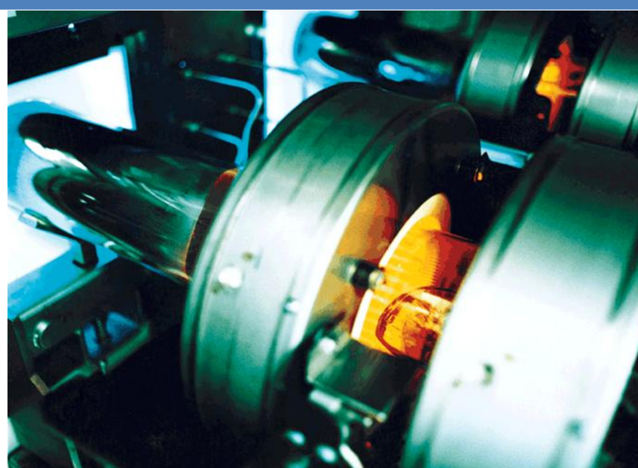
5N PLUS

MANAGEMENT'S DISCUSSION AND ANALYSIS



Third Quarter

February 29, 2008

MANAGEMENT'S DISCUSSION AND ANALYSIS

Scope of Financial Management's Analysis

This Management's Discussion and Analysis ("MD&A") of the operating results and the financial position of 5N Plus Inc. ("the Company"), as at April 7, 2008, should be read in conjunction with the Company's consolidated financial statements and the accompanying notes for the quarters ended February 29, 2008, November 30, 2007 and August 31, 2007 as well as the combined audited consolidated financial statements for the fiscal year ended May 31, 2007. All amounts are expressed in Canadian dollars. Reference should also be made to the annual MD&A of financial position and results of operations included in the Company's 2007 final prospectus dated December 12, 2007, including the section describing risk factors. The financial information included in this MD&A is based on the Company's accounting policies that are in compliance with Canadian generally accepted accounting principles ("GAAP").

The preparation of consolidated financial statements requires the Company's financial management to make estimates and judgments that affect the amounts recorded as assets, liabilities, shareholders' equity, sales and expenses. These assumptions are revised on a regular basis by the Company based on historical results and new events.

The Company's management is responsible for maintaining appropriate control systems, procedures and information systems, thereby ensuring that the information it discloses is reliable and complete. The Company applies financial information disclosure rules and takes the necessary actions to comply with new accounting standards once they come into force. The Company also applies the standards set by the capital market regulatory authorities. No material changes were made to internal control over financial information during the three-month period ended February 29, 2008 that could have had a significant impact or that could have been reasonably believed to have a significant impact on internal control over financial reporting.

On October 1, 2007, 5NPlus Inc. and 6367909 Canada Inc. both held by the same shareholders with identical interest, amalgamated. The new entity arising from this amalgamation operates under the name of 5N Plus Inc. Accordingly the comparative figures reflect this amalgamation.

Non-GAAP Measures

In this MD&A, the Company's financial management uses some measures which are not in accordance with GAAP and cannot be formally presented in financial statements. These include EBITDA, gross profit and gross profit ratio, working capital and current ratio. EBITDA means earnings before financing costs, income taxes, depreciation and amortization, and start-up costs. Gross profit means sales less cost of goods sold, and gross profit ratio means gross profit divided by sales. Working capital means current assets minus current liabilities, and current ratio means current assets divided by current liabilities. The definition of these non-GAAP measures used by the Company may differ from that used by other companies.

Forward-Looking Statements and Disclaimer

Certain statements in this MD&A may be forward-looking. Forward-looking 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. The Company disclaims any intention or obligation to update or revise any forward-looking statements in order to account for any new information or any other event. The reader is warned against the risk of giving excessive credibility to these forward-looking statements.

Highlights

- Increase in net earnings for its third fiscal quarter ended February 29, 2008 to a record level of $2,268,712 (6 cents per share) which represents a 184.3% increase over net earnings of $798,073 (3 cents per share) for the third quarter of the previous fiscal year. For the nine-month period ended February 29, 2008, net earnings increased by 95.1% to $4,587,516 (14 cents per share). This compares with earnings of $2,351,654 (8 cents per share) for the same period of the previous fiscal year.

- Increase in EBITDA of 93.7% for the third quarter ended February 29, 2008 to a record level of $3,423,415, up from $1,767,318 during the third quarter of the previous fiscal year. During the nine-month period ended February 29, 2008, EBITDA increased by 66.2%, up from $4,714,223, during the corresponding period of the previous fiscal year, to $7,835,284.

- Increase in sales for the third quarter ended February 29, 2008 also to a record level of $8,358,817, up by 50.5% compared with sales of $5,554,737 for the third quarter of the previous fiscal year. Sales for the nine-month period ended February 29, 2008 increased by 40.4% to $21,549,033 from $15,347,828 during the nine-month period ended February 28, 2007.

To our shareholders

We (TSX:VNP) are pleased to report our third quarter results which exceeded our expectations both in terms of sales and profitability. Closing of our initial public offering (“IPO”) occurred early in the quarter and these results therefore reflect our performance as a publicly traded company. Net earnings, EBITDA and sales all reached record levels during the quarter and the nine-month period considered. This is largely the result of a continuing and increasing demand for our products in the photovoltaic market, and to a lesser extent in the radiation detector market, combined with improvements in operating performance which have led to increased production throughput. We are also making steady progress at our new Eisenhüttenstadt plant in Germany, the construction of which is now almost completed. Although we have experienced some minor delays in the delivery of the building, we continue to expect the plant to be operational by the end of July 2008 in accordance with our contractual obligations towards our customers.

Aside from providing us with means for funding the construction of our German facility, our recent IPO has significantly raised our profile and exposure, creating a number of new potential growth opportunities that we hope to take advantage of in the future. Our IPO has also enabled us to increase and promote, through direct stock purchases and our stock option plan, employee ownership, an important component of our corporate strategy.

Jacques L’Écuyer
President and Chief Executive Officer

Our Business

5N Plus Incorporated draws its name from the purity of its products, 99.999% (five nines or 5N) and more. The Company, which has its head office in Montreal, Quebec, develops and produces high-purity metals and compounds for electronic applications and provides its customers with recycling solutions. The Company is an integrated producer with both primary and secondary refining capabilities. The Company focuses on specialty metals such as tellurium, cadmium and selenium and on related compounds such as cadmium telluride and cadmium sulphide. The Company's products are critical precursors in a number of electronic applications, including the rapidly-expanding solar (thin-film photovoltaic) market, for which the Company is a major supplier of cadmium telluride, and the radiation detector market.

Business Strategy

Our goal is to accelerate the growth of our cadmium, selenium and tellurium metals and compounds business in order to meet the increasing demand for these products, in particular in the photovoltaic and medical imaging markets. In doing so, our objective is to maintain our leading position in these rapidly-expanding markets and leverage our competitive strengths to diversify our product offering and enter into new electronic materials market segments. To accomplish this, our highest-level strategy includes investments in both training and research and development, to develop advantages in terms of competencies, technology and costs.

Significant Event

Initial Public Offering

We entered into IPO exercise during the previous quarter aimed at raising capital to fund our investment program. The IPO closed in the current quarter, more specifically on December 20, 2007, at a total amount of $66,515,403 including the over-allotment option which was exercised in full by the underwriters. This allowed us to raise $34,500,000 ($31,417,006 net of the underwriters' commission and issue expenses) and allowed II-VI Inc., the selling shareholder to sell entirely his equity position in our corporation for a counterpart of $32,015,403 ($29,934,402 net of the underwriters' commission). These changes are reflected in the current balance sheet.

Results of Operations

Introduction

Our sales are generated through the development and production of high-purity metals and compounds which are used in various electronic applications including solar cells, radiation detectors, infrared optics and systems, thermoelectrics 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. Three customers accounted for 83 % of our sales during the quarter and 80% during the nine months ended February 29, 2008.

Sales, Gross Profit, Net Earnings and Earnings per Share

Summary

(all numbers are in Canadian dollars unless otherwise stated)	**Three months ended February 29/28**		%	**Nine months ended February 29/28**		%
	2008	2007	Increase	**2008**	2007	Increase
Sales	**$ 8,358,817**	$ 5,554,737	50.5%	**$ 21,549,033**	$ 15,347,828	40.4%
Gross profit	**$ 4,454,138**	$ 2,135,263	108.6%	**$ 10,707,951**	$ 6,027,153	77.7%
Gross profit ratio	**53.3%**	38.4%		**49.7%**	39.3%	
Net earnings	**$ 2,268,712**	$ 798,073	184.3%	**$ 4,587,516**	$ 2,351,654	95.1%
Earnings per share	**$ 0.06**	$ 0.03		**$ 0.14**	$ 0.08	

Sales for our third fiscal quarter ended February 29, 2008 reached a record level of $8,358,817 up by 50.5% over sales of $5,554,737 for the corresponding period of the previous fiscal year. For the first nine months of the current fiscal year, our sales reached $21,549,033 representing a 40.4% increase over sales of $15,347,828 for the corresponding period of the previous fiscal year. This increase in sales is mainly attributable to an increase in sales to the photovoltaic (solar module) and radiation detector markets. Sales to other markets were relatively stable.

Our gross profit reached $4,454,138 in the third quarter and $10,707,951 for the nine-month period ended February 29, 2008, corresponding to gross profit ratios of 53.3% and 49.7% respectively. This compares with a gross profit of $2,135,263 and $6,027,153 for the corresponding periods of the previous fiscal year and respective gross profit ratios of 38.4% and 39.3%. These improvements in both our gross profit and gross profit ratio continue to reflect increased sales and general improvements in efficiency, scalability and production throughput, as well as an increase in our custom-refining or “tolling” volumes where we incur no cost for raw materials.

Net earnings for the third quarter ended February 29, 2008 also reached a record level of $2,268,712 (6 cents per share) which represents a 184.3% increase over net earnings of $798,073 (3 cents per share) for the third quarter of the previous fiscal year. For the nine-month period ended February 29, 2008, net earnings increased by 95.1% to $4,587,516 (14 cents per share) from $2,351,654 (8 cents per share) for the nine-month period ended February 28, 2007. Earnings per share for the current fiscal year are calculated based on a weighted average number of common shares outstanding of 39,006,408 for the last quarter, and of 32,748,039 for the first nine months. Earnings per share for the previous fiscal year are calculated based on a weighted average number of common shares of 29,635,954.

This increase in net earnings is the result of an increase in gross profit combined with reduced financial expenses and interest income generated during the third quarter from the placement of funds raised during the IPO. These positively contributing factors were only partially offset by increased selling, administrative, research and development and depreciation expenses. We also recognised during the third quarter a future income tax asset of $145,000 for all expenses incurred in setting up our new German plant, up to February 29, 2008, which decreased our overall income taxes, and began capitalizing most of the start-up costs associated with this plant as we move closer to the date at which we expect it to be operational.

Selling and Administrative and Research and Development Expenses

(all numbers are in Canadian dollars unless otherwise stated)	**Three months ended February 29/28**		**Nine months ended February 29/28**	
	2008	2007	**2008**	2007
Selling and Administrative expenses	**$ 827,715**	$ 249,383	**$ 2,008,283**	$ 878,011
Percentage of sales for the period	***9.9%***	*4.5%*	***9.3%***	*5.7%*
Research and Development expenses (net of tax credits)	**$ 203,008**	$ 118,562	**$ 864,384**	$ 434,919
Percentage of sales for the period	***2.4%***	*2.1%*	***4.0%***	*2.8%*

Selling and administrative expenses were $827,715 or 9.9% of sales in the third quarter, and $2,008,283 or 9.3% of sales for the first nine months of fiscal 2008. This compares with selling and administrative expenses of $249,383 and $878,011 for the corresponding periods of the previous fiscal year representing respectively 4.5% and 5.7% of sales. The current level of selling and administrative expenses is more consistent with that of publicly traded companies and reflects additions to our management team and increased legal, auditing and consulting fees.

Research and development expenses, net of tax credits, were $203,008 or 2.4% of sales in the third quarter of fiscal 2008, which compares to $118,562 or 2.1% of sales for the third quarter of the previous fiscal year. For the nine-month period ended February 29, 2008, research and development expenses, net of tax credits, reached $864,384 or 4.0% of sales which is larger than the expenses of $434,919 or 2.8% of sales incurred during the same period of the previous fiscal year. The increase as a percentage of sales over the nine-month period of the current fiscal year is primarily associated with additional expenses incurred during the first quarter which were made to increase our product offering for the radiation detector market, and develop and optimize the associated processes.

Reconciliation of EBITDA and Net Earnings

Summary *(all numbers are in Canadian dollars unless*	**Three months ended February 29/28**			**Nine months ended February 29/28**		
	2008	2007	Increase	**2008**	2007	Increase
Net earnings	**$ 2,268,712**	$ 798,073	184.3%	**$ 4,587,516**	$ 2,351,654	95.1%
PLUS: Income taxes	**922,559**	466,777		**2,088,689**	1,153,304	
Financial expenses & Interest income	**(57,257)**	138,448		**212,153**	423,042	
Depreciation & Amortization	**266,980**	219,710		**751,149**	636,836	
Expensed start-up costs	**22,421**	144,310		**195,777**	149,387	
EBITDA	**$ 3,423,415**	$ 1,767,318	93.7%	**$ 7,835,284**	$ 4,714,223	66.2%

EBITDA increased by 93.7% for the third quarter of fiscal 2008 when compared with the corresponding period of the previous fiscal year reaching $3,423,415 up from $1,767,318. EBITDA for the first nine months of the current fiscal year also increased by 66.2% when compared to the corresponding period of the previous fiscal year reaching $7,835,284 up from $4,714,223. EBITDA increased at a lower rate than net earnings because it was not positively impacted by the recognition of the future income tax asset, the reduced financing expenses and the interest income.

Financial Expenses, Depreciation, Start-up Costs and Income Taxes

Following the IPO we paid back substantially all of our debt and generated interest income of $169,219 from the placement of the net proceeds raised during the IPO. The combined financial expenses and interest income thus netted a gain of $57,257 for the third quarter of the current fiscal year which compares favorably with expenses of $138,448 for the third quarter of the previous fiscal year. For the nine-month period ended February 29, 2008, financial expenses, including interest income, were decreased by 49.9% to $212,153 from $423,042 for the corresponding period in the previous fiscal year.

Depreciation of property, plant and equipment for the quarter and the nine-month period ended February 29, 2008 increased respectively by 21.5%, from $219,710 to $266,980, and by 18%, from $636,836 to $751,149. We also began capitalizing the start-up costs associated with our new German facility. Expensed start-up costs for the quarter amounted to $22,421 ($195,777 for the first nine months of the current fiscal year) and capitalized start-up costs to $160,518 ($160,518 for the first nine months of the current fiscal year. This compares with expensed start-up costs for the previous fiscal year (a period in which no start-up costs were capitalized), of $144,310 in the third quarter and $149,387 for the first nine months.

Income taxes were $922,559 in the third quarter and $2,088,689 for the first nine months of the current fiscal year. These figures correspond to effective tax rates of 28.9% and 31.3% respectively. This compares with income taxes of $466,777 and $1,153,304 for the corresponding periods of the previous fiscal year, representing effective tax rates of 36.9% and 32.9% respectively. This decrease in our effective tax rate is attributable to the recognition of our future income tax asset in the current quarter.

Liquidity and Capital Resources

Balance Sheet

(all numbers are in Canadian dollars, except for current ratio)	**As at**	
	February 29 2008	May 31 2007
Working capital	**$ 26,567,187**	$ 2,026,457
Current ratio	**5.14**	1.36
Property, plant and equipment	**$ 18,996,211**	$ 9,669,876
Total assets	**$ 52,965,635**	$ 17,363,037
Total debt	**$ 1,716,667**	$ 5,618,270
Shareholders' equity	**$ 43,598,887**	$ 7,546,793

Working Capital and Current Ratio

Our working capital and current ratio increased substantially during the quarter as a result of our successful IPO. Working capital increased more than tenfold going from $2,026,457 on May 31, 2007 to $26,567,187 on February 29, 2008. Current ratio also increased going from 1.36 to 5.14 at the corresponding dates. Main balance sheet items having a material impact on the working capital and the observed changes included cash, accounts receivable, inventories and future income taxes assets, as well as accounts payable and accrued liabilities, income taxes and current portion of long term debt liabilities.

As at February 29, 2008, our cash position was of $19,900,070 as a result of the net proceeds from the IPO and repayment of substantially all of our debt. Accounts receivable continued to rise and totaled $5,326,583 compared with $2,550,370 as at May 31, 2007, in line with increasing sales levels and increases in the commodity taxes related to our German and Montreal facility capital expenditures. Inventories also increased with respect to the May 31, 2007 levels, from $3,307,810 to $6,681,983, primarily as a result of an increase in our raw materials inventory. Increases in both our inventories and capital expenditures led to increases in our accounts payable and accrued liabilities which went from $2,833,063 as at May 31, 2007, to $5,588,474 as at February 29, 2008.

Future Income Tax Asset

We recognized during the quarter a future income tax asset of $1,000,000 associated with the underwriters' commission and share issue expenses which totaled $3,082,994 ($2,082,994 net of income taxes). Recovery of this asset is linear over 5 years, at a level of $200,000 per year, with $83,333 expected to be recovered in the current fiscal year. Also included in the current portion of this asset is the future income tax asset of $145,000 for the expenses incurred in setting up our new German plant.

Property, Plant and Equipment and Deferred Costs

Property, plant and equipment increased by $10,201,736 from May 31, 2007 to February 29, 2008. Of this amount, $8,757,954 was related to our new German facility and the associated land, and $1,443,782 for capital expenditures made at our Montreal facility to improve capacity and plant efficiency. We also capitalized deferred costs of $160,518 which correspond to the start-up costs incurred in the third quarter and related to our German facility. We intend to continue to do so moving forward.

Total Debt and Deferred Revenue

Our debt was decreased from $5,618,270 to $1,716,667 during the quarter as we paid substantially all of our debt back with the net IPO proceeds. We also received during the quarter a subsidy of $802,600 (540,000 euros) which was granted to our German subsidiary 5N PV to promote employment in the city of Eisenhüttenstadt and on the basis that our subsidiary will create a given number of full-time jobs over the next three years. This subsidy is recognized as deferred revenue.

Shareholders' Equity

Shareholders' equity stood at $43,598,887 or 82.3% of total assets on February 29, 2008. This compares with $7,546,793 or 43.5% of total assets on May 31, 2007. This substantial increase is the result of our successful IPO and of strong net earnings for the first nine-month period of the current fiscal year.

Cash Flow

The following table provides an overview of our cash flows for the periods indicated:

(all numbers are in Canadian dollars)	**Three months ended February 29/28**		**Nine months ended February 29/28**	
	2008	2007	**2008**	2007
Operating activities [1]	**$ 2,552,447**	$ 1,087,978	**$ 5,532,101**	$ 3,185,029
Add:				
Net change in non-cash working capital items	**(1,337,441)**	924,955	**(4,122,290)**	1,486,441
Operating activities (total)	**1,215,006**	2,012,933	**1,409,811**	4,671,470
Financing activities	**23,442,836**	(898,582)	**27,201,009**	(2,973,370)
Investing activities	**(4,652,313)**	(563,612)	**(10,237,682)**	(994,579)
Net Increase in cash	**$ 20,005,529**	$ 550,739	**$ 18,373,138**	$ 703,521

(1) Before net change in non-cash working capital items.

Cash flow from operating activities before changes in non-cash working capital items for the quarter ended February 29, 2008 increased 134.6% to $2,552,447 compared with $1,087,978 for the corresponding quarter in the previous fiscal year. For the first nine months of fiscal 2008, cash flow increased by 73.7% to $5,532,101 compared with $3,185,029 for the corresponding period of previous fiscal year. These increases reflect higher net earnings for the current fiscal year compared to the previous fiscal year. Net working capital requirements continued to increase and were significantly higher in both the quarter and the nine-month period ended February 29, 2008 than in the corresponding periods of the previous fiscal year. This increase results from substantial increases in inventory levels and accounts receivable, both of which were only partially offset by an increase in accounts payable.

Cash flow from financing activities reached $23,442,836 in the quarter ended February 29, 2008, primarily as a result of the proceeds from our IPO which netted $31,417,006. These funds were used to repay substantially all of our debt during the quarter.

Cash flow from investing activities continued to be substantial as we invested in our new German facility, expected to be operational on July 31, 2008, and in our Montreal facility. Total investments reached $4,652,313 for the quarter and $10,201,736 for the nine-month period ended February 29, 2008, which compares with investments of $563,612 and $1,010,099 for the corresponding periods of the previous fiscal year.

Our cash position for the current fiscal year improved by $20,005,529 for the current quarter and by $18,373,138 for the first nine months. Our resulting cash position on February 29, 2008 was of $19,900,070, which compares favorably with our cash position of $475,250 one year earlier on February 28, 2007. We believe that this amount of cash combined with the cash flow from our operations will be sufficient to fund our working capital requirements and our planned capital expenditures in both Germany and Montreal.

Contractual Obligations

There were no major changes in the Company’s contractual obligations during the first three quarters of fiscal 2008. For further information, the reader is referred to our 2007 prospectus.

Accounting Policies

The accounting policies are in accordance with those used in the preparation of the combined audited consolidated financial statements as at May 31, 2007, with the exception of the accounting changes listed below and the adoption of a new accounting policy in regards to deferred costs.

Changes in Accounting Policies

On June 1, 2007, the Company has adopted the Canadian Institute of Chartered Accountants ("CICA") Handbook Section 1530, "Comprehensive Income", CICA Handbook Section 3251, "Equity ", CICA Handbook Section 3855, " Financial Instruments - Recognition and Measurement ", CICA Handbook Section 3861, " Financial Instruments - Disclosure and Presentation ", and CICA Handbook Section 3865, " Hedges ". These new CICA Handbook Sections, which apply to fiscal years beginning on or after October 1, 2006, provide comprehensive requirements for the recognition and measurement of financial instruments, as well as standards on when and how hedge accounting may be applied.

Handbook Section 1530 also establishes standards for reporting and displaying comprehensive income. Comprehensive income is defined as the change in equity from transactions and other events from non-shareholder sources. "Other comprehensive income" refers to items recognized in comprehensive income, but that are excluded from net income calculated in accordance with generally accepted accounting principles.

Under these new standards, all financial instruments are classified into one of the following five categories: held for trading, held-to-maturity investments, loans and receivables, available-for-sale financial assets or other financial liabilities. All financial instruments, including derivatives, are included on the consolidated balance sheet and are measured either at fair market value with the exception of loans and receivables, investments held-to-maturity and other financial liabilities, which are measured at amortized cost. Subsequent measurement and recognition of changes in fair value of financial instruments depend on their initial classification. Held-for-trading financial investments are measured at fair value and all gains and losses are included in net income in the period in which they arise. Available-for-sale financial instruments are measured at fair value with revaluation gains and losses included in other comprehensive income until the assets are removed from the balance sheet.

The standards also require derivative instruments to be recognized as either assets or liabilities measured at their fair value unless exempted from derivative treatment as a normal purchase and sale. Certain derivatives embedded in other contracts must also be measured at fair value. All changes in the fair value of derivatives are recognized in earnings unless specific hedge criteria are met, which requires that a company must formally document, designate and assess the effectiveness of transactions that receive hedge accounting.

The adoption of standards of Sections 1530, 3251, 3855, 3861 and 3865 had no significant impact on the combined consolidated financial statements for the periods of three months and nine months ended February 29, 2008.

Deferred Costs

Since December 1, 2007 the expenditures incurred during the start-up period of our new German subsidiary are deferred and will be amortized on a straight-line basis over twenty-four months upon beginning of commercial operations.

Order Backlog

Our backlog of orders which were expected to translate into sales within the next 12 months strengthened during the quarter and reached $29,300,000 on February 29, 2008 which is 92.8% higher than the corresponding backlog of $15,200,000 on February 28, 2007.

Risk Factors

The Company is subject to a number of risk factors which may limit our ability to execute our strategy and achieve our long-term growth objectives. The reader is referred to the risk factor section of the final prospectus filed on December 12, 2007.

Others

Our common shares are traded on the Toronto Stock Exchange (TSX) under the ticker symbol "VNP". Financial information on the Company is available on the Sedar Web site at www.SEDAR.com.