5N PLUS INC.
INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED
JUNE 30, 2014 AND 2013

(Figures in thousands of United States dollars)

5N PLUS INC.
UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Figures in thousands of United States dollars)

	As at June 30, 2014	As at December 31, 2013
	$	$
ASSETS		
Current		
Cash and cash equivalents	21,655	22,427
Temporary investments (restricted)	2,377	2,490
Accounts receivable	83,436	60,616
Inventories (Note 5)	183,932	174,374
Income tax receivable	4,733	8,455
Derivative financial assets (Note 8)	373	955
Other current assets	2,231	2,290
Total current assets	**298,737**	**271,607**
Property, plant and equipment	63,061	59,614
Intangible assets	14,826	13,143
Deferred tax asset	12,189	13,387
Investments accounted for using the equity method	347	444
Other assets	5,706	7,045
Total non-current assets	**96,129**	**93,633**
Total assets	**394,866**	**365,240**
LIABILITIES AND EQUITY		
Current		
Bank indebtedness	8,937	10,462
Trade and accrued liabilities	55,142	65,016
Income tax payable	5,972	3,660
Derivative financial liabilities (Note 8)	1,940	3,284
Long-term debt due within one year (Note 6)	845	4,439
Total current liabilities	**72,836**	**86,861**
Long-term debt (Note 6)	35,339	68,346
Convertible debentures (Note 7)	49,309	-
Deferred tax liability	1,439	1,600
Retirement benefit obligation	16,669	15,887
Derivative financial liabilities (Note 8)	9,478	953
Other liabilities (Note 10)	13,491	1,064
Total non-current liabilities	**125,725**	**87,850**
Total liabilities	**198,561**	**174,711**
Shareholders’ equity	196,306	190,052
Non-controlling interests	(1)	477
Total equity	**196,305**	**190,529**
Total liabilities and equity	**394,866**	**365,240**

Contingencies (Note 12)

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

5N PLUS INC.
UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF EARNINGS
For the three-month and six-month periods ended June 30, 2014 and 2013

(Figures in thousands of United States dollars, except per share information)

	Three months		Six months	
	2014	**2013**	**2014**	**2013**
	$	**$**	**$**	**$**
Revenues	136,597	112,637	278,976	231,026
Cost of sales	117,041	106,645	239,784	206,033
Selling, general and administrative expenses	10,041	10,150	19,803	19,777
Other expenses (income), net	1,425	(41,293)	4,179	(38,315)
Share of loss from joint ventures	120	117	97	253
	128,627	75,619	263,863	187,748
Operating income	**7,970**	**37,018**	**15,113**	**43,278**
Gain on disposal of property, plant and equipment	-	-	1,312	-
Financial expenses				
Interest on long-term debt	1,322	1,576	2,462	3,418
Imputed interest and other interest expense	409	245	685	1,715
Foreign exchange and derivative (gain) loss	(714)	1,308	(698)	(1,709)
	1,017	**3,129**	**2,449**	**3,424**
Earnings before income taxes	6,953	33,889	13,976	39,854
Income taxes expense (recovery)	2,517	(392)	5,021	35
Net earnings for the period	**4,436**	**34,281**	**8,955**	**39,819**
Attributable to:				
Equity holders of 5N Plus Inc.	4,436	34,185	9,091	39,556
Non-controlling interests	-	96	(136)	263
	4,436	**34,281**	**8,955**	**39,819**
Earnings per share attributable to equity holders of 5N Plus Inc. (Note 11)	$0.05	$0.41	$0.11	$0.47
Basic earnings per share (Note 11)	$0.05	$0.41	$0.11	$0.47
Diluted earnings per share (Note 11)	$0.05	$0.41	$0.11	$0.47

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

5N PLUS INC.
UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the three-month and six-month periods ended June 30, 2014 and 2013

(Figures in thousands of United States dollars)

	Three months		Six months	
	2014	**2013**	**2014**	**2013**
	$	**$**	**$**	**$**
Net earnings for the period	4,436	34,281	8,955	39,819
Other comprehensive (loss) income				
Items that may be reclassified subsequently to the consolidated statement of earnings				
Net changes in cash flow hedges				
Effective portion of changes in fair value of cash flow hedges	244	562	454	799
De-designation of cash flow hedges	-	(171)	-	(241)
Income taxes	(66)	(105)	(133)	(150)
	178	286	321	408
Currency translation adjustment	16	140	(58)	177
	194	426	263	585
Items that will not be reclassified subsequently to the consolidated statement of earnings				
Remeasurement of retirement benefit obligation	(1,100)	-	(1,100)	-
Income taxes	340	-	340	-
	(760)	-	(760)	-
Other comprehensive (loss) income	(566)	426	(497)	585
Comprehensive income for the period	**3,870**	**34,707**	**8,458**	**40,404**
Attributable to equity holders of 5N Plus Inc.	3,870	34,611	8,594	40,141
Attributable to non-controlling interests	-	96	(136)	263

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

5N PLUS INC.
UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
For the six-month periods ended June 30, 2014 and 2013

(Figures in thousands of United States dollars)

	For the six-month periods ended	
	June 30, 2014	**June 30, 2013**
	$	**$**
Operating activities		
Net earnings for the period	8,955	39,819
Adjustments to reconcile net earnings to cash flows		
Depreciation of property, plant and equipment and amortization of intangible assets	5,579	5,142
Amortization of other assets	383	1,630
Share-based compensation expense	204	253
Deferred income tax	782	(4,431)
Impairment of inventories	-	10,182
Gain on disposal of property, plant and equipment	(1,312)	-
Imputed interest	138	-
Retirement benefit obligation	(327)	-
Share of loss from joint ventures	97	253
Gain related to the settlement of the purchase price of MCP	-	(45,188)
Unrealized gain on non-hedge financial instruments	(2,727)	(2,275)
Unrealized foreign exchange loss on assets and liabilities	808	783
	12,580	6,168
Net change in non-cash working capital balances related to operations (Note 10)	(26,218)	7,516
Cash flows (used in) from operating activities	(13,638)	13,684
Investing activities		
Business acquisitions, net of cash acquired (Note 4)	(1,525)	-
Acquisition of property, plant and equipment and intangible assets	(5,861)	(4,797)
Proceeds on disposal of property, plant and equipment	1,955	-
Temporary investments (restricted)	113	22
Cash flows used in investing activities	(5,318)	(4,775)
Financing activities		
Repayment of long-term debt	(36,690)	(20,025)
Proceeds from the issuance of long-term debt	88	14,729
Proceeds from the issuance of convertible debentures, net of transaction costs (Note 7)	58,062	-
Net (decrease) increase in bank indebtedness	(1,525)	1,971
Issuance of common shares	164	-
Financial instruments – net	1,109	224
Acquisition of 33.33% interest in a subsidiary, including transaction costs (Note 4)	(3,050)	-
Cash flows from (used in) financing activities	18,158	(3,101)
Effect of foreign exchange rate changes on cash and cash equivalents	26	145
Net (decrease) increase in cash and cash equivalents	(772)	5,953
Cash and cash equivalents at beginning of period	22,427	9,535
Cash and cash equivalents at end of period	**21,655**	**15,488**

Supplemental information[(1)]		
Income tax refunded	(2,241)	(5,737)
Interest paid	2,605	1,274

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

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

5N PLUS INC.
UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(Figures in thousands of United States dollars, except number of shares)

	Attributable to equity holders of the Company							
Six-month period ended June 30, 2014	**Number of shares**	**Share capital $**	**Contributed surplus $**	**Accumulated other comprehensive loss $**	**Deficit $**	**Total shareholders' equity $**	**Non-controlling interests $**	**Total equity $**
Balances at beginning of period	83,908,269	343,272	3,747	(1,555)	(155,412)	190,052	477	190,529
Net earnings (loss)	-	-	-	-	9,091	9,091	(136)	8,955
Other comprehensive income (loss)								
Net changes in cash flow hedges	-	-	-	321	-	321	-	321
Currency translation adjustment	-	-	-	(58)	-	(58)	-	(58)
Remeasurement of retirement benefit obligation	-	-	-	(760)	-	(760)	-	(760)
Total comprehensive income (loss)	-	-	-	(497)	9,091	8,594	(136)	8,458
Exercise of stock options	71,388	234	(70)	-	-	164	-	164
Share-based compensation	-	-	204	-	-	204	-	204
Acquisition of a 33.33% interest in a subsidiary (Note 4)	-	-	-	-	(2,708)	(2,708)	(342)	(3,050)
Balances at end of period	**83,979,657**	**343,506**	**3,881**	**(2,052)**	**(149,029)**	**196,306**	**(1)**	**196,305**

	Attributable to equity holders of the Company							
Six-month period ended June 30, 2013	**Number of shares**	**Share capital $**	**Contributed surplus $**	**Accumulated other comprehensive loss $**	**Deficit $**	**Total shareholders' equity $**	**Non-controlling interests $**	**Total equity $**
Balances at beginning of period	83,908,269	343,272	3,180	(3,424)	(198,073)	144,955	358	145,313
Net earnings	-	-	-	-	39,556	39,556	263	39,819
Other comprehensive income								
Net changes in cash flow hedges	-	-	-	408	-	408	-	408
Currency translation adjustment	-	-	-	177	-	177	-	177
Total comprehensive income	-	-	-	585	39,556	40,141	263	40,404
Share-based compensation	-	-	253	-	-	253	-	253
Balances at end of period	**83,908,269**	**343,272**	**3,433**	**(2,839)**	**(158,517)**	**185,349**	**621**	**185,970**

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

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

NOTE 1 – GENERAL INFORMATION

Nature of operations

5N Plus Inc. ("5N Plus" or the "Company") is a Canadian-based international company. 5N Plus is a producer of specialty metal and chemical products. Fully integrated with closed-loop recycling facilities, the Company's head office is located at 4385 Garand Street, Saint-Laurent, Quebec (Canada) H4R 2B4. The Company operates manufacturing facilities and sales offices in several locations in Europe, the Americas and Asia. The Company's shares are listed on the Toronto Stock Exchange ("TSX"). 5N Plus and its subsidiaries represent the "Company" mentioned throughout these unaudited interim condensed consolidated financial statements. The Company has two reportable business segments, namely Electronic Materials and Eco-Friendly Materials.

The Electronic Materials segment operates in North America, Europe and Asia. Its main products are associated with the following metals: cadmium, gallium, germanium, indium and tellurium. These metals are sold as elements, alloys, chemicals and compounds.

The Eco-Friendly Materials segment operates in Europe and China. It manufactures and sells refined bismuth and bismuth chemicals, low melting-point alloys, as well as refined selenium and selenium chemicals.

The Company's operations are not subject to seasonal fluctuations.

These unaudited interim condensed consolidated financial statements were authorized for issuance by the Company's Board of Directors on August 7, 2014.

NOTE 2 – BASIS OF PRESENTATION

These unaudited interim condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and as applicable to the preparation of interim financial statements, including International Accounting Standard ("IAS") 34, "Interim Financial Reporting". These interim condensed consolidated financial statements should be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2013, which have been prepared in accordance with IFRS as issued by the IASB.

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

The functional and presentation currency of the Company is the United States dollar.

Income taxes

Taxes on income in interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

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

NOTE 3 – ACCOUNTING POLICIES

The accounting policies followed in these unaudited interim condensed consolidated financial statements are consistent with those used to prepare the annual consolidated financial statements for the year ended December 31, 2013, except as described below.

Embedded derivatives

Embedded derivatives, which include debenture conversion option, are recorded at fair value separately from the host contract when their economic characteristics and risks are not clearly and closely related to those of the host contract. Subsequent changes in fair value are recorded in financial expenses in the consolidated statements of earnings.

Changes in accounting policies

The Company has adopted the following new and revised standards, along with any consequential amendments, effective January 1, 2014. These changes were made in accordance with the applicable transitional provisions.

International Financial Reporting 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 result in any significant changes to the interim financial statements.

New standards not yet adopted
A number of new standards, amendments to standards and interpretations are effective for annual periods beginning on or after January 1, 2015, and have not been applied in preparing these interim condensed consolidated financial statements. None of these is expected to have a significant effect on the Company’s consolidated financial statements, except the following set out below.

IFRS 9, “Financial Instruments”, as issued, reflects the current status of the IASB’s work plan on the replacement of IAS 39 and applies to classification and measurement of financial assets and financial liabilities, as defined in IAS 39. The IASB is also addressing hedge accounting and impairment of financial assets. In December 2013, the IASB removed the mandatory effective date of IFRS 9 until all phases of the project have been completed. The mandatory effective date has yet to be determined; however, it has been deferred beyond annual periods beginning on or after January 1, 2015.

The Company has not yet quantified the effect of the published phases of IFRS 9 nor does it intend at this time to early adopt IFRS 9 until the mandatory effective date.

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

NOTE 4 – BUSINESS ACQUISITIONS

Acquisition of 33.33% interest in a subsidiary

On April 3, 2014, the Company acquired for an amount of $2,975 the remaining 33.33% ownership interest in its subsidiary, Sylarus Technologies LLC, a germanium substrate supplier, and changed its name to 5N Plus Semiconductors LLC. As a result, Sylarus became a wholly owned subsidiary of the Company. The consideration paid with the related transaction costs have been recorded in equity.

Acquisition of Advanced Machine and Materials Inc.

On May 5, the Company acquired all of the issued and outstanding shares in the capital of Advanced Machine and Materials Inc. ("AM&M") for a total consideration of $2,290 (CA$2,517), mostly representing an intangible asset. AM&M is a Kanata, Ontario based corporation specialized in manufacturing micron-sized metallic powders which can be used in a variety of electronic markets, including solder powders, silver-based powders and CIGS powders. The total consideration includes amounts outstanding to be paid up to May 2015 and a contingent consideration.

NOTE 5 – INVENTORIES

	June 30, 2014	December 31, 2013
	$	$
Raw materials	47,307	45,356
Finished goods	136,625	129,018
Total inventories	**183,932**	**174,374**

For the three-month and six-month periods ended June 30, 2014, a total of $100,372 and $207,904 of inventories was included as an expense in cost of sales ($89,169 and $180,938 for the three-month and six-month periods ended June 30, 2013).

For the three-month and six-month periods ended June 30, 2014, a total of $1,645 and $2,699 of inventories previously written down was recognized as a reduction of expenses in cost of sales ($6,483 and $12,948 for the three-month and six-month periods ended June 30, 2013).

The majority of inventories are pledged as security for the senior secured revolving facility (Note 6).

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

NOTE 6 – LONG-TERM DEBT

Long-term debt

	June 30, 2014	December 31, 2013
	$	$
Senior secured revolving facility of $100,000 with a syndicate of banks, maturing in August 2015[1]	35,218	68,020
Unsecured balance of holdback to the former shareholders of MCP for an amount of €2,500. The holdback was paid in April 2014	-	3,448
Term loan, non-interest bearing, repayable under certain conditions, maturing in 2023. If the loan has not been repaid in full by the end of 2023, the balance will be forgiven[2]	706	733
Other loans	260	584
	36,184	72,785
Less: Current portion of long-term debt	845	4,439
	35,339	**68,346**

(1) In March 2013, the Company signed an amendment to its senior secured multi-currency revolving credit facility, under which the facility was reduced to $100,000 starting March 31, 2013. The amendment established new financial covenants for the year 2013 and maintained the original maturity (August 2015). The interest rate was changed and is linked to the Debt/EBITDA ratio, and can vary from LIBOR, banker's acceptance rate or EURIBOR plus 3.00% to 4.50% or US base rate or prime rate plus 2.00% to 3.50%. Standby fees from 0.75% to 1.125% are paid on the unused portion. At any time, the Company has the option to request that the credit facility be expanded to $140,000 through the exercise of an additional $40,000 accordion feature, subject to review and approval by the lenders. This revolving credit facility can be drawn in US dollars, Canadian dollars or Euros. The amount drawn as at June 30, 2014 and as at December 31, 2013 are in US dollars. The facility is subject to covenants. As at June 30, 2014, the Company has met all covenants.

(2) The term loan is classified as short-term debt since these amounts could become payable on demand.

NOTE 7 – CONVERTIBLE DEBENTURES

In June 2014, the Company issued convertible unsecured subordinated debentures for CA$60,000 (US$55,266) and an additional over-allotment option for CA$6,000 (US$5,580) for a total of CA$66,000 (US$60,846). The convertible unsecured subordinated debentures bear interest at a rate of 5.75% per annum, payable semi-annually on June 30 and December 31, commencing on December 31, 2014. The convertible debentures are convertible at the holder's option into the Company's common shares at a conversion price of CA$6.75 per share, representing a conversion rate of 148.1 common shares per CA$1,000 principal amount of convertible debentures. The convertible debentures will mature on June 30, 2019 and may be redeemed by the Company, in certain circumstances, after June 30, 2017.

The debenture conversion option was recorded as a derivative liability (Note 8). In accordance with IFRS, an obligation to issue shares for a price that is not fixed in the Company's funtional currency must be classified as a derivative liability and measured at fair value, with changes recognized in foreign exchange and derivative loss (gain) in the consolidated statements of earnings.

The fair value of the debenture conversion option, which consists of the holder's conversion option subject to the Company's early redemption options, was estimated based on a methodology for pricing convertible bonds using partial differential equations ("PDE"), with the following assumptions: risk-free interest rate of 2.00%; average expected volatility of 40%; expected dividend per share of nil; entity-specific credit spread, and expected life of five years. As a result, the initial fair value of the liability representing the debenture conversion option for the two tranches of the issuance of the debenture was estimated at CA$10,484 (US$9,666).

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

NOTE 8 – CATEGORIES OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Fair value

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

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

As at June 30, 2014, the fair value of long-term debt and convertible debentures approximates its carrying value and is calculated using the present value of future cash flows at the period-end rate for similar debt with the same terms and maturities.

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

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

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

As at June 30, 2014	**Level 1**	**Level 2**	**Level 3**
	$	**$**	**$**
Financial assets (liabilities)			
Interest rate swap	-	(1,940)	-
Foreign exchange forward contracts	-	18	-
Derivative forward contracts	-	355	-
Debenture conversion option (Note 7)	-	-	(9,478)
Total	**-**	**(1,567)**	**(9,478)**

As at December 31, 2013	**Level 1**	**Level 2**
	$	**$**
Financial assets (liabilities)		
Interest rate swap	-	(2,588)
Foreign exchange forward contracts	-	(1,468)
Derivative forward contracts	-	955
Warrants	(181)	-
Total	**(181)**	**(3,101)**

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

Derivative assets and liabilities

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

- Interest rate swap to fix the interest rate on part of its revolving credit facility;
- Foreign exchange forward contracts to sell US dollars in exchange for Euros or Canadian dollars; and to sell Euros in exchange for US dollars, related to hedge strategies;
- Derivative forward contracts to sell and buy precious metals at a fixed price;
- Debenture conversion option; and
- Warrants.

The derivative financial instruments are measured at fair value as follows:

Assets (liabilities)	**June 30, 2014**	**December 31, 2013**
	$	**$**
Interest rate swap[(1)]	(1,940)	(2,588)
Foreign exchange forward contracts	18	(1,468)
Derivative forward contracts[(2)]	355	955
Warrants	-	(181)
Debenture conversion option[(3)] (Note 7)	(9,478)	-
Total	**(11,045)**	**(3,282)**

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

The Company assessed the effectiveness of the cash flow hedge as at June 30, 2014.

(2) In February 2014, the Company entered into two derivative forward contracts to sell silver at a fixed price to cover purchases of materials containing the precious metal. The first contract fixes the price at $21.83 per ounce as at August 5, 2014 and its nominal value is approximately $1,900. This contract replaces the previous one that had been entered into in March 2013 and for which the Company received $747 on early settlement during this quarter. The second contract fixes the price at $20.86 per ounce as at February 3, 2015 and its nominal value is approximately $2,200. Gains or losses on these derivative forward contracts are recorded as part of the cost of sales. In May 2014, the Company entered into two new derivative forward contracts in opposite position in order to crystallize its gain and to neutralize the impacts in the consolidated statements of earnings.

(3) This instrument is classified as a Level 3 financial instrument, since the implied volatility is an unobservable input. A derivative gain of $188 was recognized in the statement of earnings for the three- and six-month periods ended June 30, 2014. An increase (decrease) of 5% in the volatility would have increased (decreased) the fair value of the debenture conversion option, as at June 30, 2014, by $1,779.

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

The following methods were used to estimate fair value:

- Interest rate swap: Estimated by discounting expected future cash flows using period-end interest rate yield curves;
- Foreign exchange forward contracts: Estimated by discounting expected future cash flows using period-end currency rate;
- Derivative forward contracts: Estimated by discounting expected future cash flows using period-end market price of the precious metal (silver);
- Debenture conversion option: Refer to Note 7 for details of valuation models; and
- Warrants: Fair value based on the TSX closing price. The ticker symbol of the publicly traded warrants is VNP.WT.

NOTE 9 – OPERATING SEGMENTS

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

For the three-month period ended June 30, 2014	**Eco-Friendly Materials**	**Electronic Materials**	**Corporate and Unallocated**	**Total**
	$	**$**	**$**	**$**
Segment revenues	**92,053**(3)	**44,544**(3)	**-**	**136,597**
Adjusted EBITDA(1)	6,241(4)	7,157(4)	(2,582)	10,816
Interest on long-term debt, imputed interest and other interest expense	-	-	1,731	1,731
Litigation and restructuring costs	13	14	(21)	6
Foreign exchange and derivative gain(2)	-	-	(714)	(714)
Depreciation and amortization	798	2,002	40	2,840
Earnings (loss) before income tax	5,430	5,141	(3,618)	6,953
Capital expenditures	**912**	**2,720**	**-**	**3,632**

For the three-month period ended June 30, 2013	**Eco-Friendly Materials**	**Electronic Materials**	**Corporate and Unallocated**	**Total**
	$	**$**	**$**	**$**
Segment revenues	69,849(3)	42,788(3)	-	112,637
Adjusted EBITDA(1)	2,958(4)	5,602(4)	(2,017)	6,543
Interest on long-term debt, imputed interest and other interest expense	-	-	1,821	1,821
Litigation and restructuring costs	486	202	1,545	2,233
Impairment of inventories	10,032	150	-	10,182
Gain related to the settlement of the purchase price of MCP	-	-	(45,188)	(45,188)
Foreign exchange and derivative loss(2)	-	-	1,308	1,308
Depreciation and amortization	898	1,364	36	2,298
Earnings (loss) before income tax	(8,458)	3,886	38,461	33,889
Capital expenditures	**1,543**	**710**	**-**	**2,253**

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

For the six-month period ended June 30, 2014	**Eco-Friendly Materials**	**Electronic Materials**	**Corporate and Unallocated**	**Total**
	$	**$**	**$**	**$**
Segment revenues	**186,291**(3)	**92,685**(3)	-	**278,976**
Adjusted EBITDA(1)	12,646(4)	14,105(4)	(5,434)	21,317
Interest on long-term debt, imputed interest and other interest expense	-	-	3,147	3,147
Litigation and restructuring costs	298	142	185	625
Foreign exchange and derivative gain(2)	-	-	(698)	(698)
Gain on disposal of property, plant and equipment	(748)	(564)	-	(1,312)
Depreciation and amortization	1,404	4,095	80	5,579
Earnings (loss) before income tax	11,692	10,432	(8,148)	13,976
Capital expenditures	**1,825**	**4,021**	**15**	**5,861**

For the six-month period ended June 30, 2013	**Eco-Friendly Materials**	**Electronic Materials**	**Corporate and Unallocated**	**Total**
	$	**$**	**$**	**$**
Segment revenues	139,882(3)	91,144(3)	-	231,026
Adjusted EBITDA(1)	8,025(4)	12,680(4)	(4,047)	16,658
Interest on long-term debt, imputed interest and other interest expense	-	-	5,133	5,133
Litigation and restructuring costs	573	258	2,413	3,244
Impairment of inventories	10,032	150	-	10,182
Gain related to the settlement of the purchase price of MCP	-	-	(45,188)	(45,188)
Foreign exchange and derivative gain(2)	-	-	(1,709)	(1,709)
Depreciation and amortization	2,040	3,022	80	5,142
Earnings (loss) before income tax	(4,620)	9,250	35,224	39,854
Capital expenditures	**2,435**	**1,406**	**-**	**3,841**

(1) Earnings (loss) before income tax and the following: depreciation and amortization, financial expense (income), litigation and restructuring costs, impairment of inventories, gain related to the settlement of the purchase price of MCP and gain or loss on disposal of property plant equipment.

(2) The foreign exchange and derivative loss (gain) exclude the loss (gain) on foreign exchange forward contracts on US$/CA$ recorded as part of wages and salaries and the loss (gain) on derivative forward contracts to sell silver metal recorded as part of cost of goods sold.

(3) The total revenues of $9,419 and $21,855 for the three-month and six-month periods ended June 30, 2014 from the recycling and trading of complex materials is allocated to the Eco-Friendly Materials and Electronic Materials segments ($10,478 and $19,015 for the three-month and six-month periods ended June 30, 2013).

(4) The total adjusted EBITDA of $1,511 and $2,872 for the three-month and six-month periods ended June 30, 2014 from the recycling and trading of complex materials is allocated to the Eco-Friendly Materials and Electronic Materials segments ($2,285 and $3,369 for the three-month and six-month periods ended June 30, 2013).

As at June 30, 2014	**Eco-Friendly Materials**	**Electronic Materials**	**Corporate and Unallocated**	**Total**
	$	**$**	**$**	**$**
Total assets excluding the following:	179,874	190,750	11,706	382,330
Investments accounted for using equity method	-	347	-	347
Deferred tax asset	8,599	3,590	-	12,189

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

As at December 31, 2013	Eco-Friendly Materials	Electronic Materials	Corporate and Unallocated	Total
	$	$	$	$
Total assets excluding the following:	154,309	189,397	7,703	351,409
Investments accounted for using equity method	-	444	-	444
Deferred tax asset	9,451	3,936	-	13,387

The geographic distribution of the Company's revenues based on the location of the customers for the three-month and six-month periods ended June 30, 2014 and 2013, and the identifiable non-current assets as at June 30, 2014 and December 31, 2013 are summarized as follows:

	Three months		Six months	
	2014	2013	2014	2013
	$	$	$	$
Asia				
China	11,083	6,742	16,124	14,289
Japan	2,496	2,186	5,687	4,360
Others	28,473	23,389	53,920	47,197
America				
United States	25,238	21,907	55,728	46,941
Others	2,940	5,012	8,163	10,529
Europe				
Germany	24,136	17,946	54,804	37,006
France	9,946	9,938	18,961	15,381
United Kingdom	6,265	4,858	11,996	10,272
Others	22,053	19,561	47,416	41,987
Other	3,967	1,098	6,177	3,064
Total	**136,597**	**112,637**	**278,976**	**231,026**

For the three-month and six-month periods ended June 30, 2014, two customers together represented approximately 21.1% and 22.3% of revenues. Of these amounts, 11.3% and 11.1% are included in Electronic Materials revenues and 9.8% and 11.2% are included in Eco-Friendly Materials revenues. For the three-month and six-months periods ended June 30, 2013, one customer represented approximately 10.8% and 11.9% of revenues, and these amounts are included in Electronic Materials revenues.

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

Non-current assets as at	**June 30, 2014**	**December 31 2013**
	$	**$**
Asia		
Hong Kong	7,642	8,510
Others	16,798	11,295
United States	6,604	6,634
Canada	20,440	20,552
Europe		
Germany	27,763	28,635
Belgium	11,140	11,874
Others	5,742	6,133
Total	**96,129**	**93,633**

NOTE 10 – SUPPLEMENTAL CASH FLOW INFORMATION

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

	For the six-month period ended June 30, 2014	**For the six-month period ended June 30, 2013**
	$	**$**
Decrease (increase) in assets:		
Accounts receivable	(22,810)	20,942
Inventories	(9,528)	(17,995)
Income tax receivable	3,589	7,547
Other current assets	1,018	-
Increase (decrease) in liabilities:		
Trade and accrued liabilities	(799)	(3,444)
Income tax payable	2,312	466
Net change	**(26,218)**	**7,516**

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

	For the six-month period ended June 30, 2014	**For the six-month period ended June 30, 2013**
	$	**$**
a) Exclude additions unpaid at end of period: Additions to property, plant and equipment	4,053	437
b) Include additions unpaid at beginning of period: Additions to property, plant and equipment	1,637	1,394
c) Exclude a reclassification from trade and accrued liabilities to other liabilities following new agreements with a supplier	8,941	-

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

NOTE 11 – EARNINGS PER SHARE

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

	Three months		Six months	
Numerators	**2014**	**2013**	**2014**	**2013**
	$	**$**	**$**	**$**
Net earnings attributable to equity holders of 5N Plus Inc.	4,436	34,185	9,091	39,556
Net earnings for the period	4,436	34,281	8,955	39,819

	Three months		Six months	
Denominators	**2014**	**2013**	**2014**	**2013**
Basic weighted average number of shares	83,926,861	83,908,269	83,917,719	83,908,269
Effect of dilutive stock options	280,733	-	284,716	17,678
Diluted weighted average number of shares	84,207,594	83,908,269	84,202,435	83,925,947

For the three-month and six-month periods ended June 30, 2014, a total number of 1,011,602 and 1,040,010 stock options were excluded from the diluted weighted average number of shares due to their anti-dilutive effect because of the Company's stock price. The same applies to the convertible debentures as well as the warrants which expired on June 6, 2014.

For the three-month and six-month periods ended June 30, 2013, most of the stock options and warrants were excluded from the diluted weighted average number of shares due to their anti-dilutive effect because of the Company's stock price.

NOTE 12 – CONTINGENCIES

Contingencies

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

As described in the annual consolidated financial statements for the year ended December 31, 2013, the Company settled its case in 2013 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 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 Vendors.

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

NOTE 13 – FINANCIAL RISK MANAGEMENT

In the normal course of operations, the Company is exposed to various financial risks. These risks include market risk (currency risk, interest rate risk and other price risk), credit risk and liquidity risk. For the six-month period ended June 30, 2014, the Company was not exposed to new market risks.

Liquidity risk

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

The following table reflects the contractual maturity of the Company's financial liabilities (including interest) as at June 30, 2014:

	Carrying amount	1 year	2-3 years	4-5 years	Beyond 5 years	Total
	$	$	$	$	$	$
Bank indebtedness	8,937	9,473	-	-	-	9,473
Trade and accrued liabilities	55,142	55,142	-	-	-	55,142
Derivative financial liabilities	11,418	1,940	-	9,478	-	11,418
Long-term debt	36,184	2,043	35,539	-	-	37,582
Convertible debentures	49,309	3,795	7,590	73,590	-	84,975
Other liabilities	11,048	-	13,913	-	-	13,913
Total	**172,038**	**72,393**	**57,042**	**83,068**	**-**	**212,503**

NOTE 14 – EXPENSE BY NATURE

	Three months		Six months	
Expense by nature	**2014**	**2013**	**2014**	**2013**
	$	$	$	$
Wages and salaries [(1)]	11,668	10,558	23,372	21,292
Share-based compensation expense	96	139	204	253
Depreciation of property, plant and equipment and amortization of intangible assets	2,840	2,298	5,579	5,142
Amortization of other assets	193	165	383	1,630
Research and development (net of tax credit)	484	899	1,484	1,498
Litigation and restructuring costs	6	2,233	625	3,244
Impairment of inventories	-	10,182	-	10,182
Gain related to the settlement of the purchase price of MCP	-	(45,188)	-	(45,188)
Gain on disposal of property, plant and equipment	-	-	(1,312)	-

(1) Includes gain on foreign exchange forward contracts related to US$/CA$ (Note 8)

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

NOTE 15 – SUBSEQUENT EVENT

As at August 7, 2014, the Company announced the closing of a new $125,000 senior secured multi-currency revolving syndicated credit facility to replace its existing $100,000 senior secured revolving facility. The new credit facility will be used to refinance existing indebtedness and for other corporate purposes, including capital expenditures and growth opportunities. The new credit facility is on a revolving basis and has a four-year term. It bears interest at either prime rate, US base rate, Hong Kong base rate or LIBOR plus a margin based on the Company's senior consolidated debt to EBITDA ratio. It also provides the possibility of obtaining advances through banker's acceptances as well as the issuance of letters of credit. At any time, the Company has the option to request that the new credit facility be expanded to $150,000 through the exercise of an additional $25,000 accordion feature, subject to review and approval by the lenders.