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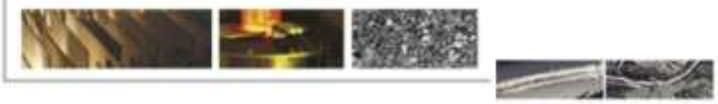

PLUS

# Third quarter Report

## three and nine-month periods ended February 28, 2009

### Management's Discussion and Analysis

**Scope of Financial Management's Analysis**

This Management's Discussion and Analysis ("MD&A") of the operating results and the financial position is intended to assist readers in understanding 5N Plus Inc. ("the Company"), its business environment and future prospects. This MD&A should be read in conjunction with the Company's unaudited consolidated financial statements and the accompanying notes for the three and nine-month periods ended February 28, 2009 and with the most recent audited consolidated financial statements. Information contained herein includes any significant developments to April 7, 2009, the date on which the MD&A was approved by the Company's board of directors. All amounts are expressed in Canadian dollars. The financial information included in this MD&A is based on the Company's accounting policies that are in compliance with Canadian generally accepted accounting principles ("GAAP"). Unless otherwise indicated, the terms "we", "us" and "our" as used herein refer to the Company together with its subsidiary.

The preparation of consolidated financial statements requires the Company's management to make estimates and judgments that affect the amounts recorded as assets, liabilities, shareholders' equity, sales and expenses. These assumptions are revised on a regular basis by the Company, based on historical results and new events.

The Company's management is responsible for maintaining appropriate control systems, procedures and information systems, thereby ensuring that the information it discloses is reliable and complete. The Company applies financial information disclosure rules and takes the necessary actions to comply with new accounting standards once they come into force. The Company also applies the standards set by the capital markets regulatory authorities. No material changes were made to internal control over financial information during the three and nine-month periods ended February 28, 2009 that could have had a significant impact or that could have been reasonably believed to have a significant impact on internal control over financial reporting.

**Non-GAAP Measures**

In this MD&A, the Company's management uses certain measures which are not in accordance with GAAP and cannot be formally presented in financial statements. These include EBITDA, gross profit and gross profit ratio, working capital and current ratio. EBITDA means earnings before financing costs, interest income, income taxes, depreciation and amortization and start-up costs. Gross profit means sales less cost of goods sold, and gross profit ratio means gross profit divided by sales. Working capital means current assets minus current liabilities, and current ratio means current assets divided by current liabilities. The definition of these non-GAAP measures used by the Company may differ from that used by other companies.

**Forward-Looking Statements**

Certain statements in this MD&A may be forward-looking. Forward-looking 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.

**Highlights**

- Results continued to reflect a trend of strong financial performance with sales reaching record levels for a sixth consecutive quarter lying at $19,150,195 up by 129.1% compared with sales of $8,358,817 for the third quarter of the previous fiscal year.

- Net earnings for the third quarter increased by 125.0% when compared with the third quarter of the previous fiscal year to $5,103,971 ($0.11 per share) up from $2,268,712 ($0.06 per share) and EBITDA by 139.9% to $8,066,290 up from $3,362,649.

- For the nine-month period ended February 28, 2009, sales increased to $51,315,894, net earnings to $15,248,093 ($0.34 per share) and EBITDA to $23,543,304. This represents increases of 138.1%, 232.4% and 203.5% respectively over results for the corresponding period of the previous fiscal year where sales reached $21,549,033, net earnings $4,587,516 ($0.14 per share) and EBITDA $7,757,723.

**To our shareholders**

We (TSX:VNP) are pleased to report the results of the third quarter of our 2009 fiscal year. Despite the current economic turmoil, we managed to increase sales and maintain profit margins at high levels. Operational performance was good throughout the quarter at both of our facilities in Montreal and Eisenhüttenstadt and our twelve month backlog of orders remained strong at $52,024,064

We continue to monitor closely the impact of the current economic crisis on our business and our customers. Given our strong balance sheet and the ability of our operating activities to generate significant cash flows, we believe that we are well positioned to overcome any slowdown in the market and take advantage of growth opportunities.

Jacques L’Écuyer
President and Chief Executive Officer

### Corporate Overview and Business

5N Plus Inc. draws its name from the purity of its products, 99.999% (five nines or 5N) and more. We have our head office in Montreal, Québec, and develop and produce high-purity metals and compounds for electronic applications and provide our customers with recycling solutions. We are an integrated producer with both primary and secondary refining capabilities. We focus on specialty metals such as tellurium, cadmium and selenium and on related compounds such as cadmium telluride ("CdTe") and cadmium sulphide ("CdS"). Our products are critical precursors in a number of electronic applications, including the rapidly-expanding solar (thin-film photovoltaic) market, for which we are a major supplier of CdTe and the radiation detector market.

### Business Strategy

Our goal is to accelerate the growth of our cadmium, selenium and tellurium metals and compounds business in order to meet the increasing demand for these products, in particular in the photovoltaic and medical imaging markets. In doing so, our objective is to maintain our leading position in these rapidly-expanding markets and leverage our competitive strengths to diversify our product offering and enter into new electronic-materials market segments. To accomplish this, our highest-level strategy includes investments in both training and research and development, to develop advantages in terms of competencies, technology and costs.

### Quarterly Financial Data

**(unaudited)**
**(in Canadian dollars)**

| | 2009 | | | 2008 | | | | 2007 |
|---|---|---|---|---|---|---|---|---|
| | Q3 | Q2 | Q1 | Q4 | Q3 | Q2 | Q1 | Q4 |
| **Sales** | $ 19,150,195 | $ 18,135,824 | $ 14,029,875 | $ 9,423,908 | $ 8,358,817 | $ 6,795,743 | $ 6,394,473 | $ 6,549,412 |
| **Gross profit** | $ 9,840,268 | $ 9,230,178 | $ 7,631,824 | $ 5,615,838 | $ 4,454,138 | $ 3,276,379 | $ 2,977,434 | $ 3,106,722 |
| **EBITDA** | $ 8,066,290 | $ 8,871,494 | $ 6,605,520 | $ 4,848,747 | $ 3,362,649 | $ 2,322,589 | $ 2,072,485 | $ 2,430,763 |
| **Net earnings** | $ 5,103,971 | $ 5,815,037 | $ 4,329,085 | $ 3,178,621 | $ 2,268,712 | $ 1,219,548 | $ 1,099,256 | $ 1,222,428 |
| **Earnings per share** | | | | | | | | |
| **Basic** | $ 0.11 | $ 0.13 | $ 0.10 | $ 0.08 | $ 0.06 | $ 0.04 | $ 0.04 | $ 0.04 |
| **Diluted** | $ 0.11 | $ 0.13 | $ 0.09 | $ 0.08 | $ 0.06 | $ 0.04 | $ 0.03 | $ 0.04 |

## Results of Operations

*Introduction*

Our sales are generated through the development and production of high-purity metals and compounds which are used in various electronic applications, including solar cells, radiation detectors, infrared optics and systems, thermoelectric and optical storage. We also provide recycling services to our customers where residues from their manufacturing operations are refined and converted back into a usable product. We have one reportable segment, namely refining and recycling of metals.

Our customer base includes manufacturers of thin-film solar cells, original equipment manufacturers (OEM), and Tier 1 and 2 suppliers which provide consumables, components or sub-assemblies. Our customers are located primarily in the United States, Europe, Israel and Asia. Three customers accounted for 85 % of our sales during the quarter ended February 28, 2009.

### Sales, Gross Profit, Net Earnings and Earnings per Share

**(in Canadian dollars unless otherwise stated)**

| | Summary | | | | | |
|---|---|---|---|---|---|---|
| | Three months ended | | | Nine months ended | | |
| | February 28 2009 | February 29 2008 | Increase | February 28 2009 | February 29 2008 | Increase |
| Sales | $ 19,150,195 | $ 8,358,817 | 129.1% | $ 51,315,894 | $ 21,549,033 | 138.1% |
| Gross profit | $ 9,840,268 | $ 4,454,138 | 120.9% | $ 26,702,270 | $ 10,707,951 | 149.4% |
| Gross profit ratio | 51.4% | 53.3% | | 52.0% | 49.7% | |
| Net earnings | $ 5,103,971 | $ 2,268,712 | 125.0% | $ 15,248,093 | $ 4,587,516 | 232.4% |
| Earnings per share | $ 0.11 | $ 0.06 | | $ 0.34 | $ 0.14 | |

Sales for the third quarter ended February 28, 2009 reached a record level of $19,150,195 up by 129.1% over sales of $8,358,817 for the corresponding period of the previous fiscal year. This increase in sales continues to be attributable to an increase in sales of CdTe to the photovoltaic (solar module) market as well as an increase in the average selling price, following a reduction in the relative amounts of custom refining or "tolling" where we incur no cost for raw materials, and an increase in the average foreign exchange rate. Sales into markets other than photovoltaic were on average relatively stable. For the first nine months of the fiscal year, our sales reached $51,315,894 representing an increase of 138.1% over sales of 21,549,033$ for the corresponding period of the previous fiscal year.

Gross profit reached $9,840,268 in the third quarter and $26,702,270 for the nine-month period ended February 28, 2009, corresponding to a gross profit ratio of 51.4% and 52.0% respectively. This compares with gross profits of $4,454,138 and $10,707,951 for the corresponding periods of previous fiscal year and respective gross profit ratios of 53.3% and 49.7%. The increase in gross profit continues to reflect increases in sales and the positive impact of the foreign currency exchange rate. As for the gross profit ratio, the decrease during the quarter reflects the reduction in the relative amounts of tolling, whereas the increase during the nine-month period considered reflects general improvements in efficiency, scalability and production throughput, which more than offset the reduction in relative tolling volumes. Margins at our new German facility remained similar to those of our Montreal facility throughout the quarter.

Net earnings for the third quarter reached a level of $5,103,971 ($0.11 per share) representing a 125.0% increase over net earnings of $2,268,712 ($0.06 per share) for the third quarter of the previous fiscal year. Net earnings for the quarter were the second highest in Company history and were in line with those of the previous quarter before foreign exchange currency gains. For the nine-month period ended February 28, 2009, net earnings increased by 232.4% to $15,248,093 ($0.34 per share) from $4,587,516 ($0.14 per share) for the corresponding period of the previous fiscal year. Earnings per share for the three-month period and nine-month period are calculated based on a weighted average number of common shares outstanding of 45,505,413 and 45,501,804 respectively. Earnings per share for the previous quarter ended February 29, 2008 are calculated based on a weighted average number of common shares of 39,006,408 for the third quarter and 32,748,039 for the nine-month period considered. These increases in net earnings for both the quarter and the nine-month period ended February 28, 2009 are primarily the result of an increase in gross profit.

## Selling and Administrative and Research and Development Expenses

**(all numbers are in Canadian dollars unless otherwise stated)**

| | Summary | | | |
|---|---|---|---|---|
| | Three months ended | | Nine months ended | |
| | February 28, 2009 | February 29, 2008 | February 28, 2009 | February 29, 2008 |
| Selling and Administrative expenses | $ 1,343,814 | $ 827,715 | $ 3,606,876 | $ 2,008,283 |
| Percentage of sales for the period | 7.0% | 9.9% | 7.0% | 9.3% |
| Research and Development expenses (net of tax credits) | $ 333,238 | $ 203,008 | $ 817,865 | $ 864,384 |
| Percentage of sales for the period | 1.7% | 2.4% | 1.6% | 4.0% |

Selling and administrative expenses were $1,343,814 or 7.0% of sales for the third quarter and $3,606,876 or 7.0% of sales for the nine-months ended February 28, 2009. This compares with selling and administrative expenses of $827,715 and $2,008,283 for the corresponding periods of the previous fiscal year representing respectively 9.9% and 9.3% of sales. Selling and administrative expenses were higher in the third quarter than during the corresponding quarter of the previous fiscal year due to increases in salaries, related mainly to additions to our management team at our new German facility, travel expenses, consulting fees and a provision of $100,000 for doubtful accounts. For the nine-month period considered selling and administrative expenses were higher for the very same reasons together with higher stock-base compensation expenses. As a percentage of sales, current levels of selling and administrative expenditures are consistent with anticipated levels and are lower than in the corresponding periods of the previous fiscal year primarily because of an increase in sales.

Research and development expenses, net of tax credits, were $333,238 or 1.7% of sales in the third quarter, which is higher than those of the third quarter of the previous fiscal year which stood at $203,008 or 2.4% of sales. For the nine-month period ended February 28, 2009, research and development expenses, net of tax credits, reached $817,865 or 1.6% of sales, which is comparable to the research and development expenses of $864,384 or 4.0% of sales incurred during the same period of the previous fiscal year. As a percentage of sales, current levels of research and development expenses are consistent with anticipated levels and are lower than in the corresponding periods of the previous fiscal year primarily because of increases in sales.

**Reconciliation of EBITDA and Net Earnings**
**(in Canadian dollars)**

| | Summary | | | | | |
|---|---|---|---|---|---|---|
| | Three months ended | | | Nine months ended | | |
| | February 28, 2009 | February 29, 2008 | Increase | February 28, 2009 | February 29, 2008 | Increase |
| Net earnings | $ 5,103,971 | $ 2,268,712 | 125.0 % | $15,248,093 | $ 4,587,516 | 232.4 % |
| Add (deduct): | | | | | | |
| Income taxes | 2,282,723 | 922,559 | | 6,817,964 | 2,088,689 | |
| Financial expenses[1] & Interest income | (96,393) | (118,023) | | (662,610) | 134,592 | |
| Depreciation and amortization | 775,989 | 266,980 | | 1,933,467 | 751,149 | |
| Expensed start-up costs | - | 22,421 | | 206,390 | 195,777 | |
| EBITDA | $ 8,066,290 | $ 3,362,649 | 139.9 % | $23,543,304 | $ 7,757,723 | 203.5 % |

EBITDA increased by 139.9% for the third quarter of fiscal year 2009 when compared with the corresponding period of the previous fiscal year reaching $8,066,290 up from $3,362,649. EBITDA for the nine-month period ended February 28, 2009 increased by 203.5% up from $7,757,723 for the nine-month period ended February 29, 2008 to $23,543,304. The EBITDA increases over the periods considered stem from increased sales as well as general improvements in efficiency, scalability, production throughput, and the positive impact of the foreign currency exchange rate.

*Financial Expenses, Interest Income, Depreciation and amortization, Start-up Costs and Income Taxes*

The combined financial expenses and interest income netted a gain of $96,393 for the third quarter of the current fiscal year and of $662,610 for the nine-month period ended February 28, 2009. This compares with a gain of $118,023 for the third quarter of the previous fiscal year and expenses of $134,592 for the nine-month period ended February 29, 2008. The is largely the result of the interest income of $227,205 and $996,316 generated during the current quarter and the nine-month period ended February 28, 2009 which results from the placement of funds raised during the initial public offering and the bought-deal equity financing. These funds having been raised in the third and fourth

[1] *The foreign exchange gain or loss is presented independently from the financial expenses. This presentation differs from those of previous management's discussion and analysis.*

quarters of the previous fiscal year, they only began yielding interest income in the third quarter of the previous fiscal quarter.

Depreciation and amortization expenses for the quarter increased to $775,989, up from $266,980 in the third quarter of the previous fiscal year. For the nine-month period ended February 28, 2009 depreciation and amortization expenses increased to $1,933,467 up from $751,149 in the corresponding period of the previous fiscal year. This increase is accounted for by the depreciation of capital expenditures made at the Montreal and German facilities in the previous fiscal year and the first two quarters of the current fiscal year. Our German facility having been operational only since July 29, 2008, there were no depreciation and amortization expenses associated with this facility in the corresponding periods considered of the previous fiscal year. We also amortized $172,912 of capitalized start-up costs in the third quarter and $380,356 in the nine-month period ended February 28, 2009. For the nine-month period ended February 28, 2009 expensed start-up costs amounted to $206,390. This compares with expensed start-up costs of $22,421 and $195,777 for the corresponding periods of the previous fiscal year.

Income taxes were $2,282,723 for the third quarter compared with $922,559 for the third quarter of the previous fiscal year. These figures correspond to effective tax rates of 30.9% and 28.9% respectively. For the nine-month period ended February 28, 2009 income taxes were of $6,817,964 and the effective tax rate of 30.9%. This compares with income taxes of $2,088,689 and an income tax rate of 31.3% for the corresponding period of the previous fiscal year. The decrease in our effective tax rate during the nine-month period considered is attributable to the lower tax rate of our German facility which generated taxable income in the current fiscal year and none in the previous fiscal year. We also recognized a future income tax benefit related to the expensed start-up costs of our German facility in the third quarter of the previous fiscal year resulting in a lower effective tax rate for that quarter.

### Liquidity and Capital Resources

**(all numbers are in Canadian dollars, except for current ratio)**

| | As at | | | |
|---|---|---|---|---|
| | | **February 28, 2009** | | May 31, 2008 |
| Working capital | $ | 82,589,242 | $ | 71,921,979 |
| Current ratio | | 7.0 | | 7.3 |
| Property, plant and equipment | $ | 26,229,667 | $ | 21,220,889 |
| Total assets | $ | 126,419,419 | $ | 108,334,189 |
| Total debt | $ | 5,362,297 | $ | 6,786,312 |
| Shareholders' equity | $ | 107,865,553 | $ | 91,553,930 |

*Working Capital and Current Ratio*

Working capital increased to $82,589,242 on February 28, 2009 up from $71,921,979 on May 31, 2008 in spite of having made significant capital expenditures during the first nine months of the current fiscal year bringing our net property, plant and equipment assets to $26,229,667 up from $21,220,889. This is primarily the result of strong cash flow generation during the period considered. The current ratio decreased slightly from 7.3% to 7.0% following a $2,346,383 increase in short term liabilities.

As at February 28, 2009, our cash position was of $62,187,563 up from $59,576,743 on May 31, 2008 as we managed to offset the significant increases in inventory levels and the capital expenditures incurred in the nine-month period considered by strong cash flow generation. Raw-materials inventory levels rose by $10,762,158, as we continued to further strengthen our supply chain, and finished goods by $4,452,612, reflecting the relative decrease in tolling volumes and the corresponding increase in average unit cost, for a total inventory increase of $15,214,770. Strengthening of our inventory levels continues to remain an important component of our strategy aimed at ensuring that we can address the anticipated growing requirements for solar grade products.

*Property, Plant and Equipment and Deferred Start-up Costs*

Of the $6,125,710 of capital expenditures incurred during the nine-month period ended February 28, 2009, $3,792,242 were associated with our new German facility and $2,333,468 for our Montreal facility. The level of capital expenditures has been steadily decreasing since July 29, 2008, date at which our new German facility became operational, and totaled $706,275 during the third quarter ended February 28, 2009.

We capitalized a total of $1,358,860 in start-up costs associated with our new German facility since inception and $503,162 during the nine-month period ended February 28, 2009. As at February 28, 2009 capitalized start-up costs amounted to $978,504 following a depreciation of $380,356 of these expenses in the nine-month period ended February 28, 2009 ($172,912 in the third quarter of the current fiscal year).

*Total Debt and Deferred Revenue*

Total debt decreased from $6,786,312 to $5,362,297 during the nine-month period ended February 28, 2009 as we reduced our foreign currency denominated bank loans. Deferred revenue is associated with a subsidy of 540 000 Euros provided to our German subsidiary 5N PV GmbH to promote employment in the city of Eisenhüttenstadt. As at February 28, 2009, an amount of 100,000 Euros (25,000 Euros in the current quarter) was recognized as revenues.

*Shareholders' Equity*

Shareholders' equity was at $107,865,553 or 85.3% of total assets on February 28, 2009. This compares favorably with $91,553,930 or 84.5% of total assets on May 31, 2008 further illustrating the contribution of the strong net earnings incurred during nine-month period considered. On June 1, 2008, the Company has considered its subsidiary to be the self-sustaining. Accordingly, foreign exchange gains and losses arising from the translation of the foreign subsidiary's accounts into Canadian dollars are deferred and reported as accumulated other comprehensive income in the equity section of the Interim Consolidated Balance Sheets and as set out in note 8.

**Cash Flow**
**(in Canadian dollars)**

| | Summary | | | |
|---|---|---|---|---|
| | Three months | | Nine months ended | |
| | February 28, 2009 | February 29, 2008 | February 28, 2009 | February 29, 2008 |
| Operating activities [1] | $ 6,031,131 | $ 3,355,047 | $ 18,036,904 | $ 6,327,809 |
| Add (deduct): | | | | |
| net change in non-cash working capital items | (243,510) | (1,337,441) | (5,915,981) | (4,122,290) |
| Operating activities (total) | 5,787,621 | 2,017,606 | 12,120,923 | 2,205,519 |
| Financing activities | (2,588,088) | 22,640,236 | (1,501,046) | 26,405,301 |
| Investing activities | (1,550,910) | (4,652,313) | (8,034,530) | (10,237,682) |
| Effect of changes in foreign currency exchange | 10,705 | - | 25,473 | - |
| Increase in cash and cash equivalents | $ 1,659,328 | $ 20,005,529 | $ 2,610,820 | $ 18,373,138 |

[1] *Before net change in non-cash working capital items*

Cash flow from operating activities generated $5,787,621 in the quarter and $12,120,923 for the nine-month period ended February 28, 2009 which compares favorably with the cash generated for the corresponding periods of the previous fiscal year which reached levels of $2,017,606 and $2,205,519 respectively. This stems from significant increases in cash flow from operating activities before changes in non-cash working capital items, increases which were only partially offset by non-cash working capital requirements.

Cash flow from operating activities before changes in non-cash working capital items generated $6,031,131 for the quarter ended February 28, 2009 and $18,036,904 for the nine-month period ended February 28, 2009. This represents an increase of 79.8% and 185.0% respectively over the levels of $3,355,047 and $6,327,809 for the corresponding periods of the previous fiscal year. These increases are primarily due to higher net earnings. Net non-cash working capital requirements used $243,510 during the quarter and $5,915,981 during the nine-month period ended February 28, 2009 primarily as a result of increases in inventories which were offset to some extent by decreases in accounts receivable and increases in accounts payable and payable income taxes. For the corresponding period of the previous fiscal year, net non-cash working capital requirements used $1,337,441 and $4,122,290 respectively for the corresponding periods of the previous fiscal year as a result primarily of increases in accounts payable and inventories.

Cash flow from financing activities consumed $2,588,088 during the third quarter, mainly as result of reducing our bank loan, and $1,501,046 during the nine-month period ended February 28, 2009 as we continued to pay back long term debt and other long term liabilities. This compares with cash generation from financing activities of $22,640,236 and $26,405,301 for the corresponding periods of the previous fiscal year resulting primarily from the proceeds of our IPO which netted $31,417,006.

The construction of our new German facility having been completed in the first quarter of the current fiscal year, cash consumed in investing activities decreased to $1,550,910 during the third quarter down from $4,652,313 for the third quarter of the previous fiscal year. For the nine-month period ended February 28, 2009 cash consumed in investing activities was $8,034,530 which compares with $10,237,682 for the corresponding period of the previous fiscal year. Most of these investments were made for the construction of our German facility.

Our cash position increased by $1,659,328 in the third quarter and by $2,610,820 during the nine-month period considered to reach a level of $62,187,563 as at February 28, 2009. This compares with cash increases of $20,005,529 and $18,373,138 for the corresponding periods of the previous fiscal year. We are very confident that this amount of cash combined with the cash flow from our operations will be sufficient to fund our working capital and capital expenditure requirements, and enable us to aggressively pursue our growth plan including acquisition opportunities.

The Company does not hold any commercial papers. Consequently, it has not been affected by asset-backed commercial papers.

**Share Capital**

**Authorized**

The Company as an unlimited number of common shares, with no par value, participating, and entitling the holder to one vote per share.

The Company as 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 May 31, 2008 | 45,500,000 | $81,788,694 |
| Issued on exercises of options | 10,825 | 49,895 |
| Outstanding as at February 28, 2009 | 45,510,825 | $81,838,589 |

**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. In the three-month period ended February 28, 2009 none were repurchased.

**Stock Option Plan**

In the three-month period ended February 28, 2009, 10,825 options were exercised under the Stock Option Plan. An amount of $17,420 from these options has been reclassified from contributed surplus to share capital, plus a cash consideration of $32,475, for a total amount of $49,895.

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 six years from the date of the grant. For the nine-month period ended February 28, 2009 the Company granted 466,430 options (1,042,200 on December 20, 2007) at a price of $5.42 per option ($3.00 per option on December 20, 2007). Options vest at a rate of 25% (100% for the directors) per year, beginning one year following the grant date of the options.

**Contractual Obligations**

Other than a credit facility that was granted to the Company during the second quarter of $25,000,000 including an increase of capital clause which would permit, under certain conditions, to increase the credit to $30,000,000 and the amendments to our supply agreements with First Solar during the first quarter, there were no major changes in the Company's contractual obligations during the first nine-months of the current fiscal year. For further information, the reader is referred to our most recent audited consolidated financial statements.

**Accounting Policies**

The accounting policies are in accordance with those used in the preparation of the audited consolidated financial statements as at May 31, 2008, with the exception of the accounting changes listed below.

On June 1, 2008, the Company has considered its foreign subsidiary to be self-sustaining. Accordingly, foreign exchange gains and losses arising from the translation of the of the foreign subsidiary's accounts into Canadian dollars are deferred and reported as accumulated other comprehensive income in the equity section of the Interim Consolidated Balance Sheets.

**Changes in Accounting Policies**

On June 1, 2008, the Company adopted the following sections of the Canadian Institute of Chartered Accountants ("CICA") Handbook:

- Section 1400, "General Standards on Financial Statement Presentation", has been amended to include requirements to assess and disclose an entity's ability to continue as a going concern.

- Section 1535, "Capital disclosures", establishes standards for disclosing information about an entity's capital and how it is managed. It describes the disclosure of the entity's objectives, policies and processes for managing capital as well as summary quantitative data on the elements included in the management of capital. The section seeks to establish whether the entity has complied with capital requirements and if not, the consequences of such non-compliance.

- Section 3031, "Inventories", provides guidance on the determination of cost and the subsequent recognition as an expense, including any write-down to net realizable value. The standard also permits the reversal of previous write-downs when there is a subsequent increase in the value of inventories. Finally, the standard provides guidance on the cost formulas that are used to assign costs to inventories and requires the consistent use of inventory policies by type of inventory with similar nature and use.

- Section 3862, "Financial Instruments - Disclosures", describes the required disclosures to evaluate the significance of financial instruments for the entity's financial position and performance as well as the nature and extent of risks arising from financial instruments to which the entity is exposed and how the entity manages those risks.

- Section 3863, "Financial Instruments - Presentation", establishes standards for the presentation of financial instruments and non-financial derivatives. It details the presentation of standards described in Section 3861, "Financial Instruments - Disclosure and Presentation".

The adoption of these new standards did not significantly impact the Company's financial position or its results of operations.

**Future changes in accounting policies**

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 deferred start-up costs as at May 31, 2009 are estimated at $806,000 and will be written-off as a result of the adoption of this new standard, and the corresponding 2008 annual and quarterly figures will be restated.

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. As of today, we have not evaluated the impact of these new standards.

**Order Backlog**

The backlog of orders which are expected to translate into sales within the next 12 months was of $52,024,064 as at February 28, 2009 which is 77.6% higher than the corresponding backlog of $29,300,000 as at February 29, 2008.

**Risk Factors**

The Company is subject to a number of risk factors which may limit our ability to execute our strategy and achieve our long-term growth objectives. The reader is referred to the risk factor section described in the 2008 Annual Information Form and Annual Report.

**International economic crisis**

Although the international economic crisis has had almost no impact on our Company so far, we are carefully monitoring our risk management strategy and performance. We also continue to search for potential acquisitions opportunities that the economic crisis could create. Given our strong balance sheet with a cash position of over $62 million combined with a low indebtedness level and the ability of our operating activities to generate significant cash flows, we believe that our Company is well positioned to overcome any significant economic issues and take advantage of potential opportunities.

**Subsequent events**

**Financial instruments**

On March 19, 2009, the Company concluded a foreign currency forward contract totaling €5,300,000 at an average conversion rate of 1.64. This foreign currency forward contract of €150,000 up to €350,000 per month will be effective from April, 1, 2009 until February 28, 2011.

On March 27, 2009, the Company concluded a foreign currency forward contract totaling US$7,050,000 at an average conversion rate of 1.227. This foreign currency forward contract of US$250,000 up to US$350 000 per month will be effective from September, 1, 2009 until August 31, 2011.

**Comparative figures**

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

**Others**

Our common shares are traded on the Toronto Stock Exchange (TSX) under the ticker symbol "VNP". Financial information on the Company is available on the Sedar Web site at www.sedar.com.