5N PLUS INC.
CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIODS OF THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2012 WITH COMPARATIVE FIGURES FOR THE PERIODS OF FOUR AND TEN MONTHS ENDED SEPTEMBER 30, 2011
(UNAUDITED)

5N PLUS INC.
INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(All figures in thousands of United States dollars)
(Unaudited)

	As at September 30, 2012	As at December 31, 2011
	$	$
ASSETS		
Current		
Cash and cash equivalents	7,328	29,449
Temporary investments (restricted) (Note 6)	2,207	51,882
Accounts receivable	76,215	76,641
Inventories (Note 4)	193,560	315,333
Income tax receivable	17,274	11,022
Other current assets	3,616	2,762
Total current assets	300,200	487,089
Property, plant and equipment	92,859	86,483
Intangible assets	59,296	68,148
Deferred tax asset	12,120	6,646
Goodwill (Note 5)	124,910	124,910
Investments accounted for using the equity method	1,133	1,513
Other assets	9,681	11,495
Total non-current assets	299,999	299,195
Total assets	600,199	786,284
LIABILITIES AND EQUITY		
Current		
Bank indebtedness and short-term debt (Note 6)	11,235	73,430
Trade and accrued liabilities	43,436	59,029
Income tax payable	1,894	354
Derivative financial liabilities	4,074	3,814
Long-term debt due within one year (Note 6)	31,122	14,757
Total current liabilities	91,761	151,384
Long-term debt (Note 6)	107,406	253,719
Deferred tax liability	24,204	23,083
Retirement benefit obligation	11,865	12,315
Derivative financial liabilities	3,420	1,902
Other liabilities	1,638	4,171
Total liabilities	240,294	446,574
Shareholders’ equity	359,600	339,241
Non-controlling interest	305	469
Total equity	359,905	339,710
Total liabilities and equity	600,199	786,284

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

5N PLUS INC.
INTERIM CONSOLIDATED STATEMENTS OF EARNINGS (LOSS)
For the periods of three and nine months ended September 30, 2012 with comparative figures for the periods of four and ten months ended September 30, 2011
(All figures in thousands of United States dollars, except per share information)
(Unaudited)

	2012 (3 months)	2011 (4 months)	2012 (9 months)	2011 (10 months)
	$	$	$	$
Revenues	120,744	242,289	423,055	384,928
Cost of sales (Note 13)	102,846	199,432	386,028	308,966
Selling, general and administrative expenses (Note 13)	9,618	16,054	33,181	24,177
Other expenses, net (Note 13)	3,900	5,454	14,521	16,053
Share of loss (profit) from joint ventures	161	(221)	380	(418)
	116,525	220,719	434,110	348,778
Operating income (loss)	4,219	21,570	(11,055)	36,150
Financial expenses (income)				
Interest on long-term debt	1,706	2,889	6,483	3,716
Other interest expense (Note 13)	244	551	882	1,864
Foreign exchange loss (gain) and derivative	807	(1,760)	3,119	(8,252)
	2,757	1,680	10,484	(2,672)
Earnings (loss) before income tax	1,462	19,890	(21,539)	38,822
Income tax	187	4,957	(5,643)	10,164
Net earnings (loss) for the period	1,275	14,933	(15,896)	28,658
Attributable to:				
Equity holders of 5N Plus Inc.	1,218	15,565	(15,732)	29,640
Non-controlling interest	57	(632)	(164)	(982)
Net earnings (loss) for the period	1,275	14,933	(15,896)	28,658
Earnings (loss) per share attributable to equity holders of 5N Plus Inc. (Note 11)	0.01	0.22	(0.21)	0.49
Basic earnings (loss) per share	0.02	0.21	(0.21)	0.48
Diluted earnings (loss) per share	0.02	0.21	(0.21)	0.47

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

5N PLUS INC.
INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
For the periods of three and nine months ended September 30, 2012 and with comparative figures for the periods of four and ten months ended September 30, 2011
(All figures in thousands of United States dollars)
(Unaudited)

	2012 (3 months)	2011 (4 months)	2012 (9 months)	2011 (10 months)
	$	$	$	$
Net earnings (loss) for the period	1,275	14,933	(15,896)	28,658
Other comprehensive income (loss)				
Cash flow hedges (net of income tax of $143 and $600 for the periods of three and nine months ended September 30, 2012 and $122 for the periods of four and ten months ended September 30, 2011)	(390)	(307)	(1,121)	(307)
De-designation of cash flow hedges (net of income tax of ($228) for the periods of three and nine months ended September 30, 2012) (note 7)	479	-	479	-
Currency translation adjustment	(34)	114	171	114
Comprehensive income (loss) for the period	1,330	14,740	(16,367)	28,465
Attributable to equity holders of 5N Plus Inc.	1,273	15,372	(16,203)	29,447
Attributable to non-controlling interest	57	(632)	(164)	(982)

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

5N PLUS INC.
INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
For the periods of nine months ended September 30, 2012 and ten months ended September 30, 2011
(All figures in thousands of United States dollars)
(Unaudited)

	2012 (9 months)	2011 (10 months)
	$	$
Operating activities		
Net earnings (loss) for the period	(15,896)	28,658
Adjustments to reconcile net earnings (loss) to cash flows		
Depreciation and amortization of property, plant and equipment and intangible assets	15,531	10,911
Amortization of other assets	781	-
Share-based compensation expense	472	503
Deferred income tax	(4,353)	(3,045)
Impairment of inventories	26,068	1,376
Reversal of impairment of property, plant and equipment	(932)	-
Share of loss (profit) from joint ventures	380	(418)
Unrealized loss (gain) on non-hedge financial instruments	(906)	3,212
Unrealized foreign exchange loss (gain) on liabilities	4	(7,774)
Funds from operations before the following	21,149	33,423
Net change in non-cash working capital balances related to operations (Note 10)	73,734	(107,476)
Cash flows from (used in) operating activities	94,883	(74,053)
Investing activities		
Business acquisition, net of cash acquired	-	(121,517)
Acquisition of property, plant and equipment	(11,615)	(15,367)
Acquisition of intangible assets	(77)	(5,751)
Temporary investments (restricted) (Note 6)	49,675	(30,379)
Cash flows from (used in) investing activities	37,983	(173,014)
Financing activities		
Repayment of long-term debt	(129,948)	(7,035)
Proceeds from issuance of long-term debt	-	74,928
Net increase (decrease) in bank indebtedness and short-term debt	(62,199)	22,114
Issuance of common shares and warrants	38,641	131,131
Share issuance expense	(1,621)	(5,981)
Financial instruments – net	263	2,905
Other	-	2,444
Cash flows from (used in) financing activities	(154,864)	220,506
Effect of foreign exchange rate changes on cash and cash equivalents related to operations	(123)	366
Net decrease in cash and cash equivalents	(22,121)	(26,195)
Cash and cash equivalents, beginning of period	29,449	55,223
Cash and cash equivalents, end of period	7,328	29,028

Supplemental information[(1)]		
Income tax paid	3,298	6,535
Interest paid	7,799	5,009

(1) Amounts paid for interest and income tax were reflected as cash flows from operating activities in the interim consolidated statements of cash flows.

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

5N PLUS INC.
INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the periods of three and nine months ended September 30, 2012 and with comparative figures for the periods of four and ten months ended September 30, 2011
(All figures in thousands of United States dollars, except number of shares)
(Unaudited)

Total Equity	2012 (3 months)	2011 (4 months)	2012 (9 months)	2011 (10 months)
Shareholders' Equity				
Share Capital				
Number of shares				
Balance at beginning of period	83,908,269	70,892,627	70,961,125	45,847,975
Common shares issued on exercise of stock options	-	66,498	43,531	143,353
Common shares issued for cash (Note 8)	-	-	12,903,613	13,590,000
Common shares issued for the acquisition of MCP	-	-	-	11,377,797
Balance at end of period	83,908,269	70,959,125	83,908,269	70,959,125
	$	**$**	**$**	**$**
Balance at beginning of period	343,272	305,463	305,928	82,486
Common shares issued on exercise of stock options	-	327	225	722
Common shares issued for cash (Note 8)	-	-	37,119	130,665
Common shares issued for the acquisition of MCP	-	-	-	91,917
Balance at end of period	343,272	305,790	343,272	305,790
Contributed Surplus				
Balance at beginning of period	2,960	2,366	2,691	2,172
Share-based compensation expense	134	168	472	503
Exercise of stock options	-	(115)	(69)	(256)
Balance at end of period	3,094	2,419	3,094	2,419
Retained Earnings				
Balance at beginning of period	12,715	54,868	30,850	45,073
Net earnings (loss) attributable to equity holders of 5N Plus Inc. for the period	1,218	15,565	(15,732)	29,640
Share issuance expense (net of income tax of $436; September 30, 2011 – $1,575)	-	(126)	(1,185)	(4,406)
Balance at end of period	13,933	70,307	13,933	70,307
Accumulated Other Comprehensive Loss				
Balance at beginning of period	(754)	-	(228)	-
Cash flow hedges (net of income tax of $143 and $600 for the periods of three and nine months ended September 30, 2012 and $122 for the periods of four and ten months ended September 30, 2011)	(390)	(307)	(1,121)	(307)
De-designation of cash flow hedges (net of income tax of ($228) for the periods of three and nine months ended September 30, 2012) (note 7)	479	-	479	-
Currency translation adjustment	(34)	114	171	114
Balance at end of period	(699)	(193)	(699)	(193)
Total shareholders' equity at end of period	359,600	378,323	359,600	378,323
Non-Controlling Interest				
Balance at beginning of period	248	1,292	469	-
Share of profits	57	(632)	(164)	(982)
Non-controlling interest acquired through business acquisition and adjustment	-	-	-	1,642
Balance at end of period	305	660	305	660
Total Equity	359,905	378,983	359,905	378,983

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

NOTE 1 – GENERAL INFORMATION

Nature of operations

5N Plus Inc. ("5N" or the "Company") is a Canada-based international company whose shares are listed on the Toronto Stock Exchange ("TSX"). The head office is located at 4385 Garand Street, Saint-Laurent, Quebec H4R 2B4. 5N and its subsidiaries represent the "Company" mentioned throughout these unaudited condensed interim consolidated financial statements. 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.

The Electronic Materials segment is headed by a vice president who oversees locally managed operations in North America, Europe and Asia. Main products are associated with the following metals: cadmium, gallium, germanium, indium and tellurium. These metals are sold as elements, alloys, chemicals and compounds.

The Eco-Friendly Materials segment is associated mainly with bismuth. This segment is headed by a vice president who oversees locally managed operations in Europe and China. The segment manufactures and sells refined bismuth and bismuth chemicals, low melting-point alloys, refined selenium and selenium chemicals.

The Company's operations are not subject to seasonality.

In 2011, the Company changed its financial year-end from May 31 to December 31. These unaudited condensed interim consolidated financial statements are for the periods of three and nine months ended September 30, 2012 with comparative figures for the periods of four and ten months ended September 30, 2011.

These unaudited condensed interim consolidated financial statements were authorized for issuance by the Board of Directors of the Company on November 7, 2012.

NOTE 2 – BASIS OF PRESENTATION

These unaudited condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and as applicable to the preparation of interim financial statements, including International Accounting Standard ("IAS") 34, Interim Financial Reporting. The condensed interim consolidated financial statements should be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2011, which have been prepared in accordance with IFRS as issued by the IASB. The accounting policies, methods of computation and presentation applied in these condensed interim consolidated financial statements are consistent with those of the previous financial year and are based on IFRS issued as at November 7, 2012, the date the Board of Directors approved the financial statements.

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

The preparation of financial statements in accordance with IAS 34 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies.

NOTE 3 – BUSINESS ACQUISITIONS

The Company acquired two businesses in the year ended May 31, 2011. These acquisitions were recorded under the purchase method, and the earnings of the acquired businesses were consolidated from the date of their acquisition.

a) MCP Group SA

On April 8, 2011, the Company acquired 100% of MCP Group SA ("MCP"), a producer and distributor of specialty metals and their chemicals, including bismuth, indium, gallium, selenium and tellurium. MCP was acquired for the following considerations: cash consideration: $149,226 (€105,794); promissory note and holdback to vendors: $89,335 (€61,879); and common shares of 5N: 11,377,797 common shares at CA$7.73 per share for a consideration of $91,917; for a total consideration of $330,478. Transaction costs were approximately $1,810 and were recorded as an expense. The price of CA$7.73 per share was established by taking the closing market price of the Company's shares on April 8, 2011 minus a 20% discount, based on the value of a put option estimated using the Black-Scholes option pricing model to reflect the lock-up period on these shares.

The goodwill arising from the MCP acquisition is attributable to supply chain, expected synergies and the assembled workforce. None of the goodwill recognized is deductible for income tax purposes. The measurement period was closed during the quarter ended December 31, 2011.

The acquisition of MCP enhances the Company's leadership position in the clean technology market, creating a worldwide sourcing, production and distribution platform. It allows the Company to significantly expand its offering of metals, chemicals and compounds to the clean technology market with a worldwide platform. It is also expected to create a number of opportunities to source raw materials, reduce production costs and develop new markets.

For the allocation of goodwill to the different cash generating units ("CGU"), see Note 5.

b) Sylarus Technologies LLC

On June 21, 2010, the Company acquired, for an amount of $3,000, a convertible debenture from Sylarus Technologies LLC ("Sylarus"), a producer of germanium substrates for solar cells and located in St. George, Utah. This convertible debenture bore interest at 6% annually and was repayable on May 31, 2015 at the latest. This debenture, 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 were measured separately. The loan component was classified as loan and receivable and the embedded derivative representing the conversion option included therein was classified as held for trading.

On January 10, 2011, the Company converted the debenture into a 66.67% majority interest in Sylarus. The Company also agreed to provide additional funding of $767 in the form of secured debt to enable the repayment of short-term debt contracted by Sylarus.

(Figures in thousands of United States dollars, unless otherwise indicated)

The following table summarizes the consideration paid for MCP and Sylarus and the amount of the assets acquired and liabilities assumed as recognized at the acquisition date, as well as the fair value at the acquisition date of the non-controlling interest:

	MCP	**Sylarus**	**Total**
	$	**$**	**$**
Assets acquired			
Temporary investments (restricted)	18,919	-	18,919
Accounts receivable	85,922	-	85,922
Inventories	218,882	-	218,882
Other non-cash working capital	595	680	1,275
Property, plant and equipment	44,130	8,030	52,160
Goodwill	120,639	-	120,639
Intangible assets	70,049	-	70,049
Deferred income tax	3,797	-	3,797
Other assets	4,540	200	4,740
	567,473	8,910	576,383
Liabilities assumed			
Trade and accrued liabilities	80,604	2,700	83,304
Bank indebtedness and short-term debt	130,269	-	130,269
Long-term debt	21,123	1,094	22,217
Retirement benefit obligation	13,145	-	13,145
Deferred income tax	22,355	-	22,355
Note payable to 5N Plus Inc.	-	767	767
Non-controlling interest	-	1,557	1,557
	267,496	6,118	273,614
TOTAL IDENTIFICATION OF NET ASSETS	299,977	2,792	302,769
Total consideration			
Cash paid to vendors	149,226	3,300	152,526
Shares issued to vendors	91,917	-	91,917
Balance of purchase price and holdback	89,335	-	89,335
Cash and cash equivalents acquired	(30,501)	(508)	(31,009)
Purchase consideration net of cash acquired	299,977	2,792	302,769

NOTE 4 – INVENTORIES

For the respective periods of three and nine months ended September 30, 2012, totals of $90,071 and $319,881 of inventories were included in cost of sales as an expense (four and ten months ended September 30, 2011 – $175,531 and $260,192). The inventories in the interim consolidated statements of financial position are net of a provision of $11,367 for impairment (year ended December 31, 2011 – $32,507).

Most of the inventories are pledged as security for the revolving credit facility (Note 6).

(Figures in thousands of United States dollars, unless otherwise indicated)

NOTE 5 – GOODWILL

Goodwill is allocated to the following CGUs for the purpose of impairment testing:

	As at September 30, 2012	As at December 31, 2011
	$	$
Electronic Materials segment	110,460	110,460
Eco-Friendly Materials segment	14,450	14,450
Total goodwill allocated	124,910	124,910

As at September 30, 2012, the carrying amount of the net assets of the Company was higher than its market capitalization. Therefore, the Company is required to perform an assessment of its goodwill for impairment as at September 30, 2012.

In assessing goodwill for impairment, the Company performed testing for both the Electronic Materials and Eco-Friendly Materials business units in accordance with its policy and based on conditions at that date. The Company determined that the goodwill of the Eco-Friendly Materials and Electronic Materials segments were at the lowest level at which the Company monitors its goodwill. The recoverable amounts of those segments were determined based on a fair value less costs to sell method, which uses a discounted cash flow model. The projections used in the cash flows cover a two-year period and were approved by the Board of Directors; a growth rate between 5% to 6% is used for the following three years, and a growth rate of 2% is applied thereafter. The key assumptions used are those of a market participant and are consistent with external sources of information and historical data. Key assumptions included the following:

	Electronic Materials segment	Eco-Friendly Materials segment
Discount rate	10.61%	10.61%
Working capital requirement	38%	38%

In the Eco-Friendly Materials business unit, the recoverable amount exceeded the carrying amount by $16,991 as at September 30, 2012 ($8,158 as at December 31, 2011). In the Electronic Materials business unit, the recoverable amount exceeded the carrying amount by $26,960 as at September 30, 2012 ($22,472 as at December 31, 2011). The Company performed its impairment tests as at December 31, 2011, March 31, 2012, June 30, 2012 and September 30, 2012.

Assumptions used in the goodwill impairment tests are based on a number of factors, including historical experience of the business, current events and other assumptions concerning the industry that management believes are reasonable under the circumstances. Actual results could differ materially from those estimates under different assumptions or conditions.

To monitor potential impairment exposure, the Company performs a sensitivity analysis. Accordingly, as at September 30, 2012, a 0.5% increase in the respective discount rate would decrease the fair value of the Eco-Friendly Materials business unit by $11,531, and the Electronic Materials business unit by $17,977.

(Figures in thousands of United States dollars, unless otherwise indicated)

NOTE 6 – BANK INDEBTEDNESS AND SHORT- AND LONG-TERM DEBT

a) Bank indebtedness and short-term debt

The Company has credit lines with financial institutions in China. These credit lines are guaranteed by other group companies.

As at September 30, 2012

Contractual currency	HK$	RMB	Total
Facility available	-	209,000	n/a
Amount drawn	-	71,000	n/a

As at September 30, 2012

Reporting currency	US$	US$	Total
Facility available	-	33,022	33,022
Amount drawn	-	11,235	11,235

As at December 31, 2011

Contractual currency	HK$	RMB	Total
Facility available	390,000	194,000	n/a
Amount drawn	390,000	146,440	n/a

As at December 31, 2011

Reporting currency	US$	US$	Total
Facility available	50,205	30,826	81,031
Amount drawn	50,205	23,225	73,430

Chinese renminbi (“RMB”) credit lines bear interest at 105% to 110% of the RMB base rate.

(Figures in thousands of United States dollars, unless otherwise indicated)

b) Long-term debt

	As at September 30, 2012	As at December 31, 2011
	$	$
Unsecured balance of purchase price and holdback to the former shareholders of MCP for an amount of €51,899 (€36,928 as a promissory note and €14,971 as holdback), bearing interest at interest rate swap three-year rate plus 3.00%. The promissory note is repayable in two annual instalments beginning April 2013 (Note 3(a)) and the holdback is repayable in April 2014[(1)]	67,105	80,066
Senior secured revolving facility of $200,000 with a syndicate of banks, maturing in August 2015[(2)]	69,081	185,000
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	808	824
Debt bearing interest at a rate of three-month LIBOR plus 3.00%, repayable in December 2012	816	1,836
Other loans	718	750
	138,528	268,476
Less: Current portion of long-term debt	31,122	14,757
	107,406	253,719

(1) Under severance agreements entered into with two executives who left the Company during the last quarter, the Company is required to make payments of 10 million Hong Kong dollars and 0.9 million euros (approximately $2,600 in aggregate) in October 2012. These payments could be applied as a reduction of the unsecured balance of purchase price above of $67,105 if certain conditions are eventually met. As at September 30, 2012, management believes that the conditions will be met.

(2) This revolving credit facility can be drawn in US dollars, Canadian dollars or euros. The interest rate depends on a debt/EBITDA ratio and can vary from LIBOR, banker's acceptance or EURIBOR plus 1.25% to 2.75% or US base rate or prime rate plus 0.25% to 1.75%. Also, standby fees from 0.31% to 0.69% are paid on the unused portion of the credit. The revolving credit facility can be increased to $300,000 subject to acceptance by the lenders, and it is guaranteed by a pledge on almost all of the assets of certain entities of the Company. The total amount drawn is in US dollars as at September 30, 2012 and December 31, 2011. The facility is subject to covenants. As at September 30, 2012, the Company met all covenants.

Under the terms of its credit facility, the Company is required to satisfy certain restrictive covenants as to financial ratios. In order to comply with these covenants, the Company has prepared and will need to execute on its budgeted EBITDA and cash flow estimates. Management believes that the assumptions used by the Company in preparing its 2012-2013 budgets are reasonable and that it is not likely that the financial covenants will be violated in the next 12 months. However, the risk remains. Successful achievement of these budgeted results is dependent on stability in the price of metals and other raw materials, reduction of debt through optimization of the Company's working capital and the continued viability and support of the Company's bank.

(Figures in thousands of United States dollars, unless otherwise indicated)

NOTE 7 – CATEGORIES OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Fair value

All financial assets classified as loans and receivables, as well as financial liabilities classified as other liabilities, are measured initially at fair value and subsequently at amortized cost using the effective interest method. All financial assets and financial liabilities classified as held for trading are measured at fair value. 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 financial liabilities, including cash and cash equivalents, temporary investments, accounts receivable, bank indebtedness and short-term debt, and trade and accrued liabilities, approximates their carrying value due to the short-term maturities of these instruments.

As at September 30, 2012, the fair value of long-term debt approximates its carrying value and is calculated using the present value of future cash flows at the period-end rate for similar debt with the same terms and maturities.

The following table presents the financial assets and financial liabilities measured at fair value in the interim consolidated statements of financial position in accordance with the fair value hierarchy. This hierarchy groups financial assets and financial liabilities into three levels based on the significance of inputs used in measuring the fair value of the financial assets and financial liabilities. The fair value hierarchy has the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level within which the financial asset or financial liability is classified is determined based on the lowest level of significant input to the fair value measurement. The financial assets and financial liabilities measured at fair value in the interim consolidated statements of financial position are grouped into the fair value hierarchy as follows as at September 30, 2012:

September 30, 2012	**Level 1**	**Level 2**	**Level 3**
	$	**$**	**$**
Financial liabilities			
Interest rate swap	-	(3,895)	-
Options	-	(2,943)	-
Warrants	(656)	-	-
Total	(656)	(6,838)	-

December 31, 2011	**Level 1**	**Level 2**	**Level 3**
	$	**$**	**$**
Financial liabilities			
Interest rate swap	-	(2,326)	-
Foreign exchange forward contracts	-	(517)	-
Options	-	(2,873)	-
Total	-	(5,716)	-

(Figures in thousands of United States dollars, unless otherwise indicated)

Derivative assets and liabilities

The Company currently has derivative financial instruments which relate to the following:

- Interest rate swap to fix the interest rate on part of its revolving credit facility ("interest rate swap");
- Options sold to a financial institution related to hedge strategies ("options"); and
- Warrants.[c]

The derivatives are measured at fair value as follows:

Liabilities	**As at September 30, 2012**	**As at December 31, 2011**
	$	**$**
Interest rate swap[a]	3,895	2,326
Foreign exchange forward contract	-	517
Options[b]	2,943	2,873
Warrants (Note 8)[c]	656	-
Total	7,494	5,716

[a] The interest rate swap has a nominal value of $100,000 commencing in January 2013 and ending in August 2015. Under this swap, the Company will pay a fixed interest rate of 1.82%. The Company received $1,700 when entering into this forward starting interest rate swap in September 2011. This amount forms part of the fair value that is recorded as a long-term liability. The Company initially designated this contract as a cash flow hedge of anticipated variable payments of interest on a nominal of $100,000 of the revolving line of credit, and the change in its fair value was recorded in the interim consolidated statements of comprehensive income (loss). On September 4, 2012, the Company repaid part of its credit facility and de-designated an amount of $30,000 of nominal of the swap. The Company reclassified the estimated fair value of this portion of the swap from accumulated other comprehensive income (loss) to unrealized loss on de-designation within the consolidated statement of earnings.

Prior to the de-designation of the cash flow hedge on September 3, 2012, the Company assessed the effectiveness of the cash flow hedge as well as at September 30, 2012.

[b] The Company sold options to a financial institution, giving it the right to sell euros to the Company on specific dates. The options have a nominal value of €51,000 with a euro/US$ rate ranging from 1.3318 to 1.3497 and will mature in October 2012.

[c] On June 6, 2012, the Company issued 6,451,807 warrants (Note 8), which expire on June 6, 2014.

The following methods were used to estimate fair value:

- Interest rate swap: Estimated by discounting expected future cash flows using period-end interest rate yield curves.
- Warrants: Refer to note 8.
- Options: Standard Black-Scholes model using end of period market data as input.

(Figures in thousands of United States dollars, unless otherwise indicated)

NOTE 8 – ISSUANCE OF UNITS

On June 6, 2012, the Company closed a placement for total gross proceeds of CA$40,001 (US$38,485). The financing consisted of the issuance of 12,903,613 units at a price of CA$3.10 per unit. Each unit consisted of one common share and one-half of a common share purchase warrant, with each such whole warrant entitling the holder to subscribe for one additional common share at a price of CA$5.00 until June 6, 2014.

The initial fair value of the 6,451,807 warrants was estimated using the Black-Scholes option pricing model based on the following assumptions: risk-free interest rate of 1.25%, average expected volatility of 40%, expected dividend per share nil and expected life of warrants of two years. As a result, the fair value of the common share purchase warrants was estimated at CA$1,419 (US$1,366) after a pro rata allocation of the fair value of the units' components.

This amount was allocated to warrants, and the balance of CA$38,582 (US$37,119) to share capital. The warrants were recorded as a derivative liability. In accordance with IFRS, an obligation to issue shares for a price that is not fixed in the Company's functional currency and that does not qualify as a rights offering to all shareholders of that class must be classified as a derivative liability and measured at fair value with changes recognized in the interim consolidated statements of earnings (loss) as they arise.

The fair value of the warrants as at September 30, 2012 was US($656) (Note 7).

The total issuance costs of the units amounting to US$1,185 (net of income tax of $436) was attributed to common shares.

	Number	**Amount CA**	**Amount US**
		$	**$**
Units issued for cash	12,903,613	40,001	38,485
Less: Warrants		(1,419)	(1,366)
Net amount attributable to share capital		38,582	37,119

(Figures in thousands of United States dollars, unless otherwise indicated)

NOTE 9 – OPERATING SEGMENTS

The following tables summarize the information reviewed by the Company's directors when measuring performance:

	3 months			
September 30, 2012	**Eco-Friendly Materials**	**Electronic Materials**	**Corporate and unallocated**	**Total**
	$	**$**	**$**	**$**
Segment revenues	71,020	49,724	-	120,744
Adjusted EBITDA[1]	2,299	9,233	(2,531)	9,001
Interest on long-term debt and other interest expense	-	-	1,950	1,950
Restructuring costs	352	112	-	464
Reversal of impairment of property, plant and equipment	-	(932)	-	(932)
Foreign exchange loss and derivative	-	-	807	807
Depreciation and amortization	-	-	5,250	5,250
Earnings (loss) before income tax	1,947	10,053	(10,538)	1,462
Capital expenditures	1,430	2,492	291	4,213

	4 months			
September 30, 2011	**Eco-Friendly Materials**	**Electronic Materials**	**Corporate and unallocated**	**Total**
	$	**$**	**$**	**$**
Segment revenues	126,034	116,255	-	242,289
Adjusted EBITDA[1]	14,278	19,199	(3,197)	30,280
Interest on long-term debt and other interest expense	-	-	3,440	3,440
Impairment of inventories	1,070	306	-	1,376
Foreign exchange gain and derivative	-	-	(1,760)	(1,760)
Depreciation and amortization	-	-	7,334	7,334
Earnings (loss) before income tax	13,208	18,893	(12,211)	19,890
Capital expenditures	1,201	1,455	61	2,717

[1] Earnings (loss) before income tax, depreciation and amortization and the following: interest on long-term debt and other interest expense, restructuring costs, impairment of inventories, reversal of impairment of property, plant and equipment, acquisition-related costs, and foreign exchange (gain) loss and derivative.

For the three months ended September 30, 2012, one client represented approximately 11% of total revenues.

(Figures in thousands of United States dollars, unless otherwise indicated)

	9 months			
September 30, 2012	**Eco-Friendly Materials**	**Electronic Materials**	**Corporate**	**Total**
	$	**$**	**$**	**$**
Segment revenues	245,203	177,852	-	423,055
Adjusted EBITDA[1]	13,873	28,328	(10,740)	31,461
Interest on long-term debt and other interest expense	-	-	7,365	7,365
Restructuring costs	805	566	478	1,849
Impairment of inventories	10,510	15,558	-	26,068
Reversal of impairment of property and equipment	-	(932)	-	(932)
Foreign exchange loss and derivative	-	-	3,119	3,119
Depreciation and amortization	-	-	15,531	15,531
Earnings (loss) before income tax	2,558	13,136	(37,233)	(21,539)
Capital expenditures	2,894	8,664	488	12,046

	10 months			
September 30, 2011	**Eco-Friendly Materials**	**Electronic Materials**	**Corporate**	**Total**
	$	**$**	**$**	**$**
Segment revenues	183,783	201,145	-	384,928
Adjusted EBITDA[1]	19,066	43,130	(5,920)	56,276
Interest on long-term debt and other interest expense	-	-	5,580	5,580
Restructuring costs	-	-	5,978	5,978
Impairment of inventories	1,070	306	-	1,376
Acquisition-related costs	-	-	1,861	1,861
Foreign exchange gain and derivative	-	-	(8,252)	(8,252)
Depreciation and amortization	-	-	10,911	10,911
Earnings (loss) before income tax	17,996	42,824	(21,998)	38,822
Capital expenditures	2,123	8,787	2,857	13,767

As at September 30, 2012	**Eco-Friendly Materials**	**Electronic Materials**	**Corporate**	**Total**
	$	**$**	**$**	**$**
Total assets excluding the following:	259,733	196,763	5,540	462,036
Goodwill	14,450	110,460	-	124,910
Investment accounted for using equity method	47	1,086	-	1,133
Deferred tax asset	5,058	6,374	688	12,120

As at December 31, 2011	**Eco-Friendly Materials**	**Electronic Materials**	**Corporate**	**Total**
	$	**$**	**$**	**$**
Total assets excluding the following:	317,297	332,224	3,694	653,215
Goodwill	14,450	110,460	-	124,910
Investment accounted for using equity method	-	1,513	-	1,513
Deferred tax asset	3,390	3,234	22	6,646

[1] Earnings (loss) before income tax, depreciation and amortization and the following: interest on long-term debt and other interest expense, restructuring costs, impairment of inventories, reversal of impairment of property, plant and equipment, acquisition-related costs, and foreign exchange (gain) loss and derivative.

(Figures in thousands of United States dollars, unless otherwise indicated)

The geographic distribution of the Company's revenues based on the location of its customers for the periods of three and nine months ended September 30, 2012 with comparative figures for the periods of four and ten months ended September 30 2011, and the identifiable non-current assets as at September 30, 2012 and December 31, 2011 are summarized as follows:

Revenues	**2012 (3 months)**	**2011 (4 months)**	**2012 (9 months)**	**2011 (10 months)**
	$	**$**	**$**	**$**
Asia				
China	14,183	2,449	55,424	29,395
Japan	2,632	-	8,128	13,064
Others	27,890	57,037	77,884	81,676
America				
United States	22,075	43,859	79,486	71,654
Others	5,589	17,374	15,717	24,496
Europe				
Germany	20,228	36,710	70,168	56,694
United Kingdom	7,968	24,830	23,591	29,251
France	5,884	-	25,897	6,262
Others	13,068	60,030	63,114	72,436
Other	1,227	-	3,646	-
Total	**120,744**	242,289	423,055	384,928

Non-current assets	**As at September 30, 2012**	**As at December 31, 2011**
	$	**$**
Asia		
Hong Kong	86,273	95,929
Other	20,211	13,429
United States	16,290	15,242
Europe		
Germany	68,785	74,654
Belgium	47,823	42,515
Others	19,405	17,608
Canada	41,212	39,818
Total	299,999	299,195

(Figures in thousands of United States dollars, unless otherwise indicated)

NOTE 10 – SUPPLEMENTAL CASH FLOW INFORMATION

Net change in non-cash working capital balances related to operations consists of the following:

	2012 (9 months)	**2011 (10 months)**
	$	**$**
Decrease (increase) in assets:		
Accounts receivable	549	(6,004)
Inventories	95,705	(85,423)
Income tax receivable	(5,840)	(2,562)
Other current assets	180	4,016
Increase (decrease) in liabilities:		
Trade and accrued liabilities	(18,400)	(29,637)
Income tax payable	1,540	12,134
Net change	73,734	(107,476)

The interim consolidated statements of cash flows exclude or include the following transactions:

	2012 (9 months)	**2011 (10 months)**
a) Exclude additions that were unpaid at end of period:	**$**	**$**
Additions to property, plant and equipment	621	316
b) Include additions that were unpaid at beginning of period:	**$**	**$**
Additions to property, plant and equipment	190	502

(Figures in thousands of United States dollars, unless otherwise indicated)

NOTE 11 – EARNINGS PER SHARE

The following table reconciles the numerators and denominators used for the computation of basic and diluted earnings per share:

Numerators	**2012 (3 months)**	**2011 (4 months)**	**2012 (9 months)**	**2011 (10 months)**
	$	**$**	**$**	**$**
Net earnings (loss) attributable to equity holders of 5N Plus Inc.	1,218	15,565	(15,732)	29,640
Net earnings (loss) for the period	1,275	14,933	(15,896)	28,658

Weighted average number of shares outstanding – Basic (denominator):

Denominators	**2012 (3 months)**	**2011 (4 months)**	**2012 (9 months)**	**2011 (10 months)**
Weighted average number of shares outstanding – Basic	83,908,269	70,924,984	76,459,902	60,036,112
Effect of dilutive securities	-	609,792	-	565,753
Weighted average number of shares outstanding – Diluted	83,908,269	71,534,776	76,459,902	60,601,865

Given the Company’s stock price for the period of three months ended September 30, 2012 and given the consolidated net loss incurred by the Company for the period of nine months ended September 30, 2012, stock options and warrants were excluded from the computation of diluted loss per share due to their anti-dilutive effect.

(Figures in thousands of United States dollars, unless otherwise indicated)

NOTE 12 – FINANCIAL RISK MANAGEMENT

In the normal course of operations, the Company is exposed to various financial risks. These risk factors include market risk (currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

Market risk

Market risk is the risk that changes in market price, such as foreign exchange rates, equity prices and interest rates, will affect the Company's net earnings or the value of its financial instruments.

The objective of market risk management is to maintain exposures within acceptable limits while maximizing returns.

(i) Market risk – Currency risk

Currency risk refers to the fluctuation of financial commitments, assets, liabilities, revenues or cash flows due to changes in foreign exchange ("FX") rates. The Company conducts business transactions and owns assets in several countries and is therefore subject to fluctuations in the currencies in which it operates. The Company's income is exposed to currency risk largely in the following ways:

- Translation of foreign currency denominated revenues and expenses into US dollars, the Company's functional currency – When the foreign currency changes in relation to the US dollar, earnings reported in US dollars will change. The impact of a weakening foreign currency in relation to the US dollar for foreign currency denominated revenues and expenses will result in lower net earnings (higher net loss) because the Company has more foreign currency denominated revenues than expenses.

- Translation of foreign currency denominated debt and other monetary items – A weakening foreign currency in respect of the Company's foreign currency denominated debt will decrease the debt in US dollar terms and generate a FX gain on bank advances and other short-term debt, which is recorded in earnings. The Company calculates the FX on short-term debt using the difference in FX rates at the beginning and end of each reporting period. Other foreign currency denominated monetary items will also be affected by changes in FX rates.

The following table summarizes in US dollar equivalents the Company's major currency exposures as at September 30, 2012:

	CA$	**EUR**	**GBP**	**RMB**
Cash and cash equivalents	-	2,052	131	2,546
Temporary investment (restricted)	-	2,207	-	-
Accounts receivable	488	17,146	3,883	3,289
Other assets	-	5,297	-	-
Bank indebtedness and short-term debt	-	-	-	(11,235)
Trade and accrued liabilities	(2,344)	(12,043)	(1,770)	(2,168)
Long-term debt	(1,008)	(67,105)	-	-
Net financial assets (liabilities)	(2,864)	(52,446)	2,244	(7,568)

(Figures in thousands of United States dollars, unless otherwise indicated)

The following table shows the impact on earnings before income tax of a one-percentage point strengthening or weakening of foreign currencies against the US dollar as at September 30, 2012 for the Company's financial instruments denominated in non-functional currencies:

	CA$	**EUR**	**GBP**	**RMB**
1% Strengthening				
Earnings (loss) before tax	(29)	(524)	22	(76)
1% Weakening				
Earnings (loss) before tax	29	524	(22)	76

Occasionally, the Company will enter into short-term foreign exchange forward contracts to sell US dollars in exchange for Canadian dollars, euros, Hong Kong dollars and British pounds sterling. These contracts would hedge a portion of ongoing foreign exchange risk on the Company's cash flows since much of its non-US dollar expenses outside China are incurred in Canadian dollars, euros, Hong Kong dollars and British pounds sterling.

(ii) Market risk – Interest rate risk

Interest rate risk refers to the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company is exposed to interest rate fluctuations on its revolving credit facility, which bears a floating interest rate.

As at September 30, 2012, the Company has an outstanding interest rate swap contract to hedge part of its interest rate risk on the revolving credit facility. The nominal value is $100,000 commencing in January 2013 and ending in August 2015. This interest rate swap fixed the LIBOR interest rate at 1.82%. The Company received $1,700 when entering into this interest rate swap in September 2011, which was the fair value of the instrument on signing. The fair value of the contract is ($3,895) as at September 30, 2012 and is recorded as part of derivative financial liabilities in the interim consolidated statements of financial position.

(iii) Market risk – Other price risk

Other price risk is the risk that fair value or future cash flows will fluctuate because of changes in market prices, other than those arising from interest rate risk or currency risk. The Company is exposed to other price risk with respect to the underlying risks of the held-for-trading financial instruments included in the interim consolidated statements of financial position.

Warrants

In June 2012, the Company issued 12,903,613 units at a price of CA$3.10 per unit. Each of the units comprises one common share and one-half of a common share purchase warrant. The Company issued 6,451,807 warrants, which are recorded as part of derivative financial liabilities at fair value based on the stock exchange market. The fair value as at September 30, 2012 is ($656). Fair value depends on several factors, such as market volatility, foreign exchange rate volatility, interest rate fluctuations, the Company's market activity and other market conditions.

Options

The Company sold options to a financial institution, giving it the right to sell euros to the Company on specific dates. The options have a nominal value of €51,000 with €/US$ exchange rates ranging from 1.3318 to 1.3497, and they mature from October 9, 2012 to October 11, 2012. The fair value is ($2,943) as at September 30, 2012.

(Figures in thousands of United States dollars, unless otherwise indicated)

The market value of those financial instruments depends on several factors, such as foreign market volatility, the remaining duration of the instruments and other market conditions.

Because of the above, it is very difficult for the Company to evaluate market risk. The Company believes that the sensitivity analysis would be unrepresentative.

Credit risk

Credit risk refers to the possibility that a customer or counterparty will fail to fulfill its obligations under a contract and, as a result, create a financial loss for the Company. The Company has a credit policy that defines standard credit practice. This policy dictates that all new customer accounts be reviewed prior to approval and establishes the maximum amount of credit exposure per customer. The creditworthiness and financial well-being of the customer are monitored on an ongoing basis.

The Company establishes an allowance for doubtful accounts as determined by management based on its assessment of collection; therefore, the carrying amount of accounts receivable generally represents the maximum credit exposure. As at September 30, 2012 and December 31, 2011, the Company has an allowance for doubtful accounts of $987 and $482 respectively. The provision for doubtful accounts, if any, will be included in selling, general and administrative expenses in the interim consolidated statements of earnings (loss) and will be net of any recoveries that were provided for in prior periods.

Counterparties to financial instruments may expose the Company to credit losses in the event of non-performance. Counterparties for derivative and cash transactions are limited to high credit quality financial institutions, which are monitored on an ongoing basis. Counterparty credit assessments are based on the financial health of the institutions and their credit ratings from external agencies. As at September 30, 2012, the Company does not anticipate non-performance that would materially impact the Company's unaudited interim consolidated financial statements.

No financial assets are past due except for trade receivables. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. The Company manages liquidity risk through the management of its capital structure. It also manages liquidity risk by continually monitoring actual and projected cash flows, taking into account the Company's sales and receipts and matching the maturity profile of financial assets and financial liabilities. The Board of Directors reviews and approves the Company's annual operating and capital budgets, as well as any material transactions out of the ordinary course of business, including proposals on acquisitions and other major investments.

The following table reflects the contractual maturity of the Company's financial liabilities as at September 30, 2012:

	Carrying amount	1 year	2-3 years	4-5 years	Beyond 5 years	Total
	$	$	$	$	$	$
Bank indebtedness and short-term debt	11,235	11,960	-	-	-	11,960
Trade and accrued liabilities	43,436	43,436	-	-	-	43,436
Derivative financial instruments	7,494	4,074	3,420	-	-	7,494
Long-term debt	138,528	31,300	113,909	118	-	145,327
Total	200,693	90,770	117,329	118	-	208,217

(Figures in thousands of United States dollars, unless otherwise indicated)

NOTE 13 – EXPENSE BY NATURE

Expense by nature	**2012 (3 months)**	**2011 (4 months)**	**2012 (9 months)**	**2011 (10 months)**
	$	**$**	**$**	**$**
Wages and salaries	8,750	16,422	29,246	27,880
Share-based compensation	134	168	472	503
Depreciation and amortization of property, plant and equipment and intangible assets	5,250	7,334	15,531	10,911
Amortization of other assets	259	-	781	-
Research and development (net of tax credit)	432	891	3,069	2,066
Restructuring costs	464	-	1,849	5,978
Impairment of inventories	-	1,376	26,068	1,376
Reversal of impairment of property, plant and equipment	(932)	-	(932)	-
Acquisition-related costs	-	-	-	1,861