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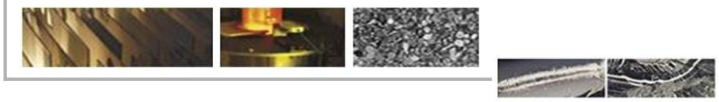

PLUS

Second Quarter Report

three and six-month periods ended November 30, 2008

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 six-month periods ended November 30, 2008 and with the most recent audited consolidated financial statements. Information contained herein includes any significant developments to January 13, 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 six-month periods ended November 30, 2008 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 and Disclaimer

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. The Company disclaims any intention or obligation to update or revise any forward-looking statements in order to account for any new information or any other event. The reader is warned against undue reliance on these forward-looking statements.

Highlights

- Results for the second quarter continued to reflect a trend of strong financial performance with net earnings, sales and EBITDA all reaching record levels. Net earnings for the second quarter of 2009 were of $5,815,037 or $0.13 per share, which represents a 376.8% increase over net earnings of $1,219,548 or $0.04 per share for the second quarter of the previous fiscal year. Sales for the second quarter were of $18,135,824, up by 166.9% compared with sales of $6,795,743 for the second quarter of the previous fiscal year. EBITDA increased by 282.0% in the second quarter to $8,871,494 up from $2,322,589 during the second quarter of the previous fiscal year.

- For the six month period ended November 30, 2008, net earnings increased by 337.5% to $10,144,122 or $0.22 per share and sales by 143.9% to $32,165,699. This compares with net earnings of $2,318,804 or $0.08 per share and sales of $13,190,216 for the same period of the previous fiscal year. EBITDA also increased during the six month period ended November 30, 2008 to $15,477,014 up by 252.1% from $4,395,074 for the corresponding period of the previous fiscal year.

To our shareholders

We (TSX:VNP) are pleased to report the results of the second quarter of our 2009 fiscal year which has been characterized by continuing growth and record level profitability. This reflects the strong operational performance now at both of our facilities and the increasing demand for our products. The quarter was the first throughout which our German facility was fully operational and we are extremely pleased by its performance and the rapid ramp up in production capacity that has been achieved there.

In spite of the current financial world crisis, demand for our products remained strong during the quarter as we managed to increase sales and further strengthen our twelve month backlog of orders to a record level of $54,722,363 as at November 30, 2008.

We also approved soon after the closing of the quarter a normal course issuer bid as we believe that the underlying value of 5N Plus may not be reflected in the market price of our common shares. Consequently we estimate that the repurchase of our shares under certain conditions may constitute an appropriate use of our financial resources and be beneficial to 5N Plus and its shareholders.

We are monitoring closely the impact of the existing financial turbulences on our customers and business. We are confident that we have both the operational and financial flexibility to make the necessary adjustments in our operating practices if the situation warrants. Furthermore, we continue to believe that our strong balance sheet with cash and cash equivalents of over $60 million and our ability to generate positive cash flow, position us uniquely to take advantage of both organic growth and in particular accretive acquisitions 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	
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Sales	$ 18,135,824	$ 14,029,875	$ 9,423,908	$ 8,358,817	$ 6,795,743	$ 6,394,473	$ 6,549,412	$ 5,554,737
Gross profit	$ 9,230,178	$ 7,631,824	$ 5,615,838	$ 4,454,138	$ 3,276,379	$ 2,977,434	$ 3,106,722	$ 2,135,263
EBITDA	$ 8,871,494	$ 6,605,520	$ 4,646,476	$ 3,423,415	$ 2,322,589	$ 2,072,485	$ 2,488,087	$ 1,767,318
Net earnings	$ 5,815,037	$ 4,329,085	$ 3,178,621	$ 2,268,712	$ 1,219,548	$ 1,099,256	$ 1,222,428	$ 798,073
Earnings per share								
Basic	$ 0.13	$ 0.10	$ 0.08	$ 0.06	$ 0.04	$ 0.04	$ 0.04	$ 0.03
Diluted	$ 0.13	$ 0.09	$ 0.08	$ 0.06	$ 0.04	$ 0.03	$ 0.04	$ 0.02

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 84 % of our sales during the quarter ended November 30, 2008.

Sales, Gross Profit, Net Earnings and Earnings per Share

(in Canadian dollars unless otherwise stated)

	Summary					
	Three months ended November 30			Six months ended November 30		
	2008	2007	Increase	2008	2007	Increase
Sales	$ 18,135,824	$ 6,795,743	166.9%	$ 32,165,699	$ 13,190,216	143.9%
Gross profit	$ 9,230,178	$ 3,276,379	181.7%	$ 16,862,002	$ 6,253,813	169.6%
Gross profit ratio	50.9%	48.2%		52.4%	47.4%	
Net earnings	$ 5,815,037	$ 1,219,548	376.8%	$ 10,144,122	$ 2,318,804	337.5%
Earnings per share	$ 0.13	$ 0.04		$ 0.22	$ 0.08	

Sales for the second quarter ended November 30, 2008 reached a record level of $18,135,824 up by 166.9% over sales of $6,795,743 for the corresponding period of the previous fiscal year. This increase in sales continues to be attributable to an increase in sales of CdTe and cadmium zinc telluride ("CZT") to the photovoltaic (solar module) and radiation detector markets 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 and radiation detector were relatively stable or declined slightly. For the first six months of the fiscal year our sales reached $32,165,699 representing an increase of 143.9% over sales of $13,190,216 for the corresponding period of previous fiscal year.

Gross profit reached $9,230,178 in the second quarter and $16,862,002 for the six month period ended November 30, 2008, corresponding to a gross profit ratio of 50.9% and 52.4% respectively. This compares with a gross profit of $3,276,379 and $6,253,813 for the corresponding periods of previous fiscal year and respective gross profit ratio of 48.2% and 47.4%. These improvements in both gross profit and gross profit ratio continue to reflect increased sales as well as the general improvements in efficiency, scalability, production throughput, and the positive impact of the foreign currency exchange rate. Margins at our new German facility for the quarter were similar to those of our Montreal facility throughout the quarter as we ramped up to planned levels early in the quarter in accordance to plan.

Net earnings for the second quarter ended November 30, 2008 also reached a record level of $5,815,037 ($0.13 per share) representing a 376.8% increase over net earnings of $1,219,548 ($0.04 per share) for the second quarter of the previous fiscal year. The net earnings for this quarter include a realized foreign exchange gain of $525,000 related to the termination of a foreign currency forward contract. For the six month period ended November 30, 2008, net earnings increased by 337.5% to $10,144,122 ($0.22 per share) from $2,318,804 ($0.08 per share) for the six month period ended November 30, 2007. Earnings per share for the current fiscal year are calculated based on a weighted average number of common shares outstanding of 45,500,000. Earnings per share for the previous fiscal year are calculated based on a weighted average number of common shares of 29,635,954.

This increase in net earnings is primarily the result of an increase in gross profit. Other positively impacting factors include foreign exchange currency gains, interest income and to a lesser extent reduced research and development and financial expenses. These positively-contributing factors were only partially offset by increased selling and administrative, depreciation and amortization and start-up costs expenses.

Selling and Administrative and Research and Development Expenses

(all numbers are in Canadian dollars unless otherwise stated)

	Summary			
	Three months ended November 30		Six months ended November 30	
	2008	2007	2008	2007
Selling and Administrative expenses	$ 1,075,795	$ 708,607	$ 2,263,062	$ 1,180,568
Percentage of sales for the period	5.9%	10.4%	7.0%	9.0%
Research and Development expenses (net of tax credits)	$ 259,415	$ 249,661	$ 484,627	$ 661,376
Percentage of sales for the period	1.4%	3.7%	1.5%	5.0%

Selling and administrative expenses were $1,075,795 or 5.9% of sales for the second quarter and $2,263,062 or 7.0% of sales for the six months ended November 30, 2008. This compares with selling and administrative expenses of $708,607 and $1,180,568 for the corresponding periods of previous fiscal year representing respectively 10.4 % and 9.0% of sales. This increase is mainly attributable to increased legal, auditing and consulting fees associated with our public company status and to additions to our management team associated with our new German facility. 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 increases in sales.

Research and development expenses, net of tax credits, were $259,415 or 1.4% of sales in the second quarter, which is comparable to those of the second quarter of previous fiscal year which stood at

$249,661 or 3.7% of sales. For the six month period ended November 30, 2008, research and development expenses, net of tax credits, reached $484,627 or 1.5 % of sales which is lower than the expenses of $661,376 or 5.0% of sales incurred during the same period of previous fiscal year. The additional expenses incurred during the first six months of the previous fiscal year were made to develop a new product line which has since then been qualified. As a percentage of sales, current levels of research and development 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 November 30			Six months ended November 30		
	2008	2007	Increase	2008	2007	Increase
Net earnings	$ 5,815,037	$ 1,219,548	376.8 %	$10,144,122	$ 2,318,804	337.5 %
Add (deduct):						
Income taxes	2,564,600	621,038		4,535,241	1,166,130	
Financial expenses[1] & Interest income	(241,928)	137,121		(566,217)	252,615	
Depreciation and amortization	733,785	242,867		1,157,478	484,169	
Expensed start-up costs	-	102,015		206,390	173,356	
EBITDA	$ 8,871,494	$ 2,322,589	282.0 %	$15,477,014	$ 4,395,074	252.1 %

EBITDA increased by 282.0% for the second quarter of fiscal year 2009 when compared with the corresponding period of previous fiscal year reaching $8,871,494 up from $2,322,589. EBITDA for the six month period ended November 30, 2008 increased by 252.1% up from $4,395,074 for the six month period ended November 30, 2007 to $15,477,014. EBITDA increased at a lower rate than earnings as it was not positively impacted by the interest income but the increase was otherwise consistent with the increased sales as well as the 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 $241,928 for the second quarter of the current fiscal year and of $566,217 for the six month period ended November 30, 2008. This compares favorably with expenses of $137,121 for the second quarter of the previous fiscal year and $252,615 for the six month period ended November 30, 2007. This is largely the result of the interest income of $359,934 and $769,111 generated during the current quarter and the six month period ended November 30, 2008 which results from the placement of funds raised during the initial public offering and bought-deal equity financing. No interest income were generated for the corresponding periods of the previous fiscal year as the funds were raised after the reporting periods considered.

[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.*

Depreciation and amortization expenses for the quarter increased by $490,918 to $733,785 up from $242,867 in the second quarter of the previous fiscal year. For the six month period ended November 30, 2008 depreciation and amortization expenses increased by $673,309 to $1,157,478 up from $484,169 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 quarter of the current fiscal year. We also began amortizing capitalized start-up costs by an amount corresponding to $157,103 in the second quarter and $207,444 in the six month period ended November 30, 2008. For the six month period ended November 30, 2008 expensed start-up costs amounted to $206,390. This compares with expensed start-up costs of $102,015 and $173,356 for the corresponding periods of the previous fiscal year.

Income taxes were $2,564,600 for the second quarter compared with $621,038 for the second quarter of the previous fiscal year. These figures correspond to effective tax rates of 30.6% and 33.7% respectively. For the six month period ended November 30, 2008 income taxes were of $4,535,241 and the effective tax rate of 30.9%. This compares with income taxes of $1,166,130 and an income tax rate of 33.5% for the corresponding period of the previous fiscal year. This decrease in our effective tax rate 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. For the first six months of fiscal year 2008, no future income tax benefits related to the expensed start-up costs of our German facility had yet been recognized.

Liquidity and Capital Resources
(all numbers are in Canadian dollars, except for current ratio)

	As at			
		November 30, 2008		May 31, 2008
Working capital	$	77,386,638	$	71,921,979
Current ratio		6.7		7.3
Property, plant and equipment	$	25,850,925	$	21,220,889
Total assets	$	120,803,515	$	108,334,189
Total debt	$	7,888,267	$	6,786,312
Shareholders' equity	$	102,245,995	$	91,553,930

Working Capital and Current Ratio

Working capital increased to $77,386,638 on November 30, 2008 up from $71,921,979 on May 31, 2008 in spite of having made significant capital expenditures during the first six months of the current fiscal year quarter bringing our net property, plant and equipment assets to $25,850,925 up from $21,220,889. This is primarily the result of strong cash flow generation during the period considered. The current ratio decreased slightly as we increased our bank loan by $1,633,694.

As at November 30, 2008, our cash position was of $60,528,235 up from $59,576,743 on May 31, 2008 as we managed to offset the increase in inventory levels and the capital expenditures incurred in the six month period considered, by strong cash flow generation. Raw-materials inventory levels rose by $6,117,747, as we continued to further strengthen our supply chain, and finished goods by $4,277,171, reflecting the relative decrease in tolling volumes and the corresponding increase in average unit cost, for a total inventory increase of $10,394,918. Strengthening of our inventory levels remains an important component of our strategy aimed at ensuring that we can address the anticipated growing requirements for solar grade products. Although we believe that we are now in a position to respond in a timely manner to both short and long term market demands, we may consider a further increase in our inventory levels to strengthen our competitive position.

Property, Plant and Equipment and Deferred Start-up Costs

Out of the $5,419,436 of capital expenditures incurred during the six month period considered, $3,658,324 was associated with our new German facility and $1,761,112 for our Montreal facility. The level of capital expenditures was greatly reduced during the second quarter as our new German facility is operational since July 29, 2008. Capital expenditures made at our Montreal facility also decreased in the second quarter as efforts aimed at improving capacity and plant efficiency were completed. Additional investments for similar purposes are however being contemplated for the future.

We capitalized a total of $1,283,724 in start-up costs associated with our new German facility and $462,716 during the six-month period ended November 30, 2008 ($86,410 during the second quarter). As at November 30, 2008 capitalized start-up costs amounted to $1,076,280 following a depreciation of $207,444 of these expenses in the six month period ended November 30, 2008 ($157,103 in the second quarter of the current fiscal year).

Total Debt and Deferred Revenue

Total debt increased from $6,786,312 to $7,888,267 during the six month period ended November 30, 2008 as we increased 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 November 30, 2008, an amount of 74,584 Euros (25,000 Euros in the current quarter) was recognized as revenues.

Shareholders' Equity

Shareholders' equity stood at $102,245,995 or 84.6% of total assets on November 30, 2008. 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 six month period considered. On June 1, 2008, the Company has considered its subsidiary to be 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 7.

Cash Flow
(in Canadian dollars)

	Summary			
	Three months ended November 30		Six months ended November 30	
	2008	**2007**	**2008**	**2007**
Operating activities [1]	$ 6,927,426	$ 1,522,557	$ 12,005,773	$ 2,979,654
Add (deduct):				
net change in non-cash working capital items	2,864,639	(644,346)	(5,672,471)	(2,784,849)
Operating activities (total)	9,792,065	878,211	6,333,302	194,805
Financing activities	1,730,328	1,867,982	1,087,042	3,758,173
Investing activities	(1,188,946)	(4,787,578)	(6,483,620)	(5,585,369)
Effect of changes in foreign currency exchange	14 768	-	14,768	-
Increase (decrease) in cash and cash equivalents	$ 10,348,215	$(2,041,385)	$ 951,492	$ (1,632,391)

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

Cash flow from operating activities before changes in non-cash working capital items was $6,927,426 for the quarter ended November 30, 2008 and $12,005,773 for the six month period ended November 30, 2008. This represents an increase of 355.0% and 302.9% respectively over the levels of $1,522,557 and $2,979,654 for the corresponding periods of the previous fiscal year. This increase is essentially accounted for by the increase in net earnings. Net working capital requirements decreased during the quarter by $2,864,639 which compares with an increase of $644,346 in the second quarter of the previous fiscal year, as increases in inventory levels were more than offset by decreases in accounts receivable and increases in accounts payable. For the six month period ended November 30, 2008 working capital requirements increased by $5,672,471 which compares with an increase of $2,784,849 for the corresponding periods of the previous fiscal year, mainly because of an increase in inventory levels.

Cash flow from financing activities generated $1,730,328 during the second quarter and $1,087,042 during the six month period ended November 30, 2008 as we increased our bank loan while continuing to pay back long term debt and other long term liabilities. This compares with cash generation from financing activities of $1,867,982 and $3,758,173 for the corresponding periods of the previous fiscal year resulting primarily from an increase in long term debt and bank loan.

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 $1,188,946 during the second quarter down from $4,787,578 for the second quarter of the previous fiscal year. For the six month period ended November 30, 2008 cash consumed in investing activities was $6,483,620 which is comparable to the level of $5,585,369 for the corresponding period of the previous fiscal year as we were investing in both periods into the construction of our German facility.

Our cash position increased by $10,348,215 in the second quarter and by $951,492 during the six month period considered to reach a level of $60,528,235 as at November 30, 2008. This compares very favorably with the cash consumption of $2,041,385 and $1,632,391 for the corresponding periods of the previous fiscal year and the absence of cash on November 30, 2007. 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.

Contractual Obligations

Other than a credit facility that was granted to the Company during the second quarter of $25,000,000 including a reduction 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 fiscal year 2009. 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 $698,000 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 $54,722,363 as at November 30, 2008 which is 146.5% higher than the corresponding backlog of

$22,200,000 as at November 30, 2007.

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.

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.