Management's Discussion and Analysis

Three and six-month periods ended June 30, 2013

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 Q2 2013 and the audited consolidated financial statements and the accompanying notes for the year ended December 31, 2012. The Company's unaudited interim condensed consolidated financial statements for the three and six-month periods ended June 30, 2013 and 2012, have been prepared in compliance with the International Financial Reporting Standards ("IFRS") as defined in the Handbook of the Canadian Institute of Chartered Accountants and adopted by the International Accounting Standards Board ("IASB").

The "Q2 2013" and the "Q2 2012" refer to the three-month periods ended June 30, 2013 and 2012. The "YTD 2013" and the "YTD 2012" refer to the six-month periods ended June 30, 2013 and 2012. 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.

Information contained herein includes any significant developments to July 30, 2013, 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.

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.

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. Factors of uncertainty and risk that might result in such differences include the risks related to the possible failure to realize anticipated benefits of acquisitions, additional indebtedness, credit, interest rate, inventory pricing, commodity pricing, legal proceedings, currency fluctuation, fair value, source of supply, environmental regulations, competition, dependence on key personnel, business interruptions, protection of intellectual property, international operations, collective agreements and being a public issuer. A description of the risks affecting the Company's business and activities appears under the heading "Risk and Uncertainties" of 5N Plus' 2012 MD&A dated March 28, 2013 and Note 13 of the unaudited interim condensed consolidated financial statements for three and six-month periods ended June 30, 2013 and 2012. 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 is headed by a Vice President who oversees locally managed operations 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 Vice President.

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 is headed by a Vice President who oversees locally managed operations in Europe and China. 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, gains and/or losses on foreign exchange and derivative have been regrouped under the heading Corporate. The head office is also responsible for managing businesses which are still in the development stage and corresponding costs are netted of any revenues.

Q2 2013 and YTD 2013 Highlights

- Net earnings were $34.3 million in the quarter or $0.41 per share compared to ($22.1) million or ($0.30) per share in Q2 2012. The non-recurring gain recorded in Q2 2013 related to the settlement of the purchase price of MCP announced on June 18, 2013 was partially offset by an inventory impairment charge of $10.2 million. Net earnings for YTD 2013 were $39.8 million or $0.47 per share compared to ($17.2) or ($0.24) per share for YTD 2012.

- Net debt[1] decreased to $84.7 million down from $136.5 million on December 31, 2012 and $175.8 million on June 30, 2012. Total debt also decreased to $102.5 million down from $148.4 million on December 31, 2012 and $187.6 million on June 30, 2012.
- Adjusted EBITDA[1] was $6.5 million in Q2 2013 and $16.7 million in YTD 2013 which compares with $5.6 million and $22.5 million for the corresponding periods of the previous fiscal year. EBITDA[1] was ($3.6) million and $6.5 million in Q2 2013 and YTD 2013 compared with EBITDA of ($20.5) million and ($3.6) million for the same periods a year ago.

- Revenues for Q2 2013 were $112.6 million and $231.0 million for YTD 2013 compared with revenues of $140.1 million and $302.3 million for the same periods last year, following a trend of decreasing underlying commodity pricing.

- The backlog[1] decreased to $153.3 million as at June 30, 2013 compared to $189.0 million one year ago also following a trend of decreasing underlying commodity pricing.

- On June 11, 2013, 5N Plus announced that it will invest in a new gallium chemicals facility to be located in South Korea, one of the fastest growing regions for electronics manufacturing in the world. This initiative is being taken to meet the growing demand for gallium in LED manufacturing in North East Asia.

- On July 9, 2013, 5N Plus announced that it had signed an exclusive option to acquire all of the issued and outstanding shares in the capital of AM&M Advanced Machine and Materials Inc., an Ontario based corporation specialized in the manufacturing of micron size metallic powders which can be used in a variety of electronic markets, including solder powders for increasingly demanding applications, silver-based powders for high thermal conductivity interfaces, and CIGS powders for thin film solar panels.

The quarter was decisive for 5N Plus as it reached a settlement with the former shareholders of MCP leading to a $45.2 million gain related to the settlement price of MCP which partially offset the impairment charges recorded in the last quarter of 2012. This puts an end to what has been a very difficult period for many of the Company's employees and stakeholders that 5N Plus wish to thank for their support. The Company can now move on and focus on its main objective which is of increasing shareholder value.

In much the same way as in the previous quarter, demand remained healthy for most products but backlog, revenues and margins were negatively impacted by depressed underlying commodity prices. 5N Plus' markets continue to be extremely competitive for both itself and its customers resulting in deflationary pricing. In the Electronic Materials business unit, both the solar and LED markets are adversely affected with overcapacity and aggressive pricing strategies which are compressing margins throughout the value chain. In the Eco-Friendly Materials business unit, decreases in bismuth and selenium prices negatively impacted margins in the quarter and also forced the Company to record additional inventory write-downs of $10.1 million to net realizable value in accordance with IFRS accounting requirements. "

In this context 5N Plus continues to focus on improving efficiency and further reducing costs and working capital in an effort to strengthen margins and cash flow. The Company is also making progress towards its stated objectives of increasing value-added opportunities, with the planned acquisition of AM&M and their unique technology for making metal powders, and increasing our business activities in Asia, with the announcement of the new production activities and partnership in Korea. 5N Plus is confident that such initiatives and its focus on cost reductions and efficiency improvements will ensure the long-term profitability of the Company and an increase in shareholder value.

[1] See Non-IFRS Measures

Management's Discussion and Analysis

Summary of Results

	Q2 2013	Q2 2012	YTD 2013	YTD 2012
	$	$	**$**	$
Revenues	**112,637**	140,076	**231,026**	302,311
Operating expenses	**(106,094)**	(134,482)	**(214,368)**	(279,850)
Adjusted EBITDA[1]	**6,543**	5,594	**16,658**	22,461
Impairment of inventory	**(10,182)**	(26,068)	**(10,182)**	(26,068)
EBITDA	**(3,639)**	(20,474)	**6,476**	(3,607)
Gain related to the settlement of the purchase price of MCP	**(45,188)**	-	**(45,188)**	-
Litigation and restructuring costs	**2,233**	908	**3,244**	1,386
Interest on long-term debt and other interest expense	**1,821**	2,418	**5,133**	5,415
Foreign exchange and derivative (gain) loss	**1,308**	630	**(1,709)**	2,312
Depreciation and amortization	**2,298**	5,183	**5,142**	10,281
Earnings (loss) before income tax	**33,889**	(29,613)	**39,854**	(23,001)
Income tax	**(392)**	(7,551)	**35**	(5,830)
Net earnings	**34,281**	(22,062)	**39,819**	(17,171)
Basic earnings (loss) per share	**$0.41**	($0.30)	**$0.47**	($0.24)
Diluted earnings (loss) per share	**$0.41**	($0.30)	**$0.47**	($0.24)

Revenues by Segment

	Q2 2013	Q2 2012	% Change	YTD 2013	YTD 2012	% Change
	$	$		**$**	$	
Electronic Materials Segment	**42,788**	54,763	-22%	**91,144**	128,128	-29%
Eco-Friendly Materials Segment	**69,849**	85,313	-18%	**139,882**	174,183	-20%
Total Revenues	**112,637**	140,076	-20%	**231,026**	302,311	-24%

Healthy demand for the Company's products was offset by depressed underlying commodity prices which impacted revenues in both segments. The Electronic Materials segment revenues in Q2 2013 totalled $42.8 million, a decrease of 22% compared to the same period last year. The Eco-Friendly Materials segment had revenues in Q2 2013 of $69.9 million, a decrease of 18% compared to the same period last year.

For YTD 2013, the Electronic Materials segment recorded $91.1 million in revenues, a decrease of 29% compared to the same period last year. The Eco-Friendly Materials segment recorded $139.9 in revenues in YTD 2013, a decrease of 20% compared to the same period last year. These decreases are mainly attributable to the decrease in the underlying commodity pricing.

Net earnings and Adjusted net earnings

	Q2 2013	Q2 2012	% Change	YTD 2013	YTD 2012	% Change
	$	$		**$**	$	
Net earnings (loss)	**34,281**	(22,062)	255%	**39,819**	(17,171)	332%
Basic net earnings (loss) per share	**$0.41**	($0.30)	237%	**$0.47**	($0.24)	296%
Adjusted net earnings (loss)	**959**	(1,911)	150%	**7,255**	3,339	117%
Basic adjusted net earnings (loss) per share	**$0.01**	($0.03)	133%	**$0.09**	$0.04	125%

Net earnings reached $34.3 million or $0.41 per share in Q2 2013 and Adjusted net earnings were $1.0 million or $0.01 per share compared to ($22.1) million or ($0.30) per share and ($1.9) million or ($0.03) per share the same period last year. The non-recurring gain of $45.2 million recorded in Q2 2013 resulting from the settlement of the purchase price of MCP following the settlement reached with its former shareholders announced on June 18, 2013 was partially offset by the decrease in the underlying commodity pricing and an inventory impairment charge of $10.2 million mainly on bismuth and selenium. In Q2 2012, the Company had recorded an inventory impairment charge of $26.1 million mainly on gallium, tellurium and selenium.

For YTD 2013, net earnings reached $39.8 million or $0.47 per share and Adjusted net earnings were $7.3 million or $0.09 per share compared to ($17.2) million or ($0.24) per share and $3.4 million or $0.04 per share the same period last year mainly due to the factors mentioned above combined with the decrease in SG&A and financial expenses.

EBITDA and Adjusted EBITDA

	Q2 2013	Q2 2012	% Change	YTD 2013	YTD 2012	% Change
	$	$		**$**	$	
Electronic Materials	**5,452**	(7,192)	176%	**12,529**	3,574	251%
Eco-Friendly Materials	**(7,074)**	(9,050)	22%	**(2,006)**	1,017	-297%
Corporate	**(2,017)**	(4,232)	52%	**(4,047)**	(8,198)	51%
EBITDA[1]	**(3,639)**	(20,474)	82%	**6,476**	(3,607)	280%
Electronic Materials	**150**	15,558	-99%	**150**	15,558	-99%
Eco-Friendly Materials	**10,032**	10,510	-5%	**10,032**	10,510	-5%
Impairment of inventory	**10,182**	26,068	-61%	**10,182**	26,068	-61%
Electronic Materials	**5,602**	8,366	-33%	**12,680**	19,132	-34%
Eco-Friendly Materials	**2,958**	1,460	103%	**8,025**	11,527	-30%
Corporate	**(2,017)**	(4,232)	52%	**(4,047)**	(8,198)	51%
Adjusted EBITDA[1]	**6,543**	5,594	17%	**16,658**	22,461	-26%

Due to the previously noted decline in commodity pricing and the inventory impairment charge of $10.2 million, EBITDA amounted to ($3.6) million and $6.5 million in Q2 2013 and YTD 2013. This compares to ($20.5) million and ($3.6) million for the same periods last year. In Q2 2013, the EBITDA for Electronic Materials totalled $5.5 million and ($7.1) million for Eco-Friendly Materials, representing increases of 176% and 22% respectively compared to the same period last year.

For YTD 2013, the EBITDA for Electronic Materials amounted to $12.5 million and ($2.0) million for Eco-Friendly Materials, compared to $3.6 million and $1.0 million for the same period last year.

Excluding impairment charges, Adjusted EBITDA for Q2 2013 reached $6.5 million and $16.7 million for YTD 2013 compared to $5.6 million and to $22.5 million for the same periods last year.

Cost reduction initiatives were offset by lower levels of profitability attributable to fully valued inventories resulting from the decreasing trend in underlying commodity pricing. EBITDA was also negatively impacted by the restructuring of a portion of the business which was the subject of a dispute with former shareholders of MCP.

Bookings and Backlog

	BACKLOG			BOOKINGS		
	Q2 2013	Q1 2013	Q2 2012	**Q2 2013**	Q1 2013	Q2 2012
	$	$	$	**$**	$	$
Electronic Materials Segment	**82,681**	92,797	116,364	**32,672**	40,435	37,379
Eco-Friendly Materials Segment	**70,596**	73,493	72,618	**66,952**	78,455	76,090
Total	**153,277**	166,290	188,982	**99,624**	118,890	113,469

Backlog as at June 30, 2013 decreased to $153.3 million following the expected yearly renewal pattern for most contracts. The backlog for the Electronic Materials segment stood at $82.7 million, a decrease of $10.1 million and $33.7 million over the backlog of the prior quarter and a year ago respectively. The backlog for the Eco-Friendly Materials segment stood at $70.6 million, a decrease of $2.9 million over the backlog of the prior quarter and a decrease of $2.0 million over the backlog of a year ago.

Bookings in Q2 2013 for the Electronic Materials segment were $32.7 million compared to $37.4 million for Q2 2012. Bookings in Q2 2013 for the Eco-Friendly Materials business unit reached $67.0 million compared to bookings of $76.1 million in Q2 2012. These decreases in both backlog and bookings are associated with decreases in expected average selling prices given the decrease in the underlying commodity pricing for the two periods considered.

[1] See Non-IFRS Measures

Expenses

	Q2 2013	Q2 2012	% Change	YTD 2013	YTD 2012	% Change
	$	$		**$**	$	
Depreciation and amortization	**2,298**	5,183	-56%	**5,142**	10,281	-50%
SG&A	**10,150**	11,551	-12%	**19,777**	23,563	-16%
Litigation and restructuring costs	**2,233**	908	146%	**3,244**	1,386	134%
Financial expenses	**3,129**	3,048	3%	**3,424**	7,727	-56%
Income taxes	**(392)**	(7,551)	95%	**35**	(5,830)	101%
Total Expenses	**17,418**	13,139	33%	**31,622**	37,127	-15%

Depreciation and Amortization

Due to impairment charges to property, plant and equipment ("PPE") and intangible assets incurred in 2012, depreciation and amortization expenses in Q2 2013 and YTD 2013 decreased to $2.3 million and $5.1 million compared to $5.2 million and $10.3 million for the same periods last year.

SG&A

For Q2 2013 and YTD 2013, SG&A expenses were $10.2 million and $19.8 million compared to $11.6 million and $23.6 million for the same periods last year. This performance primarily reflects successful execution of the Company's cost reduction program.

Litigation and Restructuring costs

The Company recorded litigation and restructuring costs of $2.2 million and $3.2 million for Q2 2013 and YTD 2013 respectively mainly related to attorney's fees for the legal proceedings. For Q2 2012 and YTD 2012, the Company recorded a $0.9 million expense related to an incident that occurred in one of its U.S. sites and a $0.5 million expense in employee severance costs.

Financial Expenses

Financial expenses remained relatively constant at $3.1 million in the quarter and the decrease in interest on long-term debt and other interest expense was offset by the foreign exchange and derivative loss. For YTD 2013 financial expenses decreased by $4.3 million and totalled $3.4 million compared to $7.7 million for YTD 2012 due to a foreign exchange and derivative gain of $1.7 million recorded in YTD 2013 compared to a foreign exchange and derivative loss of $2.3 million in YTD 2012. The noticed increase in other interest expenses for YTD 2013 resulted mainly from the write-off of unamortized deferred financing costs of $1.2 million included in the financial expenses related to the revolving credit facility.

Starting March 31, 2013, the senior secured multi-currency revolving credit facility was reduced to $100 million. Such amendment established new financial covenants for the year 2013 and maintained the original maturity (August 2015). The interest rate has been changed and is linked to the Net Senior Debt/EBITDA ratio, and can vary from LIBOR, banker's acceptance rate or EURIBOR plus 3.00% to 4.50% or US base rate or prime rate plus 2.00% to 3.5%. Standby fees from 0.75% to 1.125% are paid on the unused portion. At any time, 5N Plus has the option to request that the credit facility be expanded to $140 million through the exercise of an additional $40 million accordion feature, subject to approval by the lenders.

Income Taxes

Effective income tax rates were -1% and 25% in Q2 2013 and Q2 2012. The lower effective income tax rate is due to the non-recurring gain of $45.2 million resulting from the settlement in the purchase price of MCP.

Liquidity and Capital Resources

	Q2 2013	Q2 2012	% Change	YTD 2013	YTD 2012	% Change
	$	$		**$**	$	
Funds from operations[1]	**1,560**	(407)	483%	**6,168**	10,829	-43%
Net changes in non-cash working capital items	**1,272**	17,063	-93%	**7,516**	44,034	-83%
Operating activities	**2,832**	16,656	-83%	**13,684**	54,863	-75%
Investing activities	**(2,189)**	31,910	-107%	**(4,775)**	45,197	-111%
Financing activities	**2,939**	(49,890)	106%	**(3,101)**	(118,366)	97%
Effect of foreign exchange rate changes on cash and cash equivalents related to operations	**(315)**	1,126	-128%	**145**	703	-79%
Net increase (decrease) in cash and cash equivalents	**3,267**	(198)	1,750%	**5,953**	(17,603)	134%

For Q2 2013 and YTD 2013, cash generated by operating activities was $2.8 million and $13.7 million respectively compared to $16.7 million and $54.9 million for the same periods a year ago. The larger amounts of cash generated during the previous year were mainly due to a substantial reduction in the size of the inventories.

Investing activities consumed $2.2 million in Q2 2013 and $4.8 million in YTD 2013 compared to cash provided of $31.9 million and $45.2 million in the same periods a year ago. In YTD 2012, the cash generated in investing activities was mainly due to a reduction of temporary investments resulting from repayment of loans in Hong Kong dollars.

Cash provided by financing activities amounted to $2.9 million in Q2 2013 and to cash consumed of $3.1 million in YTD 2013 compared to cash consumed of $49.9 million and $118.4 million for the same periods last year, associated with reduction in the amounts drawn under the multi-currency revolving facility. In YTD 2012, the Company had received $38.6 million in proceeds from the issuance of new shares and decreased its debt by $152.5 million.

Working Capital

	As at June 30, 2013	As at December 31, 2012
	$	$
Inventories	**178,106**	170,293
Other current assets	**100,550**	121,144
Current liabilities	**(74,570)**	(104,789)
Working capital[1]	**204,086**	186,648
Working capital current ratio[1]	**3.74**	2.78

The increase in working capital was mainly due to lower current portion long-term debt and trade and accrued liabilities and higher inventories.

Net Debt

	As at June 30, 2013	As at December 31, 2012
	$	$
Bank indebtedness and short-term debt	**9,985**	8,014
Long-term debt including current portion	**92,496**	140,425
Total Debt	**102,481**	148,439
Cash and cash equivalents and temporary investments (restricted)	**(17,823)**	(11,892)
Net Debt[1]	**84,658**	136,547

The decrease in total debt and net debt is mainly attributable to the non-recurring gain of $45.2 million in Q2 2013 resulting from the settlement of the purchase price reached with the former shareholders of MCP. Net debt after taking into account cash and cash equivalents and restricted temporary investments amounted to $84.7 million as at June 30, 2013 compared to $136.5 million as at December 31, 2012. The Company intends to continue reducing its debt through cost reductions and decreases in working capital as it has done over the last several months.

[1] See Non-IFRS Measures

Funds from Operations

	Q2 2013	Q2 2012	YTD 2013	YTD 2012
	$	$	**$**	$
Funds from operations[1]	**1,560**	(407)	**6,168**	10,829
Acquisition of PPE and intangible assets	**(2,140)**	(1,852)	**(4,797)**	(6,685)
Working capital changes	**1,272**	18,028	**7,516**	44,034
Issuance of common shares	**-**	37,126	**-**	38,641
Settlement of the purchase price	**45,188**	-	**45,188**	-
Others	**(4,727)**	3,467	**(2,186)**	(2,021)
	39,593	56,769	**45,721**	73,969
Total movement in net debt[1]	**41,153**	56,362	**51,889**	84,798
Net debt[1], beginning of period	**(125,811)**	(232,139)	**(136,547)**	(260,575)
Net debt[1], end of period	**(84,658)**	(175,777)	**(84,658)**	(175,777)

Funds from operations increased to $1.6 million in Q2 2013 compared to ($0.4) million in Q2 2012. The decrease in YTD 2013 was mainly attributable to metal prices having weakened which led to lower profit margins.

	Q2 2013	Q2 2012	YTD 2013	YTD 2012
Net debt[1] to annualized adjusted EBITDA ratio	**3.23**	7.86	**2.54**	3.91
Annualized funds from operations[1] to net debt (%)	**7.4**	N/A	**14.6**	12.3

Net debt to annualized adjusted EBITDA ratio for Q2 2013 was 3.23 and 2.54 for YTD 2013. Annualized funds from operations generated in the same periods represented 7.4% and 14.6% of our net debt.

Share Information

	As at July 30, 2013	As at December 31, 2012
Issued and outstanding shares	**83,908,269**	83,908,269
Stock options potentially issuable	**2,023,230**	1,585,448
Warrants potentially issuable	**6,451,807**	6,451,807

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 Note 14 of the unaudited interim condensed consolidated financial statements for three and six-month periods ended June 30, 2013 and 2012.

The contractual maturities of the Company's financial liabilities as at June 30, 2013 are as follows:

	Carrying amount	**1 year**	**2-3 years**	**4-5 years**	**Beyond 5 years**	**Total**
	$	$	$	$	$	$
Bank indebtedness and short-term debt	9,985	10,628	-	-	-	10,628
Trade and accrued liabilities	54,825	54,826	-	-	-	54,826
Derivative financial instruments	4,417	2,820	1,597	-	-	4,417
Long-term debt	92,496	6,303	90,283	170	18	96,774
Total	161,723	74,577	91,880	170	18	166,645

Contingencies

In the normal course of operations, the Company is exposed to events that could give rise to contingent liabilities or assets. As at July 30, 2013, 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 matters described in Note 13 of the unaudited interim condensed consolidated financial statements for three and six-month periods ended June 30, 2013 and 2012.

[1] See Non-IFRS Measures

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, 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 first semester ended June 30, 2013 that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

Accounting Policies and Changes

The accounting policies followed in the unaudited condensed consolidated interim financial statements are consistent with those of the previous financial year, except as described below.

Changes in Accounting Policies
IAS 1, "Presentation of Financial Statements" was adopted by the Company on January 1, 2013. These amendments required the Company to group other comprehensive income items by those that will be reclassified subsequently to profit or loss and those that will not be reclassified. The Company has reclassified comprehensive income items of the comparative period. These changes did not result in any adjustments to other comprehensive income or comprehensive income.

IAS 19, "Employee Benefits", was amended in June 2011. The impact on the Company is as follows: to immediately recognize all past service costs; and to replace interest cost and expected return on plan assets with a net interest amount that is calculated by applying the discount rate to the net defined benefit liability (asset). The Company assessed its conclusions on January 1, 2013 and the impact of the adoption of IAS 19 is presented in Note 4 of the unaudited interim condensed consolidated financial statements for the three and six-month periods ended June 30, 2013 and 2012.

IFRS 10, "Consolidated Financial Statements", builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to

assess. The Company assessed its consolidation conclusions on January 1, 2013 and the impact of the adoption did not result in any change in the consolidation status of any of its subsidiaries and investees.

IFRS 12, "Disclosures of Interests in Other Entities", includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special-purpose vehicles and other unconsolidated structured entities. The Company assessed its disclosure requirements on January 1, 2013 and determined that the adoption of IFRS 12 did not result in any change in the disclosure interest.

IFRS 13, "Fair value measurement", provides a single framework for measuring fair value. The measurement of the fair value of an asset or liability is based on assumptions that market participants would use when pricing the asset or liability under current market conditions, including risk assumptions. The Company adopted IFRS 13 on January 1, 2013 on a prospective basis. The adoption of IFRS 13 did not require any adjustments to valuation techniques used by the Company to measure fair value and did not result in any measurement adjustments as at January 1, 2013.

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 consolidated financial statements for the three and six-month periods ended June 30, 2013 and 2012.

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 14 of 5N Plus' unaudited interim condensed consolidated financial statements for the three and six-month periods ended June 30, 2013 and 2012.

Liquidity Risk

Under the terms of its credit facility, the Company is required to satisfy certain restrictive covenants as to financial ratios, including a maximal drawings limit of $80 million on the credit facility from August 16, 2013 to February 15, 2014. In order to comply with these covenants, the Company has prepared, and will need to execute on, its budgeted EBITDA and cash flow estimates. Management believes that the assumptions used by the Company in preparing its budgets are reasonable and that it is not likely that the financial covenants including the addition of a new temporary maximal drawings limit on the credit facility during a certain period will be violated in the next 12 months. However, risk remains. Successful achievement of these budgeted results is dependent on stability in the price of metals and other raw materials, the reduction of debt due to the optimization of the Company's working capital and the continued viability and support of the Company's banks.

Risks and Uncertainties

For a detailed description of risk factors associated with 5N Plus and its business, refer to "Risk and Uncertainties" of 5N Plus' 2012 MD&A dated March 28, 2013 and Note 13 of the unaudited interim condensed consolidated financial statements for three and six-month periods ended June 30, 2013 and 2012. The Company is not aware of any significant changes to its risks factors from those 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 financial expenses (income), income taxes, depreciation and amortization, impairment or reversal of impairment of PPE and intangible assets, impairment of goodwill, litigation and restructuring costs, acquisition-related costs and the settlement of purchase price. 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. 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 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

	2013		2012				December 31, 2011	
	Q2	**Q1**	Q4	Q3	Q2	Q1	Q2	Q1 (4 months)
	$	**$**	$	$	$	$	$	$
Revenues	**112,637**	**118,389**	128,620	120,744	140,076	162,235	149,423	242,289
EBITDA[1]	**(3,639)**	**10,115**	(18,121)	9,001	(20,474)	16,867	(26,278)	28,904
Adjusted EBITDA[1]	**6,543**	**10,115**	6,395	9,001	5,594	16,867	7,135	30,281
Net earnings (loss)	**34,281**	**5,538**	(211,953)	1,275	(22,062)	4,891	(37,397)	14,933
Basic earnings (loss) per share	**$0.41**	**$0.07**	($2.70)	$0.02	($0.30)	$0.07	($0.53)	$0.21
Diluted earnings (loss) per share	**$0.41**	**$0.07**	($2.70)	$0.02	($0.30)	$0.07	($0.53)	$0.21
Net earnings (loss) attributable to equity holders of 5N Plus	**34,185**	**5,371**	(212,006)	1,218	(21,922)	4,972	(37,206)	15,565
Basic earnings (loss) per share attributable to equity holders of 5N Plus	**$0.41**	**$0.06**	($2.71)	$0.02	($0.29)	$0.07	($0.52)	$0.22
Adjusted net earnings (loss)[1]	**959**	**6,296**	(6,880)	648	(1,911)	5,250	(92)	15,965
Basic adjusted net earnings (loss) per share[1]	**$0.01**	**$0.08**	($0.08)	$0.01	($0.03)	$0.07	($0.01)	$0.23
Backlog[1]	**153,277**	**166,290**	165,790	162,323	188,982	215,588	223,177	212,264

[1] See Non-IFRS Measures