Management's Discussion and Analysis

Three-month period ended March 31, 2012

5N PLUS

This Management's Discussion and Analysis ("MD&A") of the financial condition and results of operations is intended to assist readers in understanding 5N Plus Inc. (the "Company"), its business environment, strategies, performance and risk factors. This MD&A should be read while referring to the audited consolidated financial statements and the accompanying notes for the seven-month period ended December 31, 2011. Information contained herein includes any significant developments to May 14, 2012, the date on which the MD&A was approved by the Company's board of directors. Unless otherwise indicated, the terms "we", "us" and "our" as used herein refer to the Company together with its subsidiaries.

These financial statements have been prepared under International Financial Reporting Standards ("IFRS"). Previously, the Company applied Canadian generally accepted accounting principles ("Canadian GAAP"). The comparative figures for the quarter ended February 28, 2011 have been restated to comply with IFRS as per guidance provided in IFRS 1, *First-time adoption of IFRS*. For details on the most significant adjustments to equity, net earnings, comprehensive income and cash flows, see Note 12 – Transition to IFRS to the condensed interim consolidated financial statements for the three-month period ended March 31, 2012. As a result of adopting IFRS, the Company changed its functional and presentation currency from the Canadian dollar to the US dollar.

The financial information presented in this MD&A, including tabular amounts, is in United States dollars. It also includes certain figures that are not performance measures consistent with IFRS. Information regarding these non-IFRS financial measures is provided under the heading Non-IFRS Measures of this Management's Discussion and Analysis.

Change in Year-End

On August 24, 2011, the Company changed its financial year-end date from May 31 to December 31. This change was made to better align the financial year-ends of both 5N Plus Inc. and MCP Group SA ("MCP").

Notice Regarding Forward-Looking Statements

Certain statements in this MD&A may be forward-looking within the meaning of applicable securities laws. Forward-looking information and statements are based on the best estimates available to the Company at the time and involve known and unknown risks, uncertainties or other factors that may cause the Company's actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Factors of uncertainty and risk that might result in such differences include the risks related to the possible failure to realize anticipated benefits of acquisitions, 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. A description of the risks affecting the Company's business and activities appears under the heading "Risks and Uncertainties" section of the Company's annual report for the seven-month fiscal year ended December 31, 2011. Forward-looking statements can generally be identified by the use of terms such as "may", "should", "would", "believe", "expect", the negative of these terms, variations of them or any similar terms. No assurance can be given that any events anticipated by the forward-looking information in this MD&A will transpire or occur, or if any of them do so, what benefits that 5N Plus will derive therefrom. In particular, no assurance can be given as to the future financial performance of 5N Plus. The forward-looking information contained in this MD&A is made as of the date hereof and the Company has no obligation to publicly update such forward-looking information to reflect new information, subsequent or otherwise, unless required by applicable securities laws. The reader is warned against placing undue reliance on these forward-looking statements.

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, Americas and Asia. 5N Plus deploys a range of proprietary and proven technologies to produce products which are used in a number of advanced pharmaceutical, electronic and industrial applications. Typical products include purified metals such as bismuth, gallium, germanium, indium, selenium and tellurium, inorganic chemicals based on such metals and compound semiconductor wafers. Many of these are critical precursors and key enablers in markets such as solar, light-emitting diodes and eco-friendly materials.

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 who oversees locally managed operations in the Americas, 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), light emitting diodes (LED), displays, high-frequency electronics, medical imaging and thermoelectrics. Main products are associated with the following metals: cadmium, gallium, germanium, indium and tellurium. These are sold either in elemental or alloyed form as well as in the form of chemicals and compounds. Revenues and earnings associated with recycling services and activities provided to customers of the Electronic Materials segment are also included in the Electronic Materials segment and management of such activities is 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 have no detrimental effect on either human health or in the environment. As a result, bismuth is being increasingly used in a number of applications as a replacement for more harmful metals and chemicals. The Eco-Friendly Materials segment is headed by a Vice President who 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.

Highlights

- Revenues for the first quarter of 2012 increased by 685% to $162.2 million compared to $20.7 million for the quarter ended February 28, 2011 and $149.4 million for the previous quarter ended December 31, 2011.

- Net earnings attributable to equity holders of 5N Plus for the first quarter of 2012 were $5.0 million or $0.07 per share, compared to $5.6 million or $0.12 per share for the quarter ended February 28, 2011, and an adjusted net loss[1] of $0.1 million for the previous quarter ended December 31, 2011. Before amortization of intangible assets related to the acquisition of MCP, net earnings attributable to equity holders of 5N Plus for the first quarter of 2012 were $7.2 million or $0.10 per share.

- EBITDA[1] increased by 184% to $16.9 million, up from $6.0 million for the quarter ended February 28, 2011. When compared to the adjusted EBITDA[1] of $7.3 million for the previous quarter, current EBITDA represents a 131% increase.

- Funds from operations[1] were $11.2 million, representing a 70% increase over funds from operations of $6.6 million for the quarter ended February 28, 2011, and a 7.9% increase over funds from operations of $10.3 million for the previous quarter ended December 31, 2011.

- Net debt[1] decreased to $232.1 million from $260.6 million as at December 31, 2011 as a result of funds from operations and reduction in working capital.

- As at March 31, 2012, the backlog[1] of orders expected to translate into sales over the following twelve months stood at $215.6 million compared to $73.2 million as at February 28, 2011 and $223.2 million as at December 31, 2011.

- Shareholders' equity increased to $344.6 million as at March 31, 2012, from $339.2 million as at December 31, 2011.

5N Plus is pleased to report its results for the first quarter of 2012, a fiscal reporting period now aligned with the calendar year. This has been a much better quarter than the previous one. Sales returned to more expected levels with contributions from both business units reflecting healthy demand in their respective markets. Revenues in the Eco-friendly materials business unit increased by $9 million and bookings by 16% in the quarter when compared to those of the previous quarter. Revenues also increased in the Electronic materials business unit but bookings decreased resulting primarily from the restructuring of the contract with the Company's main customer in the solar market.

Cash from operations reached record levels in the quarter highlighting the Company's ability to adjust working capital requirements to best match the Company's long term plan. In particular, the Company was able to successfully reduce its inventory levels, increasing correspondingly financial flexibility.

In terms of sales volume, the Company experienced sustained demand in its two reportable business segments. However, the accounting treatment related to the previously announced restructuring of the Company's contract with its main customer in the solar market, which is effective from April 1, 2012 onwards, is expected to result in minimal profit being booked on this contract as long as the corresponding existing inventory has not been completely used up. The current sales outlook related to this contract is such that the Company expects this element to impact profitability for the next two quarters. Regardless the Company continues to focus on strong cash flow generation and on debt reduction.

5N Plus would like to thank its employees for their efforts and hard work which enabled the Company to achieve satisfactory financial results in an otherwise very challenging environment.

[1] See Non-IFRS Measures

Selected Quarterly Financial Information

	IFRS							Canadian GAAP
	FY 2012	FY December 31, 2011		FY May 31, 2011				FY May 31, 2010
Unaudited (in thousands of United States dollars except per share amounts)	**Q1**	Q2	**Q1 (4 months)**	Q4	Q3	Q2	Q1	Q4
	$	$	$	$	$	$	$	$
Revenues	**162,235**	149,423	242,289	121,976	20,663	19,314	18,042	19,730
Gross profit[1]	**29,988**	(8,674)	42,857	25,001	8,054	8,161	7,497	8,671
Adjusted gross profit[1]	**29,988**	24,739	44,233	25,001	8,054	8,161	7,497	8,671
EBITDA	**16,948**	(26,088)	29,536	11,507	5,975	5,843	5,398	6,209
Adjusted EBITDA	**16,948**	7,326	30,912	11,507	5,975	5,843	5,398	6,209
Net earnings (loss)	**4,891**	(37,397)	14,933	7,149	5,551	6,454	2,794	4,339
Basic earnings (loss) per share	**0.07**	(0.53)	0.21	0.14	0.12	0.14	0.06	0.09
Diluted earnings (loss) per share	**0.07**	(0.53)	0.21	0.14	0.12	0.14	0.06	0.09
Net earnings (loss) attributable to equity holders of 5N Plus	**4,972**	(37,206)	15,565	7,524	5,526	6,454	2,794	4,339
Basic earnings per share attributable to equity holders of 5N Plus	**0.07**	(0.52)	0.22	0.17	0.12	0.14	0.06	0.09
Adjusted net earnings (loss)	**4,891**	(92)	14,933	7,149	5,551	6,454	2,794	4,339
Basic adjusted net earnings (loss) per share	**0.07**	(0.01)	0.21	0.14	0.12	0.14	0.06	0.09
Net earnings from continuing operations	**4,891**	(37,397)	14,933	7,149	5,551	6,454	2,794	4,363
Basic earnings per share from continuing operations	**0.07**	(0.53)	0.21	0.14	0.12	0.14	0.06	0.10
Diluted earnings per share from continuing operations	**0.07**	(0.53)	0.21	0.14	0.12	0.14	0.06	0.09
Backlog[1]	**215,588**	223,177	212,264	263,702	73,154	60,986	53,975	52,651

The quarterly figures for the fiscal year ended May 31, 2010 have been prepared under Canadian GAAP and have not been restated under IFRS.

Revenues, Gross Profit, Net Earnings (loss) and Earnings (loss) per Share

(in thousands of United States dollars)	**Quarter ended March 31, 2012**	Quarter ended February 28, 2011	Increase (Decrease)	*Quarter ended December 31, 2011*
	$	$		*$*
Revenues	**162,235**	20,663	685%	*149,423*
Gross profit	**29,988**	8,054	272%	*(8,674)*
Impairment of inventory	**-**	-		*(33,413)*
Adjusted gross profit	**29,988**	8,054	272%	*24,739*
Adjusted gross profit ratio[1]	**18%**	39%		*17%*
Net earnings (loss)	**4,891**	5,551	-12%	*(37,397)*
Adjusted net earnings (loss)	**4,891**	5,551	-12%	*(92)*
Basic earnings (loss) per share	**0.07**	0.12	-42%	*(0.53)*

[1] See Non-IFRS Measures

Revenues

Revenues for the first quarter of 2012 increased by $141.6 million and reached $162.2 million, a 685% increase over revenues of $20.7 million for the quarter ended February 28, 2011 due to the inclusion of former MCP sales in 2012. Revenues for the first quarter of 2012 increased by $12.8 million compared to the quarter ended December 31, 2011.

Gross profit

Gross profit for the first quarter of 2012 increased by 272% to $30.0 million compared to $8.1 million for the quarter ended February 28, 2011. Former MCP has historically generated lower gross margins and consequently our gross profit as a percentage of revenues declined to 18% from 39%. Adjusted gross profit ratio for the first quarter of 2012 was the same as in the previous quarter.

Net earnings

Net earnings for the first quarter of 2012 were $4.9 million or $0.07 per share compared to $5.6 million or $0.12 per share for the quarter ended February 28, 2011. Net earnings were negatively impacted by higher selling, general and administrative (SG&A), amortization and financial expenses attributed to the inclusion of MCP. Excluding amortization of purchased intangible assets related to the acquisition of MCP, net earnings were $7.2 million or $0.10 per share. Adjusted net earnings (loss) for the first quarter increased to $4.9 million compared to $(0.92) million in the previous quarter.

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[1] See Non-IFRS Measures

Reconciliation of EBITDA and Adjusted EBITDA

(in thousands of United States dollars)	**Quarter ended March 31, 2012**	Quarter ended February 28, 2011	Increase (Decrease)	*Quarter ended December 31, 2011*
	$	$		$
Net earnings (loss) attributable to equity holders of 5N Plus	**4,972**	5,526	-10%	*(37,206)*
Interest on long-term debt and other interest expense	**2,997**	2	149750%	*2,048*
Loss (Gain) on foreign exchange	**1,682**	(1,100)	-253%	*1,118*
Depreciation and amortization	**5,098**	724	604%	*5,463*
Write-down of property plant and equipment and intangible assets	**-**	-		*12,160*
Income tax (recovery)	**1,721**	823	109%	*(9,670)*
Restructuring costs	**478**	-		-
EBITDA	**16,948**	5,975	184%	*(26,087)*
Inventory write-down	**-**	-		*33,413*
Adjusted EBITDA	**16,948**	5,975	184%	*7,326*

EBITDA

EBITDA increased by 184% to $16.9 million for the first quarter of 2012 compared to $6.0 million for the quarter ended February 28, 2011. EBITDA was positively impacted by higher gross profit in the first quarter due to the acquisition of MCP. Adjusted EBITDA for the first quarter of 2012 increased by $9.6 million compared to Adjusted EBITDA of the quarter ended December 31, 2011.

Bookings and Backlog

Bookings in the quarter were $154.6 million compared with bookings of $32.8 million for the quarter ended February 28, 2011, and $160.5 million for the quarter ended December 31, 2011. Backlog stood at $215.6 million as at March 31, 2012 compared to $73.4 million as at February 28, 2011 and $223.2 million as at December 31, 2011. Bookings and backlog figures for the quarter ended March 31, 2012 are not directly comparable to those of the quarter ended February 28, 2011 due to the acquisition of MCP. In terms of revenues, backlog remains at a lower percentage of revenues than the level prior to the MCP acquisition, reflecting the fact that the Company now has a larger proportion of spot sales and typically runs on a backlog which represents a lower proportion of revenues.

When compared to the December 31, 2011 figures, backlog decreased by 3% following changes to the supply agreement with our main solar customer, which no longer has take-or-pay provisions. More generally, backlog is currently negatively impacted by the general declining trend in underlying commodity pricing leading to a reduction in average selling prices for most products.

Revenues, EBITDA and bookings for the Company's reportable segments, namely Electronic Materials business unit and Eco-Friendly Materials business unit, 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 MCP acquisition are entirely included in the Electronic Materials business segment.

EBITDA and Adjusted EBITDA per Business Unit

(in thousands of United States dollars)	**Quarter ended March 31, 2012**	Quarter ended February 28, 2011	*Quarter ended December 31, 2011*
	$	$	*$*
Electronic Materials	**10,066**	6,524	*(19,607)*
Eco-Friendly Materials	**10,766**	-	*1,773*
Corporate	**(3,884)**	(549)	*(8,253)*
EBITDA	**16,948**	5,975	*(26,087)*
Inventory write-down	**-**	-	*33,413*
Adjusted EBITDA	**16,948**	5,975	*7,326*

Electronic Materials Division

(in thousands of United States dollars)	**Quarter ended March 31, 2012**	Quarter ended February 28, 2011	*Quarter ended December 31, 2011*
	$	$	*$*
Revenues	**73,365**	20,663	*69,761*
Cost of goods & expenses, before amortization	**(63,299)**	(14,139)	*(89,368)*
EBITDA	**10,066**	6,524	*(19,607)*
Impairment of inventory	**-**	-	*30,658*
Adjusted EBITDA	**10,066**	6,524	*11,051*
Bookings	**57,073**	32,831	*76,073*

Revenues for the Electronic Materials business unit in the first quarter of 2012 increased by 255% reaching $73.4 million up from $20.7 million in the quarter ended February 28, 2011 due to the inclusion of former MCP sales in 2012. Revenues for the Electronic Materials business unit in the first quarter of 2012 increased by $3.6 million compared to the quarter ended December 31, 2011.

Adjusted EBITDA for the Electronic Materials business unit in the first quarter of 2012 increased by $3.6 million or 55%, to $10.1 million compared to Adjusted EBITDA of $6.5 million in the quarter ended February 28, 2011, primarily as a result of the contribution of the former MCP. Adjusted EBITDA for the Electronic Materials business unit in the first quarter of 2012 decreased by $1 million compared to the quarter ended December 31, 2011.

Bookings in the first quarter of 2012 for the Electronic Materials business unit reached $57.1 million, up from $32.8 million for the quarter ended February 28, 2011. This increase is associated with the contribution of the former MCP backlog together with an increase associated primarily with the renewal of the Company's agreements with First Solar, its main solar customer in January 2011. The backlog for the Electronic Materials business unit now stands at $133.8 million, a decrease of $16.3 million compared to December 31, 2011. This decrease is mainly associated with lower selling prices associated with the declining trends in the commodity markets.

Eco-Friendly Material Division

(in thousands of United States dollars)	**Quarter ended March 31, 2012**	Quarter ended February 28, 2011	*Quarter ended December 31, 2011*
	$	$	*$*
Revenues	**88,870**	-	*79,663*
Cost of goods & expenses, before amortization	**(78,104)**	-	*(77,890)*
EBITDA	**10,766**	-	*1,773*
Impairment of inventory	**-**	-	*2,755*
Adjusted EBITDA	**10,766**	-	*4,528*
Bookings	**97,573**	-	*84,444*

The Eco-Friendly Materials activities are entirely composed of former 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.

Revenues reached $88.9 million during the first quarter of 2012 and were primarily composed of sales of bismuth metal and chemicals, selenium metal and chemicals and low melting point alloys. Revenues increased by $9.2 million in the quarter when compared to the prior three-month period ended December 31, 2011, primarily associated with a higher demand for our products during the quarter.

Adjusted EBITDA for the first quarter of 2012 increased by $6.2 million or 138%, to $10.8 million compared to adjusted EBITDA of $4.5 million for the three-month period ended December 31, 2011. This increase is mainly due to normal seasonality resulting in lower fourth quarter sales volume.

For the quarter ended March 31, 2012, bookings increased by 16% to $97.6 million compared to $84.4 million for the quarter ended December 31, 2011. The backlog for the Eco-Friendly Materials business unit now stands at $81.8 million, which corresponds to an increase of $8.7 million over the backlog as at December 31, 2011.

Expenses

(in thousands of United States dollars)	**Quarter ended March 31, 2012**	Quarter ended February 28, 2011	Increase (Decrease)	*Quarter ended December 31, 2011*
	$	$		*$*
Depreciation and amortization	**5,098**	724	604%	*5,463*
SG&A	**11,534**	1,794	543%	*17,446*
Restructuring costs	**478**	-		*-*
Financial Expenses (Income)	**4,679**	(1,098)	-526%	*3,165*
Income taxes	**1,721**	823	109%	*(9,670)*
	23,510	2,243	834%	*16,404*

Depreciation and Amortization

Depreciation and amortization expenses for the first quarter of 2012 were $5.1 million compared to $0.7 million for the quarter ended February 28, 2011. This increase reflects the larger amortizable asset base, including intangible assets, following the acquisition of MCP. Depreciation and amortization expenses for the first quarter of 2012 decreased by $0.4 million compared to the quarter ended December 31, 2011, as a result of a decrease in the amortizable asset base following the write off of assets which occurred in the previous quarter.

SG&A

SG&A expenses increased to $11.5 million in the first quarter of 2012 compared to $1.8 million in the quarter ended February 28, 2011. We inherited a larger management team and sales organization as a result of the acquisition of MCP which accounts for this increase. SG&A expenses for the first quarter of 2012 decreased by $5.9 million compared to the previous quarter ended December 31, 2011. SG&A expenses incurred in the previous quarter were abnormally high as a result mainly of a reclassification of expenses incurred in the prior four-month period. Current levels of SG&A are thus more in line with anticipated future levels and have also been positively impacted by cost savings measures aimed at improving overall organizational efficiency.

Restructuring costs

The Company incurred employee termination costs of $0.5 million during the first quarter as part of various cost saving measures adopted in the first quarter of 2012 to drive efficiencies and to eliminate redundancies.

Financial Expenses (Income)

Financial expenses amounted to $4.7 million in the first quarter of 2012 compared to a financial income of $1.1 million in the quarter ended February 28, 2011. The increase is mainly due to interest paid on long-term debt contracted to finance the acquisition of MCP and a foreign exchange loss of $1.7 million in the first quarter of 2012. Financial expenses for the first quarter of 2012 decreased by $1.5 million compared to the quarter ended December 31, 2011 resulting mainly from a decrease in net debt.

Income Taxes

For the first quarter of 2012, income taxes expense was $1.7 million compared to $0.8 million for the three-month period ended February 28, 2011, corresponding to effective tax rates of 26% and 13% respectively. The lower income tax rate for the quarter ended February 28, 2011 is the result of the change in functional currency. Results are reported in US dollars while the income tax returns were filed in Canadian dollars in 2011. We expect the income tax rate of the most recent quarter to be more representative of the future expected income tax rate.

Liquidity and Capital Resources

Cash Flows

(in thousands of United States dollars)	**Quarter ended March 31, 2012**	Quarter ended February 28, 2011	*Quarter ended December 31, 2011*
	$	$	*$*
Funds from operations	**11,236**	6,626	*10,349*
Net changes in non-cash working capital items	**26,971**	(12,208)	*(9,284)*
Operating activities	**38,207**	(5,582)	*1,065*
Investing activities	**13,287**	(4,642)	*(9,027)*
Financing activities	**(68,476)**	661	*7,791*
Effect of foreign exchange rate changes on cash and cash equivalents	**(423)**	294	*592*
Net increase (decrease) in cash and cash equivalents	**(17,405)**	(9,269)	*421*

During the first quarter of 2012, operating activities reached a record level and provided $38.2 million compared to cash consumed of $5.6 million in the quarter ended February 28, 2011. A significant reduction in our working capital resulting from a decrease in inventory and an increase in earnings before amortization are the main reason for this significant level of cash provided by operating activities. The reduction in inventories was partially offset by an increase in accounts receivable and reflects efforts made to more efficiently manage working capital.

Cash provided from investing activities was $13.3 million in the first quarter 2012 compared to cash consumed of $4.6 million in the quarter ended February 28, 2011. The Company generated $18.1 million due to a reduction of temporary investments as a result of a repayment of Hong Kong dollar loans which was partially offset by cash consumed of $4.8 million for the acquisition of property, plant and equipment.

Cash consumed in financing activities was $68.5 million in the first quarter 2012 compared to cash generated of $0.6 million for the quarter ended February 28, 2011. Cash provided by operating and investing activities was used to repay amounts drawn on the revolving credit facility and to decrease the short-term debt.

Working Capital

(in thousands of United States dollars)	**As at March 31, 2012**	As at December 31, 2011
	$	$
Inventories	**267,827**	315,333
Others current assets	**157,377**	171,756
Current liabilities	**(128,354)**	(151,384)
Working capital[1]	**296,850**	335,705
Working capital current ratio	**3.31**	3.22

[1] See Non-IFRS Measures

Working capital decreased to $296.9 million as at March 31, 2012 compared to $335.7 million as at December 31, 2011, reflecting the reduction of $47.5 million in inventory levels which was partially offset by an increase of $20.2 million in accounts receivable.

Net Debt

(in thousands of United States dollars)	**As at March 31, 2012**	As at December 31, 2011
	$	$
Bank indebtedness and short-term debt[1]	**52,031**	73,430
Long-term debt including current portion[1]	**226,067**	268,476
Total Debt	**278,098**	341,906
Cash and cash equivalents and temporary investments (restricted)	**(45,959)**	(81,331)
Net Debt	**232,139**	260,575

Net debt after taking into account cash and cash equivalents and restricted temporary investments amounted to $232.1 million as at March 31, 2012 compared to $260.6 million as at December 31, 2011 corresponding to a decrease of $28.4 million, reflecting strong cash generated from operations which is mainly used to reimburse the debt.

Funds from Operations

(in thousands of United States dollars)	**Quarter ended March 31, 2012**	Quarter ended February 28, 2011	*Quarter ended December 31, 2011*
	$	$	*$*
Funds from operations	**11,236**	6,626	*10,349*
Acquisition of property, plant and equipment and intangible assets	**(4,833)**	(3,540)	*(5,668)*
Working capital changes	**26,971**	(12,208)	*(9,284)*
Other financing fees	**(2,406)**	70	-
Issuance of common shares	-	-	*134*
Others	**(2,532)**	(2,243)	*12,704*
	17,200	(17,991)	*(2,114)*
Total movement in net debt	**28,436**	(11,365)	*8,235*
(Net debt) net cash[1], beginning of period	**(260,575)**	50,715	*(252,340)*
(Net debt) net cash, end of period	**(232,139)**	39,350	*(260,575)*

[1] See Non-IFRS Measures

Funds from operations were $11.2 million for the first quarter of 2012 compared to $6.6 million for the quarter ended February 28, 2011. This increase is mainly due to a higher EBITDA level. Funds from operations were also 7.9% higher than in the previous quarter which was itself positively impacted by significant income tax recoveries resulting from the write-off of assets.

Net debt to annualized adjusted EBITDA ratio for the first quarter of 2012 was 3.42. Annualized funds from operations generated in the same period represented 19% of our net debt.

	Quarter ended March 31, 2012	Quarter ended February 28, 2011	*Quarter ended December 31, 2011*
Net debt to annualized adjusted EBITDA ratio	**3.42**	-	*8.89*
Annualized funds from operations to net debt (%)	**19.36**	-	*15.88*

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. As at March 31, 2012 no preferred shares were issued.

Issued and fully paid

(in thousands of United States dollars)	**As at March 31, 2012**		As at December 31, 2011	
Common shares	Number	Amount	Number	Amount
Outstanding	**71,004,656**	**$ 306,146**	70,961,125	$ 305,928

As at May 14, 2012 a total of 71,004,656 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 as the Old Plan with the exception of a maximum number of options granted which cannot exceed five million. 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 grant. The stock options outstanding as at March 31, 2012 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. Any unexercised options will expire one month after the date a beneficiary ceases to be an employee, director or officer.

The number of stock options and the weighted average exercise price for each share-based compensation plan are as follows:

	Quarter ended March 31, 2012		Quarter ended February 28, 2011	
	Number of options	**Weighted average exercise price**	**Number of options**	**Weighted average exercise price**
		CA$		**CA$**
Outstanding, beginning of period	1,543,211	5.28	1,450,880	4.45
Granted	7,500	6.16	-	-
Cancelled	(142,807)	5.81	-	-
Exercised	(43,531)	3.36	(37,525)	3.26
Outstanding, end of period	1,364,373	5.29	1,413,355	4.48

Off-Balance Sheet Arrangements

The Company has certain off-balance sheet arrangements, consisting of leasing certain premises and equipment under the terms of operating leases and contractual obligations in the normal course of business.

The Company is exposed to currency risk on sales in Euros and other currencies and therefore periodically enters into foreign currency forward contracts to protect itself against currency fluctuation. The reader will find more details related to these contracts in Note 11 of the consolidated financial statements.

The following table reflects the contractual maturity of the Company's financial liabilities as at March 31, 2012:

	Carrying amount	**1 year**	**2-3 years**	**4-5 years**	**Thereafter**	**Total**
	$	$	$	$	$	$
Bank indebtedness and short-term debt	52,031	54,309	-	-	-	54,309
Trade and other payables	56,110	56,110	-	-	-	56,110
Derivative financial instruments	3,521	1,222	-	2,299	-	3,521
Long-term debt	226,067	22,918	79,133	141,569	247	243,867
Total	**337,729**	**134,559**	**79,133**	**143,868**	**247**	**357,807**

Risks and Uncertainties

There were no changes in the Company's significant business risks during the first quarter of 2012 from those disclosed in the MD&A for the seven-month fiscal year ended December 31, 2011.

Accounting Policies and Changes

The Company established its accounting policies and methods used in the preparation of its unaudited interim condensed consolidated financial statements for the first quarter of 2012 in accordance with IFRS. The Company's significant accounting policies are described in Note 2 to the December 31, 2011 audited consolidated financial statements. The key assumptions and basis for estimates that management has made under IFRS, and their impact on the amounts reported in the interim consolidated financial statements and notes, remain substantially unchanged from

those described in the Company's 2011 audited consolidated financial statements for the seven-month fiscal year ended December 31, 2011 and remain unchanged for the first quarter of 2012.

Future Accounting Standards

The new standards, and amendments to standards and interpretations, that are not yet effective for the fiscal year ending December 31, 2012, and have not been applied in preparing the condensed consolidated interim financial statements can be found in Note 3 of the audited consolidated financial statements for the seven-month fiscal year ended December 31, 2011.

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 the Chief Financial Officer that, among others, attest to the design of the disclosure controls and procedures and the design and effectiveness of internal control over financial reporting. This attestation limits the scope of our internal controls over financial reporting as permitted under MI 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 that:

- material information relating to the Company has been made known to them; and
- information required to be disclosed in the Company's filings is recorded, processed, summarized and reported within the time periods specified in securities legislation.

An evaluation was carried out, under the supervision of the Chief Executive Officer and Chief Financial Officer, of the effectiveness of the Company's disclosure controls and procedures. Based on this evaluation, the Chief Executive Officer and the Chief Financial Officer concluded that the disclosure controls and procedures are effective.

Internal Control over Financial Reporting

The Chief Executive Officer and the Chief Financial Officer have also designed internal controls over financial reporting, or have caused them to be designed under their supervision, in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

With the exception of MCP, for which only the design of internal control over financial reporting was carried out, an evaluation was carried out under the supervision of the Chief Executive Officer and the Chief Financial Officer, of the design 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 first quarter of 2012 that have materially affected, or are reasonably likely to materially affect, its internal controls over financial reporting.

Significant Management Estimation and Judgment in Applying Accounting Policies

The following are significant management judgments used in applying the accounting policies of the Company that have the most significant effect on the consolidated financial statements.

Estimation Uncertainty

When preparing the consolidated financial statements, management undertakes a number of judgments, estimates and assumptions about recognition and measurement of assets, liabilities, revenues and expenses. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Information about the significant judgments, estimates and assumptions that have the most significant effect on the recognition and measurement of assets, liabilities, revenues and expenses are discussed below.

Impairment of Non-Financial Assets

An impairment loss is recognized for the amount by which an asset's or Cash Generating Units ("CGU"), CGU's carrying amount exceeds its recoverable amount, which is the higher of fair value less cost to sell and value in use.

To determine value in use, management estimates expected future cash flows from each asset or CGU and determines a suitable interest rate in order to calculate the present value of those cash flows. In the process of measuring expected future cash flows, management makes assumptions about future operating results. These assumptions relate to future events and circumstances. The actual results may vary, and may cause significant adjustments to the Company's assets in future periods. In most cases, determining the applicable discount rate involves estimating the appropriate adjustment to market risk and the appropriate adjustment to asset-specific risk factors.

Business Combinations

On initial recognition, the assets and liabilities of the acquired business are included in the consolidated statement of financial position at their fair values. In measuring fair value, management uses estimates about future cash flows and discount rates; however, the actual results may vary. The determination of fair value could include using valuation techniques which are generally based on a forecast of the total expected future net discounted cash flows. These evaluations are linked closely to the assumptions made by management regarding the future performance of the related assets and any changes in the discount rate applied. Any measurement changes occurring in the measurement period from initial recognition would affect the measurement of goodwill.

Useful Lives of Depreciable Assets

Management reviews the useful lives of depreciable assets at each reporting date whenever events or changes in circumstances indicate that their carrying value amounts may not be recoverable.

Inventories

Inventories are measured at the lower of cost and net realizable value, with cost determined on the average cost method. In estimating net realizable values, management takes into account the most reliable evidence available at the time the estimates are made. The Company's core business is subject to changes in foreign policies and internationally accepted metal prices which may cause selling prices to change rapidly. The Company evaluates its inventory on an individual items basis and considered events that have occurred between the balance sheet date and the date of the completion of the financial statements. Net realizable value held to satisfy a specific sale contract is measured at the contract price.

Income Taxes

The Company is subject to income taxes in numerous jurisdictions. Significant judgment is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

Non-IFRS Measures

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

Backlog represents the expected 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 (loss) attributable to equity holders of 5N Plus before financing costs, interest income, gain and loss on foreign exchange, income taxes, amortization and restructuring costs. We use EBITDA because we believe it is a meaningful measure of the operating performance of our ongoing business without the effects of certain expenses. The definition of this non-IFRS measure used by the Company may differ from that used by other companies.

Adjusted EBITDA means EBITDA as defined above before inventory write-down. We use adjusted EBITDA because we believe it is a meaningful measure of the operating performance of our ongoing business without the effects of inventory write-downs. The definition of this non-IFRS measure used by the Company may differ from that used by other companies.

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.

Adjusted gross profit is a financial measure equivalent to the sales less cost of sales excluding write-down of inventories. The adjusted gross profit ratio is displayed as a percentage of sales. We use adjusted gross profit and adjusted gross profit ratio as measures of our ability to operate effectively and generate value.

Net debt or net cash is a measure we use to monitor how much debt we have after taking into account cash and cash equivalents 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.

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 Event

The Company is currently undergoing an audit by United States federal and state (Connecticut) environmental and occupational health agencies with respect to one of the former MCP facilities. Several areas of potential non-compliance with applicable regulations have been identified, for which the Company may be fined. The exact amount of the potential fines is unknown at this time, but is estimated to be approximately $695,000. The Company has put a corrective action plan in place.