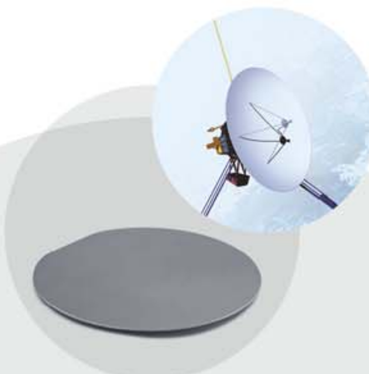

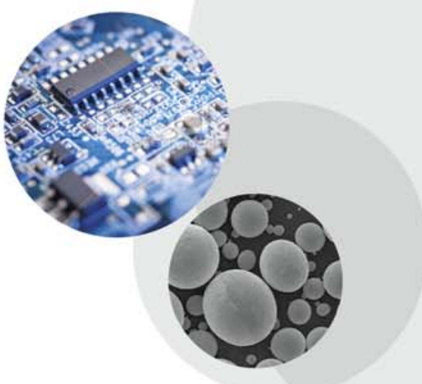

Second Quarter
June 30, 2014
Management Report

5N PLUS

Management's Discussion and Analysis

This Management's Discussion and Analysis ("MD&A") of the financial condition and results of operations is intended to assist readers in understanding 5N Plus Inc. (the "Company" or "5N Plus"), its business environment, strategies, performance and risk factors. This MD&A should be read in conjunction with the unaudited interim condensed consolidated financial statements for Q2 2014 and the audited consolidated financial statements and the accompanying notes for the years ended December 31, 2013 and 2012. The Company's unaudited interim condensed consolidated financial statements for the three and six-month periods ended June 30, 2014 and 2013, have been prepared in compliance with the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

Information contained herein includes any significant developments to August 7, 2014, the date on which the MD&A was approved by the Company's board of directors. Unless otherwise indicated, the terms "we", "us" "our" and "the group" as used herein refer to the Company together with its subsidiaries.

The "Q2 2014" and the "Q2 2013" refer to the three-month periods ended June 30, 2014 and 2013, and the "YTD 2014" and the "YTD 2013" refer to the six-month periods ended June 30, 2014 and 2013 respectively. All amounts in this MD&A are expressed in U.S. dollars, and all amounts in the tables are in thousands of U.S. dollars, unless otherwise indicated. All quarterly information disclosed in this MD&A is based on unaudited figures.

Non-IFRS Measures

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

Notice Regarding Forward-Looking Statements

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

Overview

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

Reportable Segments

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

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

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

Corporate expenses associated with the head office and unallocated selling, general and administrative expenses together with financing costs, gains and/or losses on foreign exchange and derivative have been regrouped under the heading Corporate.

Q2 2014 and YTD 2014 Highlights

Best quarter performance in the last 2 years in terms of EBITDA.

- Revenues for the second quarter of 2014 reached $136.6 million, which corresponds to an increase of $24.0 million or 21% compared to $112.6 million for the second quarter of 2013.

- Adjusted EBITDA[1] for the second quarter of 2014 also reached its highest level in the last 8 quarters, attaining $10.8 million up from $6.5 million for the second quarter of 2013 with EBITDA[1,2] lying at $11.5 million also close to its highest level since the last 8 quarters when excluding the impact of the non-recurring gain recorded in the second quarter of 2013.

- Net earnings for the second quarter of 2014 reached $4.4 million or $0.05 per share compared to $34.3 million or $0.41 per share for the second quarter of 2013, positively impacted by the MCP litigation settlement of $45.2 million or $0.54 per share.

- Net debt[1] stood at $70.4 million, up from March 31, 2014 but down from $84.7 million as at June 30, 2013.

- Bookings[1] of $99.6 million in the quarter, in line with the second quarter of 2013. Bookings for the six-month period ended June 30, 2014 increased by 19% and stood at $259.3 million compared to $218.5 million for the same period last year.

- On April 3, 2014, 5N Plus announced that it had acquired the remaining 33.33% ownership interest in its subsidiary Sylarus Technologies, LLC, located in St. George, Utah, and had changed its name to 5N Plus Semiconductors LLC.

- On May 5, 2014, 5N Plus announced that it had completed the acquisition of all of the issued and outstanding shares in the capital of AM&M Advanced Machine and Materials Inc. ("AM&M").

- On May 29, 2014, 5N Plus announced that it had entered into new supply agreements with First Solar, Inc., the world's leading thin-film solar module manufacturer, covering First Solar's compound semiconductor needs until March 31, 2019.

- On June 26, 2014, 5N Plus announced the closing of its offering of CA$60 million of convertible unsecured subordinated debentures and that the underwriters had purchased an additional CA$6 million.

The Company continued to improve profitability, reporting another strong quarter in terms of EBITDA[1,2] supported by increasing demand, especially for its bismuth based products, and a more favorable sales mix and underlying commodity pricing trend. We continue our efforts aimed at improving efficiency, reducing costs and working capital throughout the group.

The Company made progress in the quarter towards executing on its growth plan by completing the acquisition of the remaining 33.33% ownership interest in its subsidiary, Sylarus Technologies LLC, a germanium substrate supplier, changing its name to 5N Plus Semiconductors LLC, and it acquired all the issued and outstanding shares in the capital of Advanced Machine and Materials Inc. and its metal powder atomization technology for electronic packaging, solar modules and additive manufacturing applications.

In order to support its operations and growth plan, the Company successfully completed the issuance of a convertible subordinated debenture for a total amount of CA$66.0 million ($60.8 million) before fees. Combined with the new credit facility announced today, this will further improve its financial flexibility and enable it to execute on several growth initiatives which it is currently working on. For more details on the debentures, please refer to the final prospectus filed on SEDAR on June 10, 2014.

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

Summary of Results

	Q2 2014	Q2 2013	YTD 2014	YTD 2013
	$	$	$	$
Revenues	136,597	112,637	278,976	231,026
Operating expenses	(125,781)	(106,094)	(257,659)	(214,368)
Adjusted EBITDA[1]	10,816	6,543	21,317	16,658
Impairment of inventory	-	10,182	-	10,182
Gain related to the settlement of the purchase price of MCP	-	(45,188)	-	(45,188)
Litigation and restructuring costs	6	2,233	625	3,244
Gain on disposal of property, plant and equipment	-	-	(1,312)	-
Foreign exchange and derivative loss (gain)	(714)	1,308	(698)	(1,709)
EBITDA[1,2]	11,524	38,008	22,702	50,129
Interest on long-term debt, imputed interest and other interest expense	1,731	1,821	3,147	5,133
Depreciation and amortization	2,840	2,298	5,579	5,142
Earnings before income taxes	6,953	33,889	13,976	39,854
Income tax expense (recovery)	2,517	(392)	5,021	35
Net earnings	4,436	34,281	8,955	39,819
Basic earnings per share	$0.05	$0.41	$0.11	$0.47
Diluted earnings per share	$0.05	$0.41	$0.11	$0.47

Revenues by Segment

	Q2 2014	Q2 2013	% Change	YTD 2014	YTD 2013	% Change
	$	$		$	$	
Electronic Materials Segment	44,544	42,788	4%	92,685	91,144	2%
Eco-Friendly Materials Segment	92,053	69,849	32%	186,291	139,882	33%
Total Revenues	136,597	112,637	21%	278,976	231,026	21%

Revenues increased by 21% as compared to the prior year quarter. Revenues in Q2 2014 for the Electronic Materials segment reached $44.5 million, higher from $42.8 million in Q2 2013. Eco-Friendly Materials segment revenues increased by 32% and reached $92.1 million, up from $69.8 million. The revenues were positively impacted by the increase in sales volume of 7% for metal shipments, combined with a better product mix and selling prices compared to the prior year quarter.

For YTD 2014, revenues increased by 21% as compared to the same period last year, explained by sales volume up 13% for metal shipments combined with better average selling prices. Revenues for the Electronic Materials segment reached $92.7 million, slightly higher from $91.1 million in YTD 2013. Eco-Friendly Materials segment revenues increased by 33% and reached $186.3 million, up from $139.9 million.

Net earnings and Adjusted net earnings

	Q2 2014	Q2 2013	YTD 2014	YTD 2013
	$	$	$	$
Net earnings	4,436	34,281	8,955	39,819
Basic net earnings per share	$0.05	$0.41	$0.11	$0.47
Reconciling items:				
Impairment of inventory	-	10,182	-	10,182
Litigation and restructuring costs	6	2,233	625	3,244
Gain related to the settlement of the purchase price of MCP	-	(45,188)	-	(45,188)
Income taxes on taxable items above	(2)	(549)	(224)	(802)
Adjusted net earnings[1]	4,440	959	9,356	7,255
Basic adjusted net earnings per share[1]	$0.05	$0.01	$0.11	$0.09

Net earnings reached $4.4 million in Q2 2014 compared to $34.3 million for the same period last year. The decrease in net earnings compared to the prior year quarter is essentially explained by the non-recurring gain related to the settlement of the purchase price of MCP acquired in April 2011 partially offset by the impairment of inventory recorded in Q2 2013. The Company has not recorded any inventory impairment for 4 consecutive quarters. In Q2 2014, adjusted net earnings increased by $3.5 million to $4.4 million compared to Q2 2013.

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

For YTD 2014, net earnings and adjusted net earnings reached $9.0 million and $9.4 million respectively compared to $39.8 million and $7.3 million for the same period last year explained also by the non-recurring gain related to the settlement of the purchase price of MCP acquired in April 2011 partially offset by the impairment of inventory recorded in Q2 2013.

Adjusted EBITDA

	Q2 2014	Q2 2013	% Change	YTD 2014	YTD 2013	% Change
	$	$		$	$	
Electronic Materials	7,157	5,602	28%	14,105	12,680	11%
Eco-Friendly Materials	6,241	2,958	111%	12,646	8,025	58%
Corporate	(2,582)	(2,017)	28%	(5,434)	(4,047)	34%
Adjusted EBITDA[1]	10,816	6,543	65%	21,317	16,658	28%

In Q2 2014, adjusted EBITDA[1] amounted to $10.8 million compared to $6.5 million for the same period a year ago. The adjusted EBITDA improved mainly from the increase in sales volume, better average selling prices, net of higher production labor costs, consumables and logistic costs. Adjusted EBITDA for the Electronic Materials business segment increased by $1.6 million at $7.2 million with adjusted EBITDA margin[1] of 16% compared to 13% in the prior year quarter. Adjusted EBITDA for the Eco-Friendly Materials business segment increased to $6.2 million compared to $3.0 million in Q2 2013 achieving an adjusted EBITDA margin of 7% compared to 4% for the same period of 2013.

For YTD 2014, adjusted EBITDA amounted to $21.3 million compared to $16.7 million for the same period a year ago. The adjusted EBITDA improved mainly for the same reasons mentioned above. Adjusted EBITDA for the Electronic Materials business segment increased by $1.4 million at $14.1 million with an adjusted EBITDA margin[1] of 15% similar to the same period a year ago. Adjusted EBITDA for the Eco-Friendly Materials business segment increased to $12.6 million compared to $8.0 million last year with an adjusted EBITDA margin of 7% similar to the same period of 2013.

Backlog and Bookings

	BACKLOG[1]			BOOKINGS[1]		
	Q2 2014	Q1 2014	Q2 2013	Q2 2014	Q1 2014	Q2 2013
	$	$	$	$	$	$
Electronic Materials	77,278	79,362	82,681	42,460	47,121	32,672
Eco-Friendly Materials	73,085	107,968	70,596	57,170	112,516	66,952
Total	150,363	187,330	153,277	99,630	159,637	99,624

Q2 2014 vs Q1 2014

Overall the backlog[1] as at June 30, 2014 stood at $150.4 million, lower than previous quarter following the renewal pattern of most contracts which generally occurs in the fourth quarter or the first quarter of the year. It also reflects two very strong quarters in terms of bismuth shipments.

Backlog as at June 30, 2014, for the Electronic Materials segment stood at $77.3 million and decreased by $2.1 million, or 3%, over the backlog of Q1 2014. The backlog for the Eco-Friendly Materials stood at $73.1 million, a decrease of $34.9 million or 32%, over the backlog of Q1 2014.

Bookings for the Electronic Materials decreased by $4.7 million to $42.5 million compared to Q1 2014. Bookings for the Eco-Friendly Materials decreased by $55.3 million or 49%, from $112.5 million in Q1 2014 to $57.2 million in Q2 2014.

Q2 2014 vs Q2 2013

Backlog as at June 30, 2014 decreased by $5.4 million for the Electronic Materials and increased by $2.5 million for the Eco-Friendly Materials compared to the previous year quarter.

Bookings for the Electronic Materials increased by $9.8 million, or 30%, and decreased by $9.8 million, or 15%, for the Eco-Friendly Materials compared to the previous year quarter.

[1] See Non-IFRS Measures

Expenses

	Q2 2014	Q2 2013	% Change	YTD 2014	YTD 2013	% Change
	$	$		$	$	
Depreciation and amortization	2,840	2,298	24%	5,579	5,142	8%
SG&A	10,041	10,150	(1%)	19,803	19,777	0%
Litigation and restructuring costs	6	2,233	(100%)	625	3,244	(81%)
Financial expenses	1,017	3,129	(67%)	2,449	3,424	(28%)
Income tax expense (recovery)	2,517	(392)	742%	5,021	35	14246%
Total expenses	16,421	17,418	(6%)	33,477	31,622	6%

Depreciation and Amortization

Depreciation and amortization expenses in Q2 2014 and YTD 2014 increased to $2.8 million and $5.6 million compared to $2.3 million and $5.1 million for the same periods of 2013.

SG&A

For Q2 2014 and YTD 2014, SG&A expenses remained similar at $10.0 million and $19.8 million compared to $10.1 million and $19.8 million for the same periods of 2013.

Litigation and Restructuring costs

The Company recorded litigation and restructuring costs of $6 thousand for Q2 2014 and $0.6 million for YTD 2014 respectively compared to $2.2 million and $3.2 million for the same periods a year ago. The decrease is mainly due to lower expenses related to attorney's and other professional fees for legal proceedings and employee severance costs.

Financial Expenses

Financial expenses for Q2 2014 amounted to $1.0 million compared to $3.1 million for the same period last year. The positive variance is mainly due to a foreign exchange and derivative loss of $1.3 million recorded in Q2 2013, compared to a net gain of $0.7 million in Q2 2014 and lower interest expense on long-term debt.

For YTD 2014, financial expenses amounted to $2.4 million compared to $3.4 million a year ago. Lower interest expenses of $1.0 million on long-term debt from lower debt level and lower amortization of deferred financing fees in 2014 of $1.0 million were partially offset by lower gain on foreign exchange and derivative of $1.0 million in YTD 2014 compared to the same period of 2013.

Income Taxes

For Q2 2014 and YTD 2014, income tax expense was $2.5 million and $5.0 million representing an effective tax rate of 36%. Effective income tax rate is higher in Q2 2014 compared to the same quarter of 2013 due to a non-taxable gain of $45.2 million resulting from the settlement in the purchase price of MCP in Q2 2013. Effective income tax rate is also higher for YTD 2014 compared to YTD 2013 due to the taxable capital gain from disposal of property recorded in Q1 2014 and losses carried forward for which no deferred tax asset was recognized in YTD 2014, while YTD 2013 was impacted by non-taxable foreign exchange gain in Q1 2013 and by the non-taxable gain on settlement of the MCP litigation which was reflected as a reduction of the acquisition price.

Liquidity and Capital Resources

	Q2 2014	Q2 2013	% Change	YTD 2014	YTD 2013	% Change
	$	$		$	$	
Funds from operations[1]	5,774	1,560	270%	12,580	6,168	104%
Net change in non-cash working capital items	(16,665)	1,272	(1410%)	(26,218)	7,516	(449%)
Operating activities	(10,891)	2,832	(485%)	(13,638)	13,684	(200%)
Investing activities	(4,986)	(2,189)	128%	(5,318)	(4,775)	11%
Financing activities	20,594	2,939	601%	18,158	(3,101)	686%
Effect of foreign exchange rate changes on cash and cash equivalents related to operations	52	(315)	117%	26	145	(82%)
Net (decrease) increase in cash and cash equivalents	4,769	3,267	46%	(772)	5,953	(113%)

[1] See Non-IFRS Measures

For Q2 2014, cash consumed by operating activities was $10.9 million compared to cash generated of $2.8 million for the same period last year. This decrease in 2014 is mainly attributable to higher inventory and lower trade and accrued liabilities.

Investing activities consumed $5.0 million in Q2 2014 compared to $2.2 million in the same period a year ago. This increase is explained by an increase in acquisition of property, plant and equipment and by the acquisition of AM&M.

Cash generated by financing activities amounted to $20.6 million in Q2 2014 compared to $2.9 million in Q2 2013, this increase is associated with the issuance of convertible debentures occurred in Q2 2014 net from the repayment of long term debt under the credit facility and acquisition of the remaining 33.33% ownership interest in its subsidiary, Sylarus Technologies LLC.

For YTD 2014, cash consumed by operating activities was $13.6 million compared to cash generated of $13.7 million for the same period last year. This decrease in 2014 is mainly attributable to the inventory and accounts receivable increases in line with higher sales revenues and demand. Investing activities consumed $5.3 million compared to $4.8 million in the same period a year ago. This increase is explained by an increase in acquisition of property, plant and equipment and by the acquisition of AM&M partially offset by the proceeds of disposition of real estate property recorded in Q1 2014. Cash generated by financing activities amounted to $18.2 million compared to cash consumed of $3.1 million for the same period a year ago. This increase is mainly associated with the issuance of convertible debentures net of fees in Q2 2014 partially offset by repayment of long term debt.

Working Capital

	As at June 30, 2014	As at December 31, 2013
	$	$
Inventories	183,932	174,374
Other current assets	114,805	97,233
Current liabilities	(72,836)	(86,861)
Working capital[1]	225,901	184,746
Working capital current ratio[1]	4.10	3.13

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

Net Debt

	As at June 30, 2014	As at December 31, 2013
	$	$
Bank indebtedness and short-term debt	8,937	10,462
Long-term debt including current portion	36,184	72,785
Convertible debentures	49,309	-
Total Debt	94,430	83,247
Cash and cash equivalents and temporary investments (restricted)	(24,032)	(24,917)
Net Debt[1]	70,398	58,330

Total debt increased by $11.2 million to $94.4 million as at June 30, 2014 compared to $83.2 million as at December 31, 2013.

Net debt after taking into account cash and cash equivalents and restricted temporary investments increased by $12.1 million, from $58.3 million as at December 31, 2013 to $70.4 million as at June 30, 2014. The Company intends to continue to manage its debt responsibly through cost reductions and effective management of its working capital as it has done over the last several months. The current increase is mostly due to increase in sales volume and its impact on accounts receivable.

[1] See Non-IFRS Measures

Funds from Operations

	Q2 2014	Q2 2013	YTD2014	YTD 2013
	$	$	$	$
Funds from operations[1]	5,774	1,560	12,580	6,168
Net acquisition of PPE and intangible assets	(3,632)	(2,140)	(3,906)	(4,797)
Working capital changes	(16,665)	1,272	(26,218)	7,516
Settlement of the purchase price	-	45,188	-	45,188
Others	4,755	(4,727)	5,476	(2,186)
	(15,542)	39,593	(24,648)	45,721
Total movement in net debt[1]	(9,768)	41,153	(12,068)	51,889
Net debt[1], beginning of period	(60,630)	(125,811)	(58,330)	(136,547)
Net debt[1], end of period	(70,398)	(84,658)	(70,398)	(84,658)

Funds from operations increased to $5.8 million in Q2 2014 compared to $1.6 million in Q2 2013. The increase was mainly attributable to favorable net earnings before unfavorable working capital changes.

	Q2 2014	Q2 2013	YTD 2014	YTD 2013
Net debt[1] to annualized adjusted EBITDA[1] ratio	1.6	3.2	1.7	2.5
Annualized funds from operations[1] to net debt (%)	32.8	7.4	35.7	14.6

Net debt to annualized adjusted EBITDA ratio for Q2 2014 and YTD 2014 was 1.6 and 1.7 compared to 3.2 in Q2 2013 and 2.5 for YTD 2013. Annualized funds from operations to net debt represented 32.8% and 35.7% of the net debt compared to 7.4% and 14.6% for the same period last year.

Share Information

	As at August 7, 2014	As at December 31, 2013
Issued and outstanding shares	83,979,657	83,908,269
Stock options potentially issuable	1,702,100	1,637,951
Warrants potentially issuable expired on June 6, 2014	-	6,451,807
Convertible debentures potentially issuable	9,777,777	-

Off-Balance Sheet Arrangements

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

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

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

	Carrying amount	1 year	2-3 years	4-5 years	Beyond 5 years	Total
	$	$	$	$	$	$
Bank indebtedness	8,937	9,473	-	-	-	9,473
Trade and accrued liabilities	55,142	55,142	-	-	-	55,142
Derivative financial liabilities	11,418	1,940	-	9,478	-	11,418
Long-term debt	36,184	2,043	35,539	-	-	37,582
Convertible debentures	49,309	3,795	7,590	73,590	-	84,975
Other liabilities	11,048	-	13,913	-	-	13,913
Total	172,038	72,393	57,042	83,068	-	212,503

Contingencies

In the normal course of operations, the Company is exposed to events that could give rise to contingent liabilities or assets. As at August 7, 2014, the Company was not aware of any significant events that would have a material effect on its unaudited interim condensed consolidated financial statements, except for the legal proceedings and related matters described in Note 12 of the unaudited interim condensed consolidated financial statements for three and six-month periods ended June 30, 2014 and 2013.

Governance

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

Disclosure Controls and Procedures

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

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

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

Internal Control over Financial Reporting

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

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

Changes in Internal Control over Financial Reporting

No changes were made to our internal controls over financial reporting during the first semester ended June 30, 2014 that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

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

Accounting Policies and Changes

The accounting policies followed in the unaudited interim condensed consolidated financial statements are consistent with those used to prepare the annual consolidated financial statements for the year ended December 31, 2013, except as described below.

Embedded derivatives

Embedded derivatives, which include debenture conversion option, are recorded at fair value separately from the host contract when their economic characteristics and risks are not clearly and closely related to those of the host contract. Subsequent changes in fair value are recorded in financial expenses in the consolidated statements of earnings.

Changes in Accounting Policies

The Company has adopted the following new and revised standards, along with any consequential amendments, effective January 1, 2014. These changes were made in accordance with the applicable transitional provisions.

International Financial Reporting Interpretations Committee Interpretation 21, "Levies", provides guidance on accounting for levies in accordance with the requirements of IAS 37, "Provisions, Contingent Liabilities and Contingent Assets". The interpretation defines a levy as an outflow from an entity imposed by a government in accordance with legislation and confirms that a liability for a levy is recognized only when the triggering event specified in the legislation occurs. The Company has applied IFRIC 21 on a retrospective basis in compliance with the transitional requirements of IFRIC 21. The application of IFRIC 21 did not result in any significant changes to the interim financial statements.

New standards not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning on or after January 1, 2015, and have not been applied in preparing the interim condensed consolidated financial statements. None of these is expected to have a significant effect on the Company's consolidated financial statements, except the following set out below.

IFRS 9, "Financial Instruments", as issued, reflects the current status of the IASB's work plan on the replacement of IAS 39 and applies to classification and measurement of financial assets and financial liabilities, as defined in IAS 39. The IASB is also addressing hedge accounting and impairment of financial assets. In December 2013 the IASB removed the mandatory effective date of IFRS 9 until all phases of the project have been completed. The mandatory effective date has yet to be determined; however, it has been deferred beyond annual periods beginning on or after January 1, 2015.

The Company has not yet quantified the effect of the published phases of IFRS 9 nor does it intend at this time to early adopt IFRS 9 until the mandatory effective date.

Business Acquisitions

Acquisition of 33.33% interest in a subsidiary

On April 3, 2014, the Company acquired for an amount of $3.0 million the remaining 33.33% ownership interest in its subsidiary, Sylarus Technologies LLC, a germanium substrate supplier, and changed its name to 5N Plus Semiconductors LLC. As a result, Sylarus became a wholly owned subsidiary of the Company. The consideration paid with the related transaction costs have been recorded in equity.

Acquisition of Advanced Machine and Materials Inc

On May 5, 2014, the Company acquired all of the issued and outstanding shares in the capital of Advanced Machine and Materials Inc. ("AM&M") for a total consideration of $2.3 million (CA$2.5 million), mostly representing intangible assets. AM&M is a Kanata, Ontario based corporation specialized in manufacturing micron-sized metallic powders which can be used in a variety of electronic markets, including solder powders, silver-based powders and CIGS powders. The total consideration includes amounts outstanding to be paid up to May 2015 and a contingent consideration.

Financial Instruments and Risk Management

Fair Value of financial instruments

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

Financial Risk Management

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

Risk and Uncertainties

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

Non-IFRS Measures

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

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

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

EBITDA margin is defined as EBITDA divided by revenues.

Adjusted EBITDA means EBITDA as defined above before impairment of inventories. We use adjusted EBITDA because we believe it is a meaningful measure of the operating performance of our ongoing business without the effects of inventory write-downs. The definition of this non-IFRS measure used by the Company may differ from that used by other companies.

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

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

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

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

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

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

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

Additional Information

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

Selected Quarterly Financial Information

	2014		2013				2012	
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
	$	**$**	$	$	$	$	$	$
Revenues	**136,597**	**142,379**	119,416	108,570	112,637	118,389	128,620	120,744
EBITDA[1,2]	**11,524**	**11,178**	6,848	6,926	38,008	12,121	(223,440)	8,662
Adjusted EBITDA[2]	**10,816**	**10,501**	7,942	5,775	6,543	10,115	6,395	9,001
Net earnings (loss)	**4,436**	**4,519**	1,638	1,323	34,281	5,538	(211,953)	1,275
Basic earnings (loss) per share	**$0.05**	**$0.05**	$0.02	$0.02	$0.41	$0.07	($2.70)	$0.02
Diluted earnings (loss) per share	**$0.05**	**$0.05**	$0.02	$0.02	$0.41	$0.07	($2.70)	$0.02
Net earnings (loss) attributable to equity holders of 5N Plus Inc.	**4,436**	**4,655**	2,022	1,083	34,185	5,371	(212,006)	1,218
Basic earnings (loss) per share attributable to equity holders of 5N Plus Inc.	**$0,05**	**$0.06**	$0.02	$0.01	$0.41	$0.06	($2.71)	$0.02
Adjusted net earnings (loss)[2]	**4,440**	**4,916**	2,068	1,517	959	6,296	(6,880)	648
Basic adjusted net earnings (loss) per share[2]	**$0,05**	**$0.06**	$0.02	$0.02	$0.01	$0.08	($0.08)	$0.01
Backlog[2]	**150,363**	**187,330**	170,073	133,352	153,277	166,290	165,790	162,323

	2014		2013				2012	
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
	$	**$**	$	$	$	$	$	$
EBITDA – previous definition	**10,816**	**10,501**	7,942	5,775	(3,639)	10,115	(18,122)	9,001
Litigation and restructuring costs	**(6)**	**(619)**	(569)	(255)	(2,233)	(1,011)	(932)	(464)
Gain related to the settlement of MCP purchase price	**-**	**-**	-	-	45,188	-	-	-
Gain on disposal of property, plant and equipment	**-**	**1,312**	-	-	-	-	-	-
Impairment of intangible assets and goodwill	**-**	**-**	-	-	-	-	(165,507)	-
Impairment of property, plant and equipment	**-**	**-**	-	-	-	-	(39,239)	-
Reversal of impairment of property, plant and equipment	**-**	**-**	-	-	-	-	-	932
Foreign exchange and derivatives loss (gain)	**714**	**(16)**	(525)	1,406	(1,308)	3,017	360	(807)
EBITDA – current definition	**11,524**	**11,178**	6,848	6,926	38,008	12,121	(223,440)	8,662

Subsequent Event

As at August 7, 2014, the Company announced the closing of a new $125.0 million senior secured multi-currency revolving syndicated credit facility to replace its existing $100.0 million senior secured revolving facility. The new credit facility will be used to refinance existing indebtedness and for other corporate purposes, including capital expenditures and growth opportunities. The new credit facility is on a revolving basis and has a four-year term. It bears interest at either prime rate, US base rate, Hong Kong base rate or LIBOR plus a margin based on 5N Plus' senior consolidated debt to EBITDA ratio. It also provides the possibility of obtaining advances through banker's acceptances as well as the issuance of letters of credit. At any time, the Company has the option to request that the new credit facility be expanded to $150.0 million through the exercise of an additional $25 million accordion feature, subject to review and approval by the lenders.

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