MANAGEMENT REPORT

QUARTER ENDED MARCH 31, 2017

Human Resources/Finance/Eco-Friendly Materials /Electronic Materials/Recycling, Refining and R&D

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", the "Group" or "5N Plus"), its business environment, strategies, performance and risk factors. This MD&A should be read in conjunction with the unaudited condensed interim consolidated financial statements of Q1 2017 and the audited consolidated financial statements and the accompanying notes for the year ended December 31, 2016. This MD&A has been prepared in accordance with the requirements of the Canadian Securities Administrators.

Information contained herein includes any significant developments to May 2, 2017, 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 "Q1 2017" and the "Q1 2016" refer to the three-month periods ended March 31, 2017 and 2016 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.

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' 2016 MD&A dated February 21, 2017 and notes 11 and 12 of the unaudited condensed interim consolidated financial statements for the three-month periods ended March 31, 2017 and 2016, 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 manufacture 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.

Reporting 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[1] which is reconciled to consolidated numbers by taking into account corporate income and expenses.

The Electronic Materials segment operates in North America, 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 (terrestrial and spatial 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, compounds and wafers. 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 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 has 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 North America, 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. Management of such activities is the responsibility of the Eco-Friendly Materials executive team.

Corporate expenses associated with the head office and unallocated selling, general and administrative expenses (SG&A) together with financial expenses (revenues) have been regrouped under the heading Corporate.

Vision and Strategy

As a leading global material technology company with employees and assets throughout the world, we are determined to enable and empower our people in a manner which inspires them to perform collectively at their best and optimize resource utilization to deliver competitive financial returns.

The Company unveiled its Strategic Plan 5N21 ("5N21") designed to enhance profitability while reducing earnings volatility on September 12, 2016. 5N21 focuses on three major pillars:

1. Optimizing balance of contribution from upstream and downstream activities;
2. Extracting more value from core businesses and global assets; and
3. Delivering quality growth from both existing and future M&A opportunities.

[1] See Non-IFRS Measures

Highlights of Q1 2017 – Profitability and Discipline

Following a transitional year, the Company continued to improve performance and profitability, reporting a strong quarter in terms of earnings and making further progress toward the objectives defined by its Strategic Plan, 5N21. During this period, the Company continued to maintain a sound balance sheet in support of its growth initiatives.

- Adjusted EBITDA[1] and EBITDA[1] for the first quarter of 2017 reached $6.1 million and $9.7 million compared to $4.3 million and $2.9 million during the same quarter of 2016. The Adjusted EBITDA reflects improved profitability, strong product demand and overall performance of operating activities. The EBITDA for the quarter was positively impacted by non-recurring items, stemming from optimization of commercial agreements mandated over the past quarters by the Company's Strategic Plan, 5N21. This resulted in contract amendments including securing higher margins in the short term versus higher market share and termination of non-core commercial activities; the net result of which yielded a positive impact of $3.4 million compared to restructuring charges of $1.0 million for the same period last year.

- Net earnings for the first quarter of 2017 reached $4.2 million or $0.05 per share compared to a net loss of $1.9 million or ($0.02) per share for the same period last year.

- Revenue for Q1 2017 reached $60.9 million compared to $63.9 million for Q1 2016, with gross margin[1] reaching 23.1% in Q1 2017 compared to 19.4% for the same period of 2016.

- Net debt[1] stood at $20.8 million as at March 31, 2017 slightly higher when compared to December 31, 2016, with liquidity maintained at a high level.

- Backlog[1] reached as at March 31, 2017, a level of 128 days of sales outstanding, representing a decrease of 8 days compared to the previous quarter. Bookings in Q1 2017 reached 97 days compared to 78 days in Q4 2016 and 89 days in Q1 2016.

- The Company reaffirmed its guidance for 2017 as per 5N21.

- On February 21, 2017, 5N Plus announced an approved amendment to the Company's normal course issuer bid by the Toronto Stock Exchange under which 5N Plus has the right to purchase for cancellation a maximum of 2,100,000 common shares (previously 600,000) until October 10, 2017.

- On March 2, 2017, la Caisse de dépôt et placement du Québec announced the acquisition of 8,700,000 additional shares of 5N Plus on the secondary market, reinvesting $14.8 million, bringing la Caisse's ownership to 18.93%.

- During the quarter, the Company mandated on a non-exclusive basis, Arrowhead Business and Investment Decisions, an investor relations firm based in New York City, United States, to increase awareness within the investment community, expand its network, and support its communication program in the United States.

The Company is beginning to see results as it delivers the short-term objectives of its Strategic Plan, 5N21, specifically related to optimizing core businesses and global assets with notable progress in balancing quality of earnings while managing healthy market share along with consolidating the global footprint which is progressing in-line with the Company's expectations. In addition to improve profitability and quality of earnings, the Company expects much of this work to reduce earnings volatility. The Company is encouraged by the results and remains on course in congruence with 5N21.

[1] See Non-IFRS Measures

Management's Discussion and Analysis

Summary of Results

	Q1 2017	Q1 2016
	$	$
Revenue	**60,870**	63,868
Adjusted operating expenses[1] *	**(54,798)**	(59,618)
Adjusted EBITDA[1]	**6,072**	4,250
Impairment of inventory	**-**	-
Gain on disposal of property, plant and equipment	**390**	-
Litigation and restructuring income (costs)	**3,368**	(1,030)
Change in fair value of debenture conversion option	**22**	(309)
Foreign exchange and derivative loss	**(177)**	(27)
EBITDA[1]	**9,675**	2,884
Interest on long-term debt, imputed interest and other interest expense	**1,805**	2,699
Depreciation and amortization	**2,043**	2,406
Earnings (loss) before income taxes	**5,827**	(2,221)
Income tax expense (recovery)		
Current	**318**	699
Deferred	**1,356**	(1,011)
	1,674	(312)
Net earnings (loss)	**4,153**	(1,909)
Basic earnings (loss) per share	**$0.05**	($0.02)
Diluted earnings (loss) per share	**$0.05**	($0.02)

**Excluding litigation and restructuring (income) costs, gain on disposal of property, plant and equipment and depreciation and amortization.*

Revenue by Segment and Gross Margin

	Q1 2017	Q1 2016	Change
	$	$	
Electronic Materials	**19,339**	19,568	(1%)
Eco-Friendly Materials	**41,531**	44,300	(6%)
Total revenue	**60,870**	63,868	(5%)
Cost of sales	**(48,760)**	(53,739)	(9%)
Depreciation on property, plant and equipment (PPE)	**1,973**	2,246	(12%)
Gross margin[1]	**14,083**	12,375	14%
Gross margin percentage[1]	**23.1%**	19.4%	

During Q1 2017, revenue decreased by 5% compared to the corresponding period of 2016. Although, sales volume was lower in Q1 2017, gross margin[1] has improved reflecting the moderate price stability in metals supported by our selective approach focused on better margin products. The gross margin reached 23.1% in 2017 compared to 19.4% in 2016.

Operating earnings, EBITDA and Adjusted EBITDA

	Q1 2017	Q1 2016	Change
	$	$	
Electronic Materials	**6,960**	3,420	104%
Eco-Friendly Materials	**2,412**	3,828	(37%)
Corporate	**(3,300)**	(2,998)	10%
Adjusted EBITDA[1]	**6,072**	4,250	43%
EBITDA[1]	**9,675**	2,884	235%
Operating earnings	**7,787**	814	857%

[1] See Non-IFRS Measures

In Q1 2017, Operating earnings rose by $7.0 million to $7.8 million compared to $0.8 million in Q1 2016, driven mainly by better realized gross margins, the favorable impact from litigation and restructuring income, and a gain on disposal of property.

In Q1 2017, EBITDA[1] reached $9.7 million compared to $2.9 million in Q1 2016. For Q1 2017, the Company's EBITDA was positively impacted by moderate price stability for most metals, sustainable demand for its products and other factors mentioned above.

In Q1 2017, Adjusted EBITDA[1] rose by $1.8 million to $6.1 million compared to $4.3 million in Q1 2016, driven by a better sales mix and associated realized margins. Adjusted EBITDA for the Electronic Materials segment increased by $3.5 million to $7.0 million representing an Adjusted EBITDA margin[1] of 36% compared to 17% for Q1 2016. Adjusted EBITDA for the Eco-Friendly Materials segment decreased by $1.4 million to $2.4 million compared to $3.8 million in Q1 2016, representing an Adjusted EBITDA of 6% compared 9% in Q1 2016. The Adjusted EBITDA under Corporate for Q1 2017 was impacted by higher short-term incentive plans provision of $0.3 million compared to the same period of last year.

Net Earnings (Loss) and Adjusted Net Earnings (Loss)

	Q1 2017	Q1 2016
	$	$
Net earnings (loss)	**4,153**	(1,909)
Basic earnings (loss) per share	**$0.05**	($0.02)
Reconciling items:		
Litigation and restructuring (income) costs	**(3,368)**	1,030
Gain on disposal of property, plant and equipment	**(390)**	-
Change in fair value of debenture conversion option	**(22)**	309
Income taxes on taxable items above	**1,229**	(83)
Adjusted net earnings (loss)[1]	**1,602**	(653)
Basic adjusted net earnings (loss) per share[1]	**$0.02**	($0.01)

Net earnings reached $4.2 million in Q1 2017 compared to a net loss of $1.9 million in Q1 2016. In Q1 2017, Adjusted net earnings[1] increased by $2.3 million and reached $1.6 million compared to Adjusted net loss[1] of $0.7 million in Q1 2016. Excluding the income tax expense, the main items reconciling the Adjusted net earnings for Q1 2017 were an income resulting from an amendment to optimize commercial agreements mitigated by cost related to termination of a non-core activity as well as a gain on disposal on a redundant asset (property).

Bookings and Backlog

	BACKLOG[1]			**BOOKINGS[1]**		
	Q1 2017	Q4 2016	Q1 2016	**Q1 2017**	Q4 2016	Q1 2016
	$	$	$	**$**	$	$
Electronic Materials	**44,653**	35,417	48,481	**28,575**	13,821	20,824
Eco-Friendly Materials	**40,945**	46,377	53,192	**36,099**	32,702	41,778
Total	**85,598**	81,794	101,673	**64,674**	46,523	62,602

	BACKLOG[1]			**BOOKINGS[1]**		
(number of days based on annualized revenues) *	**Q1 2017**	Q4 2016	Q1 2016	**Q1 2017**	Q4 2016	Q1 2016
Electronic Materials	**211**	167	226	**135**	65	97
Eco-Friendly Materials	**90**	120	110	**79**	84	86
Weighted average	**128**	136	145	**97**	78	89

**Bookings and backlog are also presented in number of days to normalize the impact of commodity prices.*

[1] See Non-IFRS Measures

Q1 2017 vs Q4 2016

Backlog[1] reached as at March 31, 2017 a level of 128 days of sales outstanding, representing a decrease of 8 days compared to the previous quarter, resulting from restructuring of certain contracts to balance market share against profitability, as well as client activities associated with retooling and upgrading of their manufacturing footprint.

Backlog as at March 31, 2017, for the Electronic Materials segment represented 211 days of sales outstanding, an increase of 44 days, or 26%, over the backlog ended December 31, 2016. The backlog for the Eco-Friendly Materials segment represented 90 days of annualized segment revenues, a decrease of 30 days or 25%, over the backlog ended December 31, 2016, resulting from the restructuring of certain contracts to balance market share against profitability.

Bookings[1] for the Electronic Materials segment increased by 70 days compared to Q4 2016. Bookings for the Eco-Friendly Materials segment decreased by 5 days, from 84 days in Q4 2016 to 79 days in Q1 2017.

Q1 2017 vs Q1 2016

Backlog as at March 31, 2017 for the Electronic Materials segment decreased by 15 days and by 20 days for the Eco-Friendly Materials segment compared to March 31, 2016, resulting from our selective posture aimed at balancing market share against margin management, as well as recent announcement from a client to retrofit its operations.

Bookings increased by 38 days for the Electronic Materials segment and decreased by 7 days for the Eco-Friendly Materials segment compared to the previous year quarter.

Expenses

	Q1 2017	Q1 2016
	$	$
Depreciation and amortization	**2,043**	2,406
SG&A	**7,039**	6,378
Litigation and restructuring (income) costs	**(3,368)**	1,030
Financial expenses	**1,960**	3,035
Income tax expense (recovery)	**1,674**	(312)
Total expenses	**9,348**	12,537

Depreciation and Amortization

Depreciation and amortization expenses in Q1 2017 amounted to $2.0 million compared to $2.4 million for the same period of 2016, impacted by the accelerated depreciation recorded in Q3 2016 following the Company's decision to optimize its footprint.

SG&A

For Q1 2017, SG&A expenses were $7.0 million compared to $6.4 million for the same period of 2016. Variation is mostly explained by higher wages and other expenses mitigated by favourable exchange rates across most local currency denominated expenses in Q1 2017.

Litigation and Restructuring (Income) Costs

In Q1 2017, the Company recognized an income resulting from contract amendments for securing higher margins in the short term versus higher market share in the downstream business mitigated by costs related to the termination of non-core commercial activities in the upstream business activities. In Q1 2016, the Company recorded litigation and restructuring costs as provision of $1.0 million following initiatives to reduce its operating expenses and renegotiate unfavourable purchase contracts.

[1] See Non-IFRS Measures

Financial Expenses and Revenues

Financial expenses for Q1 2017 amounted to $2.0 million compared to $3.0 million for the same period last year. The decrease in financial expenses of $1.0 million is mainly due to lower other interest expenses combined with a small gain related to the fair value of the debenture conversion option when compared to a loss last year.

Income Taxes

The Company reported net earnings before income taxes of $5.8 million in Q1 2017 and net loss before income taxes of $2.2 million in Q1 2016. Income tax expense for Q1 2017 was $1.7 million compared to an income tax recovery of $0.3 million for the same period last year. These amounts were unfavorably impacted since the Company does not record the benefit of the tax losses incurred during those periods in certain jurisdictions.

Liquidity and Capital Resources

	Q1 2017	Q1 2016
	$	$
Funds from operations[1]	**8,730**	2,471
Net changes in non-cash working capital items	**(8,962)**	7,014
Operating activities	**(232)**	9,485
Investing activities	**(594)**	(2,004)
Financing activities	**(484)**	(1,598)
Effect of foreign exchange rate changes on cash and cash equivalents	**32**	152
Net (decrease) increase in cash and cash equivalents	**(1,278)**	6,035

Cash consumed by operating activities amounted to $0.2 million for Q1 2017 compared to cash provided by operating activities of $9.5 million for Q1 2016. Better management of non-cash working capital lead to a further reduction of $5.2 million in inventory but was mitigated by higher trade accounts receivable of $8.4 million and lower accounts payable of $4.9 million.

Cash used in investing activities totalled $0.6 million in Q1 2017 compared to $2.0 million for the corresponding period of 2016. The decrease is explained by the proceeds from disposal of a redundant asset and by lower acquisition of property, plant and equipment and intangible assets.

Cash used in financing activities amounted to $0.5 million in Q1 2017, compared to $1.6 million in Q1 2016. The decrease is mainly associated with a net reduction in the amounts drawn under the revolving facility following a better management of non-cash working capital. The Company had no drawdown under its credit facility at the end of Q1 2017 nor at the end the previous fiscal year. This decrease was partially mitigated by the common share repurchase program, started in October 2016.

Working Capital

	As at March 31, 2017	As at December 31, 2016
	$	$
Inventories	**75,074**	80,309
Other current assets	**71,931**	63,750
Current liabilities	**(62,070)**	(66,128)
Working capital[1]	**84,935**	77,931
Working capital current ratio[1]	**2.37**	2.18

The increase in working capital[1] compared to December 31, 2016 was mainly due to an increase in accounts receivable combined with lower accounts payable due to payments of short term obligations while the Company continued its effort to ensure a better alignment between material usage and purchase aimed at reducing inventory.

[1] See Non-IFRS Measures

Net Debt

	As at March 31, 2017	As at December 31, 2016
	$	$
Bank indebtedness	-	-
Long-term debt including current portion	330	325
Convertible debentures	44,356	43,157
Cross-currency swap	(818)	(189)
Total Debt	43,868	43,293
Cash and cash equivalents	(23,023)	(24,301)
Net Debt[1]	20,845	18,992

Total debt, including the cross-currency swap, increased by $0.6 million to $43.9 million as at March 31, 2017, compared to $43.3 million as at December 31, 2016.

Net debt[1], after considering cash and cash equivalents, increased by $1.9 million, from $19.0 million as at December 31, 2016 to $20.8 million as at March 31, 2017.

Funds from Operations

	Q1 2017	Q1 2016
	$	$
Funds from operations[1]	8,730	2,471
Net acquisition of PPE and intangible assets	(1,739)	(1,904)
Working capital changes	(8,962)	7,014
Proceeds on disposal of property, plant and equipment	1,145	-
Common shares repurchased	(484)	-
Others	(543)	(268)
	(10,583)	4,842
Total movement in net debt[1]	(1,853)	7,313
Net debt[1], beginning of period	(18,992)	(34,862)
Net debt[1], end of period	(20,845)	(27,549)

Funds from operations[1] increased by $6.3 million to $8.7 million in Q1 2017 compared to $2.5 million for the corresponding period of 2016. This increase was further reduced by the negative variance from working capital changes compared to the same periods last year.

Share Information

	As at May 2, 2017	As at March 31, 2017
Issued and outstanding shares	83,309,925	83,426,161
Stock options potentially issuable	2,673,648	2,673,648
Convertible debentures potentially issuable	9,777,777	9,777,777

On February 21, 2017, the Toronto Stock Exchange approved an amendment to the Company's normal course issuer bid implemented on October 11, 2016. Under this normal course issuer bid amendment, the Company has the right to purchase for cancellation, from October 11, 2016 to October 10, 2017, a maximum of 2,100,000 (previously 600,000) common shares. For the three-month period ended March 31, 2017, the Company repurchased and cancelled 352,396 common shares at an average price of $1.37 for a total amount of $0.5 million that has been applied against the equity.

[1] See Non-IFRS Measures

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 16 and 24 of the audited consolidated financial statements for the year ended December 31, 2016.

Commitments

As at March 31, 2017, in the normal course of business, the Company contracted letters of credit for an amount of up to $0.7 million ($0.7 million as at December 31, 2016).

Contingencies

In the normal course of operations, the Company is exposed to events that could give rise to contingent liabilities or assets. As at the date of issue of the consolidated financial statements, the Company was not aware of any significant events that would have a material effect on its consolidated financial statements.

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 other things, attest to the design of the disclosure controls and procedures and the design and effectiveness of internal controls 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.

Based on their evaluation carried out to assess the effectiveness of the Company's ICFR , the Chief Executive Officer and the Chief Financial Officer have concluded that the ICFR were designed and operated effectively using the Internal Control – Integrated Framework (2013 Framework) issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO 2013 Framework").

Changes in Internal Control over Financial Reporting

No changes were made to our ICFR during the three-month period ended March 31, 2017 that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

Accounting Policies and Changes

The Company established its accounting policies and methods used in the preparation of its audited consolidated financial statements for the fiscal year 2016 in accordance with IFRS. The Company's significant accounting policies are described in Note 2 of the audited consolidated financial statements for the year ended December 31, 2016. The key assumptions and basis for estimates that management has made under IFRS, and their impact on the amounts reported in the unaudited condensed interim consolidated financial statements and notes of Q1 2017, remain substantially unchanged from those described in the Company's audited consolidated financial statements for the fiscal year ended December 31, 2016.

Future Changes in Accounting Policies

The following standards have been issued but are not yet effective:

In May 2014, the IASB issued IFRS 15, "Revenues from Contracts with Customers", to specify how and when to recognize revenue as well as requiring the provision of more information and relevant disclosure. IFRS 15 supersedes IAS 18, "Revenue", IAS 11, "Construction Contracts", and other revenue-related interpretations. The standard will be mandatory on January 1, 2018 for the Company with earlier adoption permitted. The Company is currently evaluating the impact of this standard on its consolidated financial statements.

In July 2014, the IASB amended IFRS 9, "Financial Instruments", to bring together the classification and measurement, impairment and hedge accounting phases of the IASB's project to replace IAS 39, "Financial Instruments: Recognition and Measurement". The standard supersedes all previous versions of IFRS 9 and will be mandatory on January 1, 2018 for the Company with earlier application permitted. The Company is currently evaluating the impact of this standard on its consolidated financial statements.

In January 2016, IASB issued IFRS 16, "Leases", which specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17. The standard will be mandatory for annual periods beginning on or after January 1, 2019. The Company is currently evaluating the impact of this standard on its consolidated financial statements.

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 16 – Fair Value of Financial Instruments in the 2016 consolidated financial statements of the Company.

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 12 of the unaudited condensed interim consolidated financial statements for the three-month periods ended March 31, 2017 and 2016. 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' 2016 MD&A dated February 21, 2017. Factors of uncertainty and risks that might result in such differences include the risks associated with our growth strategy, international operations, international trade regulations, environmental regulations, competition, commodity price, source of supply, protection of intellectual property, inventory price, business interruptions, dependence on key personnel, collective agreements, and those associated with public issuer status. 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 orders we have received but have not yet executed and that are expected to translate into sales within the next twelve months expressed in number of days. Bookings represent orders received during the period considered, expressed in days, and is calculated by adding revenues to the increase or decrease in backlog for the period considered divided by annualized year revenues. We use backlog to provide an indication of expected future revenues in days, and bookings to determine our ability to sustain and increase our revenues.

EBITDA means net earnings (loss) before interest expenses (revenues), 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, allowance for doubtful of a receivable from a related party, litigation and restructuring costs, gain on disposal of property, plant and equipment, change in fair value of debenture conversion option, foreign exchange and derivatives loss (gain). 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 (loss) means the net earnings (loss) before the effect of charge of impairment related to inventory, PPE and intangible assets, impairment of goodwill, allowance for doubtful of a note receivable from a related party, litigation and restructuring costs, change in fair value of debenture conversion option 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, intangible asset impairment charges, allowance for doubtful of a receivable from a related party, litigation and restructuring costs and change in fair value of debenture conversion option. The definition of this non-IFRS measure used by the Company may differ from that used by other companies.

Adjusted Operating expenses means Operating charges before litigation and restructuring costs (income), gain on disposal on property, plant and equipment and depreciation and amortization. We use adjusted operating expenses to calculate the Adjusted EBITDA. We believe it is a meaningful measure of the operating performance of our ongoing business. 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, allowance for doubtful of a receivable from a related party, litigation and restructuring costs and change in fair value of debenture conversion option per share. The definition of this non-IFRS measure used by the Company may differ from that used by other companies.

Funds (used in) 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 (used in) from operations to be a key measure as it demonstrates the Company's ability to generate cash necessary for future growth and debt repayment.

Gross margin is a measure we use to monitor the sales contribution after paying cost of sales excluding depreciation of property, plant and equipment. We also expressed this measure in percentage of revenues by dividing the gross margin value by the total revenue.

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. We use it as an indicator of our overall financial position, and calculate it by taking our total debt, including the current portion and the cross-currency swap related to the convertible debenture, and subtracting cash and cash equivalents.

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

As at and for the three months ended:

(in thousands of United States dollars except per share amounts)	Mar. 31, 2017	Dec. 31, 2016	Sept. 30, 2016	June 30, 2016	Mar. 31, 2016	Dec. 31, 2015	Sept. 30, 2015	June 30, 2015
	$	$	$	$	$	$	$	$
Revenue	60,870	54,704	55,491	57,435	63,868	59,367	68,732	87,250
EBITDA[1]	9,675	4,803	2,066	5,358	2,884	(26,000)	(26,136)	(5,966)
Adjusted EBITDA[1]	6,072	4,331	6,816	4,714	4,250	674	1,052	1,963
Net earnings (loss) attributable to equity holders of 5N Plus	4,154	158	(4,232)	86	(1,907)	(42,615)	(32,171)	(20,463)
Basic earnings (loss) per share attributable to equity holders of 5N Plus	$0.05	$-	($0.05)	$-	($0.02)	($0.51)	($0.38)	($0.24)
Net earnings (loss)	4,153	158	(4,232)	87	(1,909)	(42,615)	(32,171)	(20,464)
Basic earnings (loss) per share	$0.05	$-	($0.05)	$-	($0.02)	($0.51)	($0.38)	($0.24)
Diluted earnings (loss) per share	$0.05	$-	($0.05)	$-	($0.02)	($0.51)	($0.38)	($0.24)
Adjusted net earnings (loss)[1]	1,602	148	2,298	45	(653)	(12,966)	(5,652)	(6,125)
Basic adjusted net earnings (loss) per share[1]	$0.02	$-	$0.03	$-	($0.01)	($0.15)	($0.07)	($0.07)
Funds from (used in) operations[1]	8,730	5,256	238	4,521	2,471	(5,734)	(620)	(1,482)
Backlog[1]	128 days	136 days	148 days	157 days	145 days	158 days	134 days	137 days

[1] See Non-IFRS Measures

Metal Prices
(in U.S. dollars per kilo)