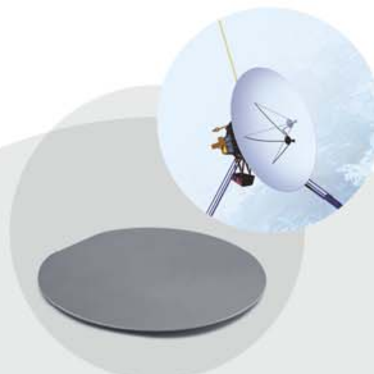

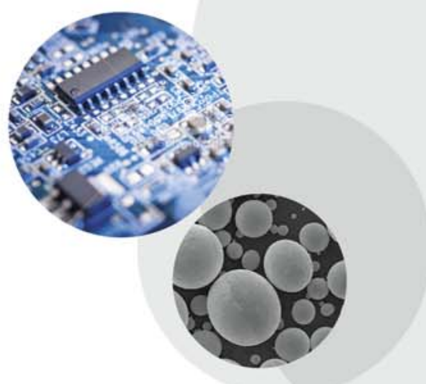

Third Quarter
September 30, 2014
Management Report

5N PLUS

Management's Discussion and Analysis

This Management's Discussion and Analysis ("MD&A") of the financial condition and results of operations is intended to assist readers in understanding 5N Plus Inc. (the "Company" or "5N Plus"), its business environment, strategies, performance and risk factors. This MD&A should be read in conjunction with the unaudited interim condensed consolidated financial statements for Q3 2014 and the audited consolidated financial statements and the accompanying notes for the years ended December 31, 2013 and 2012. The Company's unaudited interim condensed consolidated financial statements for the three and nine-month periods ended September 30, 2014 and 2013, have been prepared in compliance with the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

Information contained herein includes any significant developments to November 4, 2014, the date on which the MD&A was approved by the Company's board of directors. Unless otherwise indicated, the terms "we", "us" "our" and "the group" as used herein refer to the Company together with its subsidiaries.

The "Q3 2014" and the "Q3 2013" refer to the three-month periods ended September 30, 2014 and 2013, and the "YTD 2014" and the "YTD 2013" refer to the nine-month periods ended September 30, 2014 and 2013 respectively. All amounts in this MD&A are expressed in U.S. dollars, and all amounts in the tables are in thousands of U.S. dollars, unless otherwise indicated. All quarterly information disclosed in this MD&A is based on unaudited figures.

Non-IFRS Measures

This MD&A also includes certain figures that are not performance measures consistent with IFRS. These measures are defined at the end of this MD&A under the heading Non-IFRS Measures. Please note that the comparative periods have been restated to reflect a change in the EBITDA definition, see Selected Quarterly Financial Information section.

Notice Regarding Forward-Looking Statements

Certain statements in this MD&A may be forward-looking within the meaning of applicable securities laws. Forward-looking information and statements are based on the best estimates available to the Company at the time and involve known and unknown risks, uncertainties or other factors that may cause the Company's actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. A description of the risks affecting the Company's business and activities appears under the heading "Risk and Uncertainties" of 5N Plus' 2013 MD&A dated February 25, 2014 and note 13 of the unaudited interim condensed consolidated financial statements for the three and nine-month periods ended September 30, 2014 and 2013 available on SEDAR at www.sedar.com. Forward-looking statements can generally be identified by the use of terms such as "may", "should", "would", "believe", "expect", the negative of these terms, variations of them or any similar terms. No assurance can be given that any events anticipated by the forward-looking information in this MD&A will transpire or occur, or if any of them do so, what benefits that 5N Plus will derive therefrom. In particular, no assurance can be given as to the future financial performance of 5N Plus. The forward-looking information contained in this MD&A is made as of the date hereof and the Company has no obligation to publicly update such forward-looking information to reflect new information, subsequent or otherwise, unless required by applicable securities laws. The reader is warned against placing undue reliance on these forward-looking statements.

Overview

5N Plus is the leading producer of specialty metal and chemical products. Fully integrated with closed-loop recycling facilities, the Company is headquartered in Montreal, Quebec, Canada and operates manufacturing facilities and sales offices in several locations in Europe, the Americas and Asia. 5N Plus deploys a range of proprietary and proven technologies to produce products which are used in a number of advanced pharmaceutical, electronic and industrial applications. Typical products include purified metals such as bismuth, gallium, germanium, indium, selenium and tellurium, inorganic chemicals based on such metals and compound semiconductor wafers. Many of these are critical precursors and key enablers in markets such as solar, light-emitting diodes and eco-friendly materials.

Reportable Segments

The Company has two reportable segments, namely Electronic Materials and Eco-Friendly Materials. Corresponding operations and activities are managed accordingly by the Company's key decision makers. Segmented operating and financial information, labelled key performance indicators, are available and used to manage these business segments, review performance and allocate resources. Financial performance of any given segment is evaluated primarily in terms of revenues and adjusted EBITDA which is reconciled to consolidated numbers by taking into account corporate income and expenses.

The Electronic Materials segment operates in the Americas, Europe and Asia. The Electronic Materials segment manufactures and sells refined metals, compounds and alloys which are primarily used in a number of electronic applications. Typical end-markets include photovoltaics (solar energy), light emitting diodes (LED), displays, high-frequency electronics, medical imaging and thermoelectrics. Main products are associated with the following metals: cadmium, gallium, germanium, indium and tellurium. These are sold either in elemental or alloyed form as well as in the form of chemicals and compounds. Revenues and earnings associated with recycling services and activities provided to customers of the Electronic Materials segment are also included in the Electronic Materials segment and management of such activities is also the responsibility of the Electronic Materials executive team.

The Eco-Friendly Materials segment is so labelled because it is mainly associated with bismuth, one of the very few heavy metals which have no detrimental effect on either human health or in the environment. As a result, bismuth is being increasingly used in a number of applications as a replacement for more harmful metals and chemicals. The Eco-Friendly Materials segment operates in the Americas, Europe and Asia. The Eco-Friendly Materials segment manufactures and sells refined bismuth and bismuth chemicals, low melting point alloys as well as refined selenium and selenium chemicals. These are used in the pharmaceutical and animal-feed industry as well as in a number of industrial applications including coatings, pigments, metallurgical alloys and electronics.

Corporate expenses associated with the head office and unallocated selling, general and administrative expenses together with financing costs, change in fair value of debenture conversion option, gains and/or losses on foreign exchange and derivative have been regrouped under the heading Corporate.

Q3 2014 and YTD 2014 Highlights

Best Adjusted EBITDA year to date performance in the last 2 years

- Revenues for the third quarter of 2014 reached $114.4 million, which corresponds to an increase of $5.9 million or 5% compared to $108.6 million for the third quarter of 2013.

- Adjusted EBITDA[1] for the third quarter of 2014 reached $8.1 million up from $5.8 million for the third quarter of 2013.

- Net earnings for the third quarter of 2014 reached $4.2 million or $0.05 per share compared to $1.3 million or $0.02 per share for the third quarter of 2013.

- Net debt[1] stood at $75.9 million, up from June 30, 2014 and up from $63.5 million as at September 30, 2013.

- Bookings[1] of $101.3 million in the quarter, higher than third quarter of 2013. Bookings for the nine-month period ended September 30, 2014 increased by 17% and stood at $360.5 million compared to $307.2 million for the same period last year.

- On August 7, 2014, 5N Plus announced the closing of a senior secured multi-currency revolving credit facility of $125 million maturing in August 2018 (with an additional $25 million accordion feature) to replace its existing $100 million senior secured revolving facility.

5N Plus reported another solid quarter despite the usual summer slowdown and some margin erosion in its solar business. Combined with the results of the first two quarters of the year, the Company is heading towards a record adjusted EBITDA level for 2014. Demand remains strong in most market segments as reflected in the Company's backlog and bookings levels. This is especially true for its bismuth products which are on track to reach a record level for a second consecutive year.

5N Plus continues to focus on improving operational efficiency and expect to see gains in terms of costs, throughput and inventory levels in the coming quarters as it leverages several initiatives for which it has yet to reap the full benefits. These include ramping up of its bismuth refining activities in Laos as well as the optimization of its footprint.

5N Plus is also excited by progress made in several new areas including its semiconductor substrate business where it continues to make both technical and commercial progress in material systems which now extend beyond germanium. This progress is a key component of its growth strategy as the Company aims to expand its range of value-added products and develop a stronger foothold in recycling and primary sourcing. The Company expects to report further progress in these areas in the coming quarters as they gradually positively impact its bottom line.

[1] See Non-IFRS Measures

Summary of Results

	Q3 2014	Q3 2013	YTD 2014	YTD 2013
	$	$	$	$
Revenues	114,438	108,570	393,414	339,596
Operating expenses	(106,367)	(102,795)	(364,026)	(317,163)
Adjusted EBITDA[1]	8,071	5,775	29,388	22,433
Impairment of inventory	-	-	-	10,182
Gain related to the settlement of the purchase price of MCP	-	-	-	(45,188)
Litigation and restructuring costs	149	255	774	3,499
Gain on disposal of property, plant and equipment	-	-	(1,312)	-
Change in fair value of debenture conversion option	(5,623)	-	(5,811)	-
Foreign exchange and derivative loss (gain)	824	(1,406)	314	(3,115)
EBITDA[1,2]	12,721	6,926	35,423	57,055
Interest on long-term debt, imputed interest and other interest expense	2,762	1,612	5,909	6,745
Depreciation and amortization	3,023	3,125	8,602	8,267
Earnings before income taxes	6,936	2,189	20,912	42,043
Income tax expense	2,765	866	7,786	901
Net earnings	4,171	1,323	13,126	41,142
Basic earnings per share	$0.05	$0.02	$0.16	$0.49
Diluted earnings per share	($0.01)	$0.02	$0.10	$0.49

Revenues by Segment

	Q3 2014	Q3 2013	% Change	YTD 2014	YTD 2013	% Change
	$	$		$	$	
Electronic Materials Segment	34,784	41,960	(17%)	127,469	133,104	(4%)
Eco-Friendly Materials Segment	79,654	66,610	20%	265,945	206,492	29%
Total Revenues	114,438	108,570	5%	393,414	339,596	16%

Revenues increased by 5% as compared to the prior year quarter. Revenues in Q3 2014 for the Electronic Materials segment reached $34.8 million, lower from $42.0 million in Q3 2013. Eco-Friendly Materials segment revenues increased by 20% and reached $79.7 million, up from $66.6 million. The revenues were positively impacted by a better product mix and prices compared to the prior year quarter.

For YTD 2014, revenues increased by 16% as compared to the same period last year, explained by sales volume up 9% for metal shipments combined by better average selling prices. Revenues for the Electronic Materials segment reached $127.5 million, lower from $133.1 million in YTD 2013. Eco-Friendly Materials segment revenues increased by 29% and reached $265.9 million, up from $206.5 million.

Net earnings and Adjusted net earnings

	Q3 2014	Q3 2013	YTD 2014	YTD 2013
	$	$	$	$
Net earnings	4,171	1,323	13,126	41,142
Basic net earnings per share	$0.05	$0.02	$0.16	$0.49
Reconciling items:				
Impairment of inventory	-	-	-	10,182
Litigation and restructuring costs	149	255	774	3,499
Change in fair value of debenture conversion option	(5,623)	-	(5,811)	-
Gain related to the settlement of the purchase price of MCP	-	-	-	(45,188)
Income taxes on taxable items above	1,473	(61)	1,300	(863)
Adjusted net earnings[1]	170	1 517	9,389	8,772
Basic adjusted net earnings per share[1]	$-	$0.02	$0.11	$0.10

Net earnings reached $4.2 million in Q3 2014 compared to $1.3 million for the same period last year. The increase in net earnings compared to the prior year quarter is mainly explained by the non-recurring gain related to change in the fair value of the debenture conversion option combined with the net increase in EBITDA mitigated by an increase in interest expenses and income tax expenses. In Q3 2014, adjusted net earnings decreased by $1.3 million from $1.5 million compared to Q3 2013.

[1] See Non-IFRS Measures
[2] The comparative periods have been restated to reflect a change in the EBITDA[1] definition. See Selected Quarterly Financial Information

For YTD 2014, net earnings and adjusted net earnings reached $13.1 million and $9.4 million respectively compared to $41.1 million and $8.8 million for the same period last year. The decrease is explained by the non-recurring gain related to the settlement of the purchase price of MCP acquired in 2011 partially offset by the impairment of inventory recorded in Q2 2013, and by the non-recurring gain with applicable provisional taxes related to the change in fair value of debenture conversion option recorded in Q3 2014.

Adjusted EBITDA

	Q3 2014	Q3 2013	% Change	YTD 2014	YTD 2013	% Change
	$	$		$	$	
Electronic Materials	4,684	5,780	(19%)	18,789	18,460	2%
Eco-Friendly Materials	6,415	1,786	259%	19,061	9,811	94%
Corporate	(3,028)	(1,791)	69%	(8,462)	(5,838)	45%
Adjusted EBITDA[1]	8,071	5,775	40%	29,388	22,433	31%

In Q3 2014, adjusted EBITDA[1] amounted to $8.1 million compared to $5.8 million for the same period a year ago. The adjusted EBITDA improved mainly from better product mix and selling price, and by the settlement of an insurance claim completed in Q3 2014. Adjusted EBITDA for the Electronic Materials business segment decreased by $1.1 million at $4.7 million with adjusted EBITDA margin[1] of 13% in line with the prior year quarter. Adjusted EBITDA for the Eco-Friendly Materials business segment increased to $6.4 million compared to $1.8 million in Q3 2013 achieving an adjusted EBITDA margin of 8% compared to 3% for the same period of 2013.

For YTD 2014, adjusted EBITDA amounted to $29.4 million compared to $22.4 million for the same period a year ago. The adjusted EBITDA improved mainly from the increase in sales volume and prices, the settlement of an insurance claim received in Q3 2014, net of higher labor cost, utilities and logistic costs. Adjusted EBITDA for the Electronic Materials business segment increased by $0.3 million at $18.8 million with an adjusted EBITDA margin[1] of 15% compared to 14% the same period a year ago. Adjusted EBITDA for the Eco-Friendly Materials business segment increased to $19.1 million compared to $9.8 million last year with an adjusted EBITDA margin of 7% compared to 5% the same period of 2013.

Backlog and Bookings

	BACKLOG[1]			BOOKINGS[1]		
	Q3 2014	Q2 2014	Q3 2013	Q3 2014	Q2 2014	Q3 2013
	$	$	$	$	$	$
Electronic Materials	79,753	77,278	72,309	37,259	42,460	31,588
Eco-Friendly Materials	57,430	73,085	61,043	63,999	57,170	57,057
Total	137,183	150,363	133,352	101,258	99,630	88,645

Q3 2014 vs Q2 2014

Overall the backlog[1] as at September 30, 2014 stood at $137.2 million, lower than previous quarter following the renewal pattern of most contracts which generally occurs in the fourth quarter or the first quarter of the year. It also reflects two very strong quarters in terms of bismuth shipments.

Backlog as at September 30, 2014, for the Electronic Materials segment stood at $79.8 million and increased by $2.5 million, or 3%, over the backlog of Q2 2014. The backlog for the Eco-Friendly Materials stood at $57.4 million, a decrease of $15.7 million or 21%, over the backlog of Q2 2014.

Bookings for the Electronic Materials decreased by $5.2 million to $37.3 million compared to Q2 2014. Bookings for the Eco-Friendly Materials increased by $6.8 million or 12%, from $57.2 million in Q2 2014 to $64.0 million in Q3 2014.

Q3 2014 vs Q3 2013

Backlog as at September 30, 2014 increased by $7.4 million for the Electronic Materials and decreased by $3.6 million for the Eco-Friendly Materials compared to the previous year quarter.

Bookings for the Electronic Materials increased by $5.7 million, or 18%, and by $6.9 million, or 12%, for the Eco-Friendly Materials compared to the previous year quarter.

[1] See Non-IFRS Measures

Expenses

	Q3 2014	Q3 2013	% Change	YTD 2014	YTD 2013	% Change
	$	$		$	$	
Depreciation and amortization	3,023	3,125	(3%)	8,602	8,267	4%
SG&A	8,480	7,682	10%	28,283	27,459	3%
Litigation and restructuring costs	149	255	(42%)	774	3,499	(78%)
Financial expenses (income)	(2,037)	206	(1089%)	412	3,630	(89%)
Income tax expense	2,765	866	219%	7,786	901	764%
Total expenses	12,380	12,134	2%	45,857	43,756	5%

Depreciation and Amortization

Depreciation and amortization expenses in Q3 2014 and YTD 2014 amounted to $3.0 million and $8.6 million compared to $3.1 million and $8.3 million for the same periods of 2013.

SG&A

For Q3 2014 and YTD 2014, SG&A expenses were $8.5 million and $28.3 million compared to $7.7 million and $27.5 million for the same periods of 2013. Variations mostly explained by additional labor and professional expenses.

Litigation and Restructuring costs

The Company recorded litigation and restructuring costs of $0.1 million for Q3 2014 and $0.8 million for YTD 2014 respectively compared to $0.3 million and $3.5 million for the same periods a year ago. The decrease is mainly due to lower expenses related to attorneys and other professional fees for legal proceedings and employee severance costs.

Financial Expenses

Financial income for Q3 2014 amounted to $2.0 million compared to financial expenses of $0.2 million for the same period last year. The positive variance is mainly due to a non-recurring gain from the change in the fair value of the debenture conversion option of $5.6 million recorded in Q3 2014 partially offset by higher interest expenses, either imputed or from debt.

For YTD 2014, financial expenses amounted to $0.4 million compared to $3.6 million a year ago. A non-recurring gain from the change in the fair value of the debenture conversion option of $5.8 million, lower amortization of deferred financing fees of $1.3 million and lower interest expenses of $0.6 million on long-term debt explain most of the positive variance. These positive factors were partially offset by lower gain on foreign exchange and derivative of $3.4 million and higher imputed interest of $0.9 million for YTD 2014 compared to the same period of 2013.

Income Taxes

For Q3 2014 and YTD 2014, income tax expense was $2.8 million and $7.8 million representing an effective tax rate of 40% and 37% respectively. Effective income tax rate is similar in Q3 2014 compared to the same quarter of 2013. Effective income tax rate is higher for YTD 2014 compared to YTD 2013 due to the taxable capital gain from disposal of property recorded in Q1 2014 and losses carried forward for which no deferred tax asset was recognized in YTD 2014, while YTD 2013 was impacted by non-taxable foreign exchange gain in Q1 2013 and by the non-taxable gain on settlement of the MCP litigation which was reflected as a reduction of the acquisition price.

Liquidity and Capital Resources

	Q3 2014	Q3 2013	% Change	YTD 2014	YTD 2013	% Change
	$	$		$	$	
Funds from operations[1]	982	4,822	(80%)	13,562	10,990	23%
Net change in non-cash working capital items	(528)	20,042	(103%)	(26,746)	27,558	(197%)
Operating activities	454	24,864	(98%)	(13,184)	38,548	(134%)
Investing activities	(5,906)	(3,218)	84%	(11,224)	(7,993)	40%
Financing activities	(5,305)	(22,819)	(77%)	12,853	(25,920)	150%
Effect of foreign exchange rate changes on cash and cash equivalents related to operations	(610)	(676)	(10%)	(584)	(531)	- 10%
Net (decrease) increase in cash and cash equivalents	(11,367)	(1,849)	515%	(12,139)	4,104	(396%)

[1] See Non-IFRS Measures

For Q3 2014, cash generated by operating activities was $0.5 million compared to $24.9 million for the same period last year. This decrease in 2014 is mainly attributable to higher inventory.

Investing activities consumed $5.9 million in Q3 2014 compared to $3.2 million in the same period a year ago. This increase is explained by an increase in acquisition of property, plant and equipment.

Cash consumed by financing activities amounted to $5.3 million in Q3 2014 compared to $22.9 million in Q3 2013, this decrease is associated with lower net repayment of long term debt under the credit facility.

For YTD 2014, cash consumed by operating activities was $13.2 million compared to cash generated of $38.5 million for the same period last year. This decrease in 2014 is mainly attributable to the inventory and accounts receivable increases in line with higher sales revenues. Investing activities consumed $11.2 million compared to $8.0 million in the same period a year ago. This increase is explained by an increase in acquisition of property, plant and equipment and by the acquisition of AM&M partially offset by the proceeds of disposition of real estate property recorded in Q1 2014. Cash generated by financing activities amounted to $12.9 million compared to cash consumed of $25.9 million for the same period a year ago. This increase is mainly associated with the issuance of convertible debentures net of fees in Q2 2014 partially offset by repayment of long term debt.

Working Capital

	As at September 30, 2014	As at December 31, 2013
	$	$
Inventories	205,665	174,374
Other current assets	81,023	97,233
Current liabilities	(66,250)	(86,861)
Working capital[1]	220,438	184,746
Working capital current ratio[1]	4.33	3.13

The increase in working capital is mainly due to higher demand and commodity prices and their impact on inventory and by a reclassification from trade and accrued liabilities to other liabilities following new agreements with a supplier. The current level was impacted by commodity pricing and activities and is consistent with the Company's efforts aimed at reducing indebtedness and increasing financial flexibility.

Net Debt

	As at September 30, 2014	As at December 31, 2013
	$	$
Bank indebtedness	4,985	10,462
Long-term debt including current portion	35,792	72,785
Convertible debentures	47,568	-
Total Debt	88,345	83,247
Cash and cash equivalents and temporary investments (restricted)	(12,478)	(24,917)
Net Debt[1]	75,867	58,330

Total debt increased by $5.1 million to $88.3 million as at September 30, 2014 compared to $83.2 million as at December 31, 2013.

Net debt after taking into account cash and cash equivalents and restricted temporary investments increased by $17.5 million, from $58.3 million as at December 31, 2013 to $75.9 million as at September 30, 2014. The Company intends to continue to manage its debt responsibly through cost reductions and effective management of its working capital. The current increase is mostly due to increase in sales activity and its impact on accounts receivables and inventories.

[1] See Non-IFRS Measures

Funds from Operations

	Q3 2014	Q3 2013	YTD 2014	YTD 2013
	$	$	$	$
Funds from operations[11]	982	4,822	13,562	10,990
Net acquisition of PPE and intangible assets	(5,831)	(3,050)	(9,737)	(7,847)
Working capital changes	(528)	20,042	(26,746)	27,558
Settlement of the purchase price	-	-	-	45,188
Others	(92)	(676)	5,384	(2,862)
	(6,451)	16,316	(31,099)	62,037
Total movement in net debt[1]	(5,469)	21,138	(17,537)	73,027
Net debt[1], beginning of period	(70,398)	(84,658)	(58,330)	(136,547)
Net debt[1], end of period	(75,867)	(63,520)	(75,867)	(63,520)

Funds from operations decreased to $1.0 million in Q3 2014 compared to $4.8 million in Q3 2013. The decrease was mainly attributable to unfavorable working capital changes.

	Q3 2014	Q3 2013	YTD 2014	YTD 2013
Net debt[1] to annualized adjusted EBITDA[1] ratio	2.3	2.7	1.9	2.1
Annualized funds from operations[1] to net debt (%)	5.2	30.4	23.8	23.1

Net debt to annualized adjusted EBITDA ratio for Q3 2014 and YTD 2014 was 2.3 and 1.9 compared to 2.7 in Q3 2013 and 2.1 for YTD 2013. Annualized funds from operations to net debt represented 5.2% and 23.8% of the net debt compared to 30.4% and 23.1% for the same periods last year.

Share Information

	As at November 4, 2014	As at December 31, 2013
Issued and outstanding shares	83,979,657	83,908,269
Stock options potentially issuable	1,702,100	1,637,951
Warrants potentially issuable expired on June 6, 2014	-	6,451,807
Convertible debentures potentially issuable	9,777,777	-

Off-Balance Sheet Arrangements

The Company has certain off-balance sheet arrangements, consisting of leasing certain premises and equipment under the terms of operating leases and contractual obligations in the normal course of business.

The Company is exposed to currency risk on sales in Euro and other currencies and therefore periodically enters into foreign currency forward contracts to protect itself against currency fluctuation. The reader will find more details related to these contracts in Notes 8 and 13 of the unaudited interim condensed consolidated financial statements for the three and nine-month periods ended September 30, 2014 and 2013.

The contractual maturities of the Company's financial liabilities as at September 30, 2014 are as follows:

	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

[1] See Non-IFRS Measures

Contingencies
In the normal course of operations, the Company is exposed to events that could give rise to contingent liabilities or assets. As at November 4, 2014, the Company was not aware of any significant events that would have a material effect on its unaudited interim condensed consolidated financial statements except for the legal proceedings settled in 2013 and related matters described in Note 12 of the unaudited interim condensed consolidated financial statements for three and nine-month periods ended September 30, 2014 and 2013.

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 million upon achievement of certain milestones. The initial tranche was disbursed on October 15, 2014, for an amount of $1 million. Each tranche is to be reimbursed on a monthly basis over a term of 12 months starting after each drawdown.

Governance
As required by Multilateral Instrument 52-109 of the Canadian Securities Administrators («MI 52-109 »), 5N Plus has filed certificates signed by the Chief Executive Officer and the Chief Financial Officer that, among others, attest to the design of the disclosure controls and procedures and the design and effectiveness of internal control over financial reporting.

Disclosure Controls and Procedures
The Chief Executive Officer and the Chief Financial Officer have designed disclosure controls and procedures, or have caused them to be designed under their supervision, in order to provide reasonable assurance that:

- material information relating to the Company has been made known to them; and
- information required to be disclosed in the Company's filings is recorded, processed, summarized and reported within the time periods specified in securities legislation.

An evaluation was carried out, under the supervision of the Chief Executive Officer and Chief Financial Officer, of the effectiveness of the Company's disclosure controls and procedures. Based on this evaluation, the Chief Executive Officer and the Chief Financial Officer concluded that the disclosure controls and procedures are effective.

Internal Control over Financial Reporting
The Chief Executive Officer and the Chief Financial Officer have also designed internal controls over financial reporting (ICFR), or have caused them to be designed under their supervision, in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

An evaluation was carried out under the supervision of the Chief Executive Officer and the Chief Financial Officer, of the design of the Company's internal controls over financial reporting. Based on this evaluation, the Chief Executive Officer and the Chief Financial Officer concluded that the internal controls over financial reporting are effective, using the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Changes in Internal Control over Financial Reporting
No changes were made to our internal controls over financial reporting during the nine-month period ended September 30, 2014 that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

In May 2013, COSO released an updated Internal Control – Integrated Framework: 2013, with a transition period that extends to December 15, 2014. Management is currently assessing the impact of this transition and will report any significant changes to the Company's ICFR that may result.

Accounting Policies and Changes

The accounting policies followed in the 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.

Business Acquisitions

Acquisition of 33.33% interest in a subsidiary

On April 3, 2014, the Company acquired for an amount of $3.0 million 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 $2.3 million (CA$2.5 million), mostly representing intangible assets. 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.

Financial Instruments and Risk Management

Fair Value of financial instruments

A detailed description of the methods and assumptions used to measure the fair value of the Company financial instruments and their fair value are discussed in Note 8 – Categories of Financial Assets and Financial Liabilities of the unaudited interim condensed consolidated financial statements for the three and nine-month periods ended September 30, 2014 and 2013.

Financial Risk Management

For a detailed description of nature and extent of risks arising from financial instruments, and their related risk management, refer to Note 13 of the unaudited interim condensed consolidated financial statements for the three and nine-month periods ended September 30, 2014 and 2013. The Company is not aware of any significant changes to its risks factors from those disclosed at that time.

Risk and Uncertainties

For a detailed description of risk factors associated with 5N Plus and its business, refer to "Risk and Uncertainties" of 5N Plus' 2013 MD&A dated February 25, 2014 and Note 13 of the unaudited interim condensed consolidated financial statements for the three and nine-month periods ended September 30, 2014 and 2013. Factors of uncertainty and risks that might result in such differences include the risks related to the possible failure to realize anticipated benefits of acquisitions, additional indebtedness, credit, interest rates, inventory pricing, currency fluctuation, fair value, source of supplies, environmental regulations, competition, dependence on key personnel, business interruptions, protection of intellectual property, international operations and collective agreements. The Company is not aware of any significant changes to its risks factors disclosed at that time.

Non-IFRS Measures

In this Management's Report, the Company's management uses certain measures which are not in accordance with IFRS. Non-IFRS measures are useful supplemental information but may not have a standardized meaning according to IFRS.

Backlog represents the expected value of orders we have received but have not yet executed and that are expected to translate into sales within the next 12 months. Bookings represents the value of orders received during the period considered and is calculated by adding revenues to the increase or decrease in backlog for the period considered. We use backlog to provide an indication of expected future revenues, and bookings to determine our ability to sustain and increase our revenues.

EBITDA means net earnings (loss) before interest expenses (income), income taxes, depreciation and amortization. We use EBITDA because we believe it is a meaningful measure of the operating performance of our ongoing business without the effects of certain expenses. The definition of this non-IFRS measure used by the Company may differ from that used by other companies.

EBITDA margin is defined as EBITDA divided by revenues.

Adjusted EBITDA means EBITDA as defined above before impairment of inventories, litigation and restructuring costs, gain related to the settlement of the purchase price of MCP, gain on disposal of property, plant and equipment, change in fair value of debenture conversion option, foreign exchange and derivative loss (gain). We use adjusted EBITDA because we believe it is a meaningful measure of the operating performance of our ongoing business without the effects of inventory write-downs. The definition of this non-IFRS measure used by the Company may differ from that used by other companies.

Adjusted EBITDA margin is defined as Adjusted EBITDA divided by revenues.

Adjusted net earnings means the net earnings (loss) before the effect of charge and reversal of impairment related to inventory, PPE and intangible assets, impairment of goodwill, litigation and restructuring costs, settlement of purchase price and acquisitions costs net of the related income tax. We use adjusted net earnings (loss) because we believe it is a meaningful measure of the operating performance of our ongoing business without the effects of unusual inventory write-downs and property plant and equipment and intangible asset impairment charges, litigation and restructuring costs, the settlement of purchase price and acquisition costs. The definition of this non-IFRS measure used by the Company may differ from that used by other companies.

Basic adjusted net earnings (loss) per share means adjusted net earnings (loss) divided by the weighted average number of outstanding shares. We use basic adjusted net earnings (loss) per share because we believe it is a meaningful measure of the operating performance of our ongoing business without the effects of unusual inventory write-downs and property plant and equipment and intangible asset impairment charges, litigation and restructuring costs, the settlement of purchase price and acquisition costs per share. The definition of this non-IFRS measure used by the Company may differ from that used by other companies.

Funds from operations means the amount of cash generated from operating activities before changes in non-cash working capital balances related to operations. This amount appears directly in the consolidated statements of cash flows of the Company. We consider funds from operations to be a key measure as it demonstrates the Company's ability to generate cash necessary for future growth and debt repayment.

Net debt or net cash is a measure we use to monitor how much debt we have after taking into account cash and cash equivalents and temporary investments. We use it as an indicator of our overall financial position, and calculate it by taking our total debt, including the current portion and bank indebtedness, and subtracting cash and cash equivalents and temporary investments.

Working capital is a measure of liquid assets that is calculated by taking current assets and subtracting current liabilities. Given that the company is currently indebted, we use it as an indicator of our financial efficiency and aim to maintain it at the lowest possible level.

Working capital ratio is calculated by dividing current assets by current liabilities.

Additional Information

Our common shares trade on the Toronto Stock Exchange (TSX) under the ticker symbol VNP. Additional information relating to the Company, including the Company's annual information form is available under the Company's profile on SEDAR at www.sedar.com.

Selected Quarterly Financial Information

	2014			2013				2012
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
	$	**$**	**$**	$	$	$	$	$
Revenues	**114,438**	**136,597**	**142,379**	119,416	108,570	112,637	118,389	128,620
EBITDA[1,2]	**12,721**	**11,524**	**11,178**	6,848	6,926	38,008	12,121	(223,440)
Adjusted EBITDA[2]	**8,071**	**10,816**	**10,501**	7,942	5,775	6,543	10,115	6,395
Net earnings (loss)	**4,171**	**4,436**	**4,519**	1,638	1,323	34,281	5,538	(211,953)
Basic earnings (loss) per share	**$0.05**	**$0.05**	**$0.05**	$0.02	$0.02	$0.41	$0.07	($2.70)
Diluted earnings (loss) per share	**($0.01)**	**$0.05**	**$0.05**	$0.02	$0.02	$0.41	$0.07	($2.70)
Net earnings (loss) attributable to equity holders of 5N Plus Inc.	**4,172**	**4,436**	**4,655**	2,022	1,083	34,185	5,371	(212,006)
Basic earnings (loss) per share attributable to equity holders of 5N Plus Inc.	**$0.05**	**$0.05**	**$0.06**	$0.02	$0.01	$0.41	$0.06	($2.71)
Adjusted net earnings (loss)[2]	**170**	**4,303**	**4,916**	2,068	1,517	959	6,296	(6,880)
Basic adjusted net earnings (loss) per share[2]	**$-**	**$0.05**	**$0.06**	$0.02	$0.02	$0.01	$0.08	($0.08)
Backlog[2]	**137,183**	**150,363**	**187,330**	170,073	133,352	153,277	166,290	165,790

	2014			2013				2012
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
		$	**$**	$	$	$	$	$
EBITDA – previous definition	**8,071**	**10,816**	**10,501**	7,942	5,775	(3,639)	10,115	(18,122)
Litigation and restructuring costs	**(149)**	**(6)**	**(619)**	(569)	(255)	(2,233)	(1,011)	(932)
Gain related to the settlement of MCP purchase price	**-**	**-**	**-**	-	-	45,188	-	-
Gain on disposal of property, plant and equipment	**-**	**-**	**1,312**	-	-	-	-	-
Impairment of intangible assets and goodwill	**-**	**-**	**-**	-	-	-	-	(165,507)
Impairment of property, plant and equipment	**-**	**-**	**-**	-	-	-	-	(39,239)
Reversal of impairment of property, plant and equipment	**-**	**-**	**-**	-	-	-	-	-
Change in fair value of debenture conversion option	**5,623**	**188**	**-**	-	-	-	-	-
Foreign exchange and derivatives loss (gain)	**(824)**	**526**	**(16)**	(525)	1,406	(1,308)	3,017	360
EBITDA – current definition	**12,721**	**11,524**	**11,178**	6,848	6,926	38,008	12,121	(223,440)

[1]The comparative periods have been restated to reflect a change in the EBITDA[2] definition, see table above
[2] See Non-IFRS Measures