A pivotal year

Annual Report 2011

5N PLUS

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5N Plus is a leading producer of specialty metal and chemical products. Fully integrated with closed-loop recycling facilities, the company is headquartered in Montreal, Québec, Canada and operates manufacturing facilities and sales offices in several locations in Europe, North America 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.

To grow together in an environmentally responsible way, through the innovation and product excellence made possible by our employees' know-how and commitment, thereby enabling 5N Plus to become the world's leading producer of specialty metal and chemical products.

Our Vision

We are pleased to report our results for what we would argue constitutes a landmark year for 5N Plus. Indeed, while we continued to build on our track record of organic growth in 2011, with revenues and backlog reaching new heights, we also proceeded with the acquisition of MCP Group SA. This was a truly transformative event. Closing on April 8, 2011, this acquisition greatly expands our global footprint, strengthens our supply chain and diversifies our product portfolio. It thereby enables 5N Plus to increase critical mass, create new business opportunities and position itself as the leading producer worldwide of specialty metals and chemicals.

Message to Shareholders

Acquisitions designed to accelerate growth
Recognizing that organic growth alone could limit our company's ambitions for rapid development, we have been seeking additional growth opportunities through strategic acquisitions for some time. In 2009 we acquired Firebird Technologies and subsequently built a new plant in Trail, British Columbia. This new facility, which began operating late in the year, will provide mainly indium and germanium-bearing products. In a series of related transactions, we also acquired a majority stake in a germanium wafer manufacturer, Utah-based Sylarus Technologies, enabling us to further grow our germanium product offering and address promising segments of the solar energy and electronics markets.

The MCP acquisition, however, elevates 5N Plus to a whole new level. Based in Belgium, MCP is a global producer and distributor of specialty metals and their chemicals, with an extensive sourcing, production and distribution network comprised of production sites and commercial offices on four continents. As a result, 5N Plus is now more than ever a world player in both the specialty metals and clean technology markets, with commanding shares of the bismuth, gallium, indium, selenium and tellurium markets, all of which have a sizeable corresponding footprint. For example, non-toxic bismuth is widely used in cosmetics, pharmaceuticals and pigments, and is rapidly replacing lead in many applications, driven by stricter environmental regulations. Gallium is associated with improved energy efficiency and is poised for significant growth as gallium nitride-based light emitting diodes (LEDs) are gradually deployed in various display and lighting technologies. Gallium is also used with indium and selenium in CIGS-based thin-film solar technologies. As for tellurium, its main market is associated with CdTe-based solar modules, which continue to provide the lowest cost solar electricity.

A four-way strategic rationale
The acquisition of MCP is supported by a four-way strategic rationale. First, MCP gives us global critical mass while also delivering significant top and bottom line numbers, which will enable further business

diversification. MCP had sales of $350 million in 2010—nearly five times the sales of 5N Plus. These are immediately accretive to earnings and cash flow, before accounting for synergies and economies of scale.

Second, MCP is a good fit in terms of products, customers, production and logistics, strengthening our commercial and sourcing networks. We will be able to share expertise, optimize a large sales and distribution network and thereby capitalize on escalating demand for specialty metals and chemicals.

Third, MCP is very well positioned in Asia, and in particular China, which is an important producer of specialty metals. MCP's Chinese operations and commercial offices, together with the plant we have agreed to build and operate in Malaysia, provide for a greatly expanded Asian footprint. This should ultimately enable us to seize new sourcing and market opportunities, and reduce production costs.

Finally, MCP shares many aspects of our own entrepreneurial culture. The integration is proceeding smoothly, aligned along two main business units. Electronic Materials is headed by Nicholas Audet, while Eco-Friendly Materials is headed by Sebastian Voigt, with Marc Binet and Frank Fache playing important roles in shared primary material sourcing. MCP's former co-CEOs—Laurent Raskin and Frank Fache—have joined our senior management team as executive vice-presidents and are now also significant shareholders, ensuring strong alignment between shareholder and management interests. We welcome their vast experience and knowledge. Frank Fache joined our Board this past April and Laurent Raskin will be appointed to the Board at our next annual meeting.

Metal Managers expand capabilities

5N Plus is currently endowed with some of the most knowledgeable specialty metals experts in the world. To better leverage this expertise, the executive team now includes four Senior Metals Managers: Laurent Raskin (tellurium); Frank Fache (bismuth and germanium); Dominic Boyle (indium and cadmium) and Sean Fuller (gallium and selenium). Supported by long experience and a wealth of contacts, these senior executives will enable 5N Plus to make faster and better informed decisions based on the latest global intelligence.

Dennis Wood
Chairman of the Board of Directors

Jacques L'Ecuyer
President and Chief Executive Officer

Recycling a powerful differentiator

Our commitment to closed-loop recycling remains undeterred. In fact, the MCP acquisition further strengthens 5N Plus's competitive advantage in this area. Our now broader industrial and geographic base, together with additional acquired expertise, enables us to extract high value from more complex feedstocks, residues and production scraps. As more customers seek total lifecycle solutions for their production, they are turning to 5N Plus for recycling services, building relationships of trust that we expect to further develop with time.

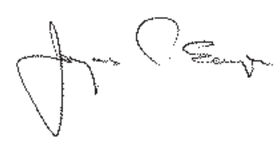
Building a sustainable business

The MCP acquisition, together with our other acquisitions and investments, are helping to build a more stable, robust and therefore sustainable business for our shareholders. As a one-stop shop for a much wider range of customers and suppliers, 5N Plus offers the convenience of one relationship for a wider range of transactions. Significantly, no single customer now commands more than 15% of 5N Plus's consolidated revenues, and our ten largest customers together account for less than 45% of revenues. This means we now have greater operational flexibility, an enhanced ability to control our own destiny, and are less vulnerable to market and cyclical forces.

As part of our efforts to bring greater long-term stability to 5N Plus's future, in August 2010 we entered into a long-term supply agreement with Abound Solar, and followed up in February 2011 with a new long-term supply agreement with industry-leading First Solar. The latter runs to 2015 and guarantees an increase of 30% in product shipments over current levels, such increase rising to 60% by 2013. Abound Solar and First Solar purchase cadmium telluride to produce thin-film solar modules, and also use our recycling services.

A changing and exciting dynamic

As 5N Plus begins its second decade in business, it is also entering an era of significant growth potential. To prepare for this new era, our president and most of the management team travelled extensively throughout Europe, Asia and North America to meet hundreds of employees and see first-hand the tremendous assets that now serve the company's operations. We welcome these new employees and thank our entire team for their dedication to serving our customers and to help usher in a period of accelerated growth for 5N Plus. We look forward to very exciting times ahead.



Jacques L'Ecuyer
President and Chief Executive Officer

Dennis Wood
Chairman of the Board of Directors

Continuous Improvement

We promote excellence in everything we do, with the ultimate goal of being recognized as the industry leader. We therefore continually seek to improve our skills, along with the quality of our products and services.

Health and Safety

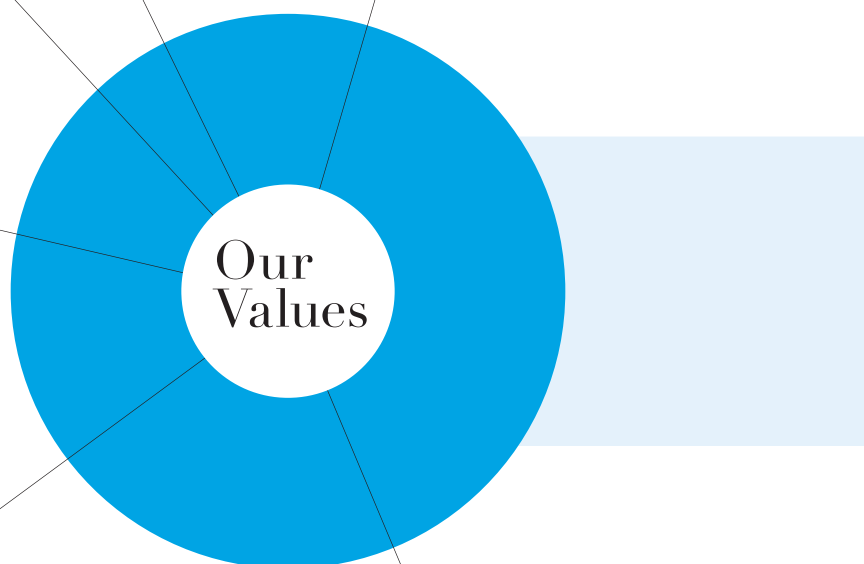
Employee health and safety guides all our operations. We act responsibly to minimize risks and promote prevention, with the goal of continually improving our health and safety performance.

Sustainable Development

We encourage individual and corporate initiatives that help to protect the environment. This includes promoting—both internally and with clients and suppliers—the recycling of products and industrial waste, and setting objectives that reduce our environmental footprint.

Commitment

Transforming our vision into reality is possible only through the commitment and effort of our employees. We therefore aim to develop a stimulating work environment that values teamwork and excellence.



The past year's significant gains in market reach and geographic scope have, if anything, made our values even more important to our future. These values are our ethical compass. They keep us grounded and connected to employees, customers and communities. More than ever, they are the foundation that supports our growth.

Customer Focus

Our goal is to exceed customer expectations by delivering outstanding services and products shaped by the customer's needs. To achieve this, we have the confidence and resourcefulness to propose solutions that establish lasting relationships of trust.

Integrity

We adhere to the highest standards of integrity, which means keeping our word, complying with the letter and spirit of the law, and treating every person with whom we do business with respect and dignity.

At a Glance

A transformed 5N Plus

650 employees on four continents

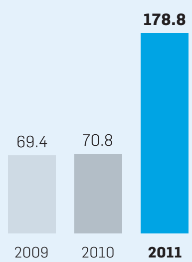
14 manufacturing facilities, 18 sales offices

Strategic supply chain with primary producers

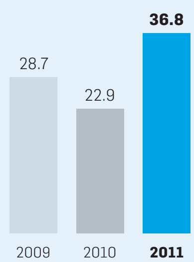
Strong recycling capabilities

Financial highlights

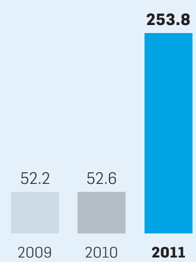
Revenues
(in millions of Canadian dollars)



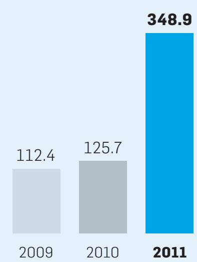
EBITDA
(in millions of Canadian dollars)



Backlog
(in millions of Canadian dollars)



Shareholders' equity
(in millions of Canadian dollars)



Operational highlights

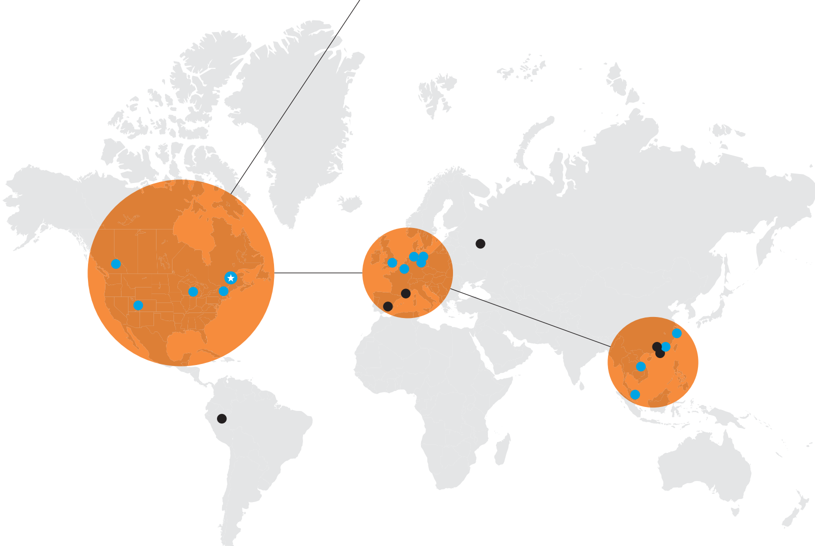
- Acquired 100% of MCP Group SA, together with $125 million equity financing, to become a global leader in the production and distribution of specialty metals
- Officially opened new facility in Trail, B.C., dedicated to advanced semiconductor processing, metal purification and recycling
- Signed new long-term agreements with First Solar Inc., a global leader in solar photovoltaic technology, for the supply and recycling of cadmium telluride (CdTe)
- Provided financing to Sylarus Technologies, a leading producer of germanium substrates for solar cells, and entered into a germanium supply and recycling agreement. Subsequently acquired 66.67% majority interest in Sylarus
- Signed long-term supply agreement for CdTe with Abound Solar, a maker of next-generation thin-film solar modules
- Won awards in multiple categories at 2010 Deloitte Technology Fast 50™ Awards
- Announced plans for a new recycling facility in Malaysia

market potential

The CdTe thin-film solar power industry, which operates on several continents, has experienced a 90% annual growth rate since 2005.

cadmium telluride

We're at the forefront of the thin-film solar cell value chain.



#1 supplier to solar industry

5N Plus supplies the leading manufacturers of CdTe thin-film solar modules. Our recycling services add significant value to our Canadian and German production plants, with a new Malaysian recycling plant soon to capture market share in Asia Pacific as well.

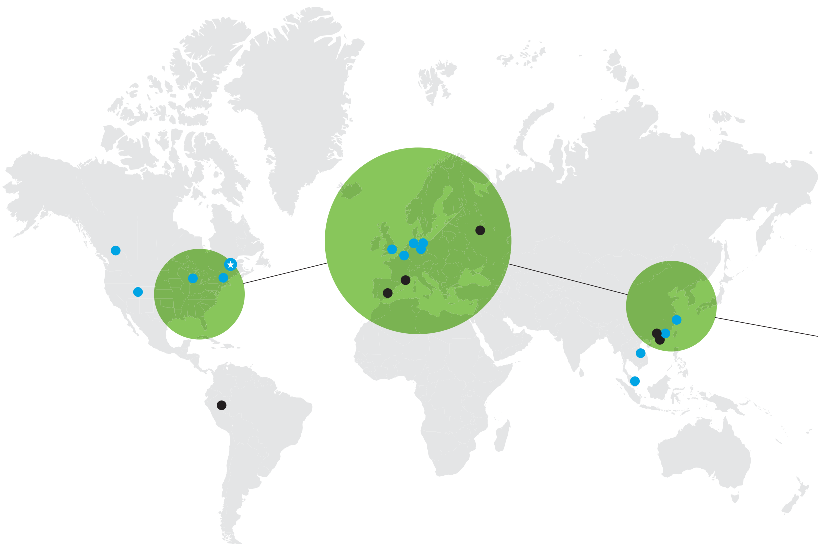
end use

CdTe-based solar cells have emerged as the world's leading technology for large-scale installations—typically public or private utilities—that deliver high performance at low cost.

As a supplier of high-purity CdTe and cadmium sulfide (CdS) to the world's leading producers of thin-film solar modules, our commitment to clean technologies remains undiminished. In fact, over the past year we solidified our relationship with these leading manufacturers by entering into long-term supply agreements. This will provide 5N Plus with a foundation of steady and predictable revenue for years to come.

Indeed, this industry has a highly significant cost advantage over competing technologies, which will continue to fuel its global growth and therefore our revenue base. CdTe-based solar modules have experienced a 90% annual growth rate (based on GW) since 2005, which is forecast to continue into the coming years.

Our ability to recover and recycle valuable materials from manufacturing scraps and spent solar cells adds significant value to our offering and strengthens customer relationships.



global production

Non-toxic bismuth is replacing lead in most applications in Europe. We currently serve global markets with bismuth, bismuth chemicals and bismuth alloys from production centres in Europe, Asia and North America.

With a legacy in the production and sale of bismuth going back to 1863, we claim a long history in this versatile metal. Bismuth is typically recovered as a byproduct of lead and copper, however some dedicated mines and deposits also exist. Our main customers for bismuth products are in Europe, North America and Asia, with growth areas expected in Korea and China, driven by lead replacement. The gradual recognition of lead's toxic properties is leading many jurisdictions to phase out lead in favour of bismuth. This transition is already underway in Europe, and we believe other parts of the world could follow suit.

Bismuth's greater weight within the 5N Plus product portfolio is opening up new consumer markets. Bismuth is the main ingredient in the popular antacid Pepto-Bismol™, and is used to produce yellow paints and cosmetics. Its pharmaceutical applications are mainly for treating ulcers and intestinal disorders.

#1 producer in the world

A market share of more than 50% makes 5N Plus the world's leading supplier of bismuth and bismuth chemicals.

end uses

Pepto-Bismol™
Pharmaceuticals
Paints
Electronics
Coatings
Optics

bismuth

Bismuth figures prominently in a growing number of industrial and consumer products.

83

Bi

31

#1 supplier worldwide

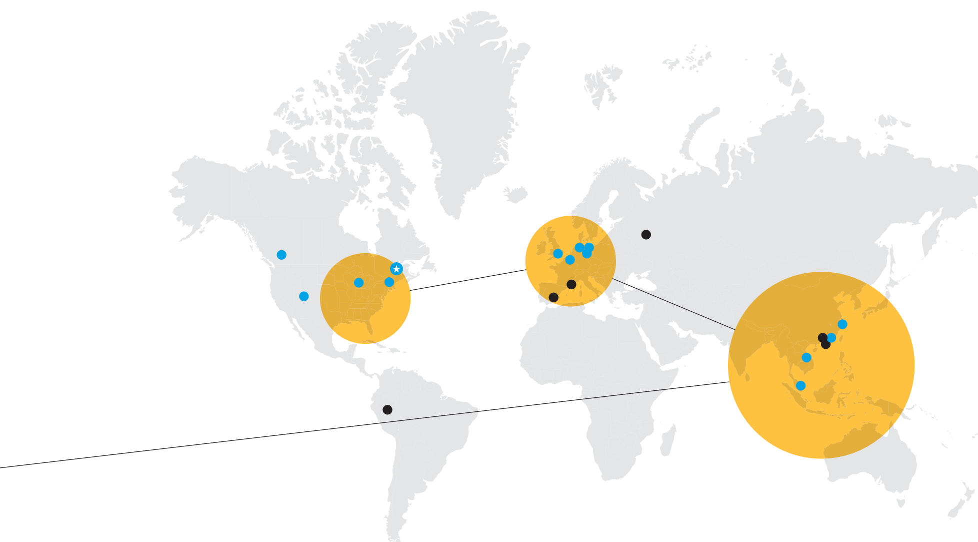
We are the leading supplier of gallium to customers worldwide and are well positioned to capture growth opportunities in a range of high-technology industries, where this metal is indispensable.

gallium

The use of gallium in gallium nitride (GaN) to make LEDs, in gallium arsenide (GaAs) for high frequency devices, including wireless handsets, and in CIGS solar cells, is driving significant growth.

end uses

LEDs (light emitting diodes)
Flat-panel screens
Integrated circuits
Optoelectronic devices
CIGS solar cells
Specialty alloys
Batteries
Biomedical devices



gallium around the world

Gallium is generally recovered as a byproduct during alumina production. We are the global leader for this metal, with production facilities in Europe, Asia and North America.

Occupying the forefront of the gallium nitride (GaN) value chain, 5N Plus is in a prime strategic position to benefit from global growth in the LED market. That market is surging, as LEDs are ideally suited for display lighting, and as consumers, governments and industry seek alternative, more economical technologies to replace compact fluorescents and incandescent bulbs. We supply large customers with Ga feedstock, which they use to manufacture a precursor for MOCVD (metal organic chemical vapor deposition). This precursor is then sold to manufacturers of LEDs.

Other high-growth markets include gallium arsenide (GaAs), which is extensively used in high frequency electronics and fast switching applications. As demand for wireless handsets increases, so does demand for GaAs, which remains the preferred material for these applications. Similarly, gallium is an essential component of copper indium gallium diselenide (CIGS) solar cells. This is among the most promising solar technologies, as CIGS solar cells are less material-intensive and more scalable in manufacturing. Their higher efficiency should ultimately produce lower cost solar electricity, spurring greater demand and production.

positioning for leadership

With its two production facilities in North America, 5N Plus is well positioned as an emerging supplier of germanium and semi-finished optics and substrates. The annual growth rate of more than 40% since 2009 is forecast to remain constant until at least 2013.

A long-term supply agreement with Teck Metals ensures that 5N Plus has a fully North American supply chain for its two production facilities. This will enable us to capture a significant portion of the fast-growing market for germanium semi-finished optics and substrates.

Our two germanium-production divisions address different portions of the market. Sylarus produces germanium substrates for manufacturers of high-efficiency CPV solar cells for both space and terrestrial applications. Firebird, in Trail, serves the semiconductor and optics industries. We expanded and upgraded our Trail-based division to add recycling, refining, crystal growth and machining to its capabilities.

North American production, world focus

Our Sylarus division is located in St. George, Utah, while Firebird Technologies is in Trail, British Columbia. The latter also has complete recycling, refining, crystal growth and machining capabilities.

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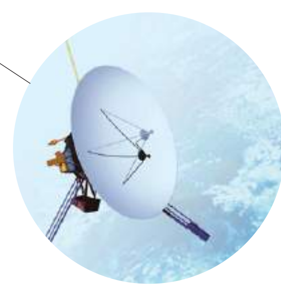
Ge

germanium

A relatively scarce metal recovered from coal ashes and as a byproduct of zinc mining, germanium is expected to be a growth driver for 5N Plus.



end uses

Lenses for infrared light detectors

Specialized solar cells for satellites

Substrates for concentrated photovoltaics (CPV)

A diversified product portfolio

In 49 | Indium

A relatively rare metal extracted from zinc ores, indium is produced at our facilities in England and in Trail, British Columbia. We market indium in pure metal, chemical and low-melting-point alloy forms for use in electronics, solar cells and optics. Growth is largely driven by the popularity of LCD displays and touchscreens, for which indium is essential in forming transparent electrodes from indium tin oxide (ITO).

end uses
Flat panel displays
Touchscreens
CIGS solar cells
Battery manufacture
Ceramics
Fuel cells

market position
We are a market leader in the supply of indium worldwide.

Te 52 | Tellurium

A semi-metal or metalloid extracted primarily from residues of copper and lead refining, high-purity tellurium is a key component of cadmium telluride (CdTe) solar cells. It is also used in medical imaging, thermoelectric devices, in various storage media applications, as well as in metallurgical alloys. 5N Plus manufactures tellurium-based products in North America, Europe and Asia.

end uses
CdTe solar cells
Medical imaging
Thermoelectric devices
Infrared detectors
Optical storage

market position
We are the market leader in the supply of tellurium worldwide.

North America

Se[34] Selenium

The non-metallic chemical element selenium is extracted from copper residues, along with tellurium and other precious metals, and is refined at our plants in North America and Europe. 5N Plus sells selenium to manufacturers of the compound zinc selenide (ZnSe). As this compound is transparent under infrared light, it is used to make lenses for carbon dioxide lasers. Selenium is also used to manufacture CIGS and CIS solar cells, and for thermoelectric devices.

end uses

Lenses
Animal feeds
Electrolytic manganese
Metallurgical additive
CIGS solar cells
Infrared optics
Thermoelectric devices

market position

We are a market leader in the supply of selenium worldwide.

Sb[51] Antimony

A shiny silvery-white metalloid known since antiquity, antimony is chiefly extracted from copper and lead residues. Refined and marketed by our Montreal plant, antimony is also a constituent of indium antimonide (InSb), a semiconductor material manufactured by our Firebird plant in Trail, British Columbia. InSb is used to make high-sensitivity infrared detectors, including thermal imaging cameras.

end uses

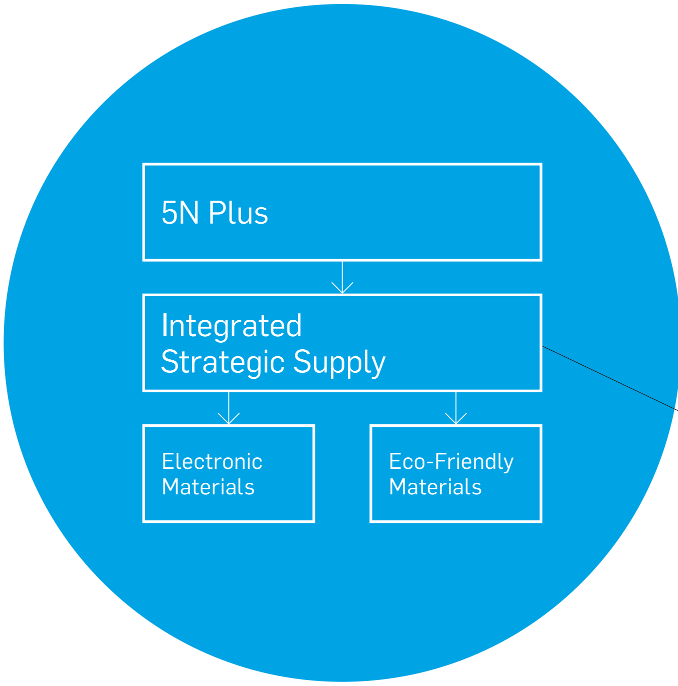
InSb wafers
Storage media
Microelectronics

market position

We are a market leader in the supply of antimony worldwide.

Europe & Asia

(1) Facility currently in construction



A Global Responsibility

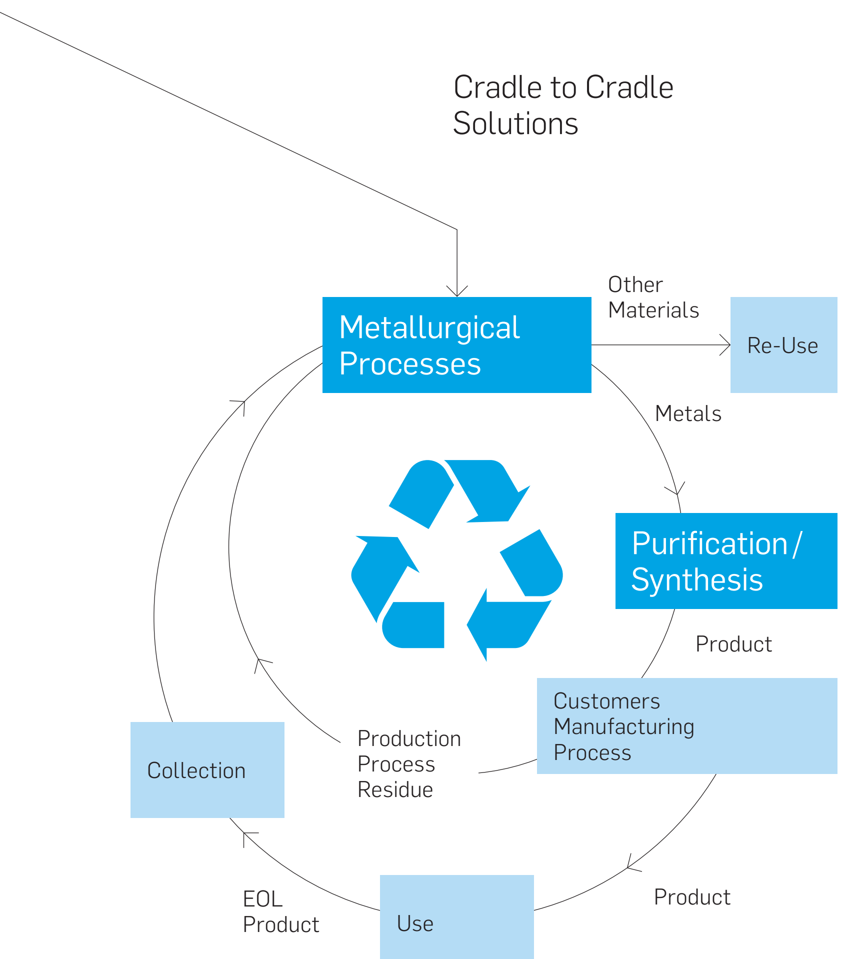
Our responsibility for implementing sustainable solutions has grown along with our size and scope.

As a company that has focused on clean technologies and sustainable solutions since its founding, our larger size provides a better opportunity to have an even more positive impact on our communities.

Valuing people

In the wake of the recent transformative acquisition, the 5N Plus group has grown significantly in both size and geographic scope. The integration process is already well underway and proceeding smoothly. Currently, one of our highest priorities is to gain a better understanding of the differing values and cultures within our expanded organization, with the ultimate goal of leveraging this rich diversity in ways that support our corporate objectives. Recognizing that our people's engagement will be essential to our future success, we have also begun to disseminate our core values, vision and mission, and to clearly set out how these will support our shared prosperity.

We believe this speaks to our responsibility to build a sustainable business that advances the long-term interests of our shareholders, employees and other stakeholders.



Valuing the environment

As a company that provides closed-loop recycling services to customers in the clean technologies field, we are making a positive difference to the environment. Indeed, our recycling services reduce the amount of waste our customers generate and lead to the recovery of limited resources, thereby reducing their overall environmental footprint. This remains a core activity for 5N Plus. It also contributes to the bottom line by generating more revenue through recycling, while adding value to customer partnerships.

In 2009, we began using Life Cycle Assessment, a “cradle-to-cradle” evaluation of the environmental impact of our product manufacturing and recycling activities.

More recently, we made major improvements to our Montreal facility that generated a significant reduction in total water consumption over the previous year, despite increased production. As a leader in sustainability, we also sit on various industry association working groups.

All these efforts are regularly recognized by third-party industry watchers—as they were during the past year:

- We were included for the third consecutive year on the Corporate Knights Cleantech 10 list, featuring Canada’s ten best publicly held companies in the cleantech technology.
- We won in multiple categories at the 2010 Deloitte Technology Fast 50™ Awards. This included the prestigious Deloitte Technology Green 15™ Award, which showcases companies that create breakthroughs in green technology, and the Leadership Award for emerging technologies.

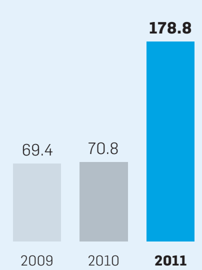
Management's Discussion and Analysis

This Management's Discussion and Analysis (MD&A) of the operating results and the financial position is intended to assist readers in understanding 5N Plus Inc. ("the Company"), its business environment and future prospects. This MD&A should be read while referring to the audited consolidated financial statements and the accompanying notes for the fiscal year ended May 31, 2011. Information contained herein includes any significant developments to August 24, 2011, the date on which the MD&A was approved by the Company's board of directors. The financial information presented in this MD&A is based on the Company's accounting policies that are in compliance with Canadian generally accepted accounting principles ("GAAP"). It also includes some figures that are not performance measures consistent with GAAP. Information regarding these non-GAAP financial measures is provided under the heading Non-GAAP Measures of this Management's Discussion and Analysis. All amounts are expressed in millions of Canadian dollars. Unless otherwise indicated, the terms "we", "us" and "our" as used herein refer to the Company together with its subsidiaries.

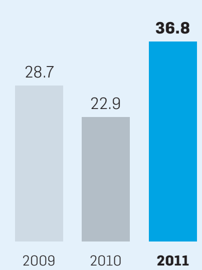
Notice regarding forward-looking statements

Certain statements in this MD&A may be forward-looking within the meaning of securities legislation. 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. Factors of uncertainty and risk that might result in such differences include the risk related to the possible failure to realize anticipated benefits of acquisition, additional indebtedness, credit, interest rate, inventory pricing, currency fluctuation, fair value, source of supply, environmental regulations, competition, dependence on key personnel, business interruptions, protection of intellectual property, international operations and collective agreements. For more details, see the Risks and Uncertainties section. As a result, we cannot guarantee that any forward-looking statements will materialize. 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 terms of similar terminology. The forward-looking statements set forth herein reflect our expectations as at the date of this MD&A and are subject to change after such date. Unless required by applicable securities legislation, management does not undertake to update these forward-looking statements as a result of new information, future events or other changes. In evaluating these statements, the reader should consider various factors, including the risks outlined above. The reader is warned against giving undue reliance on these forward-looking statements.

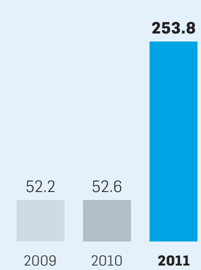
Revenues
(in millions of Canadian dollars)



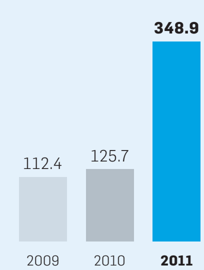
EBITDA
(in millions of Canadian dollars)



Backlog
(in millions of Canadian dollars)



Shareholders' equity
(in millions of Canadian dollars)



Corporate Overview and Business

5N Plus is a 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, North America 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.

Selected yearly financial information

Years ended May 31	2011	2010	2009
(in thousands of Canadian dollars except per share amounts)	$	$	$
Consolidated Results			
Revenues	178,828	70,763	69,373
Net earnings from continuing operations	21,641	15,143	20,868
Basic earnings per share from continuing operations	0.44	0.33	0.46
Diluted earnings per share from continuing operations	0.44	0.33	0.45
Net loss from discontinued operations	–	496	–
Net earnings	21,641	14,647	20,868
Basic earnings per share	0.44	0.32	0.46
Diluted earnings per share	0.44	0.32	0.45
EBITDA[1]	36,771	22,926	28,680
Funds from Operations[1]	29,569	20,391	23,127
Balance Sheet Data			
Total assets	783,638	138,521	128,169
Long-term debt	126,385	4,198	3,997
Net debt[1]	238,381	(63,171)	(60,519)
Shareholders' equity	348,918	125,678	112,369

[1] See Non-GAAP Measures

Selected quarterly financial information

				FY2011				FY2010
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
(in thousands of Canadian dollars except per share amounts)	$	$	$	$	$	$	$	$
Revenues	119,808	20,582	19,668	18,770	19,730	19,227	15,753	16,053
Gross profit[1]	26,459	8,652	8,862	8,352	8,671	8,204	7,359	7,618
EBITDA	19,170	5,956	5,958	5,665	6,209	6,262	5,506	4,949
Net earnings	10,049	3,540	4,019	4,033	4,339	4,076	3,217	3,015
Basic earnings per share	0.17	0.08	0.09	0.09	0.09	0.09	0.07	0.07
Diluted earnings per share	0.17	0.08	0.08	0.08	0.09	0.08	0.07	0.06
Net earnings from continuing activities	10,049	3,540	4,019	4,033	4,363	4,362	3,403	3,015
Basic earnings per share from continuing activities	0.17	0.08	0.09	0.09	0.10	0.10	0.07	0.07
Diluted earnings per share from continuing activities	0.17	0.08	0.08	0.08	0.09	0.09	0.07	0.06
Backlog[1]	253,840	71,245	62,596	57,424	52,651	53,791	53,268	56,964

[1] See Non-GAAP Measures

Highlights of Fiscal Year 2011 and Fourth Quarter 2011

- On April 8, 2011, the Company proceeded with the acquisition of MCP Group SA ("MCP"), a leading producer and distributor of specialty metals and their chemicals, including bismuth, indium, gallium, selenium and tellurium. The strong increases on the financial results of 5N Plus primarily reflect the contribution of MCP from April 8, 2011 onwards.
- Revenues, net earnings and EBITDA all reached record levels. For the fiscal year, revenues increased by 153% to $178.8 million, net earnings by 43% to $21.6 million and EBITDA by 60% to $36.8 million, with funds from operations rising by 45% to $29.6 million. For the fourth quarter, revenues reached $119.8 million representing a fivefold increase over revenues of the fourth quarter of the last fiscal year, with net earnings and EBITDA increasing by over 132% and 209% respectively to $10.0 million, or $0.17 per share, and $19.2 million.
- The Company's balance sheet remains strong, with shareholders' equity now standing at $348.9 million up from $125.7 million one year earlier following the acquisition of MCP and the issuance on April 11, 2011 of 13.6 million shares at $9.20 per share for gross proceeds of $125.0 million.
- In February 2011, 5N Plus entered into a new long-term supply and recycling agreement with First Solar, Inc. extending until December 31, 2015 which includes increasing committed purchases. 5N Plus also announced plans to set up a new recycling facility in Malaysia.
- In addition to the MCP acquisition, the Company proceeded with a number of growth initiatives during the year, including;
  - the acquisition of a majority ownership position in Sylarus Technologies LLC ("Sylarus"), a leading producer of germanium substrates for solar cell applications;
  - the construction and commissioning of a new 40 000 sq. ft. production facility in Trail for advanced semiconductor processing, metal purification and recycling, and;
  - the development of a solar module recycling facility in DeForest, Wisconsin, for which the Company was awarded $0.5 million in funding from the State Energy Program of Wisconsin.
- The outlook for the Company appears very promising with a 383% increase in backlog which now stands at $253.8 million up from $52.6 million one year ago. In the fourth quarter alone, backlog increased by over $180.0 million.
- For the third consecutive year, the Company was listed on the Corporate Knights Cleantech 10 list featuring Canada's ten best publicly held companies in the cleantech technology sector. The Company was also the winner in multiple categories at the 2010 Deloitte Technology Fast 50™ Awards, including winning the prestigious Deloitte Technology Green 15™ Award and the Leadership Award, emerging technologies, and ranking amongst the Deloitte Technology Fast 50™. Since September 2010, 5N Plus is listed on the S&P/TSX Small Cap and S&P/TSX Clean Technology indexes.

Business Acquisition

The Company acquired two businesses in 2011 and one in 2010. These acquisitions were recorded under the purchase method and the earnings of the acquired business were consolidated from the date of their acquisition.

On April 8, 2011, the Company acquired MCP for the following consideration: cash consideration of $144 million (€105.8 million), promissory note and holdback to vendors of $85.5 million (€61.9 million) and 11,377,797 common shares of 5N Plus at $6.91 per share for consideration of $78.6 million. Transaction costs were approximately $2.1 million for a total consideration of $310.2 million. The price of $6.91 per share was established by taking the average market price of 5N Plus shares for three days before and after the announcement minus a 20% discount, based on the value of a put option estimated using the Black-Scholes pricing model to reflect the lock-up period on these shares. As part of the acquisition, the Company closed the Atlumin facilities owned by MCP located in Sunnyvale, California.

On June 21, 2010, the Company acquired, for an amount of US$3.0 million (approximately $3.1 million), a convertible note from Sylarus, a producer of germanium substrates for solar cells located in St. George, Utah.

On January 10, 2011, the Company converted the debenture into a 66.67% majority interest of Sylarus. 5N Plus also agreed to provide additional funding of US$0.8 million in the form of secured debt to enable the repayment of short term debt contracted by Sylarus.

On December 1, 2009, the Company acquired Firebird Technologies Inc. ("Firebird") for an amount of $7.9 million including acquisition costs of $0.6 million. Firebird is a manufacturer of pure metals and semiconductor compounds. Firebird's main products include indium antimonide wafers as well as purified metals such as antimony, indium and tin, sold worldwide and used in a number of electronic and optical applications.

The following table summarizes the purchase allocation of the net assets acquired on a preliminary basis for 2011, and the final purchase price allocation for 2010:

	MCP	Sylarus	**2011**	2010
(in thousands of Canadian dollars)	$	$	**$**	$
Assets acquired				
Temporary investments (restricted)	18,061	–	**18,061**	–
Non-cash working capital	292,919	681	**293,600**	1,881
Property, plant and equipment	43,837	8,048	**51,885**	1,521
Intangible assets	70,471	–	**70,471**	1,355
Goodwill (not deductible)	112,596	–	**112,596**	4,382
Future income tax assets	3,625	–	**3,625**	–
Other assets	2,919	200	**3,119**	–
	544,428	8,929	**553,357**	9,139
Liabilities assumed				
Non-cash working capital	93,486	2,706	**96,192**	16
Bank indebtedness and short-term debt	125,393	–	**125,393**	–
Long-term debt	23,780	1,096	**24,876**	858
Future income tax liabilities	21,370	–	**21,370**	517
Note payable to 5N Plus	–	769	**769**	–
Non-controlling interest	–	1,560	**1,560**	–
	264,029	6,131	**270,160**	1,391
Total consideration	280,399	2,798 [1]	**283,197**	7,748
Consideration				
Cash paid to the vendors	144,027	3,307	**147,334**	7,851
Shares issued to the vendors	78,621	–	**78,621**	–
Balance of purchase price and holdback	85,455	–	**85,455**	–
Cash and cash equivalents acquired	(29,804)	(509)	**(30,313)**	(164)
Acquisition costs	2,100	–	**2,100**	61
Purchase consideration	280,399	2,798	**283,197**	7,748

[1] Book value of the loan and the embedded derivative (convertible option) at the date of the acquisition for this non-cash transaction.

Results of Operations

Results overview

	Three months ended May 31			Year ended May 31		
	2011	2010	Increase	**2011**	2010	Increase
(in thousands of Canadian dollars except per share amounts)	**$**	$		**$**	$	
Revenues	**119,808**	19,730	507%	**178,828**	70,763	153%
Gross profit	**26,459**	8,671	205%	**52,325**	31,853	64%
Net earnings[1]	**10,049**	4,363	130%	**21,641**	15,143	43%
Net earnings per share[1]	**0.17**	0.09	100%	**0.44**	0.33	33%
EBITDA	**19,170**	6,209	209%	**36,771**	22,926	60%
Bookings[2]	**302,403**	18,589	589%	**380,017**	71,184	189%

1 Net earnings from continuing operations

2 See Non-GAAP Measures

Revenues

Revenues for the fourth quarter ended May 31, 2011 reached a record level of $119.8 million, a 507% increase over sales of $19.7 million for the same period last year. Included in the fourth quarter, for the first time, are revenues of MCP which contributed to our financial results for a period of 7 weeks and for an amount estimated to represent over $90.0 million. Sales of all main products were strong throughout the quarter with revenues being also positively impacted by an increase in average selling price following a general trend of commodity price increases. Revenues for the fiscal year ended May 31, 2011 also reached a record level, for the very same reasons, lying at $178.8 million, representing a 153% increase over sales of $70.8 million for the previous fiscal year.

Gross profit

Gross profit in the fourth quarter increased by 205% to $26.5 million or 22% of revenues compared to $8.7 million or 44% of revenues for the same period last year. For the fiscal year ended May 31, 2011, gross profit increased by 64% to $52.3 million, or 29% of revenues, compared to $31.9 million or 45% of revenues for the previous fiscal year. Both increases in gross profit are associated with an increase in revenues over the periods considered. As a percentage of revenues gross profit decreased because of the inclusion of the MCP financial results. MCP generally sells products for which the gross profit in terms of revenues is less than the Company's historical levels. Rising raw material costs which impact both average selling price and cost of sales further contributed to this decrease as a percentage of revenues.

Net earnings

Net earnings from continuing operations for the fourth quarter reached a record level of $10.0 million or $0.17 per share, up by 130% over net earnings from continuing operations of $4.3 million or $0.09 per share for the same period last year. Net earnings from continuing operations for the fiscal year ended May 31, 2011 also reached a record level at $21.6 million or $0.44 per share, representing a 43% increase over net earnings from continuing operations of $15.1 million or $0.33 per share, for the previous fiscal year. These increases are mainly attributable to the contribution of the MCP activities which resulted in a higher gross profit. The impact of this increased gross profit on net earnings was partially offset by increases in selling, general and administrative expenses, and financial expenses.

EBITDA

	Three months ended May 31			Twelve months ended May 31		
	2011	2010	Increase (Decrease)	**2011**	2010	Increase (Decrease)
(in thousands of Canadian dollars)	**$**	$		**$**	$	
Net earnings[1]	**10,049**	4,363	130%	**21,641**	15,143	43%
Financial expenses and interest income	**2,094**	(60)	3,590%	**1,911**	(278)	787%
Foreign exchange gain	**(366)**	(533)	−31%	**(1,007)**	(1,184)	−15%
Amortization	**3,142**	705	346%	**5,368**	2,733	96%
Income taxes	**4,251**	1,735	145%	**8,858**	6,512	36%
EBITDA	**19,170**	6,209	209%	**36,771**	22,926	60%

1 Net earnings from continuing operations

EBITDA increased by 209% for the fourth quarter of fiscal year 2011 when compared to the same period last year reaching $19.2 million up from $6.2 million. EBITDA for the fiscal year ended May 31, 2011 increased by 60% when compared to the previous fiscal year reaching $36.8 million up from $22.9 million. EBITDA was positively impacted by the contribution of MCP to our operational results to a greater extent than net earnings as both financial expenses and income taxes are not included in the EBITDA numbers.

Bookings and backlog

Bookings were $302.4 million in the fourth quarter and $380.0 million in the year up from $18.6 million and $71.2 million for the corresponding periods of the previous fiscal year. Such increases are attributable mainly to the contribution of the MCP backlog but also reflect a continuing trend of increasing bookings and backlog throughout the year as a result of important contract renewals and an expansion of the product portfolio. This increase in bookings led to an increase in backlog which stands at $253.8 million as at May 31, 2011 which is 382% higher than the corresponding backlog of $52.7 million as at May 31, 2010. In terms of quarterly revenues, backlog was lower reflecting the fact that MCP has a larger proportion of spot sales and as a result typically runs on a backlog which represents a lower proportion of revenues.

Segment information

The company has two reportable business 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 segment operating profit which is reconciled to consolidated numbers by taking into account corporate income and expenses.

The Electronic Materials segment is headed by a Vice-President which oversees locally managed operations 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 (solar energy), medical imaging, light emitting diodes (LED), displays, high-frequency electronics and thermoelectrics. Main products are associated with the following metals: cadmium, gallium, germanium, indium and tellurium. These are sold either in elemental or alloyed form as well as in the form of chemicals and compounds. Revenues and earnings associated with recycling services and activities provided to customers of the Electronic Materials segment are also included in the Electronic Materials segment and management of such activities is also the responsibility of the Electronic Materials Vice-President.

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

Corporate expenses associated with the head office and unallocated selling, general and administrative expenses together with financing costs, gain and/or losses on foreign exchange and the amortization of intangible assets have been regrouped under the heading Corporate and Other. The head office is also responsible for managing businesses which are still in the development stage and corresponding costs are netted of any revenues.

Revenues, EBITDA and bookings for the Company's reportable segments are discussed below. Former MCP activities were carried out in both business segments and are accordingly split between the two. 5N Plus activities prior to the MCP transaction are entirely included in the Electronic Materials business segment.

Electronic Materials division

	Three months ended May 31		Twelve months ended May 31	
	2011	2010	**2011**	2010
(in thousands of Canadian dollars)	**$**	$	**$**	$
Revenues	**62,433**	19,730	**121,453**	70,763
Cost of goods & expenses, before amortization	**(45,085)**	(13,167)	**(86,528)**	(46,427)
Segmented EBITDA	**17,348**	6,563	**34,925**	24,336
Bookings	**142,230**	18,589	**219,844**	71,184

Revenues in the fourth quarter for the Electronic Materials division increased by 216% reaching $62.4 million up from $19.7 million in the fourth quarter of the previous fiscal year. Revenues for the year increased by 72% to a level of $121.5 million, up from $70.8 million last year. Revenues in the quarter and the year included a contribution from the relevant MCP activities from April 8, 2011 onwards only. These increases in revenues are mainly associated with the contribution of MCP together with an increase in sales of solar products and an extension of the product portfolio following investments made throughout the year.

EBITDA in the fourth quarter for the Electronic Materials division increased to $17.3 million up by 164% over the level of $6.6 million in the fourth quarter of the previous fiscal year. EBITDA for the year reached a level of $34.9 million which represents a 44% increase over EBITDA for the previous fiscal year. These increases are essentially related to the contribution of the relevant MCP activities.

Bookings in the fourth quarter for the Electronic Materials division reached a level of 142.3 million, up from $18.6 million in the fourth quarter of the previous fiscal year. Bookings increased by 209% to $219.8 million up from $71.2 million one year earlier. This increase is associated with the contribution of the MCP backlog together with an increase associated primarily with the renewal of the Company's contract with First Solar. The backlog for the Electronic Materials division now stands at $151.0 million, increasing by $98.0 million during the year and by $80.0 million in the quarter.

Eco-Friendly Material division

	Three months ended May 31		Twelve months ended May 31	
	2011	2010	**2011**	2010
(in thousands of Canadian dollars)	**$**	$	**$**	$
Revenues	**57,375**	–	**57,375**	–
Cost of goods & expenses, before amortization	**(52,602)**	–	**(52,602)**	–
Segmented EBITDA	**4,773**	–	**4,773**	–
Bookings	**160,173**	–	**160,173**	–

The Eco-Friendly Materials activities are entirely composed of prior MCP activities as the Company did not carry out any such activities prior to April 8, 2011. Accordingly there is no historical data to compare and discuss. In addition all data discussed represents, from a duration standpoint, only 55% of a normal quarter.

Revenues reached $57.4 million during the quarter and were primarily composed of sales of bismuth metal and bismuth chemicals. The corresponding EBITDA associated with such revenues was $4.8 million.

Bookings were $160.2 million and are entirely associated with the contribution of the MCP backlog. The backlog for the Eco-Friendly Materials division now stands at $102.8 million, which when compared with the Electronic Materials division backlog is lower in terms of percentage of revenues and in line with the larger proportion of spot or short-term sales associated with this business segment.

Expenses

	Three months ended May 31			Twelve months ended May 31		
	2011	2010	Increase (Decrease)	**2011**	2010	Increase (Decrease)
(in thousands of Canadian dollars)	**$**	$		**$**	$	
Amortization	**3,142**	705	346%	**5,368**	2,733	96%
Selling, General and Administrative	**7,399**	1,783	315%	**13,309**	7,069	88%
Research & Development	**198**	679	-71%	**2,577**	1,858	39%
Financial Expenses, Interest Income and Foreign Exchange Gain	**1,728**	(593)	391%	**904**	(1,463)	162%
Income taxes	**4,252**	1,735	145%	**8,858**	6,512	36%
	16,719	4,309	288%	**31,016**	16,709	86%

Amortization

Amortization expenses for the quarter ended May 31, 2011 were $3.1 million compared to $0.7 million for same period last year. For the fiscal year ended May 31, 2011, amortization expenses were $5.4 million compared to $2.7 million in fiscal year 2010. These increases reflect the larger amortizable asset base following the acquisition of MCP, including $70.0 million of intangible assets which now stand at approximately $72.0 million.

Selling, General and Administrative Expenses

Selling, General and Administrative Expenses increased to $7.4 million in the fourth quarter and $13.3 million for the fiscal year ended May 31, 2011 compared to $1.8 million and $7.1 million for the corresponding periods last year. We inherited a larger management team and sales organization as a result of the acquisition of MCP which accounts for these increases. As a percentage of sales, selling, general and administrative expenses decreased from 9% to 6% in the fourth quarter and from 10% to 7% for the year.

Research & Development

R&D expenses, net of tax credits were $0.2 million in the fourth quarter compared to $0.7 million in the same period last year, representing 0.2% and 3.4% of sales respectively. This decrease includes an adjustment of $0.2 million in R&D tax credits which would have otherwise been more in line with the R&D expense levels of last year's fourth quarter. R&D expenses, net of tax credits for the year were $2.6 million compared to $1.9 million for the previous fiscal year. We expect to see increases in our R&D expenses following the acquisition of MCP as we aim to leverage our global platform and develop new organic growth opportunities.

Financial expenses, interest income and foreign exchange gain

The combined financial expenses, interest income and foreign exchange gain netted an expense of $1.7 million for the fourth quarter and of $0.9 million for the fiscal year ended May 31, 2011. This compares with a gain of $0.6 million and $1.5 million for the corresponding periods of the previous fiscal year. Following the acquisition of MCP, we now hold a net debt of $238 million.

Income taxes

Income taxes were $4.3 million for the fourth quarter ended May 31, 2011, compared to $1.7 million for the same period last year, corresponding to effective tax rates of 30% and 28% respectively. Income taxes for the fiscal year ended May 31, 2011 were $8.9 million compared to $6.5 million for the previous fiscal year representing effective tax rates of 29% and 30% respectively. We expect to see some decrease in our effective tax rate moving forward as we optimize our fiscal structure.

Liquidity and Capital Resources

Cash flows

	Three months ended May 31		Twelve months ended May 31	
	2011	2010	**2011**	2010
(in thousands of Canadian dollars)	**$**	$	**$**	$
Funds from operations	**13,189**	5,682	**29,569**	20,391
Net changes in non-cash working capital items	**(67,758)**	529	**(89,028)**	(3,563)
Operating activities	**(54,569)**	6,211	**(59,459)**	16,828
Investing activities	**(151,609)**	(785)	**(169,924)**	(12,578)
Financing activities	**191,758**	(169)	**193,359**	(295)
Effect of foreign exchange rate changes on cash and cash equivalents and designated cash	**(422)**	(281)	**(2,052)**	(534)
Decrease from discontinued operations	**–**	(23)	**–**	(496)
Net (decrease) increase in cash and cash equivalents	**(14,842)**	(4,953)	**(38,076)**	2,925

Cash consumed by operating activities was $54.6 million in the firth quarter and $59.5 million during the year ended May 31, 2011. This compares with a cash generation of $6.2 million and 16.8 million for the corresponding periods of the previous fiscal year. This increase in operating activities was driven primarily by an increase in accounts receivable ($23.6 million for the quarter and $29.2 million for the year) and inventories ($32.1 million in the quarter and $52.5 million in the year). Temporary investments also increased by $29.3 million in the quarter and the year being part of a financial instrument which also includes a loan for a nominally identical amount.

Investing activities consumed $151.6 million in the fourth quarter and $170.0 million for the fiscal year ended May 31, 2011 compared to $0.8 and $12.6 for the same periods last year. Investments in the quarter included the acquisition of MCP, for a total consideration net of cash of $280.4 million, which is captured in the cash flow net of the issuance of shares, balance of purchase price and holdback amounts issued to the vendors for a total amount at $119.2 million. Investments in property, plant and equipment were $8.4 million in the quarter and $20.1 million for the year as we completed the construction of our facility in Trail and made incremental investments in other facilities of the group, including those of MCP.

Cash provided by financing activities amounted to $191.8 million in the quarter and $193.4 million for the year as a result of the proceeds from the issuance of new shares for an amount of $125.9 million and an increase in bank indebtedness and short-term and long-term debt amounting to $73.6 million in the quarter and in the year. Cash provided by such activities was used primarily to finance the MCP acquisition. For the corresponding periods of the previous fiscal year, financing activities provided only $0.2 million and $0.3 million respectively resulting from the proceeds of the exercise of stock options.

Working capital

As at May 31	2011	2010
(in thousands of Canadian dollars)	$	$
Inventories	293,069	27,705
Others current assets	197,997	75,870
Current liabilities	(264,950)	(5,758)
Working capital[1]	226,116	97,817
Current ratio	1.85	17.98

1 See Non-GAAP Measures

Working capital increased to $226.1 million as at May 31, 2011 reflecting a significant increase in both inventories and receivables following the acquisition of MCP. This represents more than twice the working capital level of one year ago and reflects a new dynamic for the Company.

Current ratio

As at May 31, 2011, the current ratio decreased to a level of 1.85 from 17.98 one year earlier. Previous current ratios were distorted by high levels of cash that had not yet been deployed and which were consumed by the MCP acquisition.

Inventories

As at May 31, 2011, inventories amounted to $293.1 million compared to $27.7 million as at May 31, 2010. This increase is the result of the acquisition of MCP and the consolidation of their inventories with ours. MCP has traditionally been operating with high inventory levels for strategic and operational considerations and is expected to continue doing so in the future. Current inventory levels are further increased due to the rising prices of most of our raw materials and operational considerations related to the start-up of our Trail facility.

Net debt & funds from operations

Years ended May 31	2011	2010
(in thousands of Canadian dollars)	$	$
Bank indebtedness and short term debt	170,675	–
Long term debt including current portion	59,029	4,821
Balance of purchase price including current portion	86,180	–
Debt	315,884	4,821
Cash and cash equivalents and temporary investments (restricted)	(77,503)	(67,992)
Net Debt	238,381	(63,171)

Net debt after taking into account liquid assets such as cash and cash equivalents and temporary investments amounted to $238.4 million as at May 31, 2011. We are engaged with several financial institutions in Asia, Europe and North America through our respective subsidiaries. We expect to consolidate the majority of our debt into one syndicated facility with our head office. In August 2011, the Company signed a new $250 million senior secured multi-currency revolving credit facility to replace its existing $50 million two-year senior secured revolving facility and most of MCP's credit facilities.

Funds from operations amounted to $12.6 million for the quarter and $29.6 million for the fiscal year. This is to be compared with $5.7 million and $20.4 million for the corresponding periods of the previous fiscal year. The contribution of MCP to our results was responsible for this increase.

	Three months ended May 31		Twelve months ended May 31	
	2011	2010	**2011**	2010
(in thousands of Canadian dollars)	**$**	$	**$**	$
Funds from Operations	**13,189**	5,682	**29,569**	20,391
Acquisition of businesses	**(115,598)**	–	**(119,158)**	(7,748)
Acquisition of property, plant and equipment and intangible assets	**(8,710)**	(916)	**(21,099)**	(4,837)
Working capital changes	**(67,758)**	(585)	**(89,028)**	(3,563)
Balance of purchase price and holdback	**(85,455)**	–	**(85,455)**	–
Proceeds from issuance of shares net of share issue costs	**119,485**	16	**120,269**	332
Debt assumed in business acquisitions	**(149,173)**	–	**(150,269)**	–
Temporary investments acquired in business acquisition	**18,061**	–	**18,061**	–
Others	**953**	976	**(324)**	7
	(288,195)	(509)	**(327,003)**	(15,809)
Effect of foreign exchange rate changes on cash movement and other non-cash items	**282**	233	**(4,118)**	69
Total movement in net debt	**(274,724)**	4,940	**(301,552)**	4,651
Net cash, beginning of period	**36,343**	56,231	**63,171**	58,520
(Net Debt) net cash, end of period	**(238,381)**	63,171	**(238,381)**	63,171

Net debt to annualized EBITDA for the fourth quarter ratio was 6.5. Annualized funds from operations generated in the fourth quarter represented 22.1% of our net debt. We expect both ratios to improve in the coming quarters as we benefit from the contribution of MCP for the full period considered and not only for 7 weeks out of 13 considered as was the case during this fourth quarter.

Three months ended May 31 (annualized)	**2011**	2010
Net debt to EBITDA ratio[1]	**6.5**	N/A
Funds from operations to net debt (%)	**22.1**	N/A

[1] Net cash only in 2010

Share Capital

Authorized

The Company has an unlimited number of common shares, participating, with no par value, entitling the holder to one vote per share.

The Company has an unlimited number of preferred shares that may be issued in one or more series with specific terms, privileges and restrictions to be determined for each class by the Board of Directors.

Issued and fully paid

As at May 31		**2011**		2010
	Number	Amount	Number	Amount
(in thousands of Canadian dollars)		**$**		$
Common shares				
Outstanding	**70,892,627**	**287,464**	45,627,450	82,390

As at August 24, 2011 a total of 70,918,378 common shares were issued and outstanding, and no preferred shares were issued or outstanding.

Stock option plan

On April 11, 2011, the Company adopted a new stock option plan (the "Plan") replacing the previous plan (the"Old Plan") in place since October 2007 with the same features, with the exception of a maximum number of options granted which cannot exceed 5 million options. No options were granted under this Plan as at May 31, 2011.

The aggregate number of shares which could be issued upon the exercise of options granted under the Old Plan could not exceed 10% of the issued shares of the Company at the time of granting the options. Options granted under the Old Plan may be exercised during a period not exceeding ten years from the date of the grant. The stock options outstanding as at May 31, 2011 may be exercised during a period not exceeding six years from their date of grant. Options vest at a rate of 25% (100% for directors) per year, beginning one year following the grant date of the options.

For the years ended May 31	2011		2010	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Beginning of period	**1,596,615**	**4.24**	1,439,055	3.78
Granted	**262,308**	**4.95**	436,500	5.38
Cancelled	**(177,518)**	**5.12**	(171,715)	4.00
Exercised	**(297,380)**	**3.07**	(107,225)	3.09
End of period	**1,384,025**	**4.52**	1,596,615	4.24

As at May 31, 2011, 628,765 stock options were exercisable, at a weighted average exercise price of $4.16.

Restricted stock unit incentive plan

On June 7, 2010, the Company adopted a Restricted Share Unit ("RSU") Plan to complement the Plan. The RSU Plan enables the Company to award eligible participants phantom share units that vest after a three-year period. RSU is settled in cash and is recorded as liabilities. The measurement of the compensation expense and corresponding liability for these awards is based on the fair value of the award, and is recorded as a charge to SG&A over the vesting period of the award. At the end of each financial period, changes in the Company's payment obligation due to changes in the market value of the common shares on the TSX are recorded as a charge to SG&A expenses. During the year ended May 31, 2011, the Company granted 33,129 RSU and recorded a provision of $0.09 million.

Restricted stock unit incentive plan for foreign employees

On June 7, 2010, the Company adopted a Restricted Share Unit for Foreign Employees ("RSUFE") Plan. RSUFE granted under the RSUFE Plan may be exercised during a period not exceeding ten years from the date of the grant. The RSUFE outstanding as at May 31, 2011 may be exercised during a period not exceeding six years from their date of grant. RSUFE vest at a rate of 25% per year, beginning one year following the grant date of the award. During the year ended May 31, 2011, the Company granted 8,549 RSUFE and recorded a provision of $0.01 million.

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.

The Company is exposed to currency risk on sales of Canadian-made products in US dollars and in Euros 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 Note 14 to the consolidated financial statements as well as in the Risks and Uncertainties section of this MD&A.

Contractual Obligations

The following table summarizes our principal contractual obligations for our normal business operations as at May 31, 2011:

Payment due by period	2012	2013	2014	2015	2016 and thereafter	Total
(in thousands of Canadian dollars)	$	$	$	$	$	$
Bank indebtedness and short-term debt[1]	171,166	–	–	–	–	171,166
Long-term debt[1]	7,798	40,199	7,367	6,458	10,033	71,855
Balance of purchase price and holdback to the vendors[1]	17,641	33,375	45,588	–	–	96,604
Leases	1,175	1,136	501	325	649	3,786
	197,782	74,710	53,454	6,783	10,682	343,411

1 Interest charges included

Critical Accounting Policies

Use of estimates

The preparation of the consolidated financial statements in conformity with Canadian GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Significant areas requiring the use of management estimates include estimating the useful life of long-lived assets, as well as, the valuation of intangible assets, inventories, goodwill, other long-lived assets, provision for pension benefits and provision for site remediation. Reported amounts and note disclosure reflect the overall economic conditions that are most likely to occur and anticipated measures to be taken by management. Actual results could differ from these estimates.

Intangible assets

Intangible assets are recorded at cost and amortized on a straight-line method over their estimated useful life at the following rates:

	Periods
Software	5 years
Intellectual property	10 years
Customer relationships	10 years
Technology	5 years
Development costs	not exceeding 10 years
Trade name and non-compete agreements	2 to 5 years

Goodwill

Goodwill represents the excess of the purchase price of an acquired business over the fair value assigned to assets acquired and liabilities assumed. Goodwill is assessed for impairment at least annually or more frequently if events or changes in circumstances indicate that the goodwill might be impaired. The assessment of impairment is based on fair values derived from certain valuation models, which may consider various factors such as normalized and estimated future earnings, price earnings multiples, terminal values and discount rates. The Company has designated May 31 as the date for its annual impairment test. As at May 31, 2011, goodwill was not considered to be impaired.

Cash flow hedges

Derivative financial instruments designated as cash flow hedges are measured at fair value. The effective portion of the change in fair value of the derivative financial instruments is recorded in other comprehensive income. The ineffective portion, if any, is recognized in net earnings.

Revenue recognition

Revenue from the sale of manufactured products is recognized and recorded in the accounts when the ownership and control of goods passes to the buyers, which generally occurs upon shipment and the ability to collect is reasonably assured. Revenue is reduced at the time it is recognized, for estimated customer returns and other allowances based on historical experience.

Revenue from custom refining activities is recognized when products are delivered and all the material risks and advantages inherent in ownership are transferred to the customers.

Inventories

Raw materials are valued at the lower of cost and net realizable value, cost being determined using the average cost method. Finished goods are valued at the lower of cost and net realizable value, cost being determined under the average cost method and representing the value of raw materials, direct labour and a reasonable proportion of factory overhead. Write-downs to net realizable value may be reversed, up to the amount previously written down when circumstances have changed to support an increased inventory value.

From time to time, when substantially all required raw material is in inventory, the Company may choose to enter into long-term sales contracts at fixed prices. The quantity of raw material required to fulfill these contracts is specifically assigned and the average cost of the raw material of this inventory is accounted for throughout the duration of the contract.

Accounting standards issued but not yet adopted

Section 1582, "Business Combinations" was published in January 2009 and replaces Section 1581 "Business Combinations". It provides the Canadian equivalent to the IFRS standard, IFRS 3 (Revised), "Business Combinations". The Section applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2011. Earlier application is permitted. Section 1601, "Consolidated Financial Statements" and Section 1602, "Non-controlling Interests". These sections were published in January 2009 and replace Section 1600, "Consolidated Financial Statements".

Section 1601 establishes standards for the preparation of consolidated financial statements. Section 1602 establishes standards for accounting for a non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business combination. It is equivalent to the corresponding provisions of IFRS standard, IAS 27 (Revised),"Consolidated and Separate Financial Statements". The Sections apply to interim and annual consolidated financial statements relating to fiscal years beginning on or after January 1, 2011.

Beginning on June 1, 2011, the Corporation will cease to prepare its consolidated financial statements in accordance with Canadian GAAP as set out in Part V of the CICA Handbook—Accounting ("Canadian GAAP") and will apply as its primary basis of accounting, International Financial Reporting Standards as published by the International Accounting Standards Board as set out in Part I of the CICA Handbook—Accounting. Consequently, management has not determined the impact of the aforementioned future accounting changes to Canadian GAAP that are for periods beginning on or after June 1, 2011.

Adoption of International Financial Reporting Standards (IFRS)

On February 13, 2008, the Canadian Accounting Standards Board ("AcSB") confirmed that publicly accountable entities will be required to prepare financial statements in accordance with IFRS, in full and without modification, for interim and annual financial statements for fiscal years beginning on or after January 1, 2011. For the Company, this represents that its financial statements will be prepared in accordance with IFRS standards starting June 1, 2011 (the "Changeover date"). In the Company's reporting for those periods following the Changeover date, comparative data for equivalent periods in the previous fiscal year will be required, making June 1, 2010 ("date of transition") for the Company. IFRS uses a conceptual framework similar to Canadian GAAP, but presents significant differences on certain recognition, measurement and disclosure principles. In the period leading up to the Changeover, the AcSB will continue to issue accounting standards that are better aligned with IFRS thus mitigating the impact of conversion to IFRS. Further, the International Accounting Standards Board (IASB) will also continue to issue new, or amend existing accounting standards during the conversion period, and as a result, the final impact on the Company's consolidated financial statements of applying IFRS in full will only be entirely measurable once all applicable IFRS requirements at the final changeover date are known. To ensure adequate management of this process, the Company has developed a plan, assessed the resource requirements for its implementation, and commenced to work with its auditors to confirm positions.

The Company continues to assess and make changes as necessary to the design of existing internal control processes and procedures, including disclosure controls and one-time changes for opening adjustments, as a result of implementing IFRS. The Company does not anticipate any significant changes to its internal control over financial reporting or disclosure controls as a result of the transition to IFRS. All entity-level, information technology, disclosure and business process controls will require updating and testing to reflect changes arising from the conversion to IFRS. Where material changes are identified, these changes will be mapped and tested to ensure that no material control deficiencies exist as a result of the Corporation's conversion to IFRS.

The Company expects a moderate impact to the IT systems as a result of the conversion to IFRS. System changes are currently underway to ensure that comparative 2010 IFRS data required for the first interim IFRS filing in 2011-2012 will be available. The Company is in the process of making the necessary changes to the financial reporting system, creating the necessary tables and databases required to capture the data for IFRS.

The Company has continued to move forward with the Implementation Phase ("Phase 4") of the Company's IFRS conversion plan. As stated in the previous quarter, the IFRS project team has continued to work towards the quantification of impacts associated with the key areas that will affect the Company. The following outlines key milestones and updates for the year ended May 31, 2011:

Functional currency

IAS 1 and IAS 21—According to IFRS, an entity must measure its assets, liabilities, revenues and expenses in its functional currency, which is the currency of the primary economic environment in which it operates. Preliminary assessment by management is that the functional currency will be the US dollar.

Hedge accounting

IAS 39—Since the Company will change its functional currency, the actual hedge accounting will not be applicable since it was done based on a Canadian functional currency which will change under IFRS. See functional currency above.

Property, plant and equipment

IAS 16—The Company has completed the identification and quantification of all components within each significant fixed asset class and the resulting impact on the Company's annual depreciation and opening retained earnings under IFRS. Under this standard, each significant component is required to be depreciated over its estimated useful life. Estimated useful lives and costs of components have been determined by senior management throughout the Company.

MCP Acquisition

IFRS 3—IFRS 1 allows the Company to elect not to apply this standard to past business combinations (business combinations that occurred before the date of transition to IFRS). The Company has elected to apply IFRS 3 to any historical business combinations prior to the transition date. Under IFRS 3, the Company must expense transaction costs as incurred unless they are related to the issue of debt or equity instruments to effect the business combination. The identifiable assets acquired and liabilities assumed in a business combination are measured at fair value under IFRS, even if less than 100% of the equity interest in the acquiree is owned at the acquisition date. In addition, for each business combination, the Company can elect to measure any non-controlling interest in the acquiree using one of two options at the acquisition date. Under this option, the Company can elect to measure non-controlling interest at its proportionate interest in first the fair value of the identifiable assets and liabilities of the acquiree, limiting goodwill only to the controlling interest acquired. The second option is to record noncontrolling interest at full fair value, including a portion of goodwill attributable to the non-controlling interest. The Company is currently still in the process of quantifying the effect of this Standard on its recent acquisition of MCP and is continuing to assess the overall impact during the transition year.

Stock-based compensation

IFRS 2—IFRS requires a different method of amortization of the expense related to stock options. Also, in evaluating the fair value of the stock option issued, the Company has to determine the expected forfeiture of options. This will change the calculation of the fair value of the options issued.

Impairment of assets

Mainly IAS 36—Impairment of assets. IFRS contains a single comprehensive impairment standard under which assets are tested for impairment either individually or within cash-generating units (CGUs). CGUs will have to be established and are typically identified at a lower level within the Company than an operating unit under Canadian GAAP. Differences also exist in the measurement methods of impairment charges and rules may more frequently conclude to an impairment charge.

Provisions

IAS 37—Provisions, contingent liabilities and contingent assets, requires a provision to be recognized when: there is a present obligation as a result of a past transaction or event; it is probable that an outflow of resources will be required to settle the obligation; and a reliable estimate can be made of the obligation "Probable" in this context means more likely than not. Under Canadian GAAP, the criterion for recognition in the financial statements is "likely", which is a higher threshold than "probable". Therefore, it is possible that there may be some provisions or contingent liabilities which would meet the recognition criteria under IFRS that were not recognized under Canadian GAAP.

Other differences between IFRS and Canadian GAAP exist in relation to the measurement of provisions, such as the methodology for determining the best estimate where there is a range of equally possible outcomes (IFRS uses the mid-point of the range, whereas Canadian GAAP uses the low-end of the range), and the requirement under IFRS for provisions to be discounted where material.

The Company believes that the impacts of the transition from Canadian GAAP to IFRS on June 1, 2011 will not be significant with the exception that the functional currency of the Company will change.

The Company believes that it will be prepared to adopt IFRS and meet the required disclosure requirements in time for the Company's first quarter ended September 30, 2011.

The information above is provided to allow users of the Company's financial statements to obtain a better understanding of the status of the Company's IFRS conversion plan and the resulting possible effects on the Company's financial statements and operating performance measures. These estimates are based on the Company's current understanding, and readers are cautioned that it may not be appropriate to use such information for any other purpose. This information also reflects our most recent assumptions and expectations; circumstances may arise, such as changes in IFRS, regulations or economic conditions, which could change these assumptions or expectations.

Risks and Uncertainties

The Company is subject to a number of risk factors which may limit our ability to execute our strategy and achieve our long-term growth objectives. Management analyses these risks and implements strategies in order to minimize their impact on the Company's performance.

Possible failure to realize anticipated benefits of acquisitions

There is a risk that some of the expected benefits will fail to materialize, or may not occur within the time periods anticipated by our management. The realization of such benefits may be affected by a number of factors, many of which are beyond our control. These factors include achieving the benefits of the acquisition and any future acquisitions that we may complete and will depend in part on successfully consolidating functions and integrating operations, procedures and personnel in a timely and efficient manner, as well as our ability to realize the anticipated growth opportunities and synergies from combining the acquired businesses and operations with ours. The integration of acquired businesses requires the dedication of substantial management effort, time and resources which may divert management's focus and resources from other strategic opportunities and from operational matters during this process. The integration process may result in the loss of key employees, significant expenses and the disruption of ongoing business, customer and employee relationships that may adversely affect our ability to achieve the anticipated benefits of these acquisitions.

Inventory price risk

The Company monitors its risk associated with the value of its inventories in relation to the market price of such inventories. Because of the highly illiquid nature of many of its inventories, we rely on a combination of standard risk measurement techniques, such as value at risk as well as a more empirical assessment of the market conditions. Decisions on appropriate physical stock levels are taken by considering both the value at risk calculations and the market conditions.

Dependence on key personnel

The Company relies on the expertise and know-how of its personnel to conduct its operations. The loss of any member of our senior management team could have a material adverse effect on us. Our future success also depends on our ability to retain and attract our key employees, train, retain and successfully integrate new talent into our management and technical teams. Recruiting and retaining talented personnel, particularly those with expertise in the specialty metals industry and refining technology is vital to our success and may prove difficult.

Sources of supply

We may not be able to secure the critical raw material feedstock on which we depend for our operations. We currently procure our raw materials from a number of suppliers with whom we have had long-term commercial relationships. The loss of any one of these suppliers or a reduction in the level of deliveries to us may reduce our production capacity and impact our deliveries to customers. This would in turn negatively impact our sales, net margins and may lead to liabilities with respect to some of our supply contracts.

Additional indebtedness

We assumed the indebtedness of MCP upon the completion of the acquisition. The additional indebtedness will increase the interest payable by us from time to time until such amounts are repaid. In addition, we are required to pay to the selling shareholders the amounts set out in the promissory notes as well as the cash "holdback" described under "Acquisition Agreement and Related Agreements", in the short form prospectus dated April 1, 2011. Although we have signed a $250 million senior secured multi-currency revolving credit facility, we may need to find additional sources of financing to pay the foregoing indebtedness when it becomes due. There can be no guarantee that we will be able to obtain financing on terms acceptable to us or at all at such time or times.

Environmental regulations

Our operations involve the use, handling, generation, processing, storage, transportation, recycling and disposal of hazardous materials and are subject to extensive environmental laws and regulations at the national, provincial, local and international level. These environmental laws and regulations include those governing the discharge of pollutants into the air and water, the use, management and disposal of hazardous materials and wastes, the clean-up of contaminated sites and occupational health and safety. We have incurred and will continue to incur capital expenditures in order to comply with these laws and regulations. In addition, violations of, or liabilities under, environmental laws or permits may result in restrictions being imposed on our operating activities or in our being subject to substantial fines, penalties, criminal proceedings, third party property damage or personal injury claims, clean-up costs or other costs. While we believe that we are currently in compliance with applicable environmental requirements, future developments such as more aggressive enforcement policies, the implementation of new, more stringent laws and regulations, or the discovery of currently unknown environmental conditions may require expenditures that could have a material adverse effect on our business, results of operations and financial condition.

Credit risk

Credit risk corresponds to the risk of loss due to the client's inability to fulfill its obligations with respect to trade and other receivables as well as contracts. The Company has a large number of clients and is no longer dependent on a specific client. We reduce credit risk by ensuring that credit is granted only to clients after a credit analysis is performed. The Company conducts ongoing evaluation of its clients and establishes provisions for doubtful accounts should an account be considered non recoverable.

Interest rate risk

The Company is exposed to interest rate fluctuations on its multi-currency revolving credit facility which bears interest at either prime rate, U.S. base rate, LIBOR or EURO LIBOR plus a margin based on 5N Plus' senior consolidated debt to EBITDA ratio.

Currency risk

We report our financial results in Canadian dollars while most of our revenues and a significant portion of our operating costs are realized in local currencies, such as euro, U.S. dollars and pounds sterling. Even though, the purchases of raw materials are denominated in U.S. dollars, which reduces to some extent exchange rate fluctuations, we are subject to currency translation risk which can negatively impact our results. Management has implemented a policy for managing foreign exchange risk against the relevant functional currency. The Company manages the foreign exchange risk by entering into various foreign exchange forward contracts.

Fair value

The Company has determined that the carrying value of its short-term financial assets and liabilities, including cash and cash equivalents, accounts receivable and other receivable, as well as accounts payable and accrued liabilities, approximates their carrying value due to the short-term maturities of these instruments.

Competition

We are the leading producer of specialty metal and chemical products and competition could arise from new low-cost metal refiners or from certain of our customers who could decide to backward integrate. The forecasted growth in demand for our main products may attract more metal refiners into this industry and increase competition. Although we believe that our operations and our commercial network are important competitive advantages, our competitors may gain market share, which could have an adverse effect on our revenues and operating margins, should we not be able to compensate for the volume lost to our competition.

Business interruptions

We may incur losses resulting from business interruptions. In many instances, especially those related to our long-term contracts, we have contractual obligations to deliver product in a timely manner. Any disruption in our activities which leads to a business interruption could harm our customers' confidence level and lead to the cancellation of our contracts and legal recourse against us. Although we believe that we have taken the necessary precautions to avoid business interruptions and carry business interruption insurance, we could still experience interruptions which would adversely impact our financial results.

Protection of intellectual property

Protection of our proprietary processes, methods and other technologies is important to our business. We rely almost exclusively on a combination of trade secrets and employee confidentiality agreements to safeguard our intellectual property. We have deliberately chosen to limit our patent position to avoid disclosing valuable information. Failure to protect and monitor the use of our existing intellectual property rights could result in the loss of valuable technologies and processes.

International operations

We operate in a number of countries, including China, and, as such, face risks associated with international business activities. We could be significantly affected by such risks, which include the integration of international operations, challenges associated with dealing with numerous legal systems, the potential for volatile economic and labor conditions, political instability, expropriation, and changes in taxes, tariffs and other regulatory costs. Although we operate primarily in countries with relatively stable economic and political climates, there can be no assurance that our business will not be adversely affected by the risks inherent in international operations.

Collective agreements

A portion of our workforce is unionized and we are party to collective agreements that are due to expire at various times in the future. If we are unable to renew these collective agreements on similar terms as they become subject to renegotiation from time to time, this could result in work stoppages or other labour disturbances, such as strikes, walk-outs or lock-outs, potentially affecting our performance.

Controls and Procedures

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 that Chief Financial Officer that, among others, attest to the design and effectiveness of the disclosure controls and procedures and the design and effectiveness of internal control over financial reporting. This attestation limits the scope of our disclosure controls, procedures and internal controls over financial reporting so that controls, policies and procedures of MCP are excluded as permitted under multilateral Instrument 52-109.

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, with the exception of MCP, 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 reporting 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, 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 Canadian GAAP.

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

Changes in internal control over financial reporting

No changes were made to the Company's internal controls over financial reporting that occurred during the fourth quarter ended May 31, 2011 that have materially affected, or are reasonably likely to materially affect, its internal controls over financial reporting.

Non-GAAP Measures

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

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

EBITDA means earnings from continuing operations before financing costs, interest income, gain and loss on foreign exchange, income taxes 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-GAAP measure used by the Company may differ from that used by other companies.

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

Gross profit is a financial measure equivalent to the sales less cost of sales. The gross profit ratio is displayed as a percentage of sales. We use gross profit and gross profit ratio as measures of our ability to operate effectively and generate value.

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

Working capital is a measure that shows us how much cash we have available for the growth of our Company. We use it as an indicator of our financial strength and liquidity. We calculate it by taking current assets and subtracting current liabilities.

Comparative Figures

Certain comparative figures have been reclassified to conform to the current period presentation.

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.

Subsequent Events

In August 2011, the Company signed a new $250 million senior secured multi-currency revolving credit facility to replace its existing $50 million two-year senior secured revolving facility with National Bank of Canada. The new credit facility will be used to refinance existing indebtedness and for other corporate purposes, including capital expenditures and growth opportunities. The new credit facility has a four-year term and bears interest at either prime rate, U.S. base rate, LIBOR or EURO LIBOR plus a margin based on 5N Plus' senior consolidated debt to EBITDA ratio. 5N Plus also has US$35 million of credit facilities in Asia. At any time, 5N Plus has the option to request that the new credit facility be expanded to $350 million through the exercise of an additional $100 million accordion feature, subject to review and approval by the lenders. In connection with the new credit facility, National Bank of Canada and HSBC Bank acted as co-lead arrangers and joint book runners, and five other banks as lenders.

On August 24, 2011, we announced the approval from our Board of Directors to change our financial year-end from May 31 to December 31. This change will align the financial year ends of 5N Plus and MCP, simplifying internal processes as all business units will use the same reporting periods. The first quarter ending September 30, 2011 will include four months of results and the annual period ending December 31, 2011 will contain seven months of 5N Plus' results.

Management's Report to the Shareholders of 5N Plus Inc.

The accompanying consolidated financial statements are the responsibility of the management of 5N Plus Inc., and have been reviewed by the Audit Committee and approved by the Board of Directors.

The consolidated financial statements have been prepared in accordance with accounting principles generally accepted in Canada and include certain estimates that reflect management's best judgment.

Management is also responsible for all other information included in this Annual Report and for ensuring that this information is consistent with the Company's consolidated financial statements and business activities.

Management is responsible for the design, establishment and maintenance of appropriate internal controls and procedures for financial reporting, to ensure that financial statements for external purposes are fairly presented in conformity with generally accepted accounting principles. Such internal control systems are designed to provide reasonable assurance on the reliability of the financial information and the safeguarding of assets.

The Company's external auditors have free and independent access to the Audit Committee, which is comprised of independent directors. The Audit Committee, which meets regularly throughout the year with members of management, reviews the consolidated financial statements and recommends their approval to the Board of Directors.

The consolidated financial statements have been audited by PricewaterhouseCoopers LLP.

SIGNED
Jacques L'Ecuyer
President and Chief Executive Officer

SIGNED
David Langlois, CA
Chief Financial Officer

Montréal, Canada
August 24, 2011

Independent Auditor's Report to the Shareholders of 5N Plus Inc.

We have audited the accompanying consolidated financial statements of 5N Plus Inc., which comprise the consolidated balance sheet as at May 31, 2011 and the consolidated statement of income, statement of comprehensive income, statement of shareholders' equity and statement of cash flows for the year then ended, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of 5N Plus Inc. as at May 31, 2011 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Other matter

The consolidated financial statements of 5N Plus Inc. for the year ended May 31, 2010 were audited by another auditor who expressed an unqualified opinion on those statements, dated July 23, 2010.

PricewaterhouseCoopers LLP [1]

Montréal, Canada
August 24, 2011

[1] Chartered accountant auditor permit No. 19042

Consolidated Statements of Income

Years ended May 31

(in thousands of Canadian dollars, except weighted average number of shares and per share amount)	Note	2011	2010
		$	$
Revenues		**178,828**	70,763
Cost of goods sold	13	**126,503**	38,911
Gross profit		**52,325**	31,852
Expenses			
Selling, general and administrative		**13,309**	7,069
Amortization of property, plant and equipment	13	**3,974**	2,545
Amortization of intangible assets		**1,394**	188
Research and development, net of tax credit of $754 ($574 in 2010)		**2,577**	1,858
Foreign exchange gain	15	**(1,007)**	(1,184)
Financial	16	**2,515**	185
Interest income		**(604)**	(464)
		22,158	10,197
Earnings before income taxes from continuing operations and non-controlling interest		**30,167**	21,655
Income taxes	12		
Current		**7,896**	6,442
Future		**962**	70
		8,858	6,512
Net earnings from continuing operations before non-controlling interest		**21,309**	15,143
Non-controlling interest		**332**	–
Net loss from discontinued operations	21	**–**	(496)
Net Earnings		**21,641**	14,647
Earnings per share from continuing operations	19		
Basic		**0.44**	0.33
Diluted		**0.44**	0.33
Earnings per share	19		
Basic		**0.44**	0.32
Diluted		**0.44**	0.32
Weighted average number of common shares outstanding	19		
Basic		**49,205,470**	45,578,992
Diluted		**49,673,087**	45,833,291

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statements of Comprehensive Income

Years ended May 31

(in thousands of Canadian dollars)	Note	2011	2010
		$	$
Net Earnings		21,641	14,647
Other comprehensive income			
Cash flow hedges, net of income taxes of $561 (($561) in 2010)	15	(1,255)	1,255
Gain (loss) on translating financial statements of self-sustaining foreign operations		1,622	(3,675)
Other comprehensive income		367	(2,420)
Comprehensive Income		22,008	12,227

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statements of Shareholders' Equity

Years ended May 31

(in thousands of Canadian dollars)	Note	2011	2010
		$	$
Share Capital	11		
Beginning of year		82,390	81,882
Shares issued under stock option plan		1,425	508
Shares issued for cash		125,028	–
Shares issued for the acquisition of MCP Group SA	6	78,621	–
End of year		287,464	82,390
Contributed Surplus			
Beginning of year		1,372	797
Stock option compensation cost	11	816	751
Shares issued under stock option plan		(511)	(176)
End of year		1,677	1,372
Accumulated Other Comprehensive Loss			
Beginning of year		(2,531)	(111)
Cash flow hedges, net of income taxes of $561 (($561) in 2010)	15	(1,255)	1,255
Gain (loss) on translating financial statements of self-sustaining foreign operations		1,622	(3,675)
End of year		(2,164)	(2,531)
Retained Earnings			
Beginning of year		44,447	29,800
Net earnings		21,641	14,647
Share issue costs, net of income taxes of $1,526		(4,147)	–
End of year		61,941	44,447
Shareholders' Equity		348,918	125,678

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Balance Sheets

As at May 31
(in thousands of Canadian dollars)

	Note	2011	2010
		$	$
Assets			
Current assets			
Cash and cash equivalents		27,916	65,992
Temporary investments (restricted)	7	49,587	2,000
Accounts receivable	2	114,099	4,774
Inventories	3	293,069	27,705
Prepaid expenses and deposits		1,387	1,073
Derivative financial instruments	14	321	1,363
Income taxes recoverable		2,831	517
Future income taxes	12	1,856	151
		491,066	103,575
Property, plant and equipment	4	97,223	26,437
Intangible assets	5	71,888	1,771
Goodwill	6	116,203	4,382
Future income taxes	12	5,051	2,311
Other assets		2,207	45
		783,638	138,521
Liabilities			
Current liabilities			
Bank indebtedness and short-term debt	7	170,675	–
Accounts payable and accrued liabilities	8	67,492	4,646
Derivative financial instruments	14	441	–
Income taxes payable		6,992	44
Current portion of long-term debt and balance of purchase price	9	18,824	623
Future income taxes	12	526	445
		264,950	5,758
Long-term debt	9	54,106	4,198
Balance of purchase price	9	72,279	–
Other payables	10	18,590	553
Future income taxes	12	23,202	2,334
		433,127	12,843
Non-controlling interest	6	1,593	–
Shareholders' Equity			
Share capital	11	287,464	82,390
Contributed surplus		1,677	1,372
Accumulated other comprehensive loss		(2,164)	(2,531)
Retained earnings		61,941	44,447
		348,918	125,678
		783,638	138,521
Commitments and contingencies	18		
Subsequent events	24		

The accompanying notes are an integral part of these consolidated financial statements.

On behalf of the Board of Directors:

SIGNED: Jacques L'Ecuyer, Director

SIGNED: Jean-Marie Bourassa, Director

Consolidated Statements of Cash Flows

Years ended May 31

(in thousands of Canadian dollars)	Note	2011	2010
		$	$
Operating activities			
Net earnings		21,641	14,647
Net loss from discontinued operations	21	–	496
Net earnings from continuing operations		21,641	15,143
Non-cash items:			
Amortization of property, plant and equipment		3,974	2,545
Amortization of intangible assets		1,394	188
Future income taxes		2,488	70
Realized (loss) gain on cash flow hedges, net of taxes of $123 ($364 in 2010)		(420)	1,177
Deferred revenues		(12)	(3)
Stock option compensation cost	11	816	751
Other		(312)	520
		29,569	20,391
Net changes in non-cash working capital items			
Accounts receivable		(26,322)	2011
Inventories		(52,497)	(290)
Prepaid expenses and deposits		331	(398)
Income taxes recoverable		(2,312)	(1,292)
Accounts payable and accrued liabilities		(15,150)	(616)
Income taxes payable		6,922	(2,978)
		(89,028)	(3,563)
		(59,459)	16,828
Investing activities used for continuing operations			
Acquisition of property, plant and equipment		(20,063)	(4,588)
Acquisition of intangible assets		(1,036)	(249)
Acquisition of businesses net of cash acquired	6	(119,158)	(7,748)
Temporary investments (restricted)		(29,343)	–
Other payables		(1,088)	–
Other		764	7
		(169,924)	(12,578)
Financing activities from continuing operations			
Net change in bank indebtedness and short-term debts		44,620	–
Increase of long-term debt		28,970	–
Repayment of long-term debt		(500)	(585)
Net change in other long-term liabilities		–	(42)
Proceeds from issuance of shares	11	125,942	332
Share issue costs		(5,673)	–
		193,359	(295)
Realized exchange loss on cash designated		(2,214)	–
Effect of foreign exchange rate changes on cash and cash equivalents from continuing operations		162	(534)
		(2,052)	(534)
Net (decrease) increase from continuing operations in cash and cash equivalents		(38,076)	3,421
Net decrease from discontinued operations in cash and cash equivalents	21	–	(496)
Net (decrease) increase in cash and cash equivalents		(38,076)	2,925
Cash and cash equivalents at beginning of year		65,992	63,067
Cash and cash equivalents at end of year		27,916	65,992
Supplementary information	6		
Property, plant and equipment unpaid and included in accounts payables and accrued liabilities		2,108	200
Reclassification to inventories of foreign exchange loss on designated cash		(1,324)	–
Interest paid		1,777	121
Income taxes paid		3,850	8,903
Future income taxes included in retained earnings		1,526	–

The accompanying notes are an integral part of these consolidated financial statements.

1 Summary of Significant Accounting Policies

The consolidated financial statements of 5N Plus Inc., the ("Company") are expressed in Canadian dollars and have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP").

Basis of consolidation

The consolidated financial statements include the accounts of the Company, its subsidiaries and its joint ventures. All significant intercompany transactions and balances have been eliminated.

Use of estimates

The preparation of the consolidated financial statements in conformity with Canadian GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Significant areas requiring the use of management estimates include estimating the useful life of long-lived assets, as well as, the valuation of intangible assets, inventories, goodwill, provision for pension benefits and provision for site remediation. Reported amounts and note disclosure reflect the overall economic conditions that are most likely to occur and anticipated measures to be taken by management. Actual results could differ from these estimates.

Foreign exchange

Revenues and expenses denominated in foreign currencies are recorded at the rate of exchange prevailing at the transaction date. Monetary assets and liabilities denominated in foreign currencies are translated at exchange rates prevailing at the balance sheet date. Realized and unrealized translation gains and losses are reflected in net earnings.

All assets and liabilities of self-sustaining foreign subsidiaries are accounted for using the current rate method. Under this method, assets and liabilities of subsidiaries denominated in a foreign currency are translated into Canadian dollars at exchange rates in effect at the consolidated balance sheet date. Revenues and expenses are translated at average exchange rates prevailing during the period. Foreign exchange gains and losses on translation of self-sustaining subsidiaries' financial statements are presented under "Accumulated other comprehensive income" which have no impact on the consolidated statements of income, unless the Company reduces its net investment in these foreign operations.

Cash and cash equivalents

Cash and cash equivalents consist of cash and highly liquid investments having an initial maturity of 90 days or less. Cash and cash equivalents are designated as held for trading and accounted for at fair value.

Temporary investments

Temporary investments are classified as loans and receivables and accounted for at amortized cost.

Inventories

Raw materials are valued at the lower of cost and net realizable value, cost being determined using the average cost method. Finished goods are valued at the lower of cost and net realizable value, cost being determined under the average cost method and representing the value of raw materials, direct labour and a reasonable proportion of factory overhead. Writedown to net realizable value may be reversed, limited to the original writedown, when circumstances have changed to support an increased inventory value.

From time to time, when substantially all required raw material is in inventory, the Company may choose to enter into long-term sales contracts at fixed prices. The quantity of raw material required to fulfill these contracts is specifically assigned and the average cost of the raw material of this inventory is accounted for throughout the duration of the contract.

1 Summary of significant accounting policies (continued)

Property, plant and equipment

Property, plant and equipment are recorded at cost, net of government assistance. Amortization is calculated under the straight-line method at the following annual rates:

	Periods
Buildings	25 years
Leasehold improvements	over the lease terms
Production equipment	10 years
Furniture, office equipment and rolling stock	3 and 10 years

Construction in process is not amortized until the asset is put into use.

Intangible assets

Intangible assets are recorded at cost and amortized on a straight-line method over their estimated useful life at the following rates:

	Periods
Software	5 years
Intellectual property	10 years
Customer relationships	10 years
Technology	5 years
Development costs	not exceeding 10 years
Trade name and non-compete agreements	2 to 5 years

Goodwill

Goodwill represents the excess of the purchase price of an acquired business over the fair value assigned to assets acquired and liabilities assumed. Goodwill is assessed for impairment at least annually or more frequently if events or changes in circumstances indicate that the goodwill might be impaired. The assessment of impairment is based on fair values derived from certain valuation models, which may consider various factors such as normalized and estimated future earnings, price earnings multiples, terminal values and discount rates. The Company has designated May 31 as the date for its annual impairment test. As at May 31, 2011, goodwill was not considered to be impaired.

Impairment and disposal of long-lived assets

Long-lived assets, including property, plant and equipment and intangible assets subject to amortization and depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of long-lived assets may not be recoverable. Recoverability of assets to be held and used is measured by comparing the carrying value of an asset to the estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized for the amount by which the carrying amount of the asset exceeds the fair value of the asset. Assets to be disposed of would be separately presented in the balance sheet and reported at the lower of the carrying amount or fair value less costs to sell, and would no longer be depreciated. The assets and liabilities of a disposed group classified as held-for-sale would be presented separately in the appropriate asset and liability section of the balance sheet.

Revenue recognition

Revenues from the sale of manufactured products are recognized and recorded in the accounts when the ownership and control of goods passes to the buyers, which generally occurs upon shipment and the ability to collect is reasonably assured.

Revenue from custom refining activities are recognized when products are delivered and all the material risks and advantages inherent in ownership are transferred to the customers.

1 Summary of significant accounting policies (continued)

Research and development

Research expenditures are expensed as incurred. They include a reasonable proportion of indirect costs. Development expenditures are deferred when they meet the capitalization criteria provided for by Canadian GAAP, and it is considered reasonably certain that future advantages will be realized.

Income taxes

The Company uses the liability method of accounting for income taxes. Under this method, temporary differences between carrying amount and the income tax bases of assets and liabilities are recorded using the substantively enacted tax rates expected to be in effect for the year in which the temporary differences are expected to reverse. The effect of a change in income tax rates on future income tax assets and liabilities is recognized in income in the period that the change occurs. A valuation loss allowance is recorded against any future tax asset if it is more likely than not that the asset will not be realized.

Guarantees

In the normal course of business, the Company enters into various agreements that may contain features that meet the definition of a guarantee. A guarantee is defined to be a contract (including an indemnity) that contingently requires the Company to make payments to a third party based on (i) changes in an underlying interest rate, foreign exchange rate, equity or commodity instrument, index or other variable that is related to an asset, a liability or an equity security of the guaranteed party, (ii) failure of another party to perform under an obligating agreement, or (iii) failure of another party to pay its indebtedness when due.

Stock-based compensation and other stock-based payments

All awards granted to employees and directors are recorded using the fair value method. Under this method, the estimated fair value of the options is determined using the Black-Scholes option pricing model. The value of the compensation expense is recognized on a straight-line basis over the vesting period of the stock options with a corresponding increase in contributed surplus.

The Company accounts for restricted share units at fair value based on the closing stock price at the date of grant. The units are to be settled for cash and are marked to the current market price at each balance sheet date.

Share issue costs

Share issue costs are accounted for as a reduction of the retained earnings.

Earnings per share

Basic and diluted earnings per share have been determined by dividing the consolidated net earnings for the year by the basic and diluted weighted average number of shares outstanding, respectively.

The diluted weighted average number of common shares outstanding is calculated as if all dilutive options had been exercised and that proceeds from the exercise of such dilutive options were used to repurchase common shares at the average market price for the period.

Government assistance

Government assistance, consisting of research tax credits and grants, is recorded as a reduction of the related expense or cost of the asset acquired. Government grants are recognized when there is reasonable assurance that the Company has met the requirements of the approved grant program. Research tax credits are recorded when there is reasonable assurance of realization.

1 Summary of significant accounting policies (continued)

Financial instruments

Financial instruments are contracts that give rise to a financial asset or a financial liability. Financial assets and liabilities are recognized on the consolidated balance sheet at fair value and their subsequent measurement depends on their classification, as described in Note 14. Classification depends on the purpose for which the financial instruments were acquired or issued, their characteristics and the Company's designation of such instruments.

The accounting policy the Company has elected to apply to each of its categories of financial instruments is as follows:

Assets and liabilities	Category	Measurement
Cash and cash equivalents	Held for trading	Fair value
Temporary investments	Loans and receivables	Amortized cost
Trade accounts receivable	Loans and receivables	Amortized cost
Derivative financial instruments	Held for trading	Fair value
Bank indebtedness and short-term debt	Other liabilities	Amortized cost
Accounts payable and accrued liabilities	Other liabilities	Amortized cost
Long-term debt	Other liabilities	Amortized cost
Balance of purchase price	Other liabilities	Amortized cost

The amortized cost is established using the effective interest method. The Company has elected to account for transaction costs related to the issuance of the financial instruments as a reduction of the carrying value of the related financial instruments. Transaction costs related to credit facilities are amortized using the straight-line method over the expected life of the facilities.

Derivative instruments

The Company enters into derivative instruments, namely forward exchange contracts, interest rate swaps and forward contracts on the price of certain metals to manage risk against the fluctuations in foreign exchange rates, interest rates and metal prices. These financial instruments are valued at fair value at each balance sheet date.

Hedging

Cash flow hedges

Derivative financial instruments designated as cash flow hedges are measured at fair value. The effective portion of the change in fair value of the derivative financial instruments is recorded in other comprehensive income. The ineffective portion, if any, is recognized in net earnings.

Cash flow hedges related to the purchase of raw materials

The Company also designated as cash flow hedges a portion of its cash denominated in US dollar for future purchases of raw materials. The designated cash denominated in US dollar is accounted for at fair value in the Company's balance sheet. Foreign exchange gain or loss on this designated US cash and cash equivalents is recorded in other comprehensive income. When raw material is purchased, the foreign exchange gain or loss is accounted as part of the cost of the raw material in the inventory.

① Summary of significant accounting policies (continued)

Employee future benefits

The Company contributes to a defined benefit pension plan.

The significant policies related to employee future benefits are as follows:

- The cost of pension and other post-retirement benefits earned by employees is actuarially determined using the projected benefit method prorated on service, market interest rates and management's best estimate of expected plan investment performance, retirement ages of employees and expected health care costs.
- Fair value is used to value the plan assets for the purpose of calculating the expected return on plan assets. Under this method, the differences between the actual returns and the expected returns, in excess of 10% of the greater of the accrued benefit obligation or market-related value of plan assets, are amortized over the average future expected lifetime of plan participants.
- Cumulative unrecognized net actuarial gains and losses in excess of 10% of the greater of the accrued benefit obligation or market-related value of plan assets at the beginning of the year are amortized over the estimated average remaining service life of plan participants.

Accounting standards issued but not yet adopted

Business Combinations and Consolidated Financial Statements

Section 1582, "Business Combinations and Consolidated Financial Statements" was published in January 2009 and replaces Section 1581 "Business Combinations". It provides the Canadian equivalent to the IFRS standard, IFRS 3 (Revised), "Business Combinations". The Section applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2011. Earlier application is permitted. Section 1601, "Consolidated Financial Statements" and Section 1602, "Non-controlling Interests". These sections were published in January 2009 and replace Section 1600, "Consolidated Financial Statements".

Section 1601 establishes standards for the preparation of consolidated financial statements. Section 1602 establishes standards for accounting for a non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business combination. It is equivalent to the corresponding provisions of IFRS standard, IAS 27 (Revised),"Consolidated and Separate Financial Statements". The Sections apply to interim and annual consolidated financial statements relating to fiscal years beginning on or after January 1, 2011.

Beginning on June 1, 2011, the Corporation will cease to prepare its consolidated financial statements in accordance with Canadian GAAP as set out in Part V of the CICA Handbook—Accounting and will apply as its primary basis of accounting, International Financial Reporting Standards as published by the International Accounting Standards Board as set out in Part I of the CICA Handbook—Accounting. Consequently, management has not determined the impact of the aforementioned future accounting changes to Canadian GAAP that are for periods beginning on or after June 1, 2011.

2 Accounts Receivable

As at May 31	2011	2010
	$	$
Trade accounts receivable	108,220	3,913
Commodity taxes	4,769	416
Other	1,294	470
Allowance for doubtful accounts	(184)	(25)
	114,099	4,774

Chronological history of trade accounts receivable:

As at May 31	2011	2010
	$	$
Current	68,724	3,758
0 to 60 days overdue	30,031	78
60 to 120 days overdue	3,678	77
More than 120 days overdue	5,787	–
	108,220	3,913

3 Inventories

As at May 31	2011	2010
	$	$
Raw materials	92,623	15,634
Finished goods and work in process	200,446	12,071
	293,069	27,705

4 Property, Plant and Equipment

As at May 31			2011
	Cost	Accumulated amortization	Net book value
	$	$	$
Land and buildings	37,534	1,783	35,751
Production equipment	67,403	14,397	53,006
Furniture, office equipment, leasehold improvements and rolling stock	10,050	1,584	8,466
	114,987	17,764	97,223

As at May 31			2010
	Cost	Accumulated amortization	Net book value
	$	$	$
Land and buildings	12,174	1,209	10,965
Production equipment	19,717	5,878	13,839
Furniture, office equipment, leasehold improvements and rolling stock	2,420	787	1,633
	34,311	7,874	26,437

As at May 31, 2011, property, plant and equipment that were not being amortized amounted to $16.5 million.

5 Intangible Assets

As at May 31			2011
	Cost	Accumulated amortization	Net book value
	$	$	$
Software	1,052	559	493
Customer relationships	46,223	671	45,552
Technology	17,413	506	16,907
Development costs	1,016	49	967
Intellectual property	3,287	560	2,727
Trade name and non-compete agreements	5,489	247	5,242
	74,480	2,592	71,888

As at May 31			2010
	Cost	Accumulated amortization	Net book value
	$	$	$
Software	604	120	484
Intellectual property	1,355	68	1,287
	1,959	188	1,771

6 Business Acquisitions

The Company acquired two businesses in 2011 and one in 2010. These acquisitions were recorded under the purchase method and the earnings of the acquired business were consolidated from the date of their acquisition.

2011

MCP Group SA

On April 8, 2011, the Company acquired MCP Group SA ("MCP") for the following consideration: Cash consideration: $144,027 (€105,794), Promissory note and holdback to vendors: $85,455 (€61,879) and common shares of 5N Plus: 11,377,797 common shares at $6.91 per share for consideration of $78,621. Transaction costs were approximately $2,100 for a total consideration of $310,203. The price of $6.91 per share was established by taking the average market price of 5N Plus shares for three days before and after the announcement on April 11, 2011 minus a 20% discount, based on the value of a put option estimated using the Black-Scholes pricing model to reflect the lock-up period on these shares. The purchase price was allocated on a preliminary basis. The Company is in the process of evaluating mainly the fair value of the intangible assets and of the property, plant and equipment.

Sylarus Technologies LLC

On June 21, 2010, the Company acquired, for an amount of US$3,000 (approximately $3,072), a convertible note from Sylarus Technologies ("Sylarus"), a producer of germanium substrates for solar cells located in St. George, Utah. This convertible note was bearing interest at 6% annually and was repayable on May 31, 2015 at the latest. This note, including accrued interest, was convertible at the Company's option, into 18% of voting and participating units of Sylarus.

This convertible debenture was a hybrid financial instrument, for which the loan and the embedded derivative components included therein are measured separately. The loan component was classified as a loan and receivable and the embedded derivative representing the conversion option included therein was classified as held for trading.

6 Business acquisitions (continued)

On January 10, 2011, the Company converted the debenture into a 66.67% majority interest of Sylarus. 5N Plus also agreed to provide additional funding of US$766 in the form of secured debt to enable the repayment of short term debt contracted by Sylarus.

The following table summarizes the purchase allocation of the net assets acquired on a preliminary basis for 2011, and the final purchase allocation for 2010:

	MCP	Sylarus	**2011**	2010
	$	$	**$**	$
Assets acquired				
Temporary investments (restricted)	18,061	–	**18,061**	–
Non-cash working capital	292,919	681	**293,600**	1,881
Property, plant and equipment	43,837	8,048	**51,885**	1,521
Intangible assets	70,471	–	**70,471**	1,355
Goodwill (not deductible)	112,596	–	**112,596**	4,382
Future income tax assets	3,625	–	**3,625**	–
Other assets	2,919	200	**3,119**	–
	544,428	8,929	**553,357**	9,139
Liabilities assumed				
Non-cash working capital	93,486	2,706	**96,192**	16
Bank indebtedness and short-term debt	125,393	–	**125,393**	–
Long-term debt	23,780	1,096	**24,876**	858
Future income tax liabilities	21,370	–	**21,370**	517
Note payable to 5N Plus	–	769	**769**	–
Non-controlling interest	–	1,560	**1,560**	–
	264,029	6,131	**270,160**	1,391
Total consideration	280,399	2,798[1]	**283,197**	7,748
Consideration				
Cash paid to the vendors	144,027	3,307	**147,334**	7,851
Shares issued to the vendors	78,621	–	**78,621**	–
Balance of purchase price and holdback	85,455	–	**85,455**	–
Cash and cash equivalents acquired	(29,804)	(509)	**(30,313)**	(164)
Acquisition costs	2,100	–	**2,100**	61
Purchase consideration	280,399	2,798	**283,197**	7,748

[1] Book value of the loan and the embedded derivative (convertible option) at the date of the acquisition for this non-cash transaction.

2010

Firebird Technologies Inc.

On December 1, 2009, the Company acquired Firebird Technologies Inc. ("Firebird") for an amount of $7,912 including acquisition costs of $61. Firebird is a manufacturer of pure metals and semiconductor compounds. Firebird's main products include indium antimonide wafers as well as purified metals such as antimony, indium and tin, sold worldwide and used in a number of electronic and optical applications.

7 Bank Indebtedness and Short-Term Debt

The Company has various credit lines with many financial institutions around the world. Some are related to the level of accounts receivable and inventories, others are guaranteed by other group companies and others are guaranteed by the assets of the related company that borrowed the money. Credit available under these lines totalled 140 million dollars as at May 31, 2011 to which a line of credit of approximately 50 million dollars (390 million Hong Kong dollars) was added relating to a temporary investment. (See below). As at May 31, 2011, 170.7 million dollars was drawn under these lines (see the table for the split by currency).

As at May 31, 2011	Hong Kong Dollar	Sterling Pound	USD	Euro	RMB	Total
Facility available	**390,000**	**10,000**	**40,000**	**42,789**	**192,500**	**N/A**
Amount drawn	**390,000**	**7,855**	**35,941**	**39,185**	**135,260**	**N/A**

As at May 31, 2011	CDN	CDN	CDN	CDN	CDN	CDN
Facility available	**48,550**	**15,970**	**38,726**	**59,592**	**28,307**	**191,145**
Amount drawn	**48,550**	**12,545**	**34,797**	**54,573**	**20,210**	**170,675**

The loan in Hong Kong dollars bears interest at HIBOR 3 months plus 1.00%. This rate is covered by an instrument to fix the rate at 2.48% until maturity. The loan in sterling pounds bears interest at the Bank of England Base Rate plus 2.00%. Loans in US dollars bear interest ranging from LIBOR plus 1.10% to LIBOR plus 1.25% and others bear interest at the cost of funds of the lender bank from which the funds were borrowed plus 1.40% to 1.70%. Certain Euro loans bear interest at variable rates ranging from 1.80% to 2.60%. Other Euro loans bear interest at a rate of Eurobor plus 2.05% to 4.00%. RMB loans bear interest from 105% to 110% of the Chinese rate. Certain loans have maintenance fees of 0.50% on the undrawn amount.

Hong Kong dollar loans are secured by deposits in Chinese currency (RMB) which are recorded on the balance sheet in the line temporary investments. The deposits have the same maturity as the loans. At maturity, in May 2012 at the latest, the deposits will be cashed in and converted into Hong Kong dollars and the proceeds will reimburse the related loans. The Company has derivative instruments to fix the conversion between RMB and the Hong Kong dollar to cover itself against the currency risk. The deposits of $47,587 bear interest at a rate of 2.55%.

The loans in Hong Kong dollar mature between February 2012 and May 2012. The loans in RMB mature between October 2011 and March 2012. All other loans will be reimbursed with the new credit facility signed in August 2011 (note 24).

8 Accounts Payable and Accrued Liabilities

As at May 31	2011	2010
	$	$
Trade accounts payable and accrued liabilities	**62,925**	3,564
Salaries and vacations	**3,537**	1,082
Commodity taxes	**1,030**	–
	67,492	4,646

9 Long-Term Debt and Balance of Purchase Price

As at May 31	2011	2010
	$	$
Unsecured balance of purchase price and holdback to the former shareholders of MCP for an amount of €61,879 (€46,908 as promissory note and €14,971 as holdback), bearing interest at Interest Rate Swap 3 year rate plus 3.00%. The promissory note is repayable in three annual instalments beginning April 2012 (note 6) and the holdback is repayable in April 2014. The balance of purchase price and holdback include an amount of €31,925 payable to one board member and an executive vice president of the Company.	**86,180**	–
Senior secured revolving facility with a Canadian bank for $50 million maturing in April 2013.[1]	**27,847**	–
Unsecured term loan of US$13 million, maturing in January 2017 bearing interest at LIBOR plus 2.3%. The term loan is subject to convenants.	**12,197**	–
Term loan in Euro, bearing interest at 6.23%, secured by a mortgage on assets on a plant in Germany for an amount of €1,534 and maturing in December 2014.	**2,611**	–
Loan from an employee pension plan in Germany, bearing interest at Euribor plus 2% and with no terms of repayment.	**2,641**	–
Subordinated loan of €1 million, maturing in 2017, bearing interest at a rate of 5.50%, not secured.	**1,393**	–
Term loan at authorized amount of £450, reimbursed in August 2011.	**719**	–
Term loans bearing interest at floating rates as determined on a regular basis with the banks, maturing in 2014 and 2015, secured by assets of the Belgium plant for an amount of €3,814.	**3,763**	–
Term loan at the lender's floating rate less 1.40%, monthly repayments of $41.66, principal only, maturing in June 2018, secured by a land and building in Canada with a carrying amount of $4.5 million.	**3,500**	3,998
Term loan, non-interest bearing, repayable under certain conditions, maturing in 2023. If the loan has not been repaid in full by the end of 2023, the remaining balance will be forgiven.	**1,063**	773
Debt in the amount of US$1,541 bearing interest at a rate of the three-month LIBOR plus 3.00%, repayable in two equal instalments of 50% on January 11, 2012 and December 31, 2012. Obligation under a capital lease bearing interest at 12.30%, repayable in monthly instalments of $12.5.	**1,873**	–
Other loans prevailing from joint ventures and others	**1,422**	50
	145,209	4,821
Current portion of long-term debt and balance of purchase price	**(18,824)**	(623)
	126,835	4,198

[1] This revolving credit facility can be drawn in USD, Canadian dollars or in Euro. The interest rate depends on a Debt/EBITDA ratio and can vary from LIBOR, banker acceptance or Euribor plus 2.75% to 3.50% or US base rate or prime rate plus 1.75% to 2.50%. This revolving line of credit is guaranteed by a pledge on all the assets of certain entities of the group (note 24).

9 Long-term debt and balance of purchase price (continued)

Principal repayments of the long-term debt over the forthcoming years are as follows:

	$
2012	18,824
2013	66,568
2014	48,005
2015	3,804
2016	2,991
Thereafter	5,017
Total principal payments on long-term debt	145,209

Term loans contain restrictive covenants that require the Company to maintain financial ratios. As at May 31, 2011 these restrictive covenants were respected.

10 Other Amounts Payable

As at May 31	Note	2011	2010
		$	$
Provision for pension benefits	22	**10,071**	–
Provision for site remediation		**4,320**	–
Other		**4,199**	553
		18,590	553

Provision for site remediation

The facility acquired from MCP in Tilly, Belgium is currently undergoing corrective measures under a remediation plan as a result of industrial legacy at this site, which has been in industrial use for more than 100 years, and in order to comply with more stringent environmental regulations. The remediation plan has been approved by the local authorities and estimated resulting costs have been properly accounted for.

11 Share Capital

a) Authorized

An unlimited number of common shares, participating, with no par value, entitling the holder to one vote per share.

An unlimited number of preferred shares may be issued in one or more series with specific terms, privileges and restrictions to be determined for each class by the Board of Directors.

b) Issued and fully paid

	Number	Amount
		$
Common shares		
Outstanding as at May 31, 2009	45,520,225	81,882
Shares issued under stock option plan	107,225	508
Outstanding as at May 31, 2010	45,627,450	82,390
Shares issued for the acquisition of MCP	11,377,797	78,621
Shares issued for cash	13,590,000	125,028
Shares issued under stock option plan	297,380	1,425
Outstanding as at May 31, 2011	70,892,627	287,464

On April 11, 2011, the Company issued 13,590,000 common shares at a price of $9.20 per share for gross proceeds of $125,028 pursuant to a bought-deal agreement.

11 Share capital (continued)

c) Stock option plan

On April 11, 2011, the Company adopted a new stock option plan (the "Plan") replacing the previous plan (the "Old Plan") in place since October 2007 with the same features as the old plan, with the exception of a maximum number of options granted which cannot exceed 5 million options. No options were granted under the new plan as at May 31, 2011. The aggregate number of shares which could be issued upon the exercise of options granted under the Old Plan could not exceed 10% of the issued shares of the Company at the time of granting the options. Options granted under the Old Plan may be exercised during a period not exceeding ten years from the date of the grant. The stock options outstanding as at May 31, 2011 may be exercised during a period not exceeding six years from their date of grant. Options vest at a rate of 25% (100% for directors) per year, beginning one year following the grant date of the options.

The following table presents the weighted average assumptions used to establish the fair value of the options granted during the year, using the Black-Scholes option pricing model:

	2011	2010
Expected stock price volatility	**40%**	40%
Dividend	**None**	None
Risk-free interest rate	**2.325%**	2.325%
Expected option life	**4 years**	4 years
Fair value—weighted average of options issued	**1.70**	1.89

For the years ended	**2011**		2010	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
		$		$
Beginning of period	**1,596,615**	**4.24**	1,439,055	3.78
Granted	**262,308**	**4.95**	436,500	5.38
Cancelled	**(177,518)**	**5.12**	(171,715)	4.00
Exercised	**(297,380)**	**3.07**	(107,225)	3.09
End of period	**1,384,025**	**4.52**	1,596,615	4.24

The outstanding stock options as at May 31, 2011 are as follows:

Maturity	Exercise Price		Number of options
	Low	High	
	$	$	
December 2013	3.00	3.00	478,475
October 2014	3.81	3.81	2,500
January 2015 to October 2016	4.87	6.16	888,050
June and August 2014	9.13	10.32	15,000
			1,384,025

As at May 31, 2011, 628,765 stock options were exercisable, at a weighted average exercise price of $4.16.

Stock-based compensation cost is allocated as follows:

Years ended May 31	**2011**	2010
	$	$
Cost of goods sold	**185**	251
Selling and administrative	**577**	352
Research and development	**54**	148
	816	751

11 Share capital (continued)

Restricted stock unit incentive plan

On June 7, 2010, the Company adopted a Restricted Share Unit ("RSU") Plan to complement the stock option plan. The RSU Plan enables the Company to award eligible participants phantom share units that vest after a three-year period. RSU is settled in cash and is recorded as liabilities. The measurement of the compensation expense and corresponding liability for these awards is based on the fair value of the award, and is recorded as a charge to selling, general and administrative expenses ("SG&A") over the vesting period of the award. At the end of each financial period, changes in the Company's payment obligation due to changes in the market value of the common shares on the TSX are recorded as a charge to SG&A expenses. During the year ended May 31, 2011, the Company granted 33,129 RSU and recorded a provision of $92.

Restricted stock unit incentive plan for foreign employees

On June 7, 2010, the Company adopted a Restricted Share Unit for Foreign Employees ("RSUFE") Plan. RSUFE granted under the RSUFE Plan may be exercised during a period not exceeding ten years from the date of the grant. The RSUFE outstanding as at May 31, 2011 may be exercised during a period not exceeding six years from their date of grant. RSUFE vest at a rate of 25% per year, beginning one year following the grant date of the award. During the year ended May 31, 2011, the Company granted 8,549 RSUFE and recorded a provision of $15.

12 Income Taxes

The following table presents the reconciliation between the income tax expense calculated using statutory Canadian tax rates to the effective income tax expense in the Company's consolidated statements of income.

Years ended May 31		2011		2010
	$		$	
Income tax expense at statutory tax rates	8,833	29.3%	6,602	30.5%
Increase (decrease) resulting from:				
Losses of subsidiaries for which no tax benefit is recognized	40	0.1%	–	0.0%
Non-deductible expenses	206	0.7%	112	0.5%
Benefits araising from a financing structure	(260)	–0.9%	(260)	–1.2%
Effect of difference of foreign tax rates compared to Canadian tax rates	(42)	–0.1%	(27)	–0.1%
Others	81	0.3%	85	–0.4%
	8,858	29.4%	6,512	30.1%

12 Income taxes (continued)

Significant components of the Company's future income tax assets and liabilities were as follows:

As at May 31	2011	2010
	$	$
Future income tax assets		
Inventory	**2,314**	432
Property, plant and equipment	**2,674**	995
Share issue expenses and professional fees	**1,906**	1,035
Others	**13**	–
	6,907	2,462
Future income tax liabilities		
Inventory	**(197)**	–
Property, plant and equipment	**(3,864)**	(1,972)
Intangible assets	**(19,300)**	(359)
Unrealized foreign exchange gain	**–**	(35)
Others	**(367)**	(413)
	(23,728)	(2,779)
Net future income tax liabilities	**(16,821)**	(317)

Future income taxes are classified as follows:

As at May 31	2011	2010
	$	$
Current future income tax assets	**1,856**	151
Long-term future income tax assets	**5,051**	2,311
Current future income tax liabilities	**(526)**	(445)
Long-term future income tax liabilities	**(23,202)**	(2,334)
Net future income taxes	**(16,821)**	(317)

Loss carry forward

The Company has non-capital losses of approximately $13.5 million available to reduce future taxable income all of which were incurred in the U.S. The future tax benefit of $5.4 million of these losses has not been recognized. These non-capital losses will start to expire in 2029.

13 Cost of Goods Sold

The following table presents the inventories recognized as cost of sales:

Years ended May 31	2011	2010
	$	$
Cost of goods sold	**126,503**	38,911
Amortization of property, plant and equipment related to the transformation of inventories	**3,171**	2,365
	129,674	41,276

14 Financial Instruments

Fair value

All financial assets classified as loans and receivables, as well as financial liabilities classified as other liabilities, are initially measured at their fair values and subsequently at their amortized cost using the effective interest rate method. All financial assets and liabilities classified as held for trading are measured at their fair values. Gains and losses related to periodic revaluations are recorded in net earnings.

The Company has determined that the carrying value of its short-term financial assets and liabilities, including cash and cash equivalents, temporary investments, accounts receivable, bank indebtedness, as well as accounts payable and accrued liabilities, approximates their carrying value due to the short-term maturities of these instruments.

As at May 31, 2011, the fair value of the long-term debt and balance of purchase price payable is approximately $145,209 ($4,821 as at May 31, 2010) and is calculated using the present value of future cash flows at year-end rate for similar debt with same terms and maturities.

The fair value of financial assets and liabilities by level of hierarchy was as follows as at May 31, 2011:

	Level 1	Level 2	Level 3	Total financial assets and liabilities
	$	$	$	$
Cash and cash equivalents	**27,916**	–	–	**27,916**
Derivative financial instruments[1]	–	**(120)**	–	**(120)**

[1] Derivative financial instruments consist of forward exchange contracts and interest rate swaps.

Financial risk management

In the normal course of its operations, the Company is exposed to credit risk, liquidity and funding risk, interest rate risk as well as currency risk. Management analyses these risks and implements strategies in order to minimize their impact on the Company's performance.

Credit risk and significant customer

The Company has policies in place with regards to the management of its cash and cash equivalents and temporary investments. Its investment policy requires funds to be entirely guaranteed by the financial institution and to be allocated amongst numerous recognized financial institutions.

The Company is exposed to credit risk associated with its accounts receivable, arising from its normal commercial activities. The Company considers its credit risk to be limited for the following reasons:

a) The Canadian Company concluded an agreement with Export Development Canada under which it will assume a portion of the risk of losses for certain export clients in case of non-payment, for an annual amount up to a maximum of $1,500;

b) The Company does not require additional guarantees or other securities from its clients in regards to its accounts receivable. However, credit is granted only to clients after a credit analysis is performed. The Company conducts ongoing evaluations of its clients and establishes provisions for doubtful accounts should an account be considered non recoverable;

c) One customer represented approximately 29% (74% in 2010) of the sales in the fiscal year 2011 and 4.6% of accounts receivable as of May 31, 2011 (33% in 2010).

14 Financial instruments (continued)

Liquidity and financing risk

Liquidity risk is the risk that the Company is not able to meet its financial obligations as they fall due or can do so only at excessive cost. One of management's primary goals is to maintain an optimal level of liquidity through the active management of its assets and liabilities as well as the cash flows.

As at May 31, 2011, the Company's cash and cash equivalents amounted to $27,916 ($65,992 as at May 31, 2010). The Company also has credit availability of approximately $191,604 (Note 7). Given the Company's available liquid resources, credit availability and the new credit facility as compared to the timing of the payments of liabilities, management assesses the Company's liquidity risk to be moderate.

The contractual maturities of financial liabilities as May 31, 2011 are as follows:

	Carrying Amount	Contractual Cash Flows	0 to 6 months	6 to 12 months	12 to 24 months	After 24 months
	$	$	$	$	$	$
Accounts payable and accrued liabilities	67,492	67,492	67,492	–	–	–
Bank indebtedness and short-term debt	170,675	171,166	122,126	49,040	–	–
Derivative financial instruments	441	441	441	–	–	–
Balance of purchase price and holdback	86,180	96,604	2,495	15,148	33,375	45,586
Long-term debt	59,030	71,855	2,898	4,900	40,199	23,858
	383,818	407,558	195,452	69,088	73,574	69,444

Contractual cash flows include interest charges.

Interest rate risk

The Company's debt mainly bears interest at floating rates (Notes 7 and 9). The Company is therefore exposed to interest rate risk variations. The Company entered into interest rate swaps in order to reduce the impact of interest rate fluctuations. As at May 31, 2011, the Company has USD$27 million, €8.5 million and HK$390,000 of nominal value of interest rate swaps. The fair value of these interest rate swaps was ($153) as at May 31, 2011. The interest rate swaps mature between January 2012 and January 2018.

The company has $315 million of financing on which approximately $86 million are covered by interest rate swaps and $8 million at fixed rate. A 1% change in the interest rate would have an effect of $2.2 million on the consolidated earnings before income tax.

Interest revenue on cash and cash equivalents are at variable rates. For each $10,000 in cash and cash equivalents, a fluctuation of interest rate of 0.50% would annually impact interest income by $50. Therefore, management believes that the impact on net earnings would not be significant on its operating results.

Exchange risk

The Company is exposed to risk from changes in foreign currency rates on sales around the world for its products manufactured in its different plants. The Company mitigates this risk principally through forward contracts and by the natural hedges provided by purchasing raw materials in US dollar.

The Company designated as a cash flow hedge a portion of its cash denominated in US dollar for future purchases of raw materials. The designated US demoninated dollar cash is accounted for at fair value in the Company's balance sheet. Foreign exchange gains or losses arising on the US cash and cash equivalents designated are recorded in other comprehensive income. When raw material is purchased, which is anticipated to be recorded in the next months, the foreign exchange gain or loss is accounted for as part of raw materials in the inventory. No amount of cash and cash equivalents was designated under this strategy as at May 31, 2011. Foreign exchange gains related to this cash and cash equivalents included in the other comprehensive income amounted to nil as at May 31, 2011.

14 Financial instruments (continued)

The Company had the following currency exposures on May 31, 2011:

	USD	EUR	GBP	RMB	HKD
	$	€	£	¥	$
Financial assets and liabilities [1]:					
Cash and cash equivalents	8,808	244	2	314	2,257
Accounts receivable	41,925	856	25	–	–
Receivable from wholly-owned subsidiaries	972	1,917	–	–	–
Accounts payable and accrued liabilities	(51,808)	(88)	(933)	–	390
Total exposure from above	(103)	2,929	(906)	314	2,647

[1] Amounts above do not include the subsidiaries' account balances of their related functional currency.

Impact of exchange rate fluctuations with regards to gross amount at risk:

	$CA/$US	€/$US	£/$US	¥/$US	$US/$HK
Exchange rates as at May 31, 2011	0.9688	1.4385	1.6439	0.1495	0.1286
Impact on net earnings based on a fluctuation of five cents of the exposes currencies	(3)	146	(51)	2	12

US dollar exposure is against the euro and the Chinese renminbi. Euro exposure is against the US dollar, sterling pound and the Chinese renminbi. Sterling pound exposure is against the US dollar and the euro. The Chinese renminbi exposure is against the US dollar and the euro. Hong Kong dollar exposure is against the US dollar.

15 Foreign exchange (gain) loss

Years ended May 31	2011	2010
	$	$
Foreign exchange (gain) loss related to operations	(408)	194
Realized foreign exchange gain on derivative financial instruments	(6)	(132)
Unrealized foreign exchange gain on derivative financial instruments	(593)	(1,246)
A) Included in the consolidated statement of income	(1,007)	(1,184)

Years ended May 31	2011	2010
	$	$
Realized foreign exchange loss (gain) on designated derivative financial instruments	491	(491)
Realized foreign exchange loss (gain) on designated cash	2,214	(1,209)
Realized foreign exchange gain on designated cash transferred to inventories	(1,005)	–
Unrealized foreign exchange loss (gain) on derivative financial instruments	116	(116)
	1,816	(1,816)
Income tax on the above	(561)	561
B) Included in the consolidated statement of comprehensive income	1,255	(1,255)

16 Financial Expenses

Years ended May 31	2011	2010
	$	$
Interest and bank fees	2,022	185
Interest on long-term debt	426	–
Amortization of other assets	67	–
	2,515	185

17 Capital Management

The Company's objectives when managing its capital are:

- To optimize its capital structure in order to reduce costs and strengthen its ability to seize strategic opportunities;
- To ensure that operations remain competitive and stable and to sustain future development of the Company, including research and development activities, expansion of existing facilities or construction of new facilities and potential acquisitions of complementary businesses or products and;
- To provide the Company's shareholders an appropriate return on their investment.

The Company defines its capital as its shareholder's equity.

The capital of the Company amounted to $348,918 as at May 31, 2011 and $125,678 as at May 31, 2010. The increase reflects the net earnings as well as shares issued through a bought-deal and for the acquisition of MCP.

The Company manages its capital structure based on the relationship between the net debt and capital. Net debt represents the sum of short-term and long-term debt, for both current and long-term portions, net of cash and cash equivalents and temporary investments.

18 Commitments and Contingencies

Commitments

The Company rents certain premises and equipment under the terms of operating leases. The maturity of the leases on the premises range from May 2011 to May 2017 with options to extend, and June 2013 on the equipment. The rental expenses related to operating leases for the year ended May 31, 2011 were $1,145.

Future minimum payments excluding operating costs for the next years are as follows:

	$
2012	1,175
2013	1,136
2014	501
2015	325
2016 and thereafter	649
	3,786

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 financial statements, the Company was not aware of any significant events that would have a material effect on its financial statements.

19 Earnings Per Share

Years ended May 31	2011	2010
	$	$
Numerator		
Net earnings from continuing operations	**21,641**	15,143
Net earnings	**21,641**	14,647
Denominator		
Weighted average number of common shares outstanding	**49,205,470**	45,578,992
Effect of dilutive securities		
Stock options	**467,617**	254,299
	49,673,087	45,833,291
Earnings per share from continuing operations		
Basic	**0.44**	0.33
Diluted	**0.44**	0.33
Earnings per share		
Basic	**0.44**	0.32
Diluted	**0.44**	0.32

20 Segment Information

The Company has two reportable business 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, labeled 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 segment operating profit which are reconciled to consolidated numbers by taking into account corporate income and expenses.

The Electronic Materials segment is headed by a Vice-President which oversees locally managed operations 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 (solar energy), medical imaging, light emitting diodes (LED), displays, high-frequency electronics and thermoelectrics. Main products are associated with the following metals: cadmium, gallium, germanium, indium and tellurium. These are sold either in elemental or alloyed form as well as in the form of chemicals and compounds. Revenues and earnings associated with recycling services and activities provided to customers of the Electronic Materials segment are also included in the Electronic Materials segment and management of such activities is also the responsibility of the Electronic Materials Vice-President.

The Eco-Friendly Materials segment is so labeled because it is mainly associated with bismuth, one of the very few heavy metals known for having 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 is headed by a Vice-President which oversees locally managed operations in Europe and China. The Eco-Friendly Materials segment manufactures and sells refined bismuth and bismuth chemicals, low melting point alloys as well as refined selenium and selenium chemicals. These are used in the pharmaceutical and animal-feed industry as well as in a number of industrial applications including coatings, pigments, metallurgical alloys and electronics.

Corporate expenses associated with the head office and unallocated selling, general and administrative expenses together with financing costs, gains and/or losses on foreign exchange and the amortization of intangible assets have been regrouped under the heading Corporate. The head office is also responsible for managing businesses which are still in the development stage and corresponding costs are netted of any revenues.

All inter-segment transactions between the Electronic Materials and Eco-Friendly Materials have been eliminated on consolidation.

20 Segment information (continued)

A comparative breakdown of business segment information for the year ended May 31, 2011 and 2010 is as follows:

	Electronic Materials	Eco-Friendly Materials	Corporate	Total
Year ended May 31, 2011				
Revenues	**121,453**	**57,375**	**–**	**178,828**
Operating profit	**34,925**	**4,772**	**(3,258)**	**36,439**
Foreign exchange gain	**–**	**–**	**(1,007)**	**(1,007)**
Financial	**–**	**–**	**2,515**	**2,515**
Interest income	**–**	**–**	**(604)**	**(604)**
Amortization	**3,562**	**412**	**1,394**	**5,368**
Earnings before non-controling interest and income taxes	**N/A**	**N/A**	**N/A**	**30,167**
Property plant and equipment and intangible assets expenditures	**17,985**	**3,114**	**1,036**	**20,063**
Year ended May 31, 2010				
Revenues	70,763	–	–	70,763
Operating profit	24,336	–	(1,411)	22,925
Foreign exchange gain	–	–	(1,184)	(1,184)
Financial	–	–	185	185
Interest income	–	–	(464)	(464)
Amortization	2,545		188	2,733
Earnings from continuing operations before income taxes	N/A	N/A	N/A	21,654
Property plant and equipment and intangible assets expenditures	4,588	–	249	4,837

	Electronic Materials	Eco-Friendly Materials	Corporate	Total
As at May 31, 2011				
Total assets, excluding goodwill and intangibles	**259,358**	**331,104**	**5,084**	**595,546**
Goodwill	**104,571**	**11,656**	**–**	**116,203**
As at May 31, 2010				
Total assets, excluding goodwill and intangibles	132,368	–	–	132,368
Goodwill	4,382	–	–	4,382

Geographical information

Years ended May 31	2011	2010
	$	$
Revenues with customers located in the following geographical areas:		
Asia	**62,559**	3,654
United States	**61,620**	47,393
Europe	**50,428**	18,969
Canada	**1,561**	669
Other countries	**2,660**	78
	178,828	70,763

Revenues are geographically allocated based on the customer's country of origin with whom the agreement has been signed.

20 Segment information (continued)

As at May 31	2011	2010
	$	$
Property, plant and equipment, intangible assets and goodwill in the following countries:[1]		
Canada	**59,666**	22,695
Belgium	**12,394**	–
Hong Kong	**93**	–
Germany	**16,726**	9,895
China	**5,839**	–
United Kingdom	**5,003**	–
Unites States	**13,218**	–
Others	**4,690**	–
	117,629	32,590

[1] Excluding the intangible assets and goodwill of MCP as the allocation purchase price is not completed.

21 Discontinued Operations

On September 1, 2009, the Company had established a joint venture called ZT Plus with BSST, a subsidiary of Amerigon Incorporated. The Company had a 50% ownership interest in ZT Plus. The contribution of each partner in cash or in kind was expected to be US$5,500. ZT Plus was accounted for using the proportionate consolidation method. On March 26, 2010, the commercial progress of ZT Plus was slower to develop than anticipated and the Company sold its interest for an amount of US$1,600 ($1,632). This sale was classified as discontinued operation.

Year ended May 31	2010
	$
Loss of discontinued operations	
Revenues	–
Research and development expenses	887
Loss before income tax	887
Recovery of income taxes	(545)
Net loss	342
Loss on sale of a discontinued operation net of tax of $134	154
Net loss from a discontinued operation	496

ZT Plus had $10,964 of assets and $105 of cash and cash equivalents at the time that the Company sold its participation, 50% were part of the Company's consolidated assets.

22 Pension Benefits

Defined benefit pension plan

The Company has one defined benefit pension plan that covers certain employees of a German subsidiary. This plan loaned €1,896 (approximately $2,640) to the German subsidiary where the employees are located. The plan is updated each year for the calculation of the defined benefit obligations and the fair value of the assets.

The Company has a liability of €6,586 (approximately $9,172) relating to the plan. As at May 31, 2011, the plan assets totalled €2,644 (approximately $3,862) and the Company's expense relating to this plan totalled €70 (approximately $98) for the year ended May 31, 2011. The defined benefit obligation of the plan totalled €6,636 (approximately $9,241) as at May 31, 2011.

23 Comparative Figures

Certain comparative figures have been reclassified to conform to the presentation adopted in the current year.

24 Subsequent Events

In August 2011, the Company signed a new $250 million senior secured multi-currency revolving credit facility to replace its existing $50 million two-year senior secured revolving facility with National Bank of Canada. The new credit facility will be used to refinance existing indebtedness and for other corporate purposes, including capital expenditures and growth opportunities. The new credit facility has a four-year term and bears interest at either prime rate, U.S. base rate, LIBOR or EURO LIBOR plus a margin based on 5N Plus' senior consolidated debt to EBITDA ratio. 5N Plus also has a US$35 million credit facilities in Asia. At any time, 5N Plus has the option to request that the new credit facilities be expanded to $350 million through the exercise of an additional $100 million accordion feature, subject to review and approval by the lenders. In connection with the new credit facility, National Bank of Canada and HSBC Bank acted as colead arrangers and joint book runners, and five other banks as lenders.

On August 24, 2011, we announced the approval from our Board of Directors to change our financial year-end from May 31 to December 31. This change will align the financial year ends of 5N Plus and MCP, simplifying internal processes as all business units will use the same reporting periods. The first quarter ending September 30, 2011 will include four months of results and the annual period ending December 31, 2011 will contain seven months of 5N Plus' results.

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Compensation Committee
Member of the
Audit Committee

Jacques L'Ecuyer
President and
Chief Executive Officer

Frank Fache
Executive Vice President
Strategic Supply

Pierre Shoiry
Member of the
Compensation Committee

Dennis Wood
Chairman of the Board
Member of the
Audit and Compensation
Committees

Jean-Marie Bourassa
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Audit Committee

Management Team

Sebastian Voigt
Vice President
Business Unit
Eco-Friendly Materials

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Sean Fuller
Metals Manager

Dominic Boyle
Metals Manager

Corporate Information

Stock Exchange
5N Plus is listed on the Toronto Stock Exchange, under the symbol VNP.

Transfer Agent and Registrar
Computershare Investor Services Inc.

Auditors
PricewaterhouseCoopers LLP

Head Office
4385 Garand Street
Montreal, Québec
H4R 2B4

Annual Meeting
The annual shareholders meeting will be held on Thursday, October 6, 2011 at 2:00 p.m.
Club Saint-James
1145 Union Avenue
Montreal, Québec

For more information, please contact:
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