Interim Consolidated Financial Statements (unaudited)

Three month periods ended August 31, 2009 and 2008

5N Plus Inc.
Interim Consolidated Statements of Earnings
(unaudited)

(in Canadian dollars)	Three months ended August 31 2009	2008 (Restated)
Sales	$ **16,053,220**	$ 14,029,875
Cost of sales (note 8)	**8,434,866**	6,398,051
Gross profit	**7,618,354**	7,631,824
Expenses		
Selling and administrative	**2,293,870**	1,187,267
Depreciation of property, plant and equipment (note 4)	**627,782**	373,352
Amortization of intangible asset (note 5)	**34,352**	-
Research and development	**375,872**	225,212
Foreign exchange gain (note 10)	**(100,926)**	(386,175)
Financial (note 11)	**39,556**	84,888
Interest income	**(139,992)**	(409,177)
	3,130,514	1,075,367
Earnings before undernoted items	**4,487,840**	6,556,457
Start-up costs, new plant	**-**	582,696
Earnings before income taxes	**4,487,840**	5,973,761
Income taxes		
Current	**2,323,767**	1,743,824
Future	**(850,535)**	135,547
	1,473,232	1,879,371
Net earnings	$ **3,014,608**	$ 4,094,390
Earnings per share (note 7)		
Basic	$ **0.07**	$ 0.09
Diluted	$ **0.07**	$ 0.09
Weighted average number of common shares (note 7)		
Basic	**45,520,225**	45,500,000
Diluted	**45,929,751**	46,130,815

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

5N Plus Inc.
Consolidated Statements of Comprehensive Income
(unaudited)

(in Canadian dollars)	Three months ended August 31 **2009**	2008 (Restated)
Net earnings	**$ 3,014,608**	$ 4,094,390
Other comprehensive income, net of income taxes:		
Unrealized gain on translating financial statements		
of self-sustaining foreign operation	**241,812**	18,556
Comprehensive income	**$ 3,256,420**	$ 4,112,946

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

5N Plus Inc.
Interim Consolidated Statements of Shareholders' Equity
(unaudited)

(in Canadian dollars)	Three months ended August 31 **2009**	2008 (Restated)
Share Capital (note 6)		
At beginning and end of period	**$ 81,881,914**	$ 81,788,694
Contributed Surplus		
At beginning of period	**$ 797,800**	$ 242,136
Stock-based compensation	**174,503**	139,995
At end of period	**$ 972,303**	$ 382,131
Accumulated Other Comprehensive Income		
At beginning of period	**$ (111,048)**	$ -
Translation from the temporal method to the current rate method	**-**	232,419
Unrealized foreign currency translation gain for the period	**241,812**	18,556
At end of period	**$ 130,764**	$ 250,975
Retained Earnings		
At beginning of period	**$ 29,800,098**	$ 8,931,974
Net earnings	**3,014,608**	4,094,390
At end of period	**$ 32,814,706**	$ 13,026,364
Shareholders' Equity	**$ 115,799,687**	$ 95,448,164

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

5N Plus Inc.
Interim Consolidated Balance Sheets

(in Canadian dollars)	**As at August 31 2009 (unaudited)**	As at May 31 2009 (restated)
Assets		
Current assets		
Cash and cash equivalents	**$ 65,127,365**	$ 65,066,530
Accounts receivable (note 2)	**4,500,300**	6,702,197
Inventories (note 3)	**28,659,090**	27,054,960
Prepaid expenses and deposits	**762,238**	516,391
Income taxes receivable	**653,131**	-
Future income taxes	**656,426**	249,958
Foreign currency forward contracts	**-**	1,685,076
	100,358,550	101,275,112
Property, plant and equipment (note 4)	**26,501,902**	25,823,473
Intangible asset (note 5)	**524,912**	354,950
Future income taxes	**691,884**	662,639
Other assets	**45,182**	52,682
	$ 128,122,430	$ 128,168,856
Liabilities and Shareholders' Equity		
Current liabilities		
Accounts payable and accrued liabilities	**6,231,842**	6,791,675
Income taxes payable	**677,184**	3,021,632
Current portion of long-term debt	**549,922**	549,922
Current portion of other long-term liabilities	**41,747**	41,725
Future income taxes	**-**	311,897
	7,500,695	10,716,851
Long-term debt	**3,872,913**	3,997,923
Deferred revenue	**609,635**	641,618
Future income taxes	**339,500**	443,700
	12,322,743	15,800,092
Shareholders' Equity		
Share capital (note 6)	**81,881,914**	81,881,914
Contributed surplus	**972,303**	797,800
Accumulated other comprehensive income	**130,764**	(111,048)
Retained earnings	**32,814,706**	29,800,098
	115,799,687	112,368,764
	$ 128,122,430	$ 128,168,856

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

5N Plus Inc.
Interim Consolidated Statements of Cash Flows
(unaudited)

		Three months ended August 31	
		2009	2008
(in Canadian dollars)			(Restated)
Operating activities			
Net earnings	**$**	**3,014,608**	4,094,330
Adjustments for:			
Future income taxes		**(850,535)**	135 547
Foreign exchange gain on cash and cash equivalents		**(52,168)**	(93,593)
Depreciation of property, plant and equipment		**627,782**	373,352
Amortization of intangible asset		**34,352**	-
Deferred revenue		**(42,541)**	(41 243)
Stock-based compensation		**174,503**	139 995
		2,906,001	4,608,448
Net change in non-cash working capital items			
Accounts receivable		**2,267,595**	(284,958)
Foreign currency forward contracts		**1,685,076**	-
Inventories		**(1,539,392)**	(6,192,494)
Prepaid expenses and deposits		**(215,495)**	(737,093)
Income taxes receivable		**(653,131)**	-
Accounts payable and accrued liabilities		**(789,252)**	(730,336)
Income taxes payable		**(2,356,022)**	(521,163)
Cash flows from operating activities		**1,305,380**	(3,857,596)
Financing activities			
Net change in bank loan		**-**	(375,083)
Net change in other long-term liabilities		**22**	(200,087)
Repayment of long-term debt		**(125,010)**	(139,182)
Cash flows from financing activities		**(124,988)**	(714,352)
Investing activities			
Additions to property, plant and equipment		**(967,411)**	(4,918,368)
Additions to intangible asset		**(204,314)**	-
Cash flows from investing activities		**(1,171,725)**	(4,918,368)
Effect of changes in foreign exchange rates on cash and cash equivalents		**52,168**	93,593
Net increase (decrease) in cash and cash equivalents		**60,835**	(9,396,723)
Cash and cash equivalents, beginning of period		**65,066,530**	59,576,743
Cash and cash equivalents, end of period	**$**	**65,127,365**	$ 50,180,020
Supplementary information			
Property, plant and equipment and intangible asset not paid and included in accounts payable and accrued liabilities	**$**	**305,170**	$ 742,414
Interest paid	**$**	**37,335**	$ 74,274
Income taxes paid	**$**	**5,206,013**	$ 1,619,759

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

5N Plus Inc.
Notes to Interim Consolidated Financial Statements
Three month period ended August 31, 2009 and 2008
(in Canadian dollars)

1. Summary of Significant Accounting Policies

Basis of presentation

These interim consolidated financial statements are expressed in Canadian dollars and have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP") and follow the same accounting policies and methods in their application as the most recent annual Consolidated Financial Statements, except for the changes in accounting policies as disclosed further. The unaudited interim consolidated financial statements do not include all disclosures required for annual financial statements and should be read in conjunction with the Company's most recent audited consolidated financial statements.

Comparative figures

Certain comparative figures have been reclassified to conform to the current period presentation.

In January 2008, the CICA issued Section 3064 "Goodwill and Intangible Assets", which replaces Section 3062 "Goodwill and Others Intangible Assets", and results in the withdrawal of Section 3450 "Research and Development Costs", and Emerging Issues Committee Abstract 27 "Revenues and Expenditures during the Pre-operating Period", and amendments to Accounting Guideline No 11 "Enterprises in the Development Stage". The standard provides guidance on the recognition of intangible assets in accordance with the definition of an asset and the criteria for asset recognition as well as clarifying the application of the concept of matching revenues and expenses, whether these assets are separately acquired or internally developed. This standard applies to interim and annual financial statements relating to fiscal years beginning on or after October 1, 2008. The Company has adopted retroactively this accounting standard to the Company's consolidated financial statements for the year ended May 31 2008 and the main impacts for the three-month period ended August 31, 2008 are:

		Increase (Decrease)
Consolidated Statement of Earnings		
Start-up costs	$	325,965
Earnings before income taxes	$	(325,965)
Income taxes	$	(91,270)
Net earnings	$	(234,695)
Consolidated Balance Sheet		
Current assets - Future income taxes	$	91,270
Deferred start-up costs	$	(325,965)
Retained earnings	$	(234,695)

Changes in accounting policies

Intangible asset

Since September 1, 2009 software is accounted for at cost and amortized on a straight-line basic over its estimated useful life of 5 years.

Hedges

Since August 12, 2009, the Company applies hedge accounting for foreign currency forward contracts designated as cash flow hedges. These derivatives are recorded at fair value and gain/losses resulting from the revaluation at the end of each period are included in comprehensive income.

(in Canadian dollars)

Future changes in accounting policies

a) In 2005, the Accounting Standards Board of Canada announced that accounting standards in Canada are to converge with International Financial Reporting Standards ("IFRS"). In May 2007, the CICA published an updated version of its "Implementation Plan for Incorporating International Financial Reporting Standards" into Canadian GAAP. This plan includes an outline of the key decisions that the CICA will need to make as it implements the Strategic Plan for publicly accountable enterprises that will converge Canadian GAAP with IFRS. In February 2008, the CICA confirmed the change over date from current Canadian GAAP to IFRS to be January 1, 2011. While IFRS uses a conceptual framework similar to Canadian GAAP, there are significant differences in accounting policies which must be addressed. The Company is currently evaluating the impact of these new standards and will provide updates as further progress is achieved and conclusions are reached.

b) In January 2009, the CICA approved three new accounting standards Handbook Section 1582, "Business Combinations", Section 1601, "Consolidated Financial Statements", and Section 1602, "Non-Controlling Interests".

   Section 1582 replaces former Section 1581 "Business Combinations" and establishes standards for the accounting of a business combination. Section 1582 provides the Canadian equivalent to IFRS 3 – "Business Combinations. Section 1582 requires additional use of fair value measurements, recognition of additional assets and liabilities, and increased disclosure for the accounting of a business combination and that acquisition costs will be recognized as expenses.

   Sections 1601 and 1602 replace former Section 1600, "Consolidated Financial Statements". Section 1601 establishes standards for the preparation of consolidated financial statements and Section 1602, which converges with the requirements of International Accounting Standard 27 ("IAS 27"), "Consolidated and Separate Financial Statements", establishes standards for accounting of a non-controlling interest resulting from a business acquisition, recognized as a distinct component of shareholders' equity. Net income will present the allocation between the controlling and non-controlling interests.

   All three standards are effective at the same time Canadian public companies will have adopted IFRS, for fiscal year beginning on or after January 1, 2011 but early adoption is permitted. As of today, we have not evaluated the impact of these new standards.

2. Accounts receivable

	As at August 31, 2009	As at May 31, 2009
Trade accounts receivable	$ **3,482,938**	$ 3,866,194
Commodity taxes	**442,238**	417,073
Grant receivable	**675,124**	2,518,930
Allowance for doubtful accounts	**(100,000)**	(100,000)
	$ **4,500,300**	$ 6,702,197

Chronological history of trade accounts receivable:	**As at August 31, 2009**	As at May 31, 2009
Current	$ **3,295,635**	$ 3,367,289
0 to 30 days overdue	**13,402**	301,225
31 to 60 days overdue	**-**	1,915
61 to 120 days overdue	**173,901**	195,765
	$ **3,482,938**	$ 3,866,194

(in Canadian dollars)

3. Inventories

	As at August 31, 2009	As at May 31, 2009
Raw materials	**$ 19,952,904**	$ 18,539,036
Finished goods	**8,706,186**	8,515,924
	$ 28,659,090	$ 27,054,960

4. Property, plant and equipment

	As at August 31, 2009		
	Cost	Accumulated depreciation	Net book value
Land	**$ 538,688**	**$ -**	**$ 538,688**
Buildings	**11,538,704**	**944,608**	**10,594,096**
Leasehold improvements	**1,619,197**	**357,773**	**1,261,424**
Production equipment	**18,374,863**	**4,712,761**	**13,662,102**
Rolling stock	**47,441**	**39,335**	**8,106**
Furniture and equipment	**279,833**	**96,002**	**183,831**
Computer equipment	**514,720**	**261,065**	**253,655**
	$ 32,913,446	**$ 6,411,544**	**$ 26,501,902**

	As at May 31, 2009		
	Cost	Accumulated depreciation	Net book value
Land	$ 534,632	$ -	$ 534,632
Buildings	11,425,865	824,312	10,601,553
Leasehold improvements	1,545,668	335,958	1,209,710
Production equipment	17,266,938	4,259,315	13,007,623
Rolling stock	47,441	39,093	8,348
Furniture and equipment	278,802	89,995	188,807
Computer equipment	493,892	221,092	272,800
	$ 31,593,238	$ 5,769,765	$ 25,823,473

Depreciation of property, plant and equipment presented in the consolidated statement of earnings relates to the following activities:

	Three months ended August 31	
	2009	2008
Cost of goods sold	**$ 580,354**	$ 346,860
Administrative expenses	**45,380**	25,016
Research and development expenses	**2,048**	1,476
	$ 627,782	$ 373,352

(in Canadian dollars)

5. Intangible Asset

	As at August 31, 2009 (unaudited)		
	Cost	Accumulated amortization	Net book value
Software	**$ 559,264**	**$ 34,352**	**$ 524,912**

	As at May 31, 2009		
	Cost	Accumulated amortization	Net book value
Software	$ 354,950	$ -	$ 354,950

6. Share Capital

Authorized

An unlimited number of common shares, with no par value, participating, are entitling the holder to one vote per share.

An unlimited number of preferred shares may be issued in one or more series with specific terms, privileges and restrictions to be determined for each class by the Board of Directors.

Issued and fully paid

	Number	Amount
Common shares		
Outstanding as at August 31, 2009	**45,520,225**	**$ 81,881,914**

Normal Course Issuer Bid

On December 2, 2008 the Company announced its intention to repurchase for cancellation up to 2,275,000 common shares over the twelve-month period starting on December 4, 2008 and ending on December 3, 2009, representing 5% of 5N Plus' issued and outstanding common shares. The purchases by the Company will be effected through the facilities of the Toronto Stock Exchange and will be made at the market price of the common shares at the time of the purchase. As at August 31, 2009 no common shares were repurchased.

Stock Option Plan

In October 2007, the Company introduced a new stock option plan for directors, officers and employees. The maximum number of common shares that can be issued upon the exercise of options granted is equal to 10% of the aggregate number of common shares issued and outstanding from time-to-time. The maximum period during which an option may be exercised is ten years from the date of the grant. In the three-month period ended August 31, 2009 the Company granted 37,500 options (15,000 in the three-month period ended August 31, 2008) at a weighted average price of $6.53 per option ($9.73 per option in the three-month period ended August 31, 2008). Options vest at a rate of 25% (100% for the directors) per year, beginning one year following the grant date of the options.

(in Canadian dollars)

The following presents the assumptions used to establish the fair value assigned to the options issued using the Black-Scholes valuation model:

	Three months ended August 31	
	2009	2008
Expected volatility	**68%**	72%
Dividend	**None**	None
Risk-free interest rate	**2.50%**	4.25%
Risk-free interest rate (directors)	**2.25%**	4.00%
Expected life	**3.5 years**	3.5 years
Expected life (directors)	**1 year**	1 year
Fair value – weighted average of options issued	**2.46**	1.42

	Three months ended August 31			
	2009		2008	
	Stock Option	**Weighted average exercise price**	Stock Option	Weighted average exercise price
Beginning of period	**1,439,555**	**$3.78**	1,032,500	$3.00
Granted	**37,500**	**$6.53**	15,000	$9.73
Cancelled	**-**	**-**	-	-
Exercised	**-**	**-**	-	-
End of period	**1,477,055**	**$3.85**	1,047,500	$3.10

Stock-based compensation cost is allocated as follows:

	Three months ended August 31	
	2009	2008
Cost of goods sold	**$ 35,176**	$ 29,682
Selling and administrative expenses	**103,095**	94,089
Research and development expenses	**36,232**	16,224
	$ 174,503	$ 139,995

7. Earnings Per Share

	Three months ended August 31	
	2009	2008
Numerator		
Net earnings	**$ 3,014,608**	$ 4,094,390
Denominator		
Weighted average number of common shares	**45,520,225**	45,500,000
Effect of dilutive securities		
Stock options	**409,526**	630,815
	45,929,751	46,130,815
Earnings per share		
Basic	**$ 0.07**	$ 0.09
Diluted	**$ 0.07**	$ 0.09

(in Canadian dollars)

8. Cost of sales

The following table presents the reconciliation of the cost of sales reflected in earnings to the inventory amount charged to expense during the period:

	Three months ended August 31	
	2009	2008
Cost of sales	**$ 8,434,866**	$ 6,398,051
Depreciation of property, plant and equipment related to the transformation of inventories	**580,354**	346,860
Inventory amount charged to expense	**$ 9,015,220**	$ 6,744,911

9. Financial Instruments

Risk management policies and processes

In the normal course of its operations, the Company is exposed to credit risk, liquidity and financing risk, interest rate risk as well as price risk and currency risk. Management analyses these risks and implements strategies in order to minimize their impact on the Company's performance.

Credit risk and significant customer

The Company has a conservative approach with regard to the management of its cash and cash equivalents. The Investment Policy stipulates that the funds have to be 100% guaranteed and allocated among three recognized financial institutions, and finally the President and Chief Executive Officer, and the Chief Financial Officer jointly authorize the type and terms of the investments.

The Company is exposed to credit risk that is mainly associated with its accounts receivable, which is the risk that a client will not be able to pay amounts in full when due. The Company considers its credit risk to be limited for the following reasons:

a) The Company concluded an agreement with Export Development Canada (“EDC”) which stipulates that EDC will assume a portion of risk loss for certain clients in the event of non-payment, up to a maximum of $1,500,000 per year.

b) The Company does not require additional guarantee or other securities from its clients in regards to its accounts receivable. However, credit is granted only to clients after a credit analysis is performed. The Company conducts ongoing evaluations of its clients and establishes provisions for doubtful accounts, should an account be considered not recoverable.

c) One costumer represented approximately 85% (75% during the period ended August 31, 2008) of sales for the three-month period ended August 31, 2009 and 70% of accounts receivable as at August 31, 2009 (48% as at August 31, 2008).

Liquidity and financing risk

The Company makes use of short and long-term financing at several financial institutions. Should a significant decrease in cash and cash equivalents occur, the Company could make use of these facilities.

The following are the contractual maturities of financial liabilities as at August 31, 2009:

	Carrying Amount	Contractual Cash Flows	0 to 6 months	6 to 12 months	12 to 24 months	After 24 months
Accounts payable and accrued liabilities	$ 6,231,842	$ 6,231,842	$ 6,231,842	$ -	$ -	$ -
Long-term debt	4,422,835	5,000,801	334,183	322,856	605,102	3,728,660
Other long-term liabilities	41,747	41,747	41,747	-	-	-
	$ 10,696,424	$ 11,274,390	$ 6,607,772	$ 322,856	$ 605,102	$ 3,728,660

Contractual cash flows include interest charges.

Interest rate risk

As at August 31, 2009 the Company's level of cash and equivalents are $65,127,365. Therefore, the Company’s level of debt is currently low, and bears interest at floating rate. Should its indebtedness increase, the Company’s policy would be to limit its exposure to interest rate risk variations by ensuring that a reasonable portion of the debt is at fixed rates. Management does not believe that the impact of interest rate fluctuations will be significant on its operating results. A fluctuation of interest rate of 0.50% on every $10,000,000 in cash and cash equivalents would annually impact interest income by $50,000.

Price risk

The Company is exposed to a risk of fluctuations in market prices for metals. This risk is managed by adequately forecasting and scheduling the acquisition of inventories to meet its fixed price contractual obligations to its customers. Financial instruments do not expose the Company to raw material price risks.

Currency risk

The Company is exposed to currency risk on sales of Canadian-made products in US dollars and in Euros. The Company considers currency risk to be limited because in terms of raw material purchases, prices are mainly denominated in US dollars. The Company's purchases represent a partial natural hedge against sales in US dollars.

As at August 31, 2009, the Company had the following exposure on:

	USD	**EUR**
Financial assets and liabilities measured at amortized costs:		
Cash and cash equivalents	**181,853**	**1,868,450**
Accounts receivable	**1,939,356**	**2,174**
Receivable from the wholly-owned subsidiary	**1,170**	**626,110**
Accounts payable and accrued liabilities	**(656,635)**	**(436)**
Other long-term liabilities	**(43,108)**	**-**
Total exposure from above	**1,422,636**	**2,496,298**

(in Canadian dollars)

Scenario of the Canadian dollar exchange rate fluctuation with regard to gross amount at risk:

	CDN/USD	CDN/EUR
Exchange rate as at August 31, 2009	**1.0967**	**1.5741**
Impact on net earnings based on a fluctuation of five cents in the Canadian dollar exchange rate	**$ 49,152**	**$ 86,247**

Amounts above do not include the wholly-owned subsidiary accounts balance as it is using the Euro as functional currency. However, intercompany account balances in Euros are included in these amounts.

Fair Value

The Company has determined that the carrying value of its short-term financial assets and liabilities, including cash and cash equivalents, accounts receivable and other receivables, as well as accounts payable and accrued liabilities, approximates their fair value because of the relatively short period to maturity of these instruments.

The fair value of the long-term debt and deposits received from a customer at variable interest rates approximates their carrying value because rates vary in relation with the market conditions.

The fair value of the long-term debt approximates their carrying value as the Company's borrowing terms and conditions reflect current market conditions.

The fair value of long-term debt and other long-term liabilities received, without interest, approximated their carrying value as at August 31, 2009 and as at August 31, 2008.

10. Foreign exchange gain

	Three months ended August 31	
	2009	2008
Foreign exchange gain related to operations	**$ (301,002)**	$ (247,962)
Realized loss on derivative financial instruments	**200,076**	-
Unrealized gain on derivative financial instruments	**-**	(138,213)
	$ (100,926)	$ (386,175)

11. Financial expenses

	Three months ended August 31	
	2009	2008
Interest and bank charges	**$ 4,143**	$ 5,375
Interest on long-term debt	**35,143**	79,513
	$ 39,556	$ 84,888

12.Subsequent events

Joint venture

On September 1, 2009, the Company has established a joint venture called ZT Plus with BSST, a subsidiary of Amerigon Incorporated. The Company will have a 50% ownership interest in ZT Plus. This joint venture will develop and manufacture advanced, more efficient thermoelectric materials designed to enable the use of advanced thermoelectric technology in a wide variety of heating and cooling and power generation applications for industrial, consumer, medical, electronics and automotive markets. The initial contribution of each partner in cash or in kind is expected to be of $5,500,000 US.

Financial instruments

On September 25, 2009, the Company concluded a foreign currency forward contract totaling €10,500,000 at an average conversion rate of 1.6. This foreign currency forward contract of €500,000 by month will be effective from October 1, 2009 until June 30, 2011. This foreign currency forward contract has been designated as a cash flow hedge.