

5N PLUS INC.

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

TAKE NOTICE that an Annual Meeting of shareholders (the “**Meeting**”) of 5N PLUS INC. (the “**Corporation**”) will be held:

Place: McCord Museum
J. Armand Bombardier Room
690 Sherbrooke Street West
Montreal, Québec

Date: October 8, 2009

Time: 10:00 a.m.

The purposes of the Meeting are to:

1. Receive and consider the consolidated financial statements of the Corporation for the fiscal year ended May 31, 2009 and the auditors’ report thereon;
2. Elect directors;
3. Appoint auditors and authorize the directors to fix their remuneration; and
4. Transact such other business as may properly be brought before the Meeting.

If you are unable to attend the Meeting in person, please date, sign and return the enclosed form of proxy. Proxies to be used at the Meeting must be deposited with Computershare Investor Services Inc. (Attention: Proxy Department), 100 University Avenue, 9th Floor, Toronto, Ontario M5J 2Y1 no later than 5:00 p.m. on October 6, 2009.

DATED at Ville Saint-Laurent, Québec
September 4, 2009

BY ORDER OF THE BOARD OF DIRECTORS



Jacques L’Écuyer
President and Chief Executive Officer

MANAGEMENT PROXY CIRCULAR

SOLICITATION OF PROXIES BY MANAGEMENT

This Management Proxy Circular is furnished in connection with the solicitation by the management of 5N Plus Inc. (the “Corporation”) of proxies to be used at the Annual Meeting of shareholders (the “Meeting”) of the Corporation to be held at the time and place and for the purposes set forth in the Notice of Meeting and all adjournments thereof. Except as otherwise stated, the information contained herein is given as of August 31, 2009. The solicitation will be made primarily by mail. However, officers and employees of the Corporation may also solicit proxies by telephone, telecopier, e-mail or in person. The total cost of solicitation of proxies will be borne by the Corporation.

APPOINTMENT AND REVOCATION OF PROXIES

The persons named in the enclosed form of proxy are directors and officers of the Corporation. **Each shareholder is entitled to appoint a person, who need not be a shareholder, to represent him or her at the Meeting other than those whose names are printed on the accompanying form of proxy by inserting such other person’s name in the blank space provided in the form of proxy and signing the form of proxy or by completing and signing another proper form of proxy.** To be valid, the duly-completed form of proxy must be deposited at the offices of Computershare Investor Services Inc. (Attention: Proxy Department), 100 University Avenue, 9th Floor, Toronto, Ontario M5J 2Y1 no later than 5:00 p.m. on October 6, 2009. The instrument appointing a proxy-holder must be executed by the shareholder or by his attorney authorized in writing or, if the shareholder is a corporate body, by its authorized officer or officers.

A shareholder who has given a proxy may revoke it, as to any motion on which a vote has not already been cast pursuant to the authority conferred by it, by an instrument in writing executed by the shareholder or by the shareholder’s attorney authorized in writing or, if the shareholder is a corporation, under its corporate seal or by an officer or attorney thereof duly authorized. The revocation of a proxy, in order to be acted upon, must be deposited with Computershare Investor Services Inc. (Attention: Proxy Department), 100 University Avenue, 9th Floor, Toronto, Ontario M5J 2Y1 at any time up to and including the last business day preceding the Meeting, or any adjournment thereof at which the proxy is to be used, or with the Chairman of such Meeting, on the day of the Meeting or any adjournment thereof, or in any other manner permitted by law.

EXERCISE OF DISCRETION BY PROXIES

In the absence of any direction to the contrary, shares represented by properly-executed proxies in favour of the persons designated in the enclosed form of proxy will be voted for the: (i) election of directors; and (ii) appointment of auditors, as stated under such headings in this Management Proxy Circular. Instructions with respect to voting will be respected by the persons designated in the enclosed form of proxy. With respect to amendments or variations to matters identified in the Notice of Meeting and with respect to other matters that may properly come before the Meeting, such shares will be voted by the persons so designated in their discretion. At the time of printing this Management Proxy Circular, management of the Corporation knows of no such amendments, variations or other matters.

NON-REGISTERED SHAREHOLDERS

Only registered shareholders or the persons they appoint as their proxies are permitted to vote at the Meeting. However, in many cases, shares beneficially owned by a non-registered shareholder (a “**Non-Registered Holder**”) are registered either: (i) in the name of an intermediary (an “**Intermediary**”) that the Non-Registered Holder deals with in respect of the common shares (such as securities dealers or brokers, banks, trust companies, and trustees or administrators of self-administered RRSPs, RRIFs, RESPs and similar plans) or (ii) in the name of a clearing agency of which the Intermediary is a participant. In accordance with National Instrument 54-101 of the Canadian Securities Administrators, entitled “Communication with Beneficial Owners of Securities of a Reporting Issuer”, the Corporation has distributed copies of the Notice of Meeting and this Management Proxy Circular (collectively, the “**Meeting Materials**”) to the clearing agencies and Intermediaries for distribution to Non-Registered Holders. Intermediaries are required to forward the Meeting Materials to Non-Registered Holders unless a Non-Registered Holder has waived the right to receive it. Intermediaries often use service companies to forward meeting materials to Non-Registered Holders. Generally, Non-Registered Holders who have not waived the right to receive this Management Proxy Circular will either:

- (a) typically, be provided with a computerized form (often called a “voting instruction form”) which is not signed by the Intermediary and which, when properly completed and signed by the Non-Registered Holder and returned to the Intermediary or its service company, will constitute voting instructions which the

Intermediary must follow. In order for the applicable computerized form to validly constitute a voting instruction form, the Non-Registered Holder must properly complete and sign the form and submit it to the Intermediary or its service company in accordance with the instructions of the Intermediary or service company. In certain cases, the Non-Registered Holder may provide such voting instructions to the Intermediary or its service company through the Internet or through a toll-free telephone number; or

- (b) less commonly, be given a proxy form which has already been signed by the Intermediary (typically by a facsimile, stamped signature), which is restricted to the number of shares beneficially owned by the Non-Registered Holder but which is otherwise not completed. In this case, the Non-Registered Holder who wishes to submit a proxy should properly complete the proxy form and submit it to Computershare Investor Services Inc. (Attention: Proxy Department), 100 University Avenue, 9th Floor, Toronto, Ontario M5J 2Y1.

In either case, the purpose of these procedures is to permit Non-Registered Holders to direct the voting of the common shares which they beneficially own.

Should a Non-Registered Holder who receives a voting instruction form wish to vote at the Meeting in person (or have another person attend and vote on behalf of the Non-Registered Holder), the Non-Registered Holder should print his or her own name, or that of such other person, on the voting instruction form and return it to the Intermediary or its service company. Should a Non-Registered Holder who receives a proxy form wish to vote at the Meeting in person (or have another person attend and vote on behalf of the Non-Registered Holder), the Non-Registered Holder should strike out the names of the persons set out in the proxy form and insert the name of the Non-Registered Holder or such other person in the blank space provided and submit it to Computershare Investor Services Inc. at the address above.

In all cases, Non-Registered Holders should carefully follow the instructions of their Intermediary, including those regarding when, where and by what means the voting instruction form or proxy form must be delivered.

A Non-Registered Holder may revoke voting instructions which have been given to an Intermediary at any time by written notice to the Intermediary.

VOTING SHARES

As at August 31, 2009, there were 45,520,225 common shares of the Corporation issued and outstanding. Each common share entitles the holder thereof to one vote. The Corporation has fixed August 31, 2009 as the record date (the “**Record Date**”) for the purpose of determining shareholders entitled to receive notice of the Meeting. Pursuant to the *Canada Business Corporations Act*, the Corporation is required to prepare, no later than ten days after the Record Date, an alphabetical list of shareholders entitled to vote as of the Record Date that shows the number of shares held by each shareholder. A shareholder whose name appears on the list referred to above is entitled to vote the shares shown opposite his or her name at the Meeting. The list of shareholders is available for inspection during usual business hours at the head office of the Corporation, 4385 Garand, Ville St. Laurent, Québec H4R 2B4 and at the Meeting.

PRINCIPAL SHAREHOLDERS

As at August 31, 2009, to the best knowledge of the Corporation, the following persons beneficially owned, directly or indirectly, or exercised control or direction over, more than 10% of the common shares of the Corporation:

<u>Name and place of residence</u>	<u>Number of shares held</u>	<u>Percentage</u>
Jacques L'Écuyer..... Montreal, Québec, Canada	16,312,188	35.8%
I.G. Investment Management, Ltd. ⁽¹⁾ Winnipeg, Manitoba, Canada	6,810,750	15.0%

(1) Based on information contained in a report filed on SEDAR on October 10, 2008.

ELECTION OF DIRECTORS

The Board of Directors currently consists of five directors. The persons named in the enclosed form of proxy intend to vote for the election of the five nominees whose names are set forth below. Each director will hold office until the next annual

meeting of shareholders or until the election of his successor, unless his office is vacated earlier in accordance with the by-laws of the Corporation. All of the persons named in the table below are currently directors of the Corporation.

The following table sets out the name and municipality of residence of each of the persons proposed to be nominated for election as director, all other positions and offices with the Corporation now held by such person, his principal occupation, the year in which he first became a director of the Corporation, and the number of voting shares of the Corporation that such person has advised are beneficially owned, directly or indirectly, or over which control or direction is exercised by him as at the date indicated below.

<u>Name, municipality of residence and position with the Corporation</u>	<u>Principal occupation</u>	<u>First year as director</u>	<u>Number of common shares beneficially owned or over which control is exercised as at August 31, 2009</u>
Jacques L'Écuyer..... Montreal, Québec, Canada President, Chief Executive Officer and Director	President and Chief Executive Officer of the Corporation	1999	16,312,188
Jean-Marie Bourassa ⁽¹⁾ Montreal, Québec, Canada Director	Managing Partner Bourassa Boyer Inc. (chartered accountants)	2007	150,000
John Davis ⁽¹⁾⁽²⁾ Beaconsfield, Québec, Canada Director	Retired Executive	2000	5,000
Pierre Shoiry ⁽²⁾ Town of Mount Royal, Québec, Canada Director	President and Chief Executive Officer Genivar Limited Partnership (engineering services firm)	2007	33,300
Dennis Wood ⁽¹⁾⁽²⁾ Magog, Québec, Canada Chairman of the Board of Directors	President and Chief Executive Officer Les Placements Dennis Wood Inc. (holding company)	2007	120,000

(1) Member of the Audit Committee.

(2) Member of the Compensation Committee.

None of the foregoing nominees for election as director of the Corporation:

- (a) is, or within the last ten years has been, a director, chief executive officer or chief financial officer of any company that:
 - (i) was subject to a cease-trade order, an order similar to a cease-trade order, or an order that denied the relevant company access to any exemption under applicable securities legislation, and which in all cases was in effect for a period of more than 30 consecutive days (an “**Order**”), which Order was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer of such company; or
 - (ii) was subject to an Order that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer of such company; or
- (b) is, or within the last ten years has been, a director or executive officer of any company that, while the proposed director was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets, with the exception of Mr. Dennis Wood, who: (i) has since 2001 been a director of GBO Inc. (formerly Groupe Bocenor Inc.), a window and door manufacturer, which

in February 2004 made a proposal to its creditors under the *Bankruptcy and Insolvency Act* (Canada), which proposal was accepted by the creditors in July 2004 and approved by the Superior Court of Québec in August 2004; and (ii) is a director of Blue Mountain Wallcoverings Group Inc., which in March 2009 was granted an initial order pursuant to section 11 of the *Companies' Creditors Arrangement Act* (Canada), providing creditor protection to the company and its subsidiaries; or

- (c) has, within the last ten years, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or become subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold his assets.

None of the foregoing nominees for election as director of the Corporation has been subject to:

- (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed director.

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

The compensation of the Corporation's executive officers is determined by the Board of Directors upon recommendations made by the Compensation Committee of the Board of Directors. The Corporation's executive compensation program is generally designed to pay for performance and be competitive with other companies of comparable size in similar fields.

The Chief Executive Officer makes recommendations to the Compensation Committee as to the compensation of the Corporation's executive officers, other than himself, for approval by the Board of Directors. The Compensation Committee makes recommendations to the Board of Directors as to the compensation of the Chief Executive Officer, for approval, in accordance with the same criteria upon which the compensation of all other executive officers is based.

Executive Compensation Policy

The Corporation's executive compensation program is generally comprised of a base salary, bonus opportunity and significant long-term incentives in the form of stock options. The annual bonus provides an opportunity for executives to earn an annual cash incentive based on the degree of achievement of individual strategic, operational and financial targets and corporate financial targets set by the Board of Directors. The Corporation's 2007 Stock Option Plan is designed to attract and retain the key talent required to drive the Corporation's long-term success by providing participants with an opportunity to share in the shareholder value to which they contribute. By design, variable compensation represents approximately 48% of the target total direct compensation of the Corporation's Named Executive Officers (as this term is defined below). However, no stock options have been granted to the Chief Executive Officer, as the Compensation Committee considers that his personal share-ownership level provides sufficient incentive and alignment with other shareholders' interests. Consequently, variable compensation represents approximately 17% of the Chief Executive Officer's target total direct compensation. Actual compensation may vary from target compensation due to performance levels achieved.

Executives' Involvement in the Determination of Executive Compensation Policy

Certain executives of the Corporation are involved in the process for determining executive compensation, as follows: the Chief Executive Officer works jointly with the Compensation Committee and its external compensation consultant to define the elements of executive compensation, including eligibility for the annual incentive (bonus) plan and stock options, the size, terms and conditions of bonus opportunities, and long-term incentive grants, based on the Corporation's pay-for-performance compensation philosophy and target-market positioning. The Chief Executive Officer, Chief Financial Officer and General Manager are involved in the preparation of the financial budgets which are recommended to the Board of Directors for approval and form the basis for the financial-performance targets on which a portion of the bonuses are based; the Chief Executive Officer and Chief Financial Officer also oversee the financial, accounting, legal and regulatory aspects of the stock option plan, including maintaining a record of options granted, exercised and cancelled and filing insider reports and other reports with the regulatory authorities. The Compensation Committee, at its sole discretion and from time to time, may propose modifications to the executive compensation policy, including the removal or addition of compensation

elements and amendments to the annual incentive plan and stock option plan. Such modifications are presented to the Board of Directors and, when required, to the shareholders, for their approval.

Comparative Group and External Compensation Consultant

During the fiscal year ended May 31, 2009, the Corporation, with the support of PCI-Perrault Consulting Inc., a compensation consulting firm, conducted a review of the Corporation’s compensation policy based on the guidelines adopted pursuant to a comprehensive analysis conducted in fiscal year 2008. PCI-Perrault Consulting Inc. was hired by the Compensation Committee. The Corporation’s compensation levels and practices were compared to those of twelve Canadian manufacturing companies (the “**Comparative Group**”), including companies that transform rare metals, with revenues and financial performance comparable to those of the Corporation, taking into consideration the size of the Corporation, the geographic markets in which it operates and the responsibilities of its executive officers. The Comparative Group is comprised of the following companies:

Comparative Group
Adeptron Technologies Corporation
Ballard Power Systems Inc.
Circa Enterprises Inc.
Dynetek Industries Ltd.
Firan Technology Group Corporation
General Donlee Income Fund
Hammond Manufacturing Company Limited
Hydrogenics Corporation
MOSAID Technologies Incorporated
Neo Material Technologies Inc.
Timminco Limited
ZCL Composites Inc.

Elements of Executive Compensation

For fiscal 2009, the compensation for the Named Executive Officers of the Corporation consisted of three main components: base salary, annual bonus, and long-term incentive in the form of stock options, with the exception of the Chief Executive Officer, who is not granted any stock options as the Compensation Committee considers that his personal share-ownership level provides sufficient incentive and alignment with other shareholders’ interests. Executives also benefit from the Corporation’s group insurance plans; executives who contribute to the Corporation’s group registered retirement plan may benefit from a contribution by the Corporation of up to 2% of their base salary in the Corporation’s Deferred Profit Sharing Plan, on the same basis as all other employees. The terms and conditions of employment contracts of certain of the Named Executive Officers’ are described in the section entitled “Employment Agreements and Termination Benefits” below.

Base Salary

The base salary component of the compensation for the Corporation’s executives aims to reflect salaries that are offered for positions involving similar responsibilities and complexity, internal equity comparisons, as well as the ability and experience each executive. As the Corporation has chosen to put more emphasis on variable than on fixed compensation, salaries are positioned around the first quartile of the Comparative Group.

Salaries are reviewed annually based on changes in the marketplace, the evolution of the executive’s competencies, and his individual performance as measured by the achievement of objectives determined annually by the executive together with the Chief Executive Officer and, with respect to the Chief Executive Officer, with the Compensation Committee.

Annual Incentive (Bonus)

The annual incentive (bonus) plan aims to encourage and reward each executive for his contribution to the Corporation’s annual business plan and for the Corporation’s financial success. For fiscal 2009, one half of the target bonus was based on individual performance (the “individual” targets) and one half on corporate performance (the “corporate” target).

Individual strategic and financial objectives are determined at the beginning of the year by the executive with the Chief Executive Officer and, with respect to the Chief Executive Officer, with the Compensation Committee. Each year, the Board

of Directors determines the financial-performance targets which have to be achieved by the Corporation in order for bonuses to be paid and the bonus amount to be paid to each executive for achieving such performance as well as the maximum bonus amount to be paid to each executive should the targets be exceeded.

For fiscal 2009, as in previous years, the financial-performance target was based on earnings before income taxes as determined in the budget approved by the Board of Directors.

For fiscal 2009, the payout percentage established for the bonuses to be awarded for achieving 100% of the “individual” performance targets is 10% of base salary with a maximum payout of 20% if such targets are exceeded, as evaluated by the Chief Executive Officer, and with respect to the Chief Executive Officer, by the Compensation Committee. The payout percentage established for the bonuses to be awarded for achieving 100% of the “corporate” performance target is 10% of base salary. In addition, for each additional performance of 5% above target, executives receive an additional payout equal to 1% of their base salary. No bonuses are payable if targets are not achieved.

The annual incentive (bonus) opportunity is in line with the first quartile of bonus opportunities offered by the companies included in the Comparative Group.

Long-Term Incentive Plan (Stock Options)

Options to purchase common shares are a key component of the Corporation’s executive compensation and serve to align executive compensation with the interests of the Corporation’s shareholders. Options may be granted by the Board of Directors from time to time to executives and other key employees pursuant to the Corporation’s stock option plan.

Option-grant guidelines are established pursuant to the Compensation Committee’s periodic review of the compensation policy, taking into account the competitiveness of total compensation and compensation practices within the Comparative Group, market trends as well as the Corporation’s pay-for-performance philosophy. Option grants are expressed as a percentage of a participant’s salary, which is determined based on the participant’s position and responsibility levels, without taking into account the number of stock options already held by such participant. See “Executive Compensation Policy” above for a discussion of the role of executive officers in setting and administering the Corporation’s 2007 Stock Option Plan.

For fiscal 2009, the Compensation Committee reviewed the Corporation’s 2007 Stock Option Plan and determined that it was appropriate and should not be modified and/or complemented. In the view of the Compensation Committee, the terms and conditions of the 2007 Stock Option Plan adequately meet the objectives of attracting and retaining quality executives while promoting long-term profitability and maximizing shareholder value.

On January 16, 2009, the Committee granted stock options to plan participants based on the option-grant guidelines established by the Committee.

With the exception of the Chief Executive Officer, the value of stock option grants to the Named Executive Officers is competitive with the second to third quartiles of the value of long-term incentive grants made by companies in the Comparative Group and total direct compensation, which is the aggregate of salary, target annual bonus and value of stock option grants, is competitive with the median to third quartiles of the Comparative Group. The Chief Executive Officer’s total direct compensation is in line with the first quartile of the total direct compensation of chief executive officers in the Comparative Group, due mainly to the absence of long-term incentive grants.

See “2007 Stock Option Plan” below for a discussion of the terms and conditions relating to stock options.

Named Executive Officers’ Salary and Incentive Awards for Fiscal Year 2009

For fiscal year 2009, each Named Executive Officer’s salary was adjusted to reflect market salary adjustments as well as the experience of each Named Executive Officer in his current position, the evolution of his competencies and his performance against expectations.

The Corporation’s results for fiscal year 2009 exceeded its financial-performance target. In addition, on this basis, the amount of bonus paid to the Named Executive Officers represented between 35% and 55% of their respective base salaries, as set out in the Summary Compensation Table below.

On January 16, 2009 the Compensation Committee granted stock options to all of the Named Executive Officers, with the exception of the Chief Executive Officer. These stock options have an exercise price of \$5.47, which represents the average trading price of the common shares of the Corporation for the five trading days preceding the grant date; the options vest at an annual rate of 25%, starting on the first anniversary of the date of the grant. The options expire six years from their date of grant. The number of options granted to each Named Executive Officer represented 77% of his base salary divided by the options' fair market value, as estimated using the Black-Scholes model, of \$2.46 per common share.

Summary Compensation Table

(in Canadian dollars)

The following table sets out all annual and long-term compensation for services in all capacities to the Corporation and its subsidiaries earned by the Chief Executive Officer and Chief Financial Officer and the three most highly-compensated executive officers (or three most highly-compensated individuals acting in a similar capacity), other than the Chief Executive Officer and Chief Financial Officer, whose total compensation was more than \$150,000 in the Corporation's last financial year (each a "Named Executive Officer" and collectively, the "Named Executive Officers").

Name and principal position	Year	Salary (\$)	Share-based awards ⁽¹⁾ (\$)	Option-based awards ⁽²⁾ (\$)	Non-equity incentive plan compensation (\$)		Pension value ⁽⁵⁾ (\$)	All other compensation ⁽⁶⁾ (\$)	Total compensation (\$)
					Annual incentive plans ⁽³⁾	Long-term incentive plans ⁽⁴⁾			
Jacques L'Écuyer President and Chief Executive Officer	2009	183,077	—	—	100,000 ⁽⁷⁾	—	—	—	283,077
Christian Dupont Chief Financial Officer	2009	139,903	—	118,055	48,720 ⁽⁷⁾	—	—	2,800	309,478
Jean Bernier General Manager	2009	144,904	—	122,262	64,960 ⁽⁷⁾	—	—	2,900	335,026
Nicholas Audet Director, Research and Development	2009	119,116	—	101,180	53,760 ⁽⁷⁾	—	—	2,400	276,456
Marc Suys Director, Environment, Health and Safety	2009	118,318	—	101,180	53,760 ⁽⁷⁾	—	—	—	273,258

(1) The Corporation does not grant any share-based awards.

(2) This amount is equal to the number of options granted on January 16, 2009 multiplied by \$2.46, which corresponds to the fair value of the option awards as determined under the Black-Scholes model, an established methodology, using the same assumptions used for determining the equity-based compensation expense with respect to options granted to officers of the Corporation presented in the Corporation's financial statements for the fiscal year ended May 31, 2009, in accordance with generally accepted accounting principles, as follows:

- (i) risk-free interest rate: 2.50%
- (ii) expected life of options: 3.5 years
- (iii) expected volatility: 68%
- (iv) dividend rate: 0.0%

(3) See "Annual Incentive (Bonus)" above.

(4) The Corporation does not have non-equity long-term incentive plans.

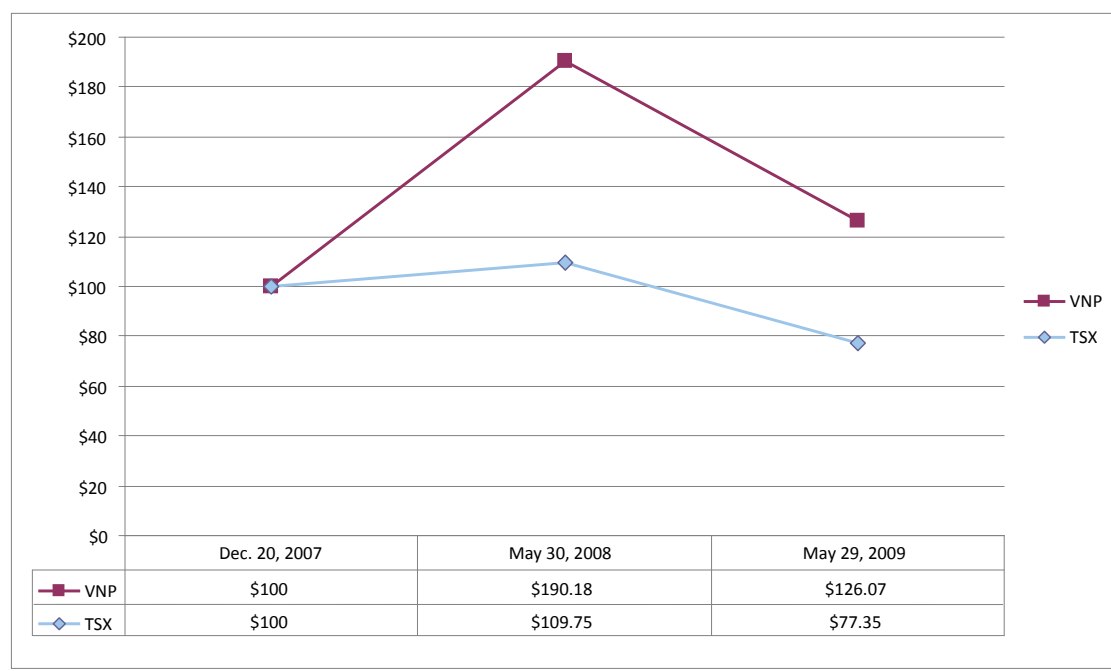
(5) The Corporation does not provide employees with any retirement benefits.

(6) This amount represents the Corporation's contribution to the Deferred Profit Sharing Plan for the Named Executive Officer. See "Elements of Executive Compensation" above. Perquisites and other personal benefits, in the aggregate, do not exceed the lesser of \$50,000 and 10% of the total annual salary of the Named Executive Officer for the fiscal year. No other form of compensation was paid to the Named Executive Officer for the fiscal year.

(7) In addition, the following bonuses were earned in fiscal year ended May 31, 2008 and paid during the fiscal year ended May 31, 2009: Jacques L'Écuyer - \$80,000; Christian Dupont - \$33,768; Jean Bernier - \$47,090; Nicholas Audet - \$44,583; and Marc Suys - \$34,585.

Performance Graph

The following graph compares the total return of a \$100 investment in the common shares of the Corporation made on December 20, 2007, the date on which the shares commenced trading on the Toronto Stock Exchange, with the cumulative return of the S&P/TSX Composite Index for the period from December 31, 2007 to May 31, 2009.



During this period, Named Executive Officers' salaries have been adjusted annually to reflect their respective scope of responsibilities, experience and contribution to the Corporation's success as well as the evolution of the Comparative Group's compensation practices. Annual variable compensation reflects the Corporation's annual operational financial performance during the period. The ultimate value of long-term incentives in the form of stock options granted during the period is directly linked to the Corporation's share price increase during and beyond this period.

Incentive Plan Awards

Outstanding Share-Based Awards and Option-Based Awards

The following table sets out for each Named Executive Officer all awards outstanding at the end of the 2009 financial year.

Name	Option-based awards				Share-based awards	
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options ⁽¹⁾ (\$)	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)
Jacques L'Écuyer President and Chief Executive Officer	—	—	—	—	—	—
Christian Dupont Chief Financial Officer	84,400	3.00	December 20, 2013	342,664	—	—
	47,990	5.47	January 16, 2015	76,304		
Jean Bernier General Manager	87,500	3.00	December 20, 2013	355,250	—	—
	49,700	5.47	January 16, 2015	79,023		
Nicholas Audet Director, Research and Development	72,500	3.00	December 20, 2013	294,350	—	—
	41,130	5.47	January 16, 2015	65,397		
Marc Suys Director, Environment, Health and Safety	72,500	3.00	December 20, 2013	294,350	—	—
	41,130	5.47	January 16, 2015	65,397		

(1) This value corresponds to the difference between the closing price of the common shares of the Corporation on the Toronto Stock Exchange (\$7.06) on May 29, 2009, the last trading day before the Corporation's fiscal year-end, and the exercise price. This value has not been, and may never be, realized. The actual gain, if any, will depend on the value of the common shares on the dates on which the options (some of which had not yet vested at the financial year-end) are exercised. See "Long-Term Incentive Plan (Options)" above and "2007 Stock Option Plan" below.

Incentive-Plan Awards - Value Vested or Earned during the Year

The following table sets out for each Named Executive Officer the vesting-date value of the options that vested during 2009 and the cash bonus earned with respect to the 2009 financial year.

Name	Option-based awards – Value vested during the year ⁽¹⁾ (\$)	Share-based awards – Value vested during the year (\$)	Non-equity incentive plan compensation – Value earned during the year ⁽²⁾ (\$)
Jacques L'Écuyer..... President and Chief Executive Officer	—	—	100,000
Christian Dupont..... Chief Financial Officer	27,852	—	48,720
Jean Bernier..... General Manager	28,875	—	64,960
Nicholas Audet..... Director, Research and Development	23,925	—	53,760
Marc Suys..... Director, Environment, Health and Safety	23,925	—	53,760

(1) The options vest at a rate of 25% per year, commencing on the first anniversary of their date of grant. This value corresponds to the difference between the closing price of the common shares of the Corporation on the Toronto Stock Exchange (\$4.32) on December 19, 2008, the last trading day before the December 20, 2008 vesting date, and the exercise price. This value has not been, and may never be, realized. The actual gain, if any, will depend on the value of the common shares on the dates on which the options are exercised. See “Long-Term Incentive Plan (Stock Options)” above and “2007 Stock Option Plan” below.

(2) Corresponds to the same amount as disclosed in the “Summary Compensation Table” above.

Employment Agreements and Termination Benefits

The Corporation has entered into employment agreements with Messrs. Jacques L'Écuyer, Jean Bernier and Marc Suys under which the Named Executive Officer is entitled to an annual base salary, which is subject to annual adjustments, and to an annual performance-based bonus expressed as a percentage of base salary, as determined annually by the Board of Directors in accordance with the Corporation's policy. The employment agreements contain customary confidentiality, two-year non-competition and non-solicitation provisions. The Named Executive Officer is entitled to a severance payment equal to one month's salary for each month's employment with the Corporation, subject to a minimum and maximum applicable to each position.

The table below sets out the dates, terms and conditions applicable to each Named Executive Officer as well as the severance payment that would have been payable had the Corporation terminated employment on May 31, 2009:

Name and position	Original employment date	Severance entitlement (number of months' base salary)		Severance payable as of May 31, 2009	
		Minimum	Maximum	Number of months' salary	\$
Jacques L'Écuyer..... President and Chief Executive Officer	June 1, 2000	13 months	20 months	20 months	\$333,333
Jean Bernier..... General Manager	June 11, 2007	6 months	12 months	12 months	\$140,000
Marc Suys..... Director, Environment, Health and Safety	June 1, 2000	6 months	9 months	9 months	\$90,000

Had a Named Executive Officer's employment been terminated on May 31, 2009, any unvested options previously granted to him and outstanding on that date would have been cancelled; no other incremental payments would have been owed.

COMPENSATION OF DIRECTORS

Prior to January 13, 2009, all directors of the Corporation with the exception of Jacques L'Écuyer were entitled to receive \$2,000 for each Board of Directors' meeting and \$1,000 for each committee meeting, as well as periodic stock option grants.

On January 13, 2009, based on a review of the compensation practices for independent Board members in a peer group of public companies, it was decided that the independent directors of the Corporation should receive an annual retainer in addition to meeting attendance fees and stock options.

Consequently, as of January 13, 2009, each director, with the exception of Jacques L'Écuyer, is entitled to an annual retainer of \$12,000 and an attendance fee of \$2,000 for each Board of Directors' meeting attended. The Chairman of the Board is entitled to an additional annual retainer of \$3,000. The Chairmen of the Audit Committee and Compensation Committee are entitled to an additional annual retainer of \$2,000. The Chairman and members of the Audit Committee are entitled to an attendance fee of \$1,000 for each meeting of the Audit Committee attended.

The aggregate amount of such fees incurred by the Corporation for the fiscal year ended May 31, 2009 was \$102,000. Jacques L'Écuyer, the President and Chief Executive Officer of the Corporation, did not receive a Board retainer or attendance fees during the fiscal year ended May 31, 2009.

On January 16, 2009, each director, with the exception of Jacques L'Écuyer, was granted stock options with an exercise price of \$5.47. These options vest on the first anniversary of their date of grant and expire six years from the date of grant.

The following table sets out the value of cash compensation paid and stock options granted to each director with respect to services rendered to the Corporation during fiscal year 2009:

Name and principal position	Year	Fees earned ⁽¹⁾ (\$)	Share-based awards ⁽²⁾ (\$)	Option-based awards ⁽³⁾ (\$)	Non-equity incentive plan compensation ⁽⁴⁾ (\$)	Pension value ⁽⁵⁾ (\$)	All other compensation ⁽⁶⁾ (\$)	Total compensation (\$)
Dennis Wood Chairman of the Board, member of the Audit Committee and Compensation Committee	2009	28,000	—	73,800	—	—	—	101,800
Jean-Marie Bourassa Chairman of the Audit Committee	2009	26,000	—	61,500	—	—	—	87,500
John Davis Member of the Audit Committee and Chairman of the Compensation Committee	2009	27,000	—	61,500	—	—	—	88,500
Pierre Shoiry Member of the Compensation Committee	2009	21,000	—	49,200	—	—	—	70,200

(1) This amount represents the aggregate of the annual retainer and meeting attendance fees paid to the director as described above.

(2) The Corporation does not grant any share-based awards.

(3) This amount is equal to the number of options granted on January 16, 2009 multiplied by \$2.46, which corresponds to the fair value of the option awards as determined under the Black-Scholes model, an established methodology, using the same assumptions used for determining the equity-based compensation expense with respect to options granted to directors of the Corporation presented in the Corporation's financial statements for the fiscal year ended May 31, 2009, in accordance with generally accepted accounting principles, as follows:

- (i) risk-free interest rate: 2.25%
- (ii) expected life of options: 1.0 year
- (iii) expected volatility: 68%
- (iv) dividend rate: 0.0%

- (4) The Corporation does not have any non-equity long-term incentive plan for directors.
- (5) The Corporation does not provide directors with any retirement benefits.
- (6) The Corporation does not provide directors with any other form of compensation.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table sets out certain details as at May 31, 2009 with respect to plans of the Corporation pursuant to which equity securities of the Corporation are authorized for issuance.

Equity Compensation Plan Information

Plan category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plan approved by securityholders	Nil	Nil	Nil
Equity compensation plan not approved by securityholders	1,439,055	\$3.78	3,112,967
Total	1,439,055	\$3.78	3,112,967

2007 STOCK OPTION PLAN

In October 2007, the Board of Directors of the Corporation created the 2007 Stock Option Plan (the “**2007 Plan**”) for directors, officers and employees of, and service providers to, the Corporation and its subsidiaries. The following is a description of certain features of the 2007 Plan, as required by the Toronto Stock Exchange:

- (a) the maximum number of common shares that can be issued upon the exercise of options granted under the 2007 Plan is equal to 10% of the number of common shares of the Corporation issued and outstanding from time-to-time;
- (b) no option may be granted under the 2007 Plan to any optionee unless the aggregate of the common shares:
 - (i) issued to “insiders”, as defined in the *Securities Act* (Ontario), within any one-year period; and
 - (ii) issuable to “insiders” at any time, under the 2007 Plan, or when combined with all of the Corporation’s other security-based compensation arrangements, could not exceed 10% of the total number of issued and outstanding common shares of the Corporation;
- (c) the exercise price of options granted under the 2007 Plan is set at the time of the grant of the options, but cannot be less than the volume weighted average trading price of the common shares of the Corporation on the Toronto Stock Exchange for the five trading days immediately preceding the day on which an option is granted;
- (d) the maximum period during which an option may be exercised is ten years from the date on which it is granted;
- (e) at the time of granting an option, the Board of Directors, at its discretion, may set a “vesting schedule”, that is, one or more dates from which an option may be exercised in whole or in part;
- (f) options granted under the 2007 Plan are not transferable other than by will or by the laws of succession of the domicile of the deceased optionee;
- (g) if an optionee’s employment or service provider relationship with the Corporation is terminated for cause, options not then exercised terminate immediately;

- (h) if an optionee dies or becomes, in the determination of the Board of Directors, permanently disabled, options may be exercised for that number of common shares which the optionee was entitled to acquire at the time of death or permanent disability, as the case may be, for a period of one year after the date of death or permanent disability;
- (i) upon an optionee's employment, office, directorship or service provider relationship with the Corporation terminating or ending other than by reason of death, permanent disability or termination for cause, options may be exercised for that number of common shares which the optionee was entitled to acquire at the time of such termination, for a period of 30 days after such date;
- (j) the 2007 Plan does not provide for financial assistance from the Corporation to option holders;
- (k) in the event that the Corporation proposes to amalgamate or merge with another company (other than a wholly-owned subsidiary of the Corporation), or to liquidate, dissolve or wind-up, or in the event that an offer to purchase common shares is made to all shareholders of the Corporation, the Corporation has the right, upon written notice, to permit the exercise of all options outstanding under the 2007 Plan within a 20-day period following the date of such notice and to determine that upon the expiry of such 20-day period, all options terminate and cease to have effect;
- (l) approval by the shareholders of the Corporation is required for the following amendments to the 2007 Plan: (i) amendments to the number of shares issuable under the 2007 Plan, including an increase to a maximum percentage or number of shares; (ii) any amendment which reduces the exercise price or purchase price of an option held by an "insider" of the Corporation; (iii) any amendment extending the term of an option held by an "insider" beyond its original expiry date except as otherwise permitted by the 2007 Plan; and (iv) amendments required to be approved by shareholders under applicable law (including, without limitation, the rules, regulations and policies of the Toronto Stock Exchange); and
- (m) the Board of Directors of the Corporation may make the following types of amendments to the 2007 Plan without seeking approval from the shareholders of the Corporation: (i) amendments of a "housekeeping" or ministerial nature, including any amendment for the purpose of curing any ambiguity, error or omission in the 2007 Plan or to correct or supplement any provision of the 2007 Plan that is inconsistent with any other provision of the 2007 Plan; (ii) amendments necessary to comply with the provisions of applicable law (including, without limitation, the rules, regulations and policies of the Toronto Stock Exchange); (iii) amendments necessary in order for options to qualify for favourable treatment under applicable taxation laws; (iv) amendments respecting administration of the 2007 Plan; (v) any amendment to the vesting provisions of the 2007 Plan or any option; (vi) any amendment which reduces the exercise price or purchase price of an option held by an optionee who is not an "insider" of the Corporation; (vii) any amendment to the early termination provisions of the 2007 Plan or any option, whether or not such option is held by an "insider" of the Corporation, provided such amendment does not entail an extension beyond the original expiry date; (viii) the addition of any form of financial assistance by the Corporation for the acquisition by all or certain categories of eligible participants of shares under the 2007 Plan, and the subsequent amendment of any such provisions; (ix) the addition or modification of a cashless exercise feature, payable in cash or shares of the Corporation; (x) amendments necessary to suspend or terminate the 2007 Plan; and (xi) any other amendment, whether fundamental or otherwise, not requiring shareholder approval under applicable law.

The following is a description with respect to grants and exercise of options under the 2007 Plan, as required by the Toronto Stock Exchange:

- (a) since the inception of the 2007 Plan, the Corporation has granted options in respect of an aggregate of 1,546,630 common shares, representing 3.4% of the Corporation's currently issued and outstanding common shares;
- (b) since the inception of the 2007 Plan, the Corporation has issued 20,225 common shares upon the exercise of stock options, representing 0.04% of the Corporation's currently issued and outstanding common shares; and
- (c) as at August 31, 2009, there were options issued and outstanding in respect of an aggregate of 1,476,555 common shares, representing 3.2% of the Corporation's currently issued and outstanding common shares.

The complete text of the 2007 Plan is available to shareholders on request from the Secretary of the Corporation. Shareholders wishing to receive a copy of the 2007 Plan should contact the Secretary of the Corporation at 4385 Garand, Ville St. Laurent, Québec H4R 2B4, telephone (514) 856-0644.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

No person who is, or who was at any time during the fiscal year ended May 31, 2009, a director, executive officer or senior officer of the Corporation or a subsidiary thereof, and no person who is a nominee for election as a director of the Corporation, and no associate of such persons, is, or was at any time since the beginning of the fiscal year ended May 31, 2009, indebted to the Corporation or a subsidiary of the Corporation, nor has any such person been indebted at any time since the beginning of the fiscal year ended May 31, 2009 to any other entity where such indebtedness is the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Corporation or a subsidiary of the Corporation.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

For the purposes of this Management Proxy Circular, “informed person” means: (i) a director or executive officer of the Corporation; (ii) a director or executive officer of a person or corporation that is itself an informed person or subsidiary of the Corporation; (iii) any person or corporation who beneficially owns, directly or indirectly, voting securities of the Corporation or who exercises control or direction over voting securities of the Corporation or a combination of both, carrying more than 10% of the voting rights attached to all outstanding voting securities of the Corporation, other than voting securities held by the person or corporation as underwriter in the course of a distribution; and (iv) the Corporation if it has purchased, redeemed or otherwise acquired any of its own securities, for so long as it holds any of its securities.

To the best of the Corporation’s knowledge, no informed person of the Corporation, and no associate or affiliate of the foregoing persons, at any time since the beginning of the Corporation’s last completed financial year, has or had any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any transaction since the beginning of the Corporation’s last completed financial year that has materially affected the Corporation, or in any proposed transaction that could materially affect the Corporation, or in any matter to be acted upon at this Meeting.

DIRECTORS’ AND OFFICERS’ LIABILITY INSURANCE

The Corporation has purchased insurance for the benefit of the Corporation’s directors and officers against any liability incurred by them in their capacity as directors and officers, subject to certain limitations contained in the *Canada Business Corporations Act*. The current aggregate policy limit is \$10 million, the first \$25,000 of any claim being deductible and payable by the Corporation. The Corporation has paid the premiums, which amounted to \$30,520, for insurance coverage for the period ending August 30, 2010.

AUDIT COMMITTEE INFORMATION

Reference is made to the section entitled “Audit Committee” of the Corporation’s Annual Information Form for the fiscal year ended May 31, 2009 for required disclosure relating to the Audit Committee. The Annual Information Form is available on SEDAR at www.sedar.com and can be obtained by contacting the Secretary of the Corporation at 4385 Garand, Ville St. Laurent, Québec H4R 2B4, telephone (514) 856-0644.

APPOINTMENT OF AUDITORS

Except where authorization to vote with respect to the appointment of the auditors is withheld, the persons named in the accompanying form of proxy intend to vote for the appointment of KPMG LLP, Chartered Accountants, as the auditors of the Corporation until the next annual meeting of shareholders. KPMG LLP, Chartered Accountants, have been the auditors of the Corporation since May 18, 2007.

SHAREHOLDER PROPOSALS

The *Canada Business Corporations Act* provides that a registered holder or beneficial owner of shares that is entitled to vote at an annual meeting of the Corporation may submit to the Corporation notice of any matter that the person proposes to raise at the meeting (referred to as a “**Proposal**”) and discuss at the meeting any matter in respect of which the person would have been entitled to submit a Proposal. The *Canada Business Corporations Act* further provides that the Corporation must set out

the Proposal in its management proxy circular along with, if so requested by the person who makes the Proposal, a statement in support of the Proposal by such person. However, the Corporation will not be required to set out the Proposal in its management proxy circular or include a supporting statement if, among other things, the Proposal is not submitted to the Corporation at least 90 days before the anniversary date of the notice of meeting that was sent to the shareholders in connection with the previous annual meeting of shareholders of the Corporation. As the notice in connection with the Meeting is dated September 4, 2009, the deadline for submitting a proposal to the Corporation in connection with the next annual meeting of shareholders is June 6, 2010.

The foregoing is a summary only. Shareholders should carefully review the provisions of the *Canada Business Corporations Act* relating to Proposals and consult with a legal advisor.

OTHER MATTERS

Management of the Corporation knows of no other matter to come before the Meeting other than those referred to in the Notice of Meeting. However, if any other matters which are not known to management should properly come before the Meeting, the accompanying form of proxy confers discretionary authority upon the persons named therein to vote on such matters in accordance with their best judgement.

CORPORATE GOVERNANCE

National Policy 58-201 *Corporate Governance Guidelines* and National Instrument 58-101 *Disclosure of Corporate Governance Practices*, set out a series of guidelines for effective corporate governance. The guidelines address matters such as the composition and independence of corporate boards, the functions to be performed by boards and their committees, and the effectiveness and education of board members. Each reporting issuer, such as the Corporation, must disclose on an annual basis and in prescribed form, the corporate governance practices that it has adopted. The following is the Corporation's required annual disclosure of its corporate governance practices.

1. Board of Directors

(a) *Disclose the identity of directors who are independent.*

The Board of Directors considers that Jean-Marie Bourassa, John Davis, Pierre Shoiry and Dennis Wood are independent within the meaning of Multilateral Instrument 52-110 *Audit Committees*.

(b) *Disclose the identity of directors who are not independent, and describe the basis for that determination.*

The Board of Directors considers that Jacques L'Écuyer is not independent within the meaning of Multilateral Instrument 52-110 *Audit Committees*, in that Mr. L'Écuyer is President and Chief Executive Officer of the Corporation.

(c) *Disclose whether or not a majority of directors are independent. If a majority of directors are not independent, describe what the board of directors does to facilitate its exercise of independent judgment in carrying out its responsibilities.*

The Board of Directors considers that four of the five directors are independent within the meaning of Multilateral Instrument 52-110 *Audit Committees*. Accordingly, a majority of the Board of Directors is independent.

In addition, all three members of the Audit Committee of the Board of Directors are independent directors. The members of the Audit Committee are Jean-Marie Bourassa, John Davis and Dennis Wood.

At each meeting of the Board of Directors, the independent directors meet without the non-independent director or members of management of the Corporation present.

(d) *If a director is presently a director of any other issuer that is a reporting issuer (or the equivalent) in a jurisdiction or a foreign jurisdiction, identify both the director and the other issuer.*

The following directors are currently directors of other issuers that are reporting issuers (or the equivalent) in a jurisdiction of Canada or a foreign jurisdiction:

Name of Director	Issuer
Jean-Marie Bourassa	Savaria Corporation
Pierre Shoiry	Genivar Income Fund
Dennis Wood	Azimut Exploration Inc. GBO Inc. The Jean Coutu Group (PJC) Inc. Transat A.T. Inc.

- (e) *Disclose whether or not the independent directors hold regularly scheduled meetings at which non-independent directors and members of management are not in attendance. If the independent directors hold such meetings, disclose the number of meetings held since the beginning of the issuer's most recently completed financial year. If the independent directors do not hold such meetings, describe what the board does to facilitate open and candid discussion among its independent directors.*

At each meeting of the Board of Directors, the independent directors meet without the non-independent director or members of management of the Corporation present.

- (f) *Disclose whether or not the chair of the board is an independent director. If the board has a chair or lead director who is an independent director, disclose the identity of the independent chair or lead director, and describe his or her role and responsibilities. If the board has neither a chair that is independent nor a lead director that is independent, describe what the board does to provide leadership for its independent directors.*

Dennis Wood, the Chairman of the Board of Directors, is an independent director. The responsibilities of the Chairman including chairing all meetings of the Board of Directors.

- (g) *Disclose the attendance record of each director for all board meetings held since the beginning of the issuer's most recently completed financial year.*

During the period from June 1, 2008 to May 31, 2009, the Board of Directors held four meetings. Attendance of directors at the four meetings is indicated in the table below.

Jacques L'Écuyer	4/4	Pierre Shoiry	4/4
Jean-Marie Bourassa	4/4	Dennis Wood	4/4
John Davis	4/4		

2. Board Mandate

Disclose the text of the board's written mandate. If the board does not have a written mandate, describe how the board delineates its role and responsibilities.

There is no specific mandate for the Board of Directors, since the Board has plenary power. Any responsibility that is not delegated to senior management or a committee of the Board remains with the Board of Directors.

3. Position Description

- (a) *Disclose whether or not the board has developed written position descriptions for the chair and the chair of each board committee. If the board has not developed written position descriptions for the chair and/or the chair of each board committee, briefly describe how the board delineates the role and responsibilities of each such position.*

No written position description has been developed for the Chairman of the Board of Directors or for the chairs of each committee.

The Chairman of the Board of Directors is responsible for setting the agenda for, and chairing meetings of, the Board of Directors. In addition, the Chairman of the Board of Directors is responsible for the management, development and effective performance of the Board and provides leadership to the Board in all aspects of its work.

The primary role and responsibility of the chair of each committee of the Board of Directors is to: (i) in general, ensure that the committee fulfills its mandate, as determined by the Board of Directors; (ii) chair meetings of the committee; (iii) report thereon to the Board of Directors; and (iv) act as liaison between the committee and the Board of Directors and, if necessary, management of the Corporation.

- (b) *Disclose whether or not the board and Chief Executive Officer have developed a written position description for the Chief Executive Officer. If the board and Chief Executive Officer have not developed such a position description, briefly describe how the board delineates the role and responsibilities of the Chief Executive Officer.*

The Board of Directors has not developed a written position description for the Chief Executive Officer. However, the Board of Directors has set objectives for the Chief Executive Officer. The Chief Executive Officer's objectives constitute a mandate on a year-to-year basis. These objectives include a general mandate to maximize shareholder value. The Board of Directors approves the Chief Executive Officer's objectives for the Corporation on an annual basis.

4. Orientation and Continuing Education

- (a) *Briefly describe what measures the board takes to orient new directors regarding*
- (i) *the role of the board, its committees and its directors, and*
 - (ii) *the nature and operation of the issuer's business.*

The Corporation provides orientation for new appointees to the Board of Directors and committees in the form of informal meetings with members of the Board and senior management, complemented by presentations on the main areas of the Corporation's business.

- (b) *Briefly describe what measures, if any, the board takes to provide continuing education for its directors. If the board does not provide continuing education, describe how the board ensures that its directors maintain the skill and knowledge necessary to meet their obligations as directors.*

The Board does not formally provide continuing education to its directors. The directors are experienced members, including three who are directors of other reporting issuers. The Board of Directors relies on professional assistance when judged necessary in order to be educated or updated on a particular topic.

5. Ethical Business Conduct

- (a) *Disclose whether or not the board has adopted a written code for the directors, officers and employees.*

The Board of Directors adopted a Code of Business Conduct and Ethics on April 7, 2009.

- (b) *Describe any steps the board takes to ensure directors exercise independent judgement in considering transactions and agreements in respect of which a director or executive officer has a material interest.*

Under the *Canada Business Corporations Act*, to which the Corporation is subject, a director or officer of the Corporation must disclose to the Corporation, in writing or by requesting that it be entered in the minutes of meetings of the Board of Directors, the nature and extent of any interest that he or she has in a material contract or material transaction, whether made or proposed, with the Corporation, if the director or officer: (i) is a party to the contract or transaction; (ii) is a director or an officer, or an individual acting in a similar capacity, of a party to the contract or transaction; or (iii) has a material interest in a party to the contract or transaction. Subject to limited exceptions set out in the *Canada Business Corporations Act*, the director cannot vote on any resolution to approve the contract or transaction.

Further, it is the policy of the Corporation that an interested director or officer recuse himself or herself from the decision-making process pertaining to a contract or transaction in which he or she has an interest.

- (c) *Describe any other steps the board takes to encourage and promote a culture of ethical business conduct.*

The directors are apprised of the activities of the Corporation and ensure that it conducts such activities in an ethical manner. The directors encourage and promote an overall culture of ethical business conduct by promoting compliance with applicable laws, rules and regulations; providing guidance to consultants, officers and directors to help them recognize and deal with ethical issues; promoting a culture of open communication, honesty and accountability; and ensuring awareness of disciplinary actions for violations of ethical business conduct.

6. Nomination of Directors

- (a) *Describe the process by which the board identifies new candidates for board nomination.*

Since December 20, 2007, the date of the closing of the Corporation's initial public offering, there have been no new directors appointed to the Board of Directors. The Board of Directors retains the responsibility for identifying new candidates for Board nomination.

If the Board of Directors determines that new candidates for board nomination are advisable, the process by which the Board of Directors identifies new candidates for board nomination will begin with the approval by the Board of an outline of the skill-set and background which are desired in a new candidate. Board members or management will have an opportunity to suggest candidates for consideration. A search firm may be employed. Prospective candidates will be interviewed by the Chairman and other Board members on an *ad hoc* basis. An invitation to join the Board will be extended only after the Board has reached a consensus on the appropriateness of the candidate.

- (b) *Disclose whether or not the board has a nominating committee composed entirely of independent directors. If the board does not have a nominating committee composed entirely of independent directors, describe what steps the board takes to encourage an objective nomination process.*

The Board of Directors does not have a nominating committee. The independent directors will play a predominant role in the nomination process.

- (c) *If the board has a nominating committee, describe the responsibilities, powers and operation of the nominating committee.*

The Board of Directors does not have a nominating committee.

7. Compensation

- (a) *Describe the process by which the board determines the compensation for the issuer's directors and officers.*

The Compensation Committee is mandated to review and recommend to the Board of Directors for approval the remuneration of directors. The Compensation Committee considers time commitment, comparative fees and responsibilities in determining remuneration. See "Compensation of Directors" above.

With respect to the compensation of the Corporation's officers, see "Report on Executive Compensation" above.

- (b) *Disclose whether or not the board has a compensation committee composed entirely of independent directors. If the board does not have a compensation committee composed entirely of independent directors, describe what steps the board takes to ensure an objective process for determining such compensation.*

The Compensation Committee is composed entirely of independent directors within the meaning of Multilateral Instrument 52-110 *Audit Committees*. The members of the Compensation Committee are John Davis, Pierre Shoiry and Dennis Wood.

- (c) *If the board has a compensation committee, describe the responsibilities, powers and operation of the compensation committee.*

The Compensation Committee's primary role and responsibility concerns human resources and compensation policies and processes. Among the main responsibilities of the Compensation Committee is recommending the compensation of the Corporation's executive officers to the Board of Directors.

If the Compensation Committee considers it necessary, it may investigate and review any human resources or compensation matter relating to the Corporation. The Compensation Committee may, with approval of the Board of Directors, retain outside experts and engage special legal counsel, if necessary.

- (d) *If a compensation consultant or advisor has, at any time since the beginning of the issuer's most recently completed financial year, been retained to assist in determining compensation for any of the issuer's directors and officers, disclose the identity of the consultant or advisor and briefly summarize the mandate for which they have been retained. If the consultant or advisor has been retained to perform any other work for the issuer, state that fact and briefly describe the nature of the work.*

The Corporation retained PCI-Perrault Consulting Inc. to advise with respect to the Corporation's compensation policy, including the appropriate number of stock options to be granted to employees of the Corporation. See "Executive Compensation" above.

8. Other Board Committees

If the board has standing committees other than the audit, compensation and nominating committees, identify the committees and describe their function.

The Board does not have committees other than the Audit Committee and Compensation Committee.

9. Assessments

Disclose whether or not the board, its committees and individual directors are regularly assessed with respect to their effectiveness and contribution. If assessments are regularly conducted, describe the process used for the assessments. If assessments are not regularly conducted, describe how the board satisfies itself that the board, its committees, and its individual directors are performing effectively.

Assessments are not conducted on a regular basis. The Board of Directors from time-to-time examines and comments on its effectiveness and that of its committees and makes adjustments when warranted.

ADDITIONAL INFORMATION

Financial information about the Corporation is contained in its comparative consolidated financial statements and Management's Discussion and Analysis for the fiscal year ended May 31, 2009, and additional information about the Corporation is available on SEDAR at www.sedar.com.

If you would like to obtain, at no cost to you, a copy of any of the following documents:

- (a) the latest Annual Information Form of the Corporation together with any document, or the pertinent pages of any document, incorporated by reference therein;
- (b) the comparative financial statements of the Corporation for the fiscal year ended May 31, 2009 together with the accompanying report of the auditors thereon and any interim financial statements of the Corporation for periods subsequent to May 31, 2009 and Management's Discussion and Analysis with respect thereto; and
- (c) this Management Proxy Circular,

please send your request to:

5N Plus Inc.
4385 Garand
Ville Saint-Laurent, Québec
H4R 2B4

telephone: (514) 856-0644
telecopier: (514) 856-9611

AUTHORIZATION

The contents and the mailing of this Management Proxy Circular have been approved by the Board of Directors of the Corporation.

A handwritten signature in black ink, appearing to read 'J. L'Écuyer', is positioned above the printed name and title.

Jacques L'Écuyer
President and Chief Executive Officer

Ville Saint-Laurent, Québec
September 4, 2009