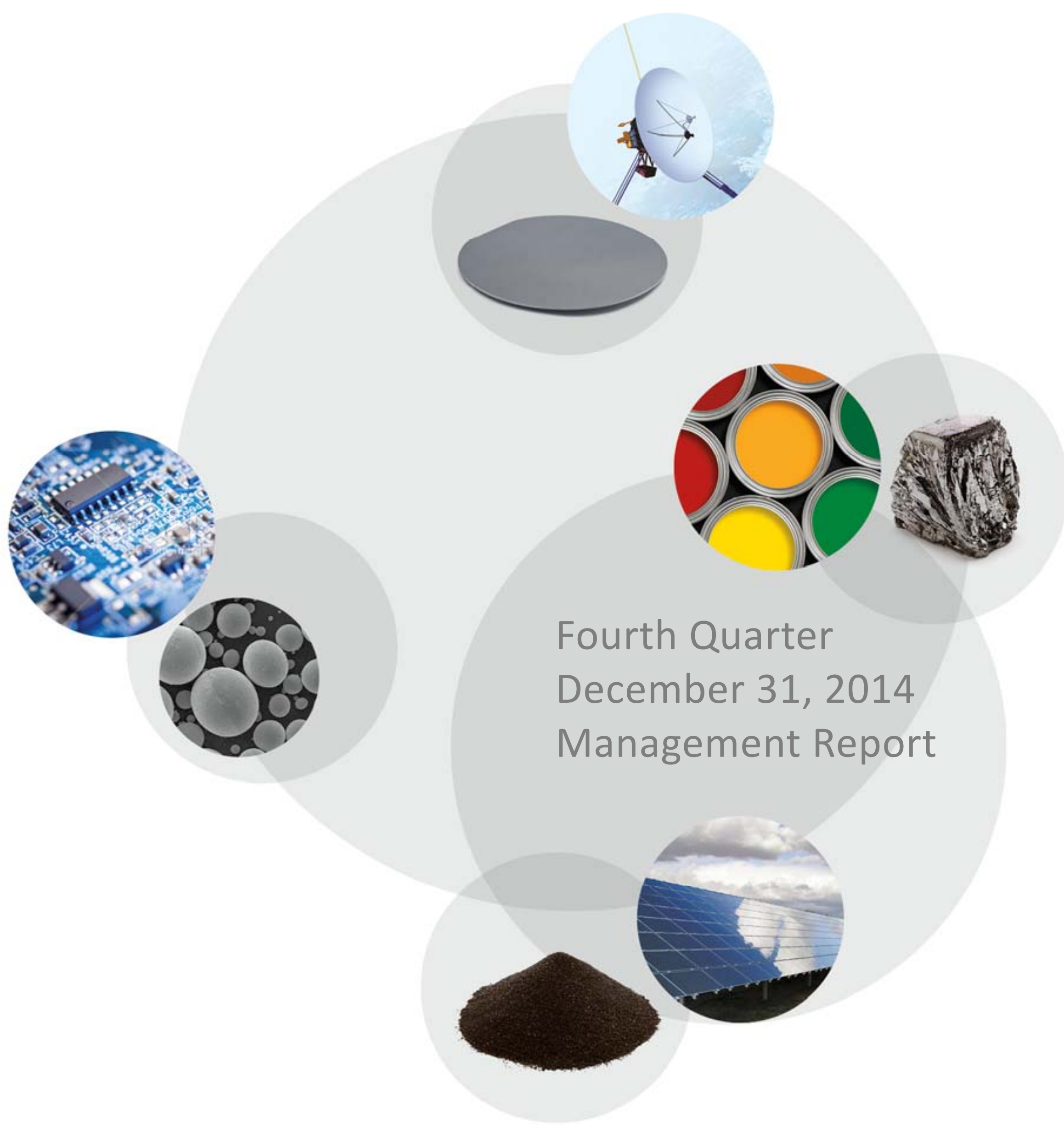

Fourth Quarter
December 31, 2014
Management Report

5N PLUS

Management's Discussion and Analysis

This Management's Discussion and Analysis ("MD&A") of the financial condition and results of operations is intended to assist readers in understanding 5N Plus Inc. (the "Company" or "5N Plus"), its business environment, strategies, performance and risk factors. This MD&A should be read in conjunction with the audited consolidated financial statements and the accompanying notes for the year ended December 31, 2014. This MD&A has been prepared in accordance with the requirements of the Canadian Securities Administrators.

Information contained herein includes any significant developments to February 24, 2015, the date on which the MD&A was approved by the Company's board of directors. Unless otherwise indicated, the terms "we", "us" "our" and "the group" as used herein refer to the Company together with its subsidiaries.

The "Q4 2014" and the "Q4 2013" refer to the three-month periods ended December, 2014 and 2013. All amounts in this MD&A are expressed in U.S. dollars, and all amounts in the tables are in thousands of U.S. dollars, unless otherwise indicated. All quarterly information disclosed in this MD&A is based on unaudited figures.

Non-IFRS Measures

This MD&A also includes certain figures that are not performance measures consistent with IFRS. These measures are defined at the end of this MD&A under the heading Non-IFRS Measures. Please note that the comparatives periods have been restated to reflect a change in the EBITDA definition, see Selected Data Information section.

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 and investments, credit, liquidity, interest rate, inventory pricing, commodity pricing, currency fluctuation, fair value, source of supply, environmental regulations, competition, dependence on key personnel, business interruptions, protection of intellectual property, international operations, collective agreements and being a public issuer. A description of the risks affecting the Company's business and activities appears under the heading "Risk and Uncertainties" of this MD&A. 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.

Management's Discussion and Analysis

Overview

5N Plus is the leading producer of specialty metal and chemical products. Fully integrated with closed-loop recycling facilities, the Company is headquartered in Montreal, Quebec, Canada and operates manufacturing facilities and sales offices in several locations in Europe, the Americas and Asia. 5N Plus deploys a range of proprietary and proven technologies to produce products which are used in a number of advanced pharmaceutical, electronic and industrial applications. Typical products include purified metals such as bismuth, gallium, germanium, indium, selenium and tellurium, inorganic chemicals based on such metals and compound semiconductor wafers. Many of these are critical precursors and key enablers in markets such as solar, light-emitting diodes and eco-friendly materials.

Reportable Segments

The Company has two reportable segments, namely Electronic Materials and Eco-Friendly Materials. Corresponding operations and activities are managed accordingly by the Company's key decision makers. Segmented operating and financial information, labelled key performance indicators, are available and used to manage these business segments, review performance and allocate resources. Financial performance of any given segment is evaluated primarily in terms of revenues and Adjusted EBITDA which is reconciled to consolidated numbers by taking into account corporate income and expenses.

The Electronic Materials segment operates in North America, Europe and Asia. The Electronic Materials segment manufactures and sells refined metals, compounds and alloys which are primarily used in a number of electronic applications. Typical end-markets include photovoltaics (terrestrial and spatial solar energy), light emitting diodes (LED), displays, high-frequency electronics, medical imaging and thermoelectrics. Main products are associated with the following metals: cadmium, gallium, germanium, indium and tellurium. These are sold either in elemental or alloyed form as well as in the form of chemicals and compounds. Revenues and earnings associated with recycling services and activities provided to customers of the Electronic Materials segment are also included in the Electronic Materials segment and management of such activities is the responsibility of the Electronic Materials executive team.

The Eco-Friendly Materials segment is so labelled because it is mainly associated with bismuth, one of the very few heavy metals which have no detrimental effect on either human health or in the environment. As a result, bismuth is being increasingly used in a number of applications as a replacement for more harmful metals and chemicals. The Eco-Friendly Materials segment operates in North America, Europe and Asia. The Eco-Friendly Materials segment manufactures and sells refined bismuth and bismuth chemicals, low melting point alloys as well as refined selenium and selenium chemicals. These are used in the pharmaceutical and animal-feed industry as well as in a number of industrial applications including coatings, pigments, metallurgical alloys and electronics. Management of such activities is the responsibility of the Eco-Friendly Materials executive team.

Corporate expenses associated with the head office and unallocated selling, general and administrative expenses (SG&A) together with financial expenses (revenues) have been regrouped under the heading Corporate.

Highlights of Q4 2014 and Fiscal Year 2014

- EBITDA[1] reached $39.4 million during the year compared to $63.9 million in 2013 (or $18.7 million excluding the $45.2 million gain realised following the MCP Group S.A. ("MCP") litigation settlement). Adjusted EBITDA[1] increased to $35.0 million in 2014 compared to $30.4 million in 2013. EBITDA and Adjusted EBITDA were respectively of $4.0 million and $5.7 million in the fourth quarter of 2014 compared to $6.8 million and $7.9 million for the fourth quarter of 2013.

- Revenues for 2014 reached $508.2 million up from $459.0 million in 2013. Revenues for the fourth quarter of 2014 reached $114.8 million, down from $119.4 million for the fourth quarter of 2013.

- Net earnings for fiscal year 2014 were $10.7 million compared to $42.8 million in 2013 which included the positive impact of the MCP litigation settlement (or a loss of $2.4 million excluding the $45.2 million gain realised following the MCP litigation settlement). Net loss for the fourth quarter of 2014 reached $2.5 million, compared to net earnings of $1.6 million for the fourth quarter of 2013.

- Net debt[1] stood at $84.0 million, up from September 30, 2014 and up from $58.3 million as at December 31, 2013.

- Bookings[1] increased to $130.8 million in the quarter up from $101.3 million in the previous quarter. This compares with bookings of $156.1 million in the fourth quarter of 2013. Backlog[1] as at December 31, 2014 stood at $153.2 million, up from $137.2 million in the previous quarter and down from $170.1 million one year ago.

- On April 3, 2014, 5N Plus announced that it had acquired the remaining 33.33% ownership interest in its subsidiary Sylarus Technologies, LLC, located in St. George, Utah, and had changed its name to 5N Plus Semiconductors LLC.

- On May 5, 2014, 5N Plus announced that it had completed the acquisition of all of the issued and outstanding shares in the capital of AM&M Advanced Machine and Materials Inc. ("AM&M").

- On May 29, 2014, 5N Plus announced that it had entered into new supply agreements with First Solar, Inc., the world's leading thin-film solar module manufacturer, covering First Solar's compound semiconductor needs until March 31, 2019.

- On June 26, 2014, 5N Plus announced the closing of its offering of CA$60.0 million of convertible unsecured subordinated debentures and that the underwriters had purchased an additional CA$6.0 million.

- On August 7, 2014, 5N Plus announced the closing of a senior secured multi-currency revolving credit facility of $125.0 million maturing in August 2018 (with an additional $25.0 million accordion feature) to replace its existing $100.0 million senior secured revolving facility.

- On November 13, 2014, the Company was named for a fifth consecutive year as one of Canada's fastest growing technology companies in the Deloitte Technology Fast 50TM based on the percentage of revenue growth over five years. 5N Plus' increase in revenues of 581% from 2009 to 2013 resulted in a number 23 ranking. The Company was also ranked 179 on Deloitte's Technology Fast 500TM, a list of the 500 fastest growing technology, media, telecommunications, life sciences and clean technology companies in North America.

The Company ended the year 2014 close to its highest level in terms of profitability as it reached record EBITDA (excluding the impact of the MCP litigation settlement realized in 2013), despite a relatively soft fourth quarter. The year was mainly characterized by strong demand for most of the Company's products with bismuth sales reaching a record level for a second consecutive year. Demand for the solar products was also high as one of the Company's main customers continues to make significant progress in terms of efficiency and costs demonstrating the overall competitiveness of the CdTe technology over other technologies and its ability to penetrate unsubsidized markets. This was recently highlighted by Apple's decision to enter into a 25-year commercial power purchase agreement, the largest of its kind, for 130 MW of electricity produced using CdTe solar cells. Sales of other products were in line with expectations with important advances

[1] See Non-IFRS Measures

having been made during the year in the semiconductor substrate business where the Company is now fully qualified with both of the main US based suppliers of space solar cells.

The Company experienced however a relatively soft fourth quarter with demand being negatively impacted by significant underlying commodity price volatility. This is especially true for bismuth and gallium, the pricing of which has been under severe downward pressure following latest developments at the Fanya Metal Exchange which has forced the Company to record inventory impairment charges of $5.3 million in the quarter. The Company expects demand to recover in the first quarter although pricing volatility may continue. The Company's bookings and backlog increases recorded in the fourth quarter reflect this to a large extent with lower dollar figures being essentially associated with decreases in selling prices, following latest trends in underlying commodity prices, but not sales volumes. Similarly, should such pricing trends continue, the Company expects inventory dollar figures to come down together with its debt level as average unit pricing decreases."

The Company improved its financial flexibility in 2014, through the issuance of a convertible debenture and the renewal of its credit facility, enabling the Company to continue making progress in several strategic initiatives aimed at strengthening its position throughout the entire value chain. This included, on one hand, additional investments in the Laos facility with the intent of expanding the primary refining capabilities and providing an efficient footprint for the treatment of the bismuth feedstock produced in Vietnam; and on the other, investments aimed at expanding its value-added product portfolio by fully leveraging its industrial and technological platform in the semiconductor substrate business and by acquiring the AM&M business and technology as the Company intends to rapidly position itself in the metal powder business.

The Company estimates that current underlying commodity pricing volatility is likely to continue to weigh on its financial performance but remains cautiously optimistic about future demand and its ability to grow as the Company executes its strategic plan. To its employees, the Company would like to thank them for their dedication and hard work in what has turned out to be a record year in many respects despite the competitive landscape the Company operates in. To its stakeholders and shareholders, the Company would like to thank them as well for their continuing confidence and support.

Summary of Results

	Q4 2014	Q4 2013	2014	2013
	$	$	$	$
Revenues	**114,781**	119,416	**508,195**	459,012
Operating expenses	**109,124**	111,474	**473,150**	428,637
Adjusted EBITDA[1]	**5,657**	7,942	**35,045**	30,375
Impairment of inventory	**5,251**	-	**5,251**	10,182
Gain related to the settlement of the purchase price of MCP	**-**	-	**-**	(45,188)
Litigation and restructuring costs	**1,178**	569	**1,952**	4,068
Gain on disposal of property, plant and equipment	**-**	-	**(1,312)**	-
Change in fair value of debenture conversion option	**(1,368)**	-	**(7,179)**	-
Foreign exchange and derivative (gain) loss	**(3,425)**	525	**(3,111)**	(2,590)
EBITDA[1 2]	**4,021**	6,848	**39,444**	63,903
Interest on long-term debt, imputed interest and other interest expense	**2,860**	1,779	**8,769**	8,524
Depreciation and amortization	**2,546**	2,419	**11,148**	10,686
Earnings (loss) before income taxes	**(1,385)**	2,650	**19,527**	44,693
Income tax (recovery) expense				
Current	**(2,237)**	132	**4,875**	4,338
Deferred	**3,305**	880	**3,979**	(2,425)
	1,068	1,012	**8,854**	1,913
Net (loss) earnings	**(2,453)**	1,638	**10,673**	42,780
Basic (loss) earnings per share	**($0.03)**	$0.02	**$0.13**	$0.51
Diluted (loss) earnings per share	**($0.04)**	$0.02	**$0.05**	$0.51

Revenues by Segment

	Q4 2014	Q4 2013	% Change	2014	2013	% Change
	$	$		$	$	
Electronic Materials Segment	**41,898**	46,264	(9%)	**169,367**	179,368	(6%)
Eco-Friendly Materials Segment	**72,883**	73,152	-	**338,828**	279,644	21%
Total revenues	**114,781**	119,416	(4%)	**508,195**	459,012	11%

Revenues for fiscal year 2014 increased by 11% compared to the prior fiscal year to $508.2 million versus $459.0 million in fiscal year 2013. Revenues for the Electronic Materials segment decreased by 6% compared to 2013 while the Eco-Friendly Materials segment achieved an increase of more than 21% supported by better volumes and average prices.

Revenues decreased by 4% compared to the prior year quarter. Revenues in Q4 2014 for the Electronic Materials segment reached $41.9 million, lower from $46.3 million in Q4 2013, negatively impacted by prices. Eco-Friendly Materials segment revenues reached $72.9 million, similar to the prior year quarter, with better prices mitigating lower volumes than prior year quarter.

Net earnings (loss) and Adjusted net earnings

	Q4 2014	Q4 2013	2014	2013
	$	$	$	$
Net (loss) earnings	**(2,453)**	1,638	**10,673**	42,780
Basic net (loss) earnings per share	**($0.03)**	$0.02	**$0.13**	$0.51
Reconciling items:				
Impairment of inventory	**5,251**	-	**5,251**	10,182
Litigation and restructuring costs	**1,178**	569	**1,952**	4,068
Change in fair value of debenture conversion option	**(1,368)**	-	**(7,179)**	-
Gain related to the settlement of the purchase price of MCP	**-**	-	**-**	(45,188)
Income taxes on taxable items above	**(1,361)**	(139)	**(61)**	(1,002)
Adjusted net earnings[1]	**1,247**	2,068	**10,636**	10,840
Basic adjusted net earnings per share[1]	**$0.01**	$0.02	**$0.13**	$0.13

In 2014, Adjusted net earnings[1] reached $10.6 million compared to $10.8 million for the prior fiscal year. Net earnings for fiscal year 2014 reached $10.7 million compared to $42.8 million in 2013, impacted by the MCP litigation settlement of $45.2 million in the second quarter of 2013. This is partially offset by the positive change in fair value of debenture

[1] See Non-IFRS Measures

[2] The comparative periods have been restated to reflect a change in the EBITDA[1] definition

conversion option and lower inventory impairment charge recorded this year compared to last year.

In Q4 2014, Adjusted net earnings[1] decreased by $0.8 million from $2.1 million to $1.2 million compared to the same period last year. Net loss reached $2.5 million in Q4 2014 compared to net earnings of $1.6 million for the same period last year. The decrease in net earnings compared to prior year quarter is mainly explained by an inventory impairment charge of $5.3 million as well as restructuring costs partially offset by a positive change in fair value of debenture conversion option of $1.4 million.

Adjusted EBITDA

	Q4 2014	Q4 2013	% Change	2014	2013	% Change
Electronic Materials	4,853	4,006	21%	23,642	22,466	5%
Eco-Friendly Materials	3,106	6,474	(52%)	22,167	16,285	36%
Corporate	(2,302)	(2,538)	(9%)	(10,764)	(8,376)	29%
Adjusted EBITDA[1]	5,657	7,942	(29%)	35,045	30,375	15%

For fiscal year 2014, Adjusted EBITDA[1] amounted to $35.0 million compared to $30.4 million for 2013. The Adjusted EBITDA improved mainly from an increase in average selling prices, volumes, and settlement of an insurance claim received in Q3 2014, net of higher labor costs, utilities and logistic costs. Adjusted EBITDA for the Electronic Materials segment increased by $1.2 million at $23.6 million with an Adjusted EBITDA margin[1] of 14% compared to 13% in 2013. Adjusted EBITDA for the Eco-Friendly Materials segment increased to $22.2 million compared to $16.3 million last year with an adjusted EBITDA margin of 7% compared to 6% in 2013.

In Q4 2014, Adjusted EBITDA amounted to $5.7 million compared to $7.9 million for the same period a year ago. The Adjusted EBITDA decreased mainly from lower volumes compared to the same period a year ago. Adjusted EBITDA for the Electronic Materials segment increased by $0.8 million at $4.9 million achieving an Adjusted EBITDA margin of 12% compared to 9% for the prior year quarter. Adjusted EBITDA for the Eco-Friendly Materials segment decreased to $3.1 million compared to $6.5 million in Q4 2013 with an Adjusted EBITDA margin of 4% compared to 9% for the prior year quarter.

Impairment Charges

	Q4 2014	Q4 2013	2014	2013
Electronic Materials	856	-	856	150
Eco-Friendly Materials	4,395	-	4,395	10,032
Impairment of inventories	5,251	-	5,251	10,182

An inventory impairment charge of $5.3 million mainly on bismuth and gallium was recorded in 2014 compared to a charge of $10.2 million in 2013, reflecting the expected net realized value of year-end inventories following recent decline in commodity prices impacting our industry.

Bookings and Backlog

	BACKLOG[1]			BOOKINGS[1]		
	Q4 2014	Q3 2014	Q4 2013	Q4 2014	Q3 2014	Q4 2013
	$	$	$	$	$	$
Electronic Materials	83,676	79,753	80,382	45,821	37,259	54,337
Eco-Friendly Materials	69,483	57,430	89,691	84,936	63,999	101,800
Total	153,159	137,183	170,073	130,757	101,258	156,137

Q4 2014 vs Q3 2014

Overall the backlog[1] as at December 31, 2014 stood at $153.2 million, higher than the previous quarter following the renewal pattern of most contracts which generally occurs in the fourth quarter or in the first quarter of the year.

Backlog as at December 31, 2014, for the Electronic Materials segment stood at $83.7 million increasing by $3.9 million, or 5%, over the backlog of Q3 2014. The backlog for the Eco-Friendly Materials segment stood at $69.5 million, an increase of $12.1 million or 21%, over the backlog of Q3 2014.

[1] See Non-IFRS Measures

Bookings[1] for the Electronic Materials segment increased by $8.6 million to $45.8 million compared to Q3 2014. Bookings for the Eco-Friendly Materials segment increased by $20.9 million or 33%, from $64.0 million in Q3 2014 to $84.9 million in Q4 2014.

Q4 2014 vs Q4 2013

Backlog as at December 31, 2014 increased by $3.3 million for the Electronic Materials segment and decreased by $20.2 million for the Eco-Friendly Materials segment compared to the previous year quarter.

Bookings for the Electronic Materials segment decreased by $8.5 million, and by $16.9 million for the Eco-Friendly Materials segment compared to the previous year quarter.

Expenses

	Q4 2014	Q4 2013	% Change	2014	2013	% Change
	$	$		$	$	
Depreciation and amortization	**2,546**	2,419	5%	**11,148**	10,686	4%
SG&A	**8,639**	8,607	-%	**36,922**	36,066	2%
Litigation and restructuring costs	**1,178**	569	107%	**1,952**	4,068	(52%)
Financial (revenues) expenses	**(1,933)**	2,304	(184%)	**(1,521)**	5,934	(126%)
Income tax expense	**1,068**	1,012	6%	**8,854**	1,913	363%
Total expenses	**11,498**	14,911	(23%)	**57,355**	58,667	(2%)

Depreciation and Amortization

Depreciation and amortization expenses in Q4 2014 and 2014 amounted to $2.5 million and $11.1 million respectively, compared to $2.4 million and 10.7 million for the same periods of 2013.

SG&A

For Q4 2014 and 2014, SG&A expenses were $8.6 million and $36.9 million respectively, compared to $8.6 million and $36.1 million for the same periods of 2013. Variation is mostly explained by additional wages and professional expenses.

Litigation and Restructuring costs

The Company recorded litigation and restructuring costs of $1.2 million and $2.0 million for Q4 2014 and 2014 respectively compared to $0.6 million and $4.1 million for the same periods a year ago. On a fiscal year basis, the decrease is mainly due to lower expenses to attorney's and other professional fees for legal proceedings and employee severance costs.

Financial Expenses

Financial revenues for Q4 2014 amounted to $1.9 million compared to financial expenses of $2.3 million for the same period last year. The positive variance is mainly due to higher gain on foreign exchange and derivative of $4.0 million and the positive change in the fair value of the debenture conversion option of $1.4 million partially offset by higher interest expenses, either imputed or from debt.

For 2014, financial revenues amounted to $1.5 million compared to financial expenses of $5.9 million for the same period last year. Positive change in fair value of the debenture conversion option of $7.2 million combined with a higher gain on foreign exchange and derivative of $0.5 million are partially offset by higher interest expenses, either imputed or from debt.

Income Taxes

For Q4 2014 and 2014, income tax expense was $1.1 million and $8.9 million, respectively, representing an effective tax rate of 77% and 45% respectively. Effective tax rate is higher in Q4 2014 compared to the same quarter of 2013 mainly due to the losses carried forward for which no deferred tax asset was recognized in Q4 2014. Effective tax rate is higher for 2014 at 45% compared to 2013 mainly due to the fact that 2013 was impacted by a non-taxable gain on settlement of the MCP litigation which was reflected as a reduction of the acquisition price, and losses carried forward for which no deferred tax asset was recognized in 2014.

[1] See Non-IFRS Measures

Liquidity and Capital Resources

	Q4 2014	Q4 2013	% Change	2014	2013	% Change
	$	$		$	$	
Funds from operations[1]	4,030	9,043	(55%)	17,592	20,033	(12%)
Net changes in non-cash working capital items	(8,019)	372	(2,256%)	(34,765)	27,930	(224%)
Operating activities	(3,989)	9,415	(142%)	(17,173)	47,963	(136%)
Investing activities	(4,529)	(3,755)	21%	(15,753)	(11,748)	34%
Financing activities	11,268	3,510	221%	24,121	(22,410)	(208%)
Effect of foreign exchange rate changes on cash and cash equivalents related to operations	(261)	(382)	(32%)	(845)	(913)	(7%)
Net increase (decrease) in cash and cash equivalents	2,489	8,788	(72%)	(9,650)	12,892	(175%)

For Q4 2014, cash consumed by operating activities was $4.0 million compared to cash generated by operation of $9.4 million for the same period last year. The decrease is mainly attributable to higher inventory and accounts receivable.

Investing activities consumed $4.5 million in Q4 2014 compared to $3.8 million in the same period a year ago. This increase is explained by an increase in acquisition of property, plant and equipment and intangible assets.

Financing activities generated $11.3 million in Q4 2014 compared to $3.5 million in the same period a year ago. This increase is mainly explained by additional borrowing under the credit facility.

For 2014, cash consumed by operating activities was $17.2 million compared to cash generated of $48.0 million in 2013. This decrease in 2014 is mainly attributable to the inventory and accounts receivable increases. Investing activities consumed $15.8 million compared to $11.7 million in 2013. This increase is explained by an increase in acquisition of property, plant and equipment and intangible assets and by the acquisition of AM&M partially offset by the proceeds of disposition of real estate property recorded in Q1 2014. Cash generated by financing activities amounted to $24.1 million compared to cash consumed of $22.4 for the same period a year ago. This increase is mainly associated with the issuance of convertible debentures net of fees in Q2 2014 partially offset by repayment of long-term debt.

Working Capital

	As at December 31, 2014	As at December 31, 2013
	$	$
Inventories	204,454	174,374
Other current assets	93,100	97,233
Current liabilities	(67,992)	(86,861)
Working capital[1]	229,562	184,746
Working capital current ratio[1]	4.38	3.13

The increase in working capital[1] is mainly due to higher anticipated demand and its impact on inventory and by a reclassification from trade and accrued liabilities to other liabilities following new agreements with a supplier. The current level was impacted by average commodity pricing during the year and by the last quarter activities.

Net Debt

	As at December 31, 2014	As at December 31, 2013
	$	$
Bank indebtedness	975	10,462
Long-term debt including current portion	51,823	72,785
Convertible debentures	46,101	-
Total Debt	98,899	83,247
Cash and cash equivalents and restricted cash	(14,892)	(24,917)
Net Debt[1]	84,007	58,330

Total debt increased by $15.7 million to $98.9 million as at December 31, 2014, compared to $83.2 million as at December 31, 2013. The increase of debt is due to the increase in working capital.

Net debt after taking into account cash and cash equivalents and restricted cash increased by $25.7 million, from $58.3 million as at December 31, 2013 to $84.0 million as at December 31, 2014.

[1] See Non-IFRS Measures

Available Short-Term Capital Resources

	As at December 31, 2014	As at December 31, 2013
	$	$
Cash and cash equivalents	12,777	22,427
Available bank indebtedness	650	12,912
Available revolving credit facility	79,976	11,980
Available short-term capital resources	93,403	47,319

The Company believes that funds from operations[1], combined with its available short-term capital resources of $93.4 million as at December 31, 2014 will enable it to support its growth, its working capital needs and its planned capital expenditures.

Funds from Operations

	Q4 2014	Q4 2013	2014	2013
	$	$	$	$
Funds from operations[1]	4,030	9,043	17,592	20,033
Net acquisition of PPE and intangible assets	(4,484)	(3,768)	(14,221)	(11,615)
Working capital changes	(8,019)	372	(34,765)	27,930
Issuance of common shares	-	-	164	-
Settlement of the purchase price of MCP	-	-	-	45,188
Others	333	(457)	5,553	(3,319)
	(12,170)	(3,853)	(43,269)	58,184
Total movement in net debt[1]	(8,140)	5,190	(25,677)	78,217
Net debt[1], beginning of period	(75,867)	(63,520)	(58,330)	(136,547)
Net debt[1], end of period	(84,007)	(58,330)	(84,007)	(58,330)

For Q4 2014 and 2014, funds from operations decreased to $4.0 million and $17.6 million respectively, compared to $9.0 million and $20.0 million for the same periods of 2013. The decrease was mainly attributable to unfavorable working capital changes.

	Q4 2014	Q4 2013	2014	2013
Net debt[1] to annualized adjusted EBITDA ratio	3.7	1.8	2.4	1.9
Annualized funds from operations[1] to net debt (%)	19.2	62.0	20.9	34.3

Net debt to annualized adjusted EBITDA ratio for 2014 was 2.4 compared to 1.9 for 2013, with Q4 2014 at 3.7 versus 1.8 in Q4 2013. Annualized funds from operations to net debt represented 20.9% for 2014 and 34.3% for 2013, with Q4 2014 at 19.2% of our net debt compared to 62.0% for the same period last year.

Share Information

	As at February 24, 2015	As at December 31, 2014
Issued and outstanding shares	83,979,657	83,979,657
Stock options potentially issuable	1,388,760	1,702,100
Convertible debentures potentially issuable	9,777,777	9,777,777

[1] See Non-IFRS Measures

Stock Option Plan

On April 11, 2011, the Company adopted a new stock option plan replacing the previous plan (the "Old Plan"), in place since October 2007, with the same features as the Old Plan with the exception of a maximum number of options granted which cannot exceed 5,000,000. 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 December 31, 2014 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 and one year for retired directors.

The following table presents information concerning all outstanding stock options:

		2014		2013
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
		CA$		CA$
Outstanding, beginning of year	1,637,951	4.19	1,585,448	4.67
Granted	352,000	3.99	546,939	2.39
Cancelled	(206,463)	4.16	(141,386)	5.55
Exercised	(71,388)	2.46	-	-
Expired	(10,000)	7.80	(353,050)	3.00
Outstanding, end of year	1,702,100	4.21	1,637,951	4.19
Exercisable, end of year	1,192,918	4.37	1,001,826	4.94

Off-Balance Sheet Arrangements

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

The Company is exposed to currency risk on sales in Euro and other currencies and therefore periodically enters into foreign currency forward contracts to protect itself against currency fluctuation. The reader will find more details related to these contracts in Notes 17 and 25 of the audited consolidated financial statements for the year ended December 31, 2014.

The contractual maturities of the Company's financial liabilities as at December 31, 2014 are as follows:

	Carrying amount	1 year	2-3 years	4-5 years	Beyond 5 years	Total
	$	$	$	$	$	$
Bank indebtedness	975	1,030	-	-	-	1,030
Trade and accrued liabilities	60,286	60,286	-	-	-	60,286
Long-term debt	51,823	3,224	5,136	52,837	-	61,197
Convertible debentures	46,101	3,263	6,527	61,635	-	71,425
Long-term payable (including in other liabilities)	12,577	-	15,064	-	-	15,064
Total	**171,762**	**67,803**	**26,727**	**114,472**	-	**209,002**

Commitments

In September 2014, the Company signed a loan agreement with one of its suppliers for the construction of manufacturing equipment in Asia. The loan bears an interest rate of 8.5%, and is guaranteed by the supplier's corporate entity. Under this agreement, the total amount can reach up to $7 million upon achievement of certain milestones. The initial tranche was disbursed on October 15, 2014. As at December 31, 2014, the amount receivable under the loan is $1.8 million. Each tranche is to be reimbursed on a monthly basis over a term of 12 months starting after each drawdown.

In the normal course of business, the Company contracted letters of credit for an amount of up to $0.4 million as at December 31, 2014.

The Company rents certain premises and equipment under the terms of operating leases. Future minimum payments, following recent contractual lease renewals, excluding operating costs are as follows:

	2014	2013
	$	$
Within one year	2,881	2,265
After one year but not more than five years	5,100	3,635
Total commitments	**7,981**	**5,900**

Contingencies

In the normal course of operations, the Company is exposed to events that could give rise to contingent liabilities or assets. As at February 24, 2015, the Company was not aware of any significant events that would have a material effect on its consolidated financial statements, except for the following.

In 2013, the Company settled its case with the former shareholders of MCP thereby prohibiting further related action by either party involved in the settlement. As of the date hereof, the Company does not believe that it is probable that an outflow of resources, which could be material to the consolidated financial statements, will be required by the Company following potential third party claims pertaining to actions or events related to the alleged breaches of representations and warranties by the former shareholders of MCP.

Governance

As required by Multilateral Instrument 52-109 of the Canadian Securities Administrators («MI 52-109 »), 5N Plus has filed certificates signed by the Chief Executive Officer and the Chief Financial Officer that, among others, attest to the design of the disclosure controls and procedures and the design and effectiveness of internal control over financial reporting.

Disclosure Controls and Procedures

The Chief Executive Officer and the Chief Financial Officer have designed disclosure controls and procedures, or have caused them to be designed under their supervision, in order to provide reasonable assurance that:

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

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

Internal Control over Financial Reporting

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

Based on their evaluation carried out to assess the effectiveness of the Company's internal control over financial reporting, the Chief Executive Officer and the Chief Financial Officer have concluded that the internal control over financial reporting was designed and operated effectively as at December 31, 2014, using the Internal Control – Integrated Framework (2013 Framework) issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO 2013 Framework").

Changes in Internal Control over Financial Reporting

No changes were made to our internal controls over financial reporting during fiscal year ended December 31, 2014 that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

Accounting Policies and Changes

The Company established its accounting policies and methods used in the preparation of its audited consolidated financial statements for the fiscal year 2014 in accordance with IFRS. The Company's significant accounting policies are described in Note 2 of the December 31, 2014 audited consolidated financial statements. The key assumptions and basis for estimates that management has made under IFRS, and their impact on the amounts reported in the consolidated financial statements and notes, remain substantially unchanged from those described in the Company's audited consolidated financial statements for the fiscal year ended December 31, 2013.

Changes in Accounting Policies

On January 1, 2014, the Company applied the new standard described below.

IFRS Interpretations Committee Interpretation 21, "Levies", provides guidance on accounting for levies in accordance with the requirements of IAS 37, "Provisions, Contingent Liabilities and Contingent Assets". The interpretation defines a levy as an outflow from an entity imposed by a government in accordance with legislation and confirms that a liability for a levy is recognized only when the triggering event specified in the legislation occurs. The Company has applied IFRIC 21 on a retrospective basis in compliance with the transitional requirements of IFRIC 21. The application of IFRIC 21 did not have any impact to the consolidated financial statements.

Future Changes in Accounting Policies

The following standards have been issued but are not yet effective:

In May 2014, the IASB issued IFRS 15, "Revenues from Contracts with Customers", to specify how and when to recognize revenue as well as requiring the provision of more information and relevant disclosure. IFRS 15 supersedes IAS 18, "Revenue", IAS 11, "Construction Contracts", and other revenue-related interpretations. The standard will be effective on January 1, 2017 for the Company with earlier adoption permitted. The Company is currently evaluating the impact of this standard on its consolidated financial statements.

In July 2014, the IASB amended IFRS 9, "Financial Instruments", to bring together the classification and measurement, impairment and hedge accounting phases of the IASB's project to replace IAS 39, "Financial Instruments: Recognition and Measurement". The standard supersedes all previous versions of IFRS 9 and will be effective on January 1, 2018 for the Company with earlier application permitted. The Company is currently evaluating the impact of this standard on its consolidated financial statements.

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"), carrying amount exceeds its recoverable amount, which is the higher of fair value less cost of disposal 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.

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 inventories using a group of similar items basis and considers expected future prices as well as events that have occurred between the consolidated statement of financial position date and the date of completion of the consolidated financial statements. Net realizable value held to satisfy a specific sale contract is measured at the contract price.

Debenture conversion option

The convertible debentures issued by the Company included conversion and early redemption options, which are considered as Level 3 financial instruments. The derivative is measured at fair value through profit and loss, and its fair value must be measured at each reporting period, with subsequent changes in fair value recorded in the statement of earnings. A derivative valuation model is used and includes assumptions, to estimate the fair value. Detailed assumptions used in the model to determine the fair value of the embedded derivative, upon inception and as at December 31, 2014, are provided in the note 13 of the 2014 consolidated financial statements of the Company.

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.

The Company has deferred income tax assets that are subject to periodic recoverability assessments. Realization of the Company's deferred income tax assets is largely dependent upon its achievement of projected future taxable income and the continued applicability of ongoing tax planning strategies. The Company's judgment regarding future profitability may change due to future market conditions, changes in tax legislation and other factors that could adversely affect the ongoing value of the deferred income tax assets. These changes, if any, may require the material adjustment of these deferred income tax asset balances through an adjustment to the carrying value thereon in the future. This adjustment would reduce the deferred income tax asset to the amount that is considered to be more likely than not to be realized and would be recorded in the period such a determination was to be made.

Related Party Transactions

The Company's related parties are its joint ventures, directors and executive members. Transactions with these related parties are described in Notes 9, 10, 24 and 27 in the 2014 consolidated financial statements of the Company.

Financial Instruments and Risk Management

Fair Value of financial instruments

A detailed description of the methods and assumptions used to measure the fair value of the Company financial instruments and their fair value are discussed in Note 17 – Categories of Financial Assets and Financial Liabilities in the 2014 consolidated financial statements of the Company.

The fair value of the derivative financial instruments was as follows:

Assets (Liabilities)	December 31, 2014	December 31, 2013
	$	$
Debenture conversion option	(2,093)	-
Interest rate swap	-	(2,588)
Foreign exchange forward contracts	-	(1,468)
Derivative forward contracts	147	955
Warrants	-	(181)
Total	(1,946)	(3,282)

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's policy is to limit its exposure to interest rate risk fluctuation by ensuring that a reasonable portion of its bank advance, long-term debt and convertible debentures are at fixed rate. The Company is exposed to interest rate fluctuations on its revolving credit facility, which bears a floating interest rate. A 1% increase/decrease in interest rate would not have a significant impact on the Company's net earnings.

Currency Risk

The Company's sales are primarily denominated in U.S. dollars whereas a portion of its operating costs are realized in local currencies, such as Euros, Canadian dollars and Pounds Sterling. Even though the purchases of raw materials are denominated in U.S. dollars, which reduce to some extent exchange rate fluctuations, we are subject to currency translation risk which can negatively impact our results. Management has implemented a policy for managing foreign exchange risk against the relevant functional currency. The Company manages the foreign exchange risk by entering into various foreign exchange forward contracts.

Foreign exchange forward contracts are described in Note 17 in the 2014 consolidated financial statements of the Company.

The Company had the following currency exposures on December 31, 2014:

	CA$	EUR	GBP	RMB	Other
	$	$	$	$	$
Cash and cash equivalents	256	3,896	724	1,864	264
Restricted cash	-	2,089	29	16	-
Accounts receivable	1,083	14,729	2,358	8,640	649
Bank indebtedness	-	-	-	(975)	-
Trade and accrued liabilities	(2,884)	(14,046)	(2,514)	(3,491)	(697)
Long-term debt	-	(61)	-	-	-
Convertible debentures	(46,101)	-	-	-	-
Net financial (liabilities) assets	(47,646)	6,607	597	6,054	216

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 December 31, 2014 for the Company's financial instruments denominated in non-functional currencies:

	CA$	EUR	GBP	RMB	Other
1% Strengthening	$	$	$	$	$
Earnings (loss) before tax	(476)	66	6	61	2
1% Weakening					
Earnings (loss) before tax	476	(66)	(6)	(61)	(2)

Credit Risk

Credit risk corresponds to the risk of loss due to the client's inability to fulfill its obligations with respect to trade and other receivables as well as contracts. The Company has a large number of clients and is no longer dependent on a specific client. The Company has a credit policy that defines standard credit practices. 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 December 31, 2014 and 2013, the Company had an allowance for doubtful accounts of $0.1 million and $0.2 million respectively. The provision for doubtful accounts, if any, will be included in SG&A expenses in the consolidated statements of earnings, and will be net of any recoveries that were provided for in prior periods.

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. Under the terms of its credit facility, the Company is required to satisfy certain restrictive covenants. 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 budgets are reasonable and that it is not likely that the financial covenants on the credit facility during a certain period will be violated in the next 12 months. However, risk remains. Successful achievement of these budgeted results is dependent on stability in the price of metals and other raw materials, the reduction of debt due to the optimization of the Company's working capital and the continued viability and support of the Company's banks.

Risks and Uncertainties

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

Possible Failure to Realize Anticipated Benefits of Acquisitions and Investments

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

International Operations

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

Environmental Regulations

Our operations involve the use, handling, generation, processing, storage, transportation, recycling and disposal of hazardous materials and are subject to extensive environmental laws and regulations at the national, provincial, local and international level. These environmental laws and regulations include those governing the discharge of pollutants into the air and water, the use, management and disposal of hazardous materials and wastes, the clean-up of contaminated sites and occupational health and safety. We have incurred and will continue to incur capital expenditures in order to comply with these laws and regulations. In addition, violations of, or liabilities under, environmental laws or permits may result in restrictions being imposed on our operating activities or in our being subject to substantial fines, penalties, criminal

proceedings, third party property damage or personal injury claims, clean-up costs or other costs. While we believe that we are currently in compliance with applicable environmental requirements, future developments such as more aggressive enforcement policies, the implementation of new, more stringent laws and regulations, or the discovery of currently unknown environmental conditions may require expenditures that could have a material adverse effect on our business, results of operations and financial condition. Former MCP's facility in Tilly, Belgium completed corrective measures under a remediation plan as a result of industrial legacy at this site, which has been in industrial use for more than 100 years. The remediation performed has been approved and audited by local authorities and the Company is expecting full compliance confirmation in the near term.

Competition Risk

We are the leading producer of specialty metal and chemical products and have a limited number of competitors, none of which are as fully integrated as we are or have a similar range of products. Accordingly, they have limitation to provide the same comprehensive set of services and products as we do. However, there can be no guarantee that this situation will continue in the future and competition could arise from new low-cost metal refiners or from certain of our customers who could decide to backward integrate. The forecasted growth in demand for our main products may attract more metal refiners into this industry and increase competition. Although we believe that our operations and our commercial network are important competitive advantages, greater competition could have an adverse effect on our revenues and operating margins if our competitors gain market share and we are unable to compensate for the volume lost to our competition.

Commodity Price Risk

The price we pay for, and availability of, various inputs fluctuates due to numerous factors beyond our control, including economic conditions, currency exchange rates, global demand for metal products, trade sanctions, tariffs, labor costs, competition, over capacity of producers and price surcharges. Fluctuations in availability and cost of inputs may materially affect our business, financial condition, results of operations and cash flows. To the extent that we are not able to pass on any increases, our business, financial condition, results of operations and cash flows may be materially adversely affected.

Sources of Supply

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

Protection of Intellectual Property

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

Inventory Price Risk

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

Business Interruptions

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

Dependence on Key Personnel

The Company relies on the expertise and know-how of its personnel to conduct its operations. The loss of any member of our senior management team could have a material adverse effect on us. Our future success also depends on our ability to retain and attract our key employees, train, retain and successfully integrate new talent into our management and technical teams. Recruiting and retaining talented personnel, particularly those with expertise in the specialty metals industry and refining technology is vital to our success and may prove difficult. We cannot provide assurance that we will be able to attract and retain qualified personnel when needed.

Collective Agreements

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

Risks Associated with Public Issuer Status

The Company's shares are publicly traded and, as such, it is subject to all of the obligations imposed on "reporting issuers" under applicable securities laws in Canada and all of the obligations applicable to a listed company under stock exchange rules. Direct and indirect costs associated with public company status have escalated in recent years and regulatory initiatives under consideration may further increase the costs of being public in Canada. Those costs could have a negative effect on the Company's financial results. Another risk associated with a public issuer status is the disclosure of key Company information as compared to privately owned competitors.

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 twelve 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 net earnings (loss) before interest expenses (income), income taxes, depreciation and amortization. We use EBITDA because we believe it is a meaningful measure of the operating performance of our ongoing business without the effects of certain expenses. The definition of this non-IFRS measure used by the Company may differ from that used by other companies.

EBITDA margin is defined as EBITDA divided by revenues.

Adjusted EBITDA means EBITDA as defined above before impairment of inventories, litigation and restructuring costs, gain related to the settlement of the purchase price of MCP, gain on disposal of property, plant and equipment, change in fair value of debenture conversion option, foreign exchange and derivatives loss (gain). We use adjusted EBITDA because we believe it is a meaningful measure of the operating performance of our ongoing business without the effects of inventory write-downs. The definition of this non-IFRS measure used by the Company may differ from that used by other companies.

Adjusted EBITDA margin is defined as Adjusted EBITDA divided by revenues.

Adjusted net earnings means the net earnings (loss) before the effect of charge and reversal of impairment related to inventory, PPE and intangible assets, impairment of goodwill, litigation and restructuring costs, change in fair value of debenture conversion option, settlement of purchase price and acquisitions costs net of the related income tax. We use adjusted net earnings (loss) because we believe it is a meaningful measure of the operating performance of our ongoing business without the effects of unusual inventory write-downs and property plant and equipment and intangible asset impairment charges, litigation and restructuring costs, change in fair value of debenture conversion option, the settlement of purchase price and acquisition costs. The definition of this non-IFRS measure used by the Company may differ from that used by other companies.

Basic adjusted net earnings (loss) per share means adjusted net earnings (loss) divided by the weighted average number of outstanding shares. We use basic adjusted net earnings (loss) per share because we believe it is a meaningful measure of the operating performance of our ongoing business without the effects of unusual inventory write-downs and property plant and equipment and intangible asset impairment charges, litigation and restructuring costs, change in fair value of debenture conversion option, the settlement of purchase price and acquisition costs per share. 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 balances related to operations. This amount appears directly in the consolidated statements of cash flows of the Company. 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.

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 restricted cash. 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 restricted cash.

Working capital is a measure of liquid assets that is calculated by taking current assets and subtracting current liabilities. Given that the company is currently indebted, we use it as an indicator of our financial efficiency and aim to maintain it at the lowest possible level.

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

Additional Information

Our common shares trade on the Toronto Stock Exchange (TSX) under the ticker symbol VNP. Additional information relating to the Company, including the Company's annual information form is available under the Company's profile on SEDAR at www.sedar.com.

Selected Data Information

The following table provides selected quarterly financial information for the years 2012 through to 2014.

(in thousands of United States dollars except per share amounts)	Q1	Q2	Q3	Q4	Total
Fiscal 2014					
Revenues	142,379	136,597	114,438	114,781	508,195
EBITDA[1 2]	11,178	11,524	12,721	4,021	39,444
Adjusted EBITDA[1]	10,501	10,816	8,071	5,657	35,045
Net earnings (loss) attributable to equity holders of 5N Plus	4,655	4,436	4,172	(2,451)	10,812
Basic earnings (loss) per share attributable to equity holders of 5N Plus	$0.06	$0,05	$0.05	($0.03)	$0.13
Net earnings (loss)	4,519	4,436	4,171	(2,453)	10,673
Basic earnings (loss) per share	$0.05	$0.05	$0.05	($0.03)	$0.13
Diluted earnings (loss) per share	$0.05	$0.05	($0.01)	($0.04)	$0.05
Adjusted net earnings (loss)[1]	4,916	4,303	170	1,247	10,636
Basic adjusted net earnings (loss) per share[1]	$0.06	$0.05	$-	$0.01	$0.13
Funds from operations[1]	6,806	5,774	982	4,030	17,592
Backlog[1]	187,330	150,363	137,183	153,159	153,159
Fiscal 2013					
Revenues	118,389	112,637	108,570	119,416	459,012
EBITDA[1 2]	12,121	38,008	6,926	6,848	63,903
Adjusted EBITDA[1]	10,115	6,543	5,775	7,942	30,375
Net earnings (loss) attributable to equity holders of 5N Plus	5,371	34,185	1,083	2,022	42,661
Basic earnings (loss) per share attributable to equity holders of 5N Plus	$0.06	$0.41	$0.01	$0,02	$0.51
Net earnings (loss)	5,538	34,281	1,323	1,638	42,780
Basic earnings (loss) per share	$0.07	$0.41	$0.02	$0.02	$0.51
Diluted earnings (loss) per share	$0.07	$0.41	$0.02	$0.02	$0.51
Adjusted net earnings (loss)[1]	6,296	959	1,517	2,068	10,840
Basic adjusted net earnings (loss) per share[1]	$0.08	$0.01	$0.02	$0.02	$0.13
Funds from operations[1]	4,608	1,560	4,822	9,043	20,033
Backlog[1]	166,290	153,277	133,352	170,073	170,073
Fiscal 2012					
Revenues	162,235	140,076	120,744	128,620	551,675
EBITDA[1 2]	14,707	(22,012)	8,662	(223,440)	(222,083)
Adjusted EBITDA[1]	16,867	5,594	9,001	6,395	37,857
Net earnings (loss) attributable to equity holders of 5N Plus	4,972	(21,922)	1,218	(212,006)	(227,738)
Basic earnings (loss) per share attributable to equity holders of 5N Plus	$0.07	($0.29)	$0.02	($2.71)	($2.91)
Net earnings (loss)	4,891	(22,062)	1,275	(211,953)	(227,849)
Basic earnings (loss) per share	$0.07	($0.30)	$0.02	($2.70)	($2.91)
Diluted earnings (loss) per share	$0.07	($0.30)	$0.02	($2.70)	($2.91)
Adjusted net earnings (loss)[1]	5,250	(1,911)	648	(6,880)	(2,893)
Basic adjusted net earnings (loss) per share[1]	$0.07	($0.03)	$0.01	($0.08)	($0.04)
Funds from operations[1]	11,236	(407)	10,320	4,243	25,392
Backlog[1]	215,588	188,982	162,323	165,790	165,790

	Q4 2013	Q3 2013	Q2 2013	Q1 2013	Q4 2012	Q3 2012	Q2 2012	Q1 2012
(in thousands of United States dollars)	$	$	$	$	$	$	$	$
EBITDA – previous definition	7,942	5,775	(3,639)	10,115	(18,122)	9,001	(20,474)	16,867
Litigation and restructuring costs	(569)	(255)	(2,233)	(1,011)	(932)	(464)	(908)	(478)
Gain related to the settlement of MCP purchase price	-	-	45,188	-	-	-	-	-
Gain on disposal of property, plant and equipment	-	-	-	-	-	-	-	-
Impairment of intangible assets and goodwill	-	-	-	-	(165,507)	-	-	-
Impairment of property, plant and equipment	-	-	-	-	(39,239)	-	-	-
Reversal of impairment of property, plant and equipment	-	-	-	-	-	932	-	-
Foreign exchange and derivatives loss (gain)	(525)	1,406	(1,308)	3,017	360	(807)	(630)	(1,682)
EBITDA – current definition	6,848	6,926	38,008	12,121	(223,440)	8,662	(22,012)	14,707

(in thousands of United States dollars)	2014	2013	2012
Balance Sheet Data	$	$	$
Total assets	399,531	365,240	385,396
Net debt (net cash)[1]	84,007	58,330	136,547
Retirement benefit obligation	16,928	15,887	16,667
Shareholders' equity	196,443	190,052	144,955

[1] See Non-IFRS Measures

[2] The comparative periods have been restated to reflect a change in the EBITDA[1] definition