MANAGEMENT REPORT

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Quarter ended March 31, 2016

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 condensed interim consolidated financial statements of Q1 2016 and the audited consolidated financial statements and the accompanying notes for the year ended December 31, 2015. 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 3, 2016, 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 2016" and the "Q1 2015" refer to the three-month periods ended March 31, 2016 and 2015. 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' 2015 MD&A dated February 23, 2016 and notes 11 and 12 of the unaudited condensed interim consolidated financial statements for the three-month periods ended March 31, 2016 and 2015, 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[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 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 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 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.

[1] See Non-IFRS Measures

Highlights of Q1 2016

The Company completed a quarter characterized by healthy demand for its products in an environment of relative stability with respect to most commodity prices resulting in Adjusted EBITDA[1] and EBITDA[1] to recover from 2015 levels. In addition, the Company continued to manage cash diligently, operating expenses judiciously and adapted a more selective approach toward market opportunities; all of which positively contributed to improvement in bottom-line performance and further enabled the Company to reduce its overall debt level.

- Adjusted EBITDA and EBITDA reached positive $4.3 million and $2.9 million in Q1 2016 compared to $0.3 million and $3.4 million in Q1 2015. The Adjusted EBITDA recovered from the last four quarters accommodated by relatively stable commodity prices and reduced operating expenses.

- Net debt[1] was reduced by $7.3 million during the quarter standing at $27.5 million as at March 31, 2016 down from $74.9 million one year earlier, following reduction of working capital requirements.

- Revenues for Q1 2016 reached $63.9 million compared to $95.7 million for the same quarter of 2015, impacted by important decrease of underlying commodity pricing over the last 12 months.

- Similarly the backlog[1] and bookings[1] were negatively impacted by decreases in underlying commodity pricing when expressed in dollars, however backlog reached as at March 31, 2016 a level of 145 days of sales outstanding down by 13 days over the backlog as at December 31, 2015. Bookings[1] for the first quarter of 2016 reached 89 days compared to 95 days in the fourth quarter of 2015.

Following a difficult year in 2015, the Company is reporting an improvement in profitability which is fostered by relative stability in commodity prices, favorable sales mix supported in part by selective approach toward market opportunities and positive outcome from efforts and initiatives aimed at improving efficiency, reducing costs, and managing working capital.

In addition, the Company has begun to actively engage select suppliers and implement mutually acceptable agreements which realign the nature of the relationship with the realities of the market. Moreover, 5N Plus has been engaging various business partners to seek alternative business models in order to accommodate the future needs of all parties involved.

In February, shortly after the new President and Chief Executive Officer Mr. Arjang (AJ) Roshan joined the group, the Company announced its intention to articulate the highlights of its strategic plan by early this fall. The Company continues to make progress toward this target and has begun a comprehensive process examining its core business. The Company is also closely evaluating growth opportunities in order to develop a range of options and compatibility with its future trajectory.

[1] See Non-IFRS Measures

Summary of Results

	Q1 2016	Q1 2015
	$	$
Revenues	**63,868**	95,663
Operating expenses *	**(59,618)**	(95,393)
Adjusted EBITDA[1]	**4,250**	270
Litigation and restructuring costs	**(1,030)**	-
Change in fair value of debenture conversion option	**(309)**	713
Foreign exchange and derivative (loss) gain	**(27)**	2,423
EBITDA[1]	**2,884**	3,406
Interest on long-term debt, imputed interest and other interest expense	**2,699**	2,083
Depreciation and amortization	**2,406**	2,826
Loss before income taxes	**(2,221)**	(1,503)
Income tax expense (recovery)		
Current	**699**	(288)
Deferred	**(1,011)**	736
	(312)	448
Net loss	**(1,909)**	(1,951)
Basic loss per share	**($0.02)**	($0.02)
Diluted loss per share	**($0.02)**	($0.05)

**Excluding litigation and restructuring costs and depreciation and amortization.*

Revenues by Segment

	Q1 2016	Q1 2015	Change
	$	$	
Electronic Materials	**19,568**	29,640	(34%)
Eco-Friendly Materials	**44,300**	66,023	(33%)
Total revenues	**63,868**	95,663	(33%)

Revenues decreased by 33% compared to the prior year quarter, impacted by an important decrease in underlying commodity pricing initiated over the course of 2015. Revenues in Q1 2016 for the Electronic Materials segment reached $19.6 million, lower from $29.6 million in Q1 2015, impacted negatively by prices and volumes. Eco-Friendly Materials segment revenues reached $44.3 million, lower from $66.0 million in Q1 2015, impacted by prices when compared to the prior year quarter as well.

EBITDA and Adjusted EBITDA

	Q1 2016	Q1 2015	Change
	$	$	
Electronic Materials	**3,420**	3,259	5%
Eco-Friendly Materials	**3,828**	(641)	697%
Corporate	**(2,998)**	(2,348)	(28%)
Adjusted EBITDA[1]	**4,250**	270	1,474%
EBITDA[1]	**2,884**	3,406	(15%)

[1] See Non-IFRS Measures

In Q1 2016, EBITDA[1] reached $2.9 million compared to $3.4 million for the same quarter of last year. EBITDA margin[1] for the current period was positively impacted by stability in market prices for most metals and favorable variance although mitigated by foreign exchange gains recorded during Q1 2015 in reference to the convertible debenture. The full value of the convertible debenture nominated in Canadian dollars is covered by a cross-currency swap contract and is accounted for as a cash flow hedge from December 7, 2015. In Q1 2016, Adjusted EBITDA[1] amounted to $4.3 million compared to $0.3 million for the same period a year ago. The Adjusted EBITDA improved from better realized margins and lower operating costs compared to the same period a year ago. Adjusted EBITDA for the Electronic Materials segment increased by $0.2 million to $3.4 million representing an Adjusted EBITDA margin of 17% compared to 11% for the prior year quarter. Adjusted EBITDA for the Eco-Friendly Materials segment increased by $4.5 million to $3.8 million compared to a negative amount of $0.6 million in Q1 2015.

Net loss and Adjusted net loss

	Q1 2016	Q1 2015
	$	$
Net loss	**(1,909)**	(1,951)
Basic loss per share	**($0.02)**	($0.02)
Reconciling items:		
Litigation and restructuring costs	**1,030**	-
Change in fair value of debenture conversion option	**309**	(713)
Income taxes on taxable items above	**(83)**	192
Adjusted net loss[1]	**(653)**	(2,472)
Basic adjusted net loss per share[1]	**($0.01)**	($0.03)

In Q1 2016, Adjusted net loss[1] improved by $1.8 million from an Adjusted net loss of $2.5 million to $0.7 million when compared to the same period last year. The main factors reconciling the Adjusted net loss of the quarter are extraordinary costs for the closure of a sales office in Europe and settlement of an unfavorable supply contract, as well as a charge related to the fair value of the debenture conversion option following the Company's stock price level. Net loss reached $1.9 million in Q1 2016 compared to $2.0 million for the same period last year.

Inventory Impairment Charges

	Q1 2016	Q1 2015
	$	$
Electronic Materials	**-**	-
Eco-Friendly Materials	**-**	-
Total	**-**	-

No inventory impairment charges were recorded in Q1 2016 nor Q1 2015, reflecting the expected net realized value analysis as at March 31, 2016 and 2015.

[1] See Non-IFRS Measures

Bookings and Backlog

	BACKLOG[1]			BOOKINGS[1]		
	Q1 2016	Q4 2015	Q1 2015	**Q1 2016**	Q4 2015	Q1 2015
	$	$	$	**$**	$	$
Electronic Materials	**48,481**	47,225	81,066	**20,824**	11,093	27,030
Eco-Friendly Materials	**53,192**	55,714	67,696	**41,778**	50,645	64,236
Total	**101,673**	102,939	148,762	**62,602**	61,738	91,266

(number of days based on annualized revenues)*	BACKLOG[1]			BOOKINGS[1]		
	Q1 2016	Q4 2015	Q1 2015	**Q1 2016**	Q4 2015	Q1 2015
Electronic Materials	**226**	229	250	**97**	54	83
Eco-Friendly Materials	**110**	125	94	**86**	114	89
Weighted average	**145**	158	142	**89**	95	87

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

Q1 2016 vs Q4 2015

Overall the backlog[1] as at March 31, 2016 represented 145 days of annualized revenues, following the renewal pattern of most contracts which generally occurs in the first and fourth quarters of the year.

Backlog as at March 31, 2016, for the Electronic Materials segment represented 226 days of annualized segment revenues decreasing by 3 days, or 1%, over the backlog of Q4 2015. The backlog for the Eco-Friendly Materials segment represented 110 days of annualized segment revenues, a decrease of 15 days or 12%, over the backlog of Q4 2015.

Bookings[1] for the Electronic Materials segment increased by 43 days to 97 days compared to Q4 2015. Bookings for the Eco-Friendly Materials segment decreased by 28 days, from 114 days in Q4 2015 to 86 days in Q1 2016.

Q1 2016 vs Q1 2015

Backlog as at March 31, 2016 for the Electronic Materials segment decreased by 24 days, and increased by 16 days for the Eco-Friendly Materials segment compared to March 31, 2015.

Bookings increased by 14 days for the Electronic Materials segment and decreased by 3 days for the Eco-Friendly Materials segment compared to the previous year quarter.

Expenses

	Q1 2016	Q1 2015
	$	$
Depreciation and amortization	**2,406**	2,826
SG&A	**6,378**	7,024
Litigation and restructuring costs	**1,030**	-
Financial expenses (revenues)	**3,035**	(1,053)
Income tax (recovery) expense	**(312)**	448
Total expenses	**12,537**	9,245

Depreciation and Amortization

Depreciation and amortization expenses in Q1 2016 amounted to $2.4 million compared to $2.8 million for the same period of 2015. The decrease in Q1 2016 follows accelerated amortization of selected intangible and tangible assets during the later course of year 2015.

[1] See Non-IFRS Measures

SG&A

For Q1 2016, SG&A expenses were $6.4 million compared to $7.0 million for the same period of 2015. Variation is mostly explained by lower wages and other expenses as well as favourable exchange rates across most local currency denominated expenses for the quarter.

Litigation and Restructuring costs

Following initiatives to reduce its operating expenses and renegotiate unfavourable purchasing contracts, the Company recorded litigation and restructuring costs as provision of $1.0 million compared to nil for the same period a year ago.

Financial expenses and revenues

Financial expenses for Q1 2016 amounted to $3.0 million compared to financial revenues of $1.1 million for the same period last year. The increase in financial expenses of $4.1 million is mainly due to a provisional charge from the change in the fair value of the debenture conversion option combined with lower unrealized foreign exchange and derivative gain. The full value of the convertible debenture is currently covered by a cross-currency swap contract and accounted for as a cash flow hedge from December 7, 2015.

Income Taxes

The Company reported a net loss before income taxes of $2.2 million in Q1 2016 and $1.5 million in Q1 2015. Income tax recovery for Q1 2016 was $0.3 million compared to an expense of $0.4 million for the same quarter of last year. The tax expense for Q1 2015 was higher due to losses carried forward for which no deferred tax asset was recognized at that time.

Liquidity and Capital Resources

	Q1 2016	Q1 2015
	$	$
Funds from (used in) operations[1]	**2,471**	(2,015)
Net changes in non-cash working capital items	**7,014**	14,657
Operating activities	**9,485**	12,642
Investing activities	**(2,004)**	(6,188)
Financing activities	**(1,598)**	(6,101)
Effect of foreign exchange rate changes on cash and cash equivalents related to operations	**152**	(550)
Net increase (decrease) in cash and cash equivalents	**6,035**	(197)

For Q1 2016, cash generated by operating activities was $9.5 million compared to $12.6 million for the same period last year. Despite the fact that the Company continues to better manage non-cash working capital, especially inventory expressed in days, the decreased value is mainly attributable to lower commodity prices and its impact on the value of our products on a unit basis. Better management of non-cash working capital and lower metal market prices lead to a further reduction of $8.2 million in inventory, partially offset by an increase of $2.8 million in trade accounts receivable mitigated by higher accounts payable of $1.7 million.

Investing activities consumed $2.0 million in Q1 2016 compared to $6.2 million in the same period a year ago. This decrease is explained by a decrease in acquisition of property, plant and equipment and intangible assets.

Financing activities consumed $1.6 million in Q1 2016 compared to $6.1 million in the same period a year ago. This 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.

[1] See Non-IFRS Measures

Working Capital

	As at March 31, 2016	As at December 31, 2015
	$	$
Inventories	**81,306**	89,052
Other current assets	**60,354**	50,593
Current liabilities	**(49,279)**	(45,777)
Working capital[1]	**92,381**	93,868
Working capital current ratio[1]	**2.87**	3.05

The decrease in working capital[1] is mainly due to a better alignment between material usage and purchase in an effort to reduce inventory as well as lower average commodity pricing compared to December 31, 2015.

Net Debt

	As at March 31, 2016	As at December 31, 2015
	$	$
Bank indebtedness	**-**	-
Long-term debt including current portion	**488**	1,947
Convertible debentures	**43,342**	40,288
Cross-currency swap	**(1,430)**	1,443
Total Debt	**42,400**	43,678
Cash and cash equivalents	**(14,851)**	(8,816)
Net Debt[1]	**27,549**	34,862

Total debt, including the cross-currency swap decreased by $1.3 million to $42.4 million as at March 31, 2016, compared to $43.7 million as at December 31, 2015.

Net debt[1] after taking into account cash and cash equivalents decreased by $7.3 million, from $34.9 million as at December 31, 2015 to $27.5 million as at March 31, 2016.

On December 7, 2015, the Company entered into a cross-currency swap to hedge the convertible debenture denominated in Canadian dollars to US dollars.

Funds from Operations

	Q1 2016	Q1 2015
	$	$
Funds from (used in) operations[1]	**2,471**	(2,015)
Net acquisition of PPE and intangible assets	**(1,904)**	(6,254)
Working capital changes	**7,014**	14,657
Others	**(268)**	2,731
	4,842	11,134
Total movement in net debt[1]	**7,313**	9,119
Net debt[1], beginning of period	**(34,862)**	(84,007)
Net debt[1], end of period	**(27,549)**	(74,888)

For Q1 2016, funds generated by operations[1] increased to $2.5 million compared to funds used in operations[1] of $2.0 million for the same period of 2015. This increase was further supported by lower acquisition of PPE and intangible assets, offsetting the negative variance from the lower positive impact in working capital changes when compared to the same quarter last year.

[1] See Non-IFRS Measures

Share Information

	As at May 3, 2016	As at March 31, 2016
Issued and outstanding shares	**83,979,657**	83,979,657
Stock options potentially issuable	**3,003,345**	3,003,345
Convertible debentures potentially issuable	**9,777,777**	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 17 and 25 of the audited consolidated financial statements for the year ended December 31, 2015.

Commitments

As at March 31, 2016, in the normal course of business, the Company contracted letters of credit for an amount of up to $0.5 million ($0.5 million as at December 31, 2015).

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, 2016 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 2015 in accordance with IFRS. The Company's significant accounting policies are described in Note 2 of the December 31, 2015 audited consolidated financial statements. The key assumptions and basis for estimates that management has made under IFRS, and their impact on the amounts reported in the consolidated financial statements and notes, remain substantially unchanged from those described in the Company's audited consolidated financial statements for the fiscal year ended December 31, 2015.

Assets are reviewed for an indication of impairment at each statement of financial position date upon the occurrence of events or changes in circumstances indicating that the carrying value of the assets may not be recoverable which requires significant judgment.

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.

In January 2016, IASB amended IAS 7, "Statement of Cash Flows", The amendments require that the following changes in liabilities arising from financing activities are disclosed (to the extent necessary): (i) changes from financing cash flows; (ii) changes arising from obtaining or losing control of subsidiaries or other businesses; (iii) the effect of changes in foreign exchange rates; (iv) changes in fair values; and (v) other changes. One way to fulfil the new disclosure requirement is to provide a reconciliation between the opening and closing balances in the statement of financial position for liabilities arising from financing activities. Finally, the amendments state that changes in liabilities arising from financing activities must be disclosed separately from changes in other assets and liabilities. This amendment will be mandatory for reporting periods beginning on or after January 1, 2017. 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 17 – Fair Value of Financial Instruments in the 2015 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 11 of the unaudited condensed interim consolidated financial statements for the three-month periods ended March 31, 2016 and 2015. 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' 2015 MD&A dated February 23, 2016. 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 and investments, additional indebtedness, credit, interest rates, inventory pricing, currency fluctuation, fair value, commodity price, source of supplies, environmental regulations, competition, dependence on key personnel, business interruptions, protection of intellectual property, international operations, 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.

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.

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.

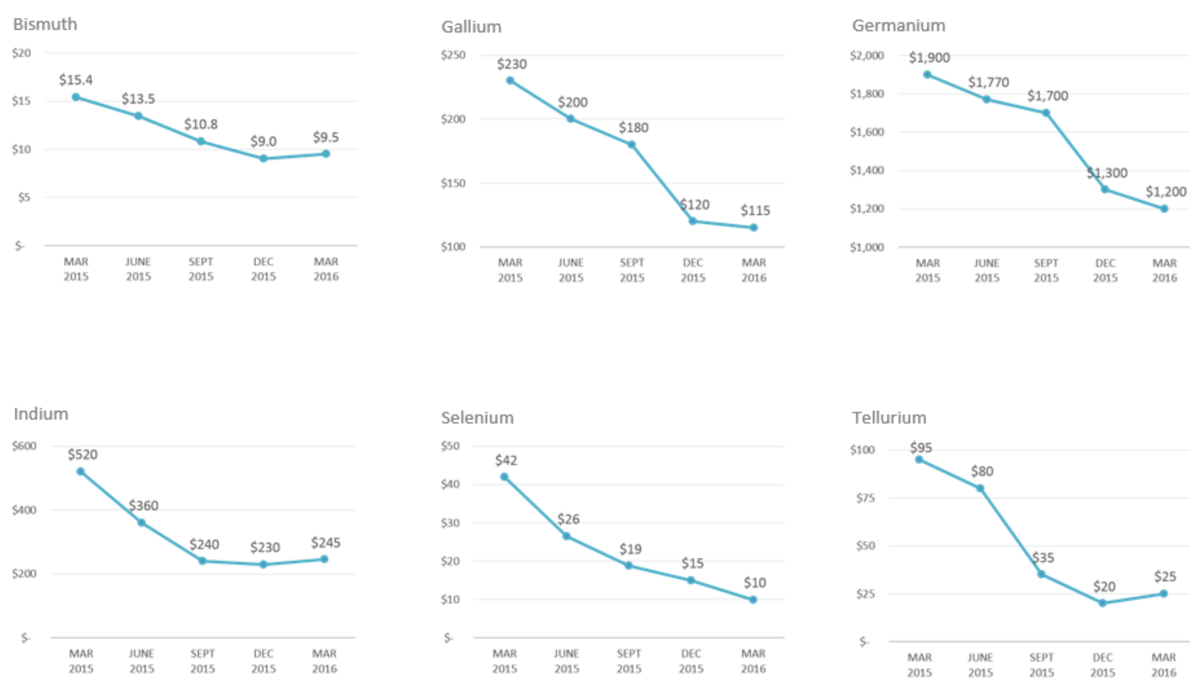
Working capital ratio is calculated by dividing current assets by current liabilities.

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.

Metal Prices

(in U.S. dollars per kilo)



Source: Low Metal Bulletin

Selected Data Information

The following table provides selected quarterly financial information for the years 2014 through to 2016.

(in thousands of United States dollars except per share amounts)	Q1	Q2	Q3	Q4	
Fiscal 2016					**Year to date**
Revenues	63,868	2	2	2	63,868
EBITDA[1]	2,884	2	2	2	2,884
Adjusted EBITDA[1]	4,250	2	2	2	4,250
Net loss attributable to equity holders of 5N Plus	(1,907)	2	2	2	(1,907)
Basic loss per share attributable to equity holders of 5N Plus	($0.02)	2	2	2	($0.02)
Net loss	(1,909)	2	2	2	(1,909)
Basic loss per share	($0.02)	2	2	2	($0.02)
Diluted loss per share	($0.02)	2	2	2	($0.02)
Adjusted net loss[1]	(653)	2	2	2	(653)
Basic adjusted net loss per share[1]	($0.01)	2	2	2	($0.01)
Funds from operations[1]	2,471	2	2	2	2,471
Backlog[1]	145 days	2	2	2	145 days
Fiscal 2015					**Total**
Revenues	95,663	87,250	68,732	59,367	311,012
EBITDA[1]	3,406	(5,966)	(26,136)	(26,000)	(54,696)
Adjusted EBITDA[1]	270	1,963	1,052	674	3,959
Net loss attributable to equity holders of 5N Plus	(1,949)	(20,463)	(32,171)	(42,615)	(97,198)
Basic loss per share attributable to equity holders of 5N Plus	($0.02)	($0.24)	($0.38)	($0.51)	($1.16)
Net loss	(1,951)	(20,464)	(32,171)	(42,615)	(97,201)
Basic loss per share	($0.02)	($0.24)	($0.38)	($0.51)	($1.16)
Diluted loss per share	($0.05)	($0.24)	($0.38)	($0.51)	($1.16)
Adjusted net loss[1]	(2,472)	(6,125)	(5,652)	(12,966)	(27,215)
Basic adjusted net loss per share[1]	($0,03)	($0,07)	($0,07)	($0,15)	($0.32)
Funds used in operations[1]	(2,015)	(1,482)	(620)	(5,734)	(9,851)
Backlog[1]	142 days	137 days	134 days	158 days	158 days
Fiscal 2014					**Total**
Revenues	142,379	136,597	114,438	114,781	508,195
EBITDA[1]	11,178	11,524	12,721	4,021	39,444
Adjusted EBITDA[1]	10,501	10,816	8,071	5,657	35,045
Net earnings (loss) attributable to equity holders of 5N Plus	4,655	4,436	4,172	(2,451)	10,812
Basic earnings (loss) per share attributable to equity holders of 5N Plus	$0.06	$0,05	$0.05	($0.03)	$0.13
Net earnings (loss)	4,519	4,436	4,171	(2,453)	10,673
Basic earnings (loss) per share	$0.05	$0.05	$0.05	($0.03)	$0.13
Diluted earnings (loss) per share	$0.05	$0.05	($0.01)	($0.04)	$0.05
Adjusted net earnings [1]	4,916	4,303	170	1,247	10,636
Basic adjusted net earnings (loss) per share[1]	$0.06	$0.05	$-	$0.01	$0.13
Funds from operations[1]	6,806	5,774	982	4,030	17,592
Backlog[1]	120 days	100 days	109 days	122 days	122 days

[1] See Non-IFRS Measures
[2] Not available