Third Quarter Report

Three and nine-month periods ended February 28, 2011

5N PLUS

This Management's Report of the operating results and the financial position is intended to assist readers in understanding 5N Plus Inc. ("the Company"), its business environment and future prospects. This Management's Report should be read while referring to the unaudited consolidated financial statements and the accompanying notes for the three and nine-month periods ended February 28, 2011 and with the most recent audited consolidated financial statements and accompanying notes for the fiscal year ended May 31, 2010. Information contained herein includes any significant developments as at April 11, 2011, the date on which the Management's Report was approved by the Company's board of directors. The financial information presented in this Management's Report is based on the Company's accounting policies that are in compliance with Canadian generally accepted accounting principles ("GAAP"). It also includes some figures that are not performance measures consistent with GAAP. Information regarding these non-GAAP financial measures is provided under the heading Non-GAAP Measures of this Management's Report. All amounts are expressed in Canadian dollars, except otherwise indicated. Unless otherwise indicated, the terms "we", "us" and "our" as used herein refer to the Company together with its subsidiaries.

Notice Regarding Forward-Looking Statements

Certain statements in this Management's Report may be forward-looking within the meaning of securities legislation. Forward-looking information and statements are based on the best estimates available to the Company at the time and involve known and unknown risks, uncertainties or other factors that may cause the Company's actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Factors of uncertainty and risk that might result in such differences include the risk related to the reliance on major customer, credit, interest rate, pricing and currency fluctuation, fair value, source of supply, market acceptance and reliance on thin-film and photovoltaic technologies, environmental regulations, competition, dependence on key personnel, business interruptions, business acquisition and protection of intellectual property. As a result, we cannot guarantee that any forward-looking statements will materialize. Forward-looking statements can generally be identified by the use of terms such as "may", "should", "would", "believe", "expect", or any terms of similar nature. Except as required under applicable securities legislation, management does not undertake to update these forward-looking statements as a result of new information, future events or other changes. In evaluating these statements, the reader should consider various factors, including the risks outlined above. In evaluating these statements, the reader should consider various factors, including the risks outlined under the heading Risks and Uncertainties in the 2010 Annual Report. The reader is warned against giving undue reliance on these forward-looking statements.

Corporate Overview and Business

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

Selected Quarterly Financial Information

in thousands of dollars except per share amounts
(unaudited)

	FY2011			FY2010				FY2009
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Sales	**20,582**	19,668	18,770	19,730	19,227	15,753	16,053	18,057
Gross profit[1]	**8,652**	8,862	8,352	8,671	8,204	7,359	7,618	8,497
EBITDA[1,2]	**5,980**	5,958	5,665	6,209	6,262	5,506	4,949	6,400
Net earnings	**3,540**	4,019	4,033	4,339	4,076	3,217	3,015	5,708
Adjusted net earnings [1,3]	**3,694**	3,832	3,610	3,961	3,705	3,197	2,942	4,164
Basic earnings per share	**$0.08**	$0.09	$0.09	$0.09	$0.09	$0.07	$0.07	$0.13
Diluted earnings per share	**$0.08**	$0.09	$0.09	$0.09	$0.09	$0.07	$0.07	$0.12
Basic adjusted net earnings per share [1,3]	**$0.08**	$0.08	$0.08	$0.09	$0.08	$0.07	$0.06	$0.09
Diluted adjusted net earnings per share [1,3]	**$0.08**	$0.08	$0.08	$0.09	$0.08	$0.07	$0.06	$0.09
Backlog[1]	**71,245**	62,596	57,424	52,651	53,791	53,268	56,964	52,224

[1] See Non-GAAP Measures
[2] The calculation of EBITDA has been modified to exclude the impact of foreign exchange gains and losses
[3] Adjusted to exclude foreign exchange gains and losses and results of derivative instruments, including related income tax adjustments (income tax rate of 29%)

Highlights of the Third Quarter of Fiscal Year 2011

- Sales for the third quarter ended February 28, 2011 increased by 7% to an historical high of \$20,582,100 compared to \$19,227,127 for the third quarter of fiscal year 2010. For the ninth-month period ended February 28, 2011, sales increased by 15.6% to \$59,020,206 compared to \$51,033,792 for the same period last year.

- The backlog of orders expected to translate into sales over the next twelve months also reached a record level of \$71,244,746 as at February 28, 2011, which is 32.4% higher than the corresponding backlog of \$53,791,253 one year earlier. Changes in currency exchange rates had an adverse impact of approximately \$5.7 million on the backlog.

- Gross profit reached \$8,651,719 or 42.0% of sales compared to \$8,203,533 or 42.7% of sales for the third quarter of the previous fiscal year. For the nine-month period ended February 28, 2011, gross profit increased to \$25,866,213 or 43.8% of sales, up from \$23,181,344 or 45.4% of sales for the same period last year.

- EBITDA reached \$5,979,533 or 29.1% of sales compared to \$6,262,328 or 32.6% of sales for the third quarter of the previous fiscal year. EBITDA was adversely affected by (i) SG&A expenses related to the acquisition of MCP Group SA and the acquisition of Sylarus Technologies, LLC, 5N Plus' new facility in Wisconsin and its new Malaysian facility, incurred without 5N Plus yet benefitting from the full revenue potential of these four new initiatives; and (ii) a \$536,426 increase in research and development expenses. For the nine-month period ended February 28, 2011, EBITDA were \$17,602,029 or 29.8% of sales compared to \$16,716,819 or 32.7% of sales for the same period last year.

- Adjusted net earnings (excluding foreign exchange gains and losses and results of derivative instruments) for the third quarter ended February 28, 2011 reached \$3,694,303 (\$0.08 per share), representing a 0.3% decrease over adjusted net earnings of \$3,705,497 (\$0.08 per share) for the same period last year. For the nine-month period ended February 28, 2011, adjusted net earnings increased by 13.1% to \$11,137,412 (\$0.24 per share) compared to \$9,845,642 (\$0.22 per share) for the same period last year.

- Shareholders' equity increased during the quarter to \$136,895,063 up from \$125,678,537 as at May 31, 2010. Cash and cash equivalents were \$42,758,819 as at February 28, 2011 compared to \$63,992,321 as at May 31, 2010. The decrease in cash and cash equivalents is mainly due to a strategic increase in inventories of approximately \$21 million and capital expenditures totalling approximately \$15 million mainly related to Firebird's new facility and the new plant in Wisconsin.

- On January 10, 2011, the US\$3 million convertible note previously provided by 5N Plus to Sylarus Technologies, a producer of germanium substrates for solar cells, was converted into a 66.67% majority interest that 5N Plus now owns.

- On February 3, 2011, 5N Plus announced the signature of new long-term supply agreements with First Solar, Inc. extending until December 31, 2015, and plans to build a new recycling facility in Malaysia. The increase in the quantity of cadmium telluride (CdTe) to be ordered by First Solar will initially be 30% and will reach 60% by 2013, when compared to the minimum quantities prescribed in the original agreements between 5N Plus and First Solar. The new Malaysian plant is expected to be operational by mid-2012.

- 5N Plus also announces that it has completed a \$50 million two-year senior secured revolving facility with National Bank of Canada, as described in 5N Plus' short form prospectus dated April 1, 2011. The revolving facility will replace 5N Plus' existing \$17.5 million revolving credit facility with another bank, which is currently undrawn. 5N Plus intends to use the new revolving facility for corporate purposes, including capital expenditures and permitted acquisitions.

- 5N Plus also announced earlier today the completion of its acquisition of MCP Group SA for $317 million and the closing of the associated "bought deal" equity financing of 13,590,000 common shares at a price of $9.20 per share, for total gross proceeds of $125 million.

We (TSX:VNP) report the results of our third fiscal quarter ended February 28, 2011. This has been a very exciting and rewarding quarter for us as we made great progress in the execution of our growth plan. First in terms of our base business we announced new five-year agreements with our main customer First Solar which now extend until December 31, 2015 superseding our previous agreements and increasing by 30% to 60% the contracted volumes First Solar is committed to purchase from us. This has greatly contributed to our record quarter in terms of sales and backlog and provides a firm base for all of our organic growth initiatives, which include, in addition to our other solar and medical imaging product initiatives, our germanium related activities for which investments are still underway. These include the construction of our new facility in Trail, British Columbia and investments enabling us to acquire a majority ownership in Sylarus aimed at allowing us to develop a germanium wafer manufacturing capability for photovoltaic applications. Such investments are expected to begin generating significant revenues in fiscal 2012 and should contribute to a further strengthening of our base business, the outlook for which remains very promising.

We also announced earlier today the closing of the acquisition of MCP Group, a transformational transaction enabling us to become a global leader in the production and distribution of specialty metals. This acquisition is both highly strategic and accretive providing a means for business diversification and further growth. It is thus well aligned with our vision of becoming a global leader in the production of specialty metals for the clean technology markets.

We would like to thank our employees and shareholders for allowing us to execute on our growth plan during the quarter. We are pleased to welcome our new colleagues from MCP Group into our team which is now theirs as well. Together we now form a stronger company that is well positioned to grow and take advantage of opportunities in a number of exciting new markets, including solar, light-emitting diodes and eco-friendly materials.

Jacques L'Ecuyer
President and Chief Executive Officer

Results of Operations

Introduction

Our sales are generated through the development and production of high-purity metals, compounds and wafers which are used in various electronic applications, including solar cells, radiation detectors, infrared optics and systems, thermoelectric and optical storage. We also provide recycling services to our customers where residues from their manufacturing operations are refined and converted back into a usable product. We have one reportable segment, namely refining and recycling of metals.

Our customer base includes manufacturers of thin-film solar cells, original equipment manufacturers (OEM), and Tier 1 and 2 suppliers which provide consumables, components or sub-assemblies. Our customers are located primarily in the United States, Europe, Israel and Asia. One customer accounted for 66% of our sales respectively during the three and nine-month periods ended February 28, 2011.

Sales, Gross Profit, Net Earnings and Earnings per Share

	Three months ended February 28			Nine months ended February 28		
	2011	2010	Increase (Decrease)	**2011**	2010	Increase (Decrease)
	$	$		**$**	$	
Sales	**20,582,100**	19,227,127	7.0%	**59,020,206**	51,033,792	15.6%
Gross profit	**8,651,719**	8,203,533	5.5%	**25,866,213**	23,181,344	11.6%
Gross profit ratio[1]	**42.0%**	42.7%		**43.8%**	45.4%	
Net earnings[2]	**3,539,623**	4,362,309	(18.9%)	**11,592,110**	10,780,699	7.5%
Adjusted net earnings [1]	**3,694,303**	3,705,497	(0.3%)	**11,137,412**	9,845,642	13.1%
Basic earnings per share [2]	**0.08**	0.09		**0.25**	0.24	
Basic adjusted net earnings [1]	**0.08**	0.08		**0.24**	0,21	

[1] See Non-GAAP Measures
[2] Earnings from continuing operations

Sales for the third quarter reached a record level of $20,582,100, a 7% increase over sales of $19,227,127 for the same period last year. This increase was mainly attributable to the product portfolio extension and higher volume sales for solar and non-solar applications. Sales for the third quarter in the solar market represented 72.5% compared to 71.2% for the corresponding period last year. Exchange rate fluctuations in the US dollar and the Euro negatively impacted sales by approximately $1.4 million for the quarter ended February 28, 2011.

Sales for the nine-month period ended February 28, 2011 were $59,020,206, a 15.6% increase over sales of $51,033,792 for the corresponding period in 2010. This increase is driven by the same factors identified above for the quarter. Sales in the solar market represented 72.5% compared to 81.4% for the corresponding period last year. Exchange rate fluctuations in the US dollar and the Euro negatively impacted sales by approximately $4.4 million for the nine-month period.

Gross profit for the third quarter increased by 5.5% to $8,651,719 compared to $8,203,533 for the same period last year, corresponding to gross profit ratio of 42.0% and 42.7% respectively. The decrease in the percentage is mainly due to the strengthening of the Canadian dollar in relation to the U.S. dollar and Euro, partly offset by a decrease in unit costs per quantity produced. For the nine-month period ended February 28, 2011, gross profit increased by 11.6% to $25,866,213 compared to $23,181,344, corresponding to gross profit ratio of 43.8% and 45.4% respectively. The increase in gross profit is mainly due to higher sales. The decrease in gross profit ratio reflects the strengthening of the Canadian dollar in relation to the U.S. dollar and Euro, partly offset by a decrease in unit costs per quantity produced reflecting our constant improvement in our manufacturing processes.

Net earnings for the third quarter ended February 28, 2011 were $3,539,623 ($0.08 per share) compared to $4,075,513 ($0.09 per share) for the same period last year. Our net earnings were adversely impacted by (i) SG&A expenses related to the acquisition of MCP, the acquisition of Sylarus, our new facility in Wisconsin and our new Malaysian facility while we did not yet benefit from the full revenue potential of these four initiatives; (ii) a variation in foreign exchange gain/losses of $739,009 compared to 2010; and (iii) an increase of $536,426 in research and development ("R&D") expenses. Net earnings for the nine-month period ended February 28, 2011 were $11,592,110 ($0.25 per share) representing a 7.5% increase over net earnings of $10,307,869 ($0.23 per share) for the same period last year. These increases were mainly the result of higher gross profit and interest revenues partially offset by the impact of R&D and selling, general and administrative ("SG&A") expenses.

Adjusted net earnings for the third quarter ended February 28, 2011 were $3,694,303 ($0.08 per share) compared to $3,705,497 ($0.08 per share) for the same period last year. Our net earnings were adversely impacted by (i) Incremental SG&A Expenses; and (ii) an increase of $536,426 in R&D expenses. Adjusted net earnings for the nine-month period ended February 28, 2011 were $11,137,412 ($0.24 per share) representing a 13.1% increase over adjusted net earnings of $9,845,642 ($0.22 per share) for the same period last year. These increases were mainly the result of higher gross profit and interest revenues partially offset by the impact of R&D and selling, general and administrative expenses.

Net earnings per share (basic) for the current quarter are calculated based on a weighted average number of common shares outstanding of 45,859,418 and of 45,745,154 for the three and nine-month periods ended February 28, 2011 respectively. Net earnings per share (basic) for the three and nine-month periods of the previous fiscal year are calculated based on a weighted average number of common shares of 45,615,999 and 45,563,382 respectively.

SG&A and R&D Expenses

	Three months ended February 28		Nine months ended February 28	
	2011	2010	**2011**	2010
	$	$	**$**	$
SG&A expenses	**1,775,445**	1,556,060	**5,909,852**	5,285,279
Percentage of sales	**8.6%**	8.1%	**10.0%**	10.4%
R&D expenses (net of tax credits)	**921,571**	385,145	**2,379,163**	1,179,246
Percentage of sales	**4.5%**	2.0%	**4.0%**	2.3%

SG&A increased in the three and nine-month periods ended February 28, 2011 primarily due to expenses associated with the inclusion of Sylarus in our consolidated results for the first time, the Company's new facility in Wisconsin and most recently announced, the new facility in Malaysia and the acquisition of MCP. SG&A expenses were $1,775,445 in the third quarter compared to $1,556,060 for the corresponding period last year. SG&A were $5,909,852 for the nine-month period ended February 28, 2011 compared to $5,285,279 for the same period last year. As a percentage of sales, SG&A expenses increased from 8.1% to 8.6% in the third quarter. For the nine-month period ended February 28, 2011, SG&A decreased as a percentage of sales from 10.4% to 10.0% mainly due to expenses associated with uncompleted acquisition projects of $1.1 million last year.

R&D expenses net of tax credits were $921,571 in the third quarter compared to $385,145 in the same period last year, representing 4.5% and 2.0% of sales respectively. For the nine-month period ended February 28, 2011, R&D expenses were $2,379,163 compared to $1,179,246, representing 4.0% and 2.3% of sales respectively. These higher levels of R&D expenses are consistent with the Company's continuing efforts aimed at developing new products, intensifying its recycling activities and providing means for continuous improvement.

Reconciliation of EBITDA

	Three months ended February 28			Nine months ended February 28		
	2011	2010	Increase (Decrease)	**2011**	2010	Increase (Decrease)
	$	$		**$**	$	
Net earnings[1]	**3,539,623**	4,362,309	(18.9%)	**11,592,110**	10,780,699	7.5%
Financial expenses & interest income	**3,098**	(44,106)	107.0%	**(181,694)**	(217,724)	(16.5%)
(Gain) loss on foreign exchange	**217,859**	(521,150)	(141.8%)	**(640,420)**	(651,024)	(1.6%)
Depreciation and amortization	**826,587**	720,129	14.8%	**2,226,111**	2,027,765	9.8%
Income taxes	**1,392,366**	1,745,146	(20.2%)	**4,605,921**	4,777,103	(3.6%)
EBITDA	**5,979,533**	$ 6,262,328	(4.5%)	**17,602,028**	16,716,819	5.3%

[1]Net earnings from continuing operations

EBITDA for the third quarter ended February 28, 2011 were $5,979,533 representing a 4.5% decrease compared to $6,262,328 for the third quarter last year. This decrease is primarily due to (i) loss on foreign exchange; and (ii) an increase in R&D expenses. EBITDA for the nine-month period ended February 28, 2011 were $17,602,028 representing a 5.3% increase compared to $16,716,819 for the same period last year. This increase is primarily due to higher net earnings.

Financial Expenses, Interest Income, Foreign Exchange, Depreciation, Amortization and Income Taxes

The combined financial expenses and interest income netted a loss of $3,098 for the third quarter and a gain of $181,694 for the nine-month period ended February 28, 2011. This compares with a gain of $44,106 for the third quarter of the previous fiscal year and $217,724 for the nine-month period ended February 28, 2011. The decrease is attributable mainly to interest revenue on Sylarus' convertible debenture prior to the conversion into shares on January 10, 2011 and by Firebird's implicit interest on long-term debt.

Depreciation and amortization expenses for the third quarter ended February 28, 2011 were $826,587 compared to $720,129 for same period last year. For the nine-month period ended February 28, 2011 depreciation and amortization expenses increased to $2,226,111 up from $2,027,765 in the corresponding period of the previous fiscal year. These increases were mainly due to the continuous investments by the Company in property plant and equipment to support its organic growth.

Income taxes were $1,392,366 for the third quarter ended February 28, 2011, compared to $1,745,146 for the same period last year, corresponding to effective tax rates of 28.2% and 28.6% respectively. For the nine-month period ended February 28, 2011, income taxes were $4,605,921 compared to $4,777,103 for the same period last year, corresponding to effective tax rates of 28.4% and 30.7% respectively. The decrease in the effective tax rates is mainly due to a decrease in the federal statutory income tax rate. For the nine-month period ended February 28, 2010, non-deductible acquisition-related expenses accounted for higher effective income tax rate.

Liquidity and Capital Resources

	s at February 28, 2011	As at May 31, 2010
	$	$
Working capital[4]	**89,959,077**	97,817,431
Current ratio[1]	**7.3**	18.0
Property, plant and equipment and intangible assets	**48,449,564**	28,208,215
Total assets	**160,596,192**	138,521,308
Total debt[1]	**6,415,803**	4,820,623
Shareholders' equity	**136,895,063**	125,678,537

Working Capital and Current Ratio
As at February 28, 2011, working capital was $89,959,077 compared to $97,817,431 as at May 31, 2010. The decrease in working capital and current ratio are mainly due to higher accounts payable and accrued liabilities.

Accounts receivable
Accounts receivable amounted to $7,713,008 as at February 28, 2011 compared to $4,774,460 as at May 31, 2010. The increase is due to a change in payment terms with some clients.

Inventories
As at February 28, 2011, inventories amounted to $48,264,501 compared to $27,705,149 as at May 31, 2010. This increase is the result of a strategic decision to hold a larger amount of raw materials in stock combined with a higher replacement cost. We believe that these increases in raw materials are warranted both by current market conditions as well as operational considerations including the start-up of our new Firebird facility.

Prepaid expenses and deposit
Prepaid expenses and deposits increased from $1,073,025 as at May 31, 2010 to $2,263,719 as at February 28, 2011 due to new advances on equipment related to the start-up of our new Firebird plant.

Accounts payable and accrues liabilities
Accounts payable and accrued liabilities amounted to $12,106,273 as at February 28, 2011 compared to $4,646,220 as at May 31, 2010. This increase is mainly due to the incurrence of non-recurring costs attributable to the MCP acquisition and our new revolving facility financing. Payables related to our new Firebird plant and the inclusion of Sylarus in our consolidated balance sheet also contributed to this increase.

Property, Plant and Equipment and Intangible Assets
We incurred $8,564,294 of capital expenditures during the quarter ended February 28, 2011 compared to $1,081,334 during the same period last year. For the nine-month period ended February 28, 2011, we incurred $17,430,242 compared to $3,897,158 for the same period last year. The construction of Firebird's new facility and the new plant in Wisconsin consumed $3,809,000 during the third quarter and $11,073,000 during nine-month period. These projects represent an investment of approximately $12 million and will be completed in Q4. The majority of the capital investments related to these two projects have already been incurred.

Shareholders' Equity
Shareholders' equity was $136,895,063 or 85.2% of total assets as at February 28, 2011 compared to $125,678,537 or 90.7% as at May 31, 2010, illustrating the positive impact of net earnings in the three and nine-month periods. Foreign exchange gains or losses arising from the translation of self-sustaining foreign subsidiaries' accounts into Canadian dollars are deferred and reported as accumulated other comprehensive income in the Consolidated Statements of Comprehensive Income. Changes in the fair value of foreign currency forward contracts or cash designated as cash flow hedges or as future purchases of raw material are initially recorded in other comprehensive income and are reclassified to consolidated net earnings when realized.

Cash Flows

	Three months ended February 28		Nine months ended February 28	
	2011	2010	**2011**	2010
	$	$	**$**	$
Operating activities	**(2,511,908)**	2,245,684	**(2,193,045)**	9,955,739
Investing activities	**(8,156,053)**	(8,906,030)	**(19,914,006)**	(11,793,062)
Financing activities	**31,294**	(95,310)	**495,792**	(125,965)
Effect of foreign exchange rate changes on cash and cash equivalents and cash designated	**(1,353,354)**	(194,815)	**(1,622,243)**	(154,942)
Decrease from discontinued operations	**-**	(1,065,349)	**-**	(1,475,544)
Net decrease in cash and cash equivalents	**(11,990,021)**	(8,015,820)	**(23,233,502)**	(3,593,774)

Cash flow used by operating activities was $2,511,908 in the third quarter ended February 28, 2011 compared to cash provided of $2,245,684 for the same period last year. For the nine-month period ended February 28, 2011, cash flow used by operating activities was $2,193,045 compared to cash provided of $9,955,739 for the corresponding period of last year. Changes in non-cash working capital items resulted in a use of cash of $7,148,669 in the third quarter and $16,608,602 in the nine-month period ended February 28, 2011. The increase in working capital requirement was mainly the result of higher inventories and higher accounts receivables, partly offset by higher accounts payable and accruals.

Reconciliation of capital expenditures and cash flows from investing activities

	Three months ended February 28		Nine months ended February 28	
	2011	2010	**2011**	2010
	$	$	**$**	$
Acquisition of property, plant and equipment, intangible	**8,564,294**	1,081,334	**17,430,242**	3,897,158
Acquisition and accretion of a convertible debenture	**152,739**	-	**3,327,816**	-
Acquisition of a business (net of cash and cash equivalents)	**(509,156)**	7,748,027	**(509,156)**	7,748,027
Other assets	**1,246,767**	(85,038)	**1,279,256**	(7,501)
Acquisition of property, plant and equipment, intangible and other assets unpaid and included in accounts payable and accrued liabilities:				
Beginning of the period	**515,543**	198,778	**199,982**	192,453
End of the period	**(1,814,134)**	(37,071)	**(1,814,134)**	(37,071)
Cash flows used by investing activities	**8,156,053**	8,906,030	**19,914,006**	11,793,062

Investing activities consumed $8,156,053 and $19,914,006 for the three and nine-month periods respectively compared to $8,906,030 and $11,793,062 for the same periods last year. The major investing activities were related to the construction of Firebird's new facility and the new recycling plant in Wisconsin.

Cash provided by financing activities was $31,294 during the third quarter ended February 28, 2011 compared to a use of $95,310 for the same period last year, mainly due to proceeds from the exercise of stock options. For the nine-month period ended February 28, 2011, cash flow provided from financing activities was $495,792 compared to a use of $125,965 for the same period last year due also to proceeds from the exercise of stock options, net of long term debt repayments.

Our cash position decreased by $11,990,021 in the third quarter to $42,758,819 compared to a decrease of $8,015,820 for the same period last fiscal year. We are very confident that our cash flow from our operations will be sufficient to fund our working capital and capital expenditure requirements.

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.

On February 28, 2011 a total of 45,885,500 common shares were issued and outstanding, and no preferred shares were issued or outstanding.

Stock Option Plan

In October 2007, the Company adopted a Stock Option Plan ("the Plan") for directors, officers and employees. The aggregate number of shares which may be issued upon the exercise of options granted under the Plan may not exceed 10% of the issued shares of the Company at the time of granting the options. Options granted under the Plan may be exercised during a period not exceeding ten years from the date of the grant. The outstanding stock options as at February 28, 2011 may be exercised during a period not exceeding six years from their date of grant. Options vest at a rate of 25% (100% for directors) per year, beginning one year following the grant date of the options. As of April 11, 2011, this plan has been replaced by a new plan with similar terms.

The following table presents information concerning all outstanding stock options:

	Three months ended February 28			
	2011		2010	
	Number of options	**Weighted average exercise price**	Number of options	Weighted average exercise price
		$		$
Beginning of period	**1,460,880**	**4.45**	1,239,985	3.91
Granted	**-**	**-**	376,500	5.23
Cancelled	**-**	**-**	-	-
Exercised	**(37,525)**	**3.26**	(5,800)	3.00
End of period	**1,423,355**	**4.48**	1.610,685	4.23

	Nine month ended February 28			
	2011		2010	
	Number of options	**Weighted average exercise price**	Number of options	Weighted average exercise price
		$		$
Beginning of period	**1,596,615**	**4.24**	1,439,555	3.78
Granted	**262,308**	**4.95**	426,500	5.38
Cancelled	**(177,518)**	**5.12**	(157,595)	4.00
Exercised	**(258,050)**	**3.04**	(97,775)	3.10
End of period	**1,423,355**	**4.48**	1,610,685	4.23

Restricted stock unit incentive plan

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

For the nine-month period ended February 28, 2011, the Company granted 33,129 RSU and recorded a provision of $72,097.

Restricted stock unit incentive plan for foreign employees

On June 7, 2010, the Company adopted a Restricted Share Unit for Foreign Employees ("RSUFE") Plan. RSUFE granted under the RSUFE Plan may be exercised during a period not exceeding ten years from the date of the grant. The RSUFE outstanding as at February 28, 2011 may be exercised during a period not exceeding six years from their date of grant. RSUFE vest at a rate of 25% per year, beginning one year following the grant date of the options.

For the nine-month period ended February 28, 2011, the Company granted 8,549 RSUFE and recorded a provision of $12,873.

Backlog

The backlog of orders which are expected to translate into sales within the next 12 months reached a record level for the Company and amounted to $71,244,746 as at February 28, 2011 which is 32.4% higher than the corresponding backlog of $53,791,253 as at February 28, 2010. Changes in currency exchange rates had an adverse impact of approximately $5.7 million on the backlog.

Acquisitions of MCP Group S.A. and financing

On February 28, 2011, the Company announced that it has entered into a definitive acquisition agreement with the shareholders of MCP Group SA to acquire all of the outstanding shares of MCP (the "Acquisition"). Pursuant to the acquisition agreement, the shares of MCP would be purchased for a cash consideration of €105,793,548 ($142,757,814), a promissory note and holdback to the vendors of €61,879,244 ($83,499,852) and 11,377,797 common shares of the Company to be issued to the vendors. The parties were subject to a break-up fee of €15 million in the case where they would choose not to complete the transaction under the terms stipulated in the agreement. The closing of the transaction occurred on April 11, 2011. Total costs of $1,265,383 relating to this transaction have been capitalized as at February 28, 2011 and recorded in the balance sheet as other assets.

On March 21, 2011, the Company announced it has entered into a bought deal agreement under which it would issue 13,590,000 subscription receipts to finance part of the Acquisition at a price of $9.20 per subscription receipt for gross proceeds of $125,028,000 (the "Financing"). A short form prospectus was issued on April 1, 2011 related to the Financing. The Financing closed on April 11, 2011.

Because the closing of the Acquisition and the Financing occurred on the same date, the Company delivered common shares instead of subscription receipts to investors in the Offering. The Company also gave the underwriters an over-allotment option of 2,038,500 subscription receipts with the same terms and condition as the first 13,590,000 subscription receipts. The underwriters may exercise the over-allotment option until 30 days after closing of the Financing. The gross proceeds would be $143,782,200 if the over-allotment option is exercised in full. The underwriters' fees are 4% of the gross proceeds of the Financing.

On February 25, 2011, the Company obtained a commitment letter from the National Bank of Canada ("NBC") agreeing to provide, as sole lender or as part of a group of financial institutions on a syndicated basis , an aggregate of $140 million of secured credit facilities in our favour, consisting of a: (i) $50 million two-year senior secured revolving facilit ; and (ii) $90 million 270-day senior secured bridge facility.

The Company entered into a definitive agreement with respect to the Revolving Facility on April 11, 2011. The Company intends to use the Revolving Facility for general corporate purposes, including capital expenditures and permitted acquisitions. The Revolving Facility will replace the existing $17.5 million revolving credit facility with another bank, which is currently undrawn. Since the Financing was completed before the closing of the Acquisition, the Company did not use, or enter into a definitive agreement with respect to, the Bridge Facility.

Accounting Policies

The Company's unaudited interim consolidated financial statements have been prepared in accordance with Canadian GAAP and use the same accounting policies and methods used in the preparation of the Company's 2010 annual audited consolidated financial statements. The key assumptions and basis for estimates that management has made under GAAP 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 2010 annual audited consolidated financial statements.

Future changes in accounting policies

Adoption of International Financial Reporting Standards (IFRS)

In February 2008, the AcSB confirmed that Canadian GAAP for publicly accountable entities will be changed to IFRS. IFRS uses a conceptual framework similar to Canadian GAAP, but there are significant differences on recognition, measurement and disclosures. This change is effective for our interim and annual financial statements beginning June 1, 2011.

There has been no significant change to our IFRS changeover plan and our project is progressing according to plan. 5N Plus' external auditors have started reviewing the Company's IFRS opening balance sheet impacts. There has been no significant modification in key differences in accounting treatment and potential key impacts as assessed in our annual Report 2010. We will provide updates as further progress is achieved and conclusions are reached.

The key differences in accounting treatment and potential key impacts as assessed in our Annual Report for fiscal year 2010 remain valid. Since that time, we have progressed in our assessment of the impact of differences in accounting policy and reached the following additional conclusions:

Functional currency

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

Hedge accounting

IAS 39 — Since the Company will change its functional currency, the actual hedge accounting would not be valid under IFRS and therefore the fair market value of all of our financial instruments for hedging purposes will be accounted for in the consolidated statements of income during the year ended May 31, 2011.

Property, plant and equipment

IAS 16 — Property, plant and equipment, requires a more rigorous and broader separation accounting for the asset's components. Other differences between IFRS and Canadian GAAP exist in relation to the guidance when accounting for the replacement of components and the capitalization of administration and service costs which are not allowed under IFRS. The Company concluded that the impact on applying IFRS on the property plant and equipment of the Company will not be significant.

Business combinations

IFRS 3 — Business combinations, requirements differ from the actual Canadian GAAP. Section 1582 replaces former Section 1581 "Business Combinations" and establishes standards for the accounting of a business combination. IFRS requires additional use of fair value measurements, recognition of additional assets and liabilities, increased disclosure for the accounting of a business combination and that acquisition costs be recognized as expenses. Since the Company acquired Firebird, Sylarus and MCP in the last 18 months, the application of IFRS will have significant impact on the Company's consolidated financial results especially since the acquisition costs will have to be included as expenses instead of part of the purchase price.

Stock-based compensation

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

Impairment of assets

IAS 36 — Impairment of assets. IFRS requires a one-step impairment test for identifying and measuring impairment, comparing an asset's carrying value to the higher of its value in use and fair value less cost to sell. Under Canadian GAAP, impairment is based on discounted cash flows only if an asset's undiscounted cash flows are below its carrying value.

We have completed our impairment testing and have not identified any impairment in our IFRS opening balance sheet.

Provisions

IAS 37 — IFRS requires a provision to be recognized when it is probable (more likely than not) that an outflow of resources will be required to settle the obligation, while a higher threshold is used under Canadian GAAP. IFRS also requires a provision to be recognized when a contract becomes onerous, while Canadian GAAP only requires recognition of such a liability in certain situations. We do not expect this difference to have a significant impact on our consolidated financial statements.

Other

The differences identified to date should not be regarded as an exhaustive list and other changes may result from our conversion to IFRS. Furthermore, the disclosed qualitative impacts of our conversion to IFRS reflect our most recent assumptions, estimates and expectations, including our assessment of the IFRS expected to be applicable at the end of our first annual reporting period under IFRS. As a result of changes in circumstances, such as economic conditions or operations, and the inherent uncertainty from the use of assumptions, the actual impacts of our conversion to IFRS may be different from those presented above and in our Annual Report for the fiscal year ended May 31, 2010.

Risks and Uncertainties

Risks and uncertainties and risk management practices are described in the Company's 2010 Management's Report. Risks and uncertainties and risk management have not materially changed for the third quarter of fiscal year 2011 except for the risk associated with the convertible debenture acquired in June 2010 from Sylarus which was converted to a 66.67% interest in Sylarus in Q3 and the risk associated with the acquisition of MCP as outlined in the prospectus filed on April 1, 2011.

Controls and Procedures

Internal Control over Financial Reporting

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

Changes in Internal Control over Financial Reporting

No changes were made to the Company's internal controls over financial reporting that occurred during the third quarter ended February 28, 2011 that have materially affected, or are reasonably likely to materially affect, its internal controls over financial reporting.

Non-GAAP Measures

In this Management's Report, the Company's management uses certain measures which are not in accordance with GAAP. Non-GAAP measures are useful supplemental information but may not have a standardized meaning according to GAAP. These non-GAAP measures include EBITDA, gross profit and gross profit ratio, adjusted net earnings, working capital and current ratio and total debt.

EBITDA means earnings from continuing operations before financing costs, interest income, gain or loss on foreign exchange, income taxes, depreciation and amortization and is presented on a consistent basis from period to period. We use EBITDA because we believe it is a meaningful measure of the operating performance of our ongoing business without the effects of certain expenses. The definition of this non-GAAP measure used by the Company may differ from that used by other companies.

References to adjusted net earnings are our net earnings, adjusted to exclude foreign exchange gains and losses, including related income tax adjustments (applying an income tax rate of 29%). Management believe that adjusted net earnings are useful supplemental measures as they provide investors with an indication of our net earnings excluding the tax-adjusted impact related to foreign-exchange gains and losses. Investors should be cautioned, however, that our adjusted net earnings should not be considered in isolation or construed as an alternative to net earnings determined in accordance with Canadian GAAP as an indicator of our performance. Adjusted net earnings are not recognized measures under, and do not have a standardized meaning prescribed by, Canadian GAAP, and the method used by us to calculate adjusted net earnings may differ from the methods used by other issuers. Accordingly, our adjusted net earnings may not be comparable to similar measures used by other issuers.

Gross profit is a financial measure equivalent to the sales less cost of sales. Gross profit ratio is displayed as a percentage of sales.

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. The current ratio is calculated by dividing current assets by current liabilities.

Total debt is a measure we use to monitor how much debt we have and calculate it by taking our total long-term debt and including the current portion. We use it as an indicator of our overall indebtedness.

Backlog is also a non-GAAP measure that 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.

Related Party Transactions

The Company entered into the following related party transactions with Sylarus Technologies, LLC between June 18, 2010 and January 10, 2011, before converting a convertible note into a 66.67% majority interest in Sylarus:

	Three months ended February 28	Nine months ended February 28
	2011	**2011**
	$	**$**
Sales	**210,957**	**728,165**
Cost of sales	**-**	**328,733**
Interest revenue	**26,144**	**205,200**

Discontinued Operation

On September 1, 2009, the Company had established a joint venture called ZT Plus with BSST, a subsidiary of Amerigon Incorporated in which the Company had a 50% ownership interest. The contribution of each partner in cash or in kind was expected to be US$5,500,000. ZT Plus was accounted for using the proportionate consolidation method. The commercial progress of ZT Plus was slower to develop than anticipated and on March 26, 2010, the Company sold its interest for an amount of US$1,600,000 ($1,632,000). This sale was classified as a discontinued operation and financial results for the second and third quarters have been recalculated. The Company's financial statements for the three and nine-month period ended February 28, 2011 were reclassified to take into account this discontinued operation and its required presentation.

	Three months ended February 28, 2010	Nine months ended February 28, 2010
	$	$
Sales	-	-
R&D expenses	444,046	886,998
Foreign exchange loss	130,941	130,941
Loss before income tax	(574,987)	(1,017,939)
Income taxes recoverable	(288,191)	(545,109)
Net loss from discontinued operations	(286,796)	(472,830)

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.