-	(1,312)
Depreciation and amortization	2,211	6,271	120	8,602
Earnings (loss) before income tax	17,151	12,940	(9,179)	20,912
Capital expenditures	**6,208**	**5,469**	**15**	**11,692**

For the nine-month period ended September 30, 2013	**Eco-Friendly Materials**	**Electronic Materials**	**Corporate and Unallocated**	**Total**
	$	**$**	**$**	**$**
Segment revenues[3]	206,492	133,104	-	339,596
Adjusted EBITDA[1] [4]	9,811	18,460	(5,838)	22,433
Interest on long-term debt and other interest expense	-	-	6,745	6,745
Litigation and restructuring costs	787	353	2,359	3,499
Impairment of inventories	10,032	150	-	10,182
Gain related to the settlement of the purchase price of MCP	-	-	(45,188)	(45,188)
Foreign exchange and derivative loss (gain)[2]	-	-	(3,115)	(3,115)
Depreciation and amortization	3,175	4,972	120	8,267
Earnings (loss) before income tax	(4,183)	12,985	33,241	42,043
Capital expenditures	**4,250**	**2,430**	**-**	**6,680**

[1] Earnings (loss) before income tax and the following: depreciation and amortization, financial expense (income), litigation and restructuring costs, impairment of inventories, gain related to the settlement of the purchase price of MCP and gain or loss on disposal of property plant equipment.

[2] The foreign exchange and derivative loss (gain) exclude the loss (gain) on foreign exchange forward contracts on US$/CA$ recorded as part of wages and salaries and the loss (gain) on derivative forward contracts to sell silver metal recorded as part of cost of goods sold.

[3] The total revenues of $6,882 and $28,737 for the three-month and nine-month periods ended September 30, 2014 from the recycling and trading of complex materials is allocated to the Eco-Friendly Materials and Electronic Materials segments ($14,223 and $36,078 for the three-month and nine-month periods ended September 30, 2013).

[4] The total adjusted EBITDA of $2,359 and $5,231 for the three-month and nine-month periods ended September 30, 2014 from the recycling and trading of complex materials is allocated to the Eco-Friendly Materials and Electronic Materials segments ($2,368 and $5,240 for the three-month and nine-month periods ended September 30, 2013).

As at September 30, 2014	**Eco-Friendly Materials**	**Electronic Materials**	**Corporate and Unallocated**	**Total**
	$	**$**	**$**	**$**
Total assets excluding the following:	181,429	183,636	8,281	373,346
Investments accounted for using equity method	-	217	-	217
Deferred tax asset	10,320	3,447	-	13,767

(Figures in thousands of United States dollars, unless otherwise indicated)

As at December 31, 2013	Eco-Friendly Materials	Electronic Materials	Corporate and Unallocated	Total
	$	$	$	$
Total assets excluding the following:	154,309	189,397	7,703	351,409
Investments accounted for using equity method	-	444	-	444
Deferred tax asset	9,451	3,936	-	13,387

The geographic distribution of the Company's revenues based on the location of the customers for the three-month and nine-month periods ended September 30, 2014 and 2013, and the identifiable non-current assets as at September 30, 2014 and December 31, 2013 are summarized as follows:

	Three months		Nine months	
	2014	2013	2014	2013
	$	$	$	$
Asia				
China	13,048	12,154	29,172	26,443
Japan	3,145	1,733	8,832	6,093
Others	22,540	20,908	76,460	68,105
America				
United States	22,679	19,998	78,407	66,939
Others	2,473	5,352	10,636	15,880
Europe				
Germany	11,867	14,840	66,671	51,846
France	7,614	6,212	26,575	21,592
United Kingdom	6,025	6,717	18,021	16,989
Others	20,974	18,156	68,390	60,144
Other	4,073	2,500	10,250	5,565
Total	**114,438**	**108,570**	**393,414**	**339,596**

For the three-month and nine-month periods ended September 30, 2014, one customer represented approximately 8.9% and 10.5% of revenues, and these amounts are included in Electronic Materials revenues. For the three-month and nine-month periods ended September 30, 2013, one customer represented approximately 8.2% and 11.8% of revenues, and these amounts are included in Electronic Materials revenues.

Non-current assets as at	September 30, 2014	December 31 2013
	$	$
Asia		
Hong Kong	6,763	8,510
Others	17,588	11,295
United States	6,577	6,634
Canada	21,738	20,552
Europe		
Germany	29,081	28,635
Belgium	13,180	11,874
Others	5,715	6,133
Total	**100,642**	**93,633**

(Figures in thousands of United States dollars, unless otherwise indicated)

NOTE 10 – SUPPLEMENTAL CASH FLOW INFORMATION

Net change in non-cash working capital balances related to operations consists of the following:

	For the nine-month period ended September 30, 2014	For the nine-month period ended September 30, 2013
	$	$
Decrease (increase) in assets:		
Accounts receivable	(2,517)	21,512
Inventories	(31,261)	(2,999)
Income tax receivable	5,579	10,720
Other current assets	1,099	(34)
Increase (decrease) in liabilities:		
Trade and accrued liabilities	(2,726)	(2,499)
Income tax payable	3,080	858
Net change	**(26,746)**	**27,558**

The interim consolidated statements of cash flows exclude or include the following transactions:

	For the nine-month period ended September 30, 2014	For the nine-month period ended September 30, 2013
	$	$
a) Exclude additions unpaid at end of period: Additions to property, plant and equipment	4,531	937
b) Include additions unpaid at beginning of period: Additions to property, plant and equipment	1,637	1,394
c) Exclude a reclassification from trade and accrued liabilities to other liabilities following new agreements with a supplier	8,941	-

(Figures in thousands of United States dollars, unless otherwise indicated)

NOTE 11 – EARNINGS PER SHARE

The following table reconciles the numerators and denominators used for the computation of basic and diluted earnings per share:

	Three months		Nine months	
Numerators	**2014**	**2013**	**2014**	**2013**
	$	**$**	**$**	**$**
Net earnings attributable to equity holders of 5N Plus Inc.	4,172	1,083	13,263	40,639
Dilutive effect:				
Convertible debentures	(5,377)	-	(4,615)	-
Net earnings attributable to equity holders of 5N Plus Inc. adjusted for dilution effect	(1,205)	1,083	8,648	40,639
Net earnings for the period	4,171	1,323	13,126	41,142
Dilutive effect:				
Convertible debentures	(5,377)	-	(4,615)	-
Net earnings for the period adjusted for dilution effect	(1,206)	1,323	8,511	41,142

	Three months		Nine months	
Denominators	**2014**	**2013**	**2014**	**2013**
Basic weighted average number of shares	83,979,657	83,908,269	83,938,592	83,908,269
Dilutive effect:				
Stock options	228,719	64,830	259,654	34,059
Convertible debentures	9,774,600	-	3,736,677	-
Diluted weighted average number of shares	93,982,976	83,973,099	87,934,923	83,942,328

For the three-month and nine-month periods ended September 30, 2014, a total number of 1,045,010 stock options were excluded from the diluted weighted average number of shares due to their anti-dilutive effect because of the Company’s stock price. The same applies to the warrants which expired on June 6, 2014.

For the three-month and nine-month periods ended September 30, 2013, most of the stock options and warrants were excluded from the diluted weighted average number of shares due to their anti-dilutive effect because of the Company’s stock price.

NOTE 12 – COMMITMENT AND CONTINGENCIES

Commitment

In September 2014, the Company signed a loan agreement with one of its suppliers for the construction of manufacturing equipment in Asia. The loan bears an interest rate of 8.5%, and is guaranteed by the supplier’s corporate entity. Under this agreement, the total amount can reach up to $7,000 upon achievement of certain milestones. The initial tranche was disbursed on October 15, 2014, for an amount of $1,000. Each tranche is to be reimbursed on a monthly basis over a term of 12 months starting after each drawdown.

(Figures in thousands of United States dollars, unless otherwise indicated)

Contingencies

In the normal course of operations, the Company is exposed to events that could give rise to contingent liabilities or assets. As at the date of issue of the unaudited interim condensed consolidated financial statements, the Company was not aware of any significant events that would have a material effect on its interim condensed consolidated financial statements, except for the following.

As described in the annual consolidated financial statements for the year ended December 31, 2013, the Company settled its case in 2013 with the former shareholders of MCP, thereby prohibiting further related action by either party involved in the settlement. As of the date hereof, the Company does not believe that it is probable that an outflow of resources, which could be material to the financial statements, will be required by the Company following potential third party claims pertaining to actions or events related to the alleged breaches of representations and warranties by the Vendors.

NOTE 13 – FINANCIAL RISK MANAGEMENT

In the normal course of operations, the Company is exposed to various financial risks. These risks include market risk (currency risk, interest rate risk and other price risk), credit risk and liquidity risk. For the nine-month period ended September 30, 2014, the Company was not exposed to new market risks.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. The Company manages liquidity risk through the management of its capital structure. It also manages liquidity risk by continually monitoring actual and projected cash flows, taking into account the Company's sales and receipts and matching the maturity profile of financial assets and financial liabilities. The Board of Directors reviews and approves the Company's annual operating and capital budgets, as well as any material transactions out of the ordinary course of business, including proposals on acquisitions and other major investments.

The following table reflects the contractual maturity of the Company's financial liabilities (including interest) as at September 30, 2014:

	Carrying amount	1 year	2-3 years	4-5 years	Beyond 5 years	Total
	$	$	$	$	$	$
Bank indebtedness	4,985	5,284	-	-	-	5,284
Trade and accrued liabilities	53,843	53,843	-	-	-	53,843
Long-term debt	35,792	2,432	3,610	36,604	-	42,646
Convertible debentures	47,568	3,401	6,801	65,087	-	75,289
Other liabilities	11,819	-	14,573	-	-	14,573
Total	**154,007**	**64,960**	**24,984**	**101,691**	**-**	**191,635**

(Figures in thousands of United States dollars, unless otherwise indicated)

NOTE 14 – EXPENSE BY NATURE

	Three months		**Nine months**	
Expense by nature	**2014**	**2013**	**2014**	**2013**
	$	**$**	**$**	**$**
Wages and salaries [(1)]	10,701	8,926	34,073	30,218
Share-based compensation expense	54	172	258	425
Depreciation of property, plant and equipment and amortization of intangible assets	3,023	3,125	8,602	8,267
Amortization of other assets	171	192	554	1,822
Research and development (net of tax credit)	795	934	2,279	2,432
Litigation and restructuring costs	149	255	774	3,499
Impairment of inventories	-	-	-	10,182
Gain related to the settlement of the purchase price of MCP	-	-	-	(45,188)

(1) Includes gain on foreign exchange forward contracts related to US$/CA$ (Note 8)