5N PLUS INC.
CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIODS ENDED
MARCH 31, 2015 AND 2014

(Figures in thousands of United States dollars)

5N PLUS INC.
Condensed Interim Consolidated Statements of Financial Position

(unaudited) *(Figures in thousands of United States dollars)*	Notes	March 31 2015	December 31 2014
		$	$
ASSETS			
Current			
Cash and cash equivalents		12,580	12,777
Restricted cash		1,960	2,115
Accounts receivable		67,897	72,391
Inventories	4	181,405	204,454
Income tax receivable		3,969	2,705
Derivative financial assets	11	-	147
Other current assets		2,117	2,965
Total current assets		269,928	297,554
Property, plant and equipment		69,417	68,261
Intangible assets		16,949	15,728
Deferred tax asset		11,254	11,037
Investment accounted for using the equity method		238	316
Other assets		6,089	6,635
Total non-current assets		103,947	101,977
Total assets		**373,875**	**399,531**
LIABILITIES AND EQUITY			
Current			
Bank indebtedness		979	975
Trade and accrued liabilities		47,471	60,286
Income tax payable		4,795	6,064
Derivative financial liabilities	11	198	-
Long-term debt due within one year	5	587	667
Total current liabilities		54,030	67,992
Long-term debt	5	45,045	51,156
Convertible debentures	6	42,817	46,101
Deferred tax liability		3,609	3,111
Retirement benefit obligation		16,480	16,928
Derivative financial liabilities	11	1,213	2,093
Other liabilities		17,129	15,711
Total non-current liabilities		126,293	135,100
Total liabilities		180,323	203,092
Shareholders' equity		193,558	196,443
Non-controlling interest		(6)	(4)
Total equity		193,552	196,439
Total liabilities and equity		**373,875**	**399,531**

Commitments and contingencies (Note 12)

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

5N PLUS INC.

Condensed Interim Consolidated Statements of (Loss) Earnings

For the three-month periods ended March 31, 2015 and 2014

(unaudited)

(Figures in thousands of United States dollars, except per share information)	Notes	2015	2014
		$	$
Revenues		95,663	142,379
Cost of sales		89,922	122,743
Selling, general and administrative expenses		7,024	9,762
Other expenses		1,195	2,754
Share of loss (gain) from joint ventures		78	(23)
		98,219	135,236
Operating (loss) earnings		**(2,556)**	**7,143**
Gain on disposal of property, plant and equipment		-	1,312
Financial expenses (revenues)			
Interest on long-term debt		1,190	1,140
Imputed interest and other interest expense		893	276
Changes in fair value of debenture conversion option	11	(713)	-
Foreign exchange and derivative (gain) loss		(2,423)	16
		(1,053)	1,432
(Loss) earnings before income tax		(1,503)	7,023
Income tax expense			
Current		(288)	2,393
Deferred		736	111
		448	2,504
Net (loss) earnings for the period		**(1,951)**	**4,519**
Attributable to:			
Equity holders of 5N Plus Inc.		(1,949)	4,655
Non-controlling interest		(2)	(136)
		(1,951)	**4,519**
(Loss) earnings per share attributable to equity holders of 5N Plus Inc.	8	(0.02)	0.06
Basic (loss) earnings per share	8	(0.02)	0.05
Diluted (loss) earnings per share	8	(0.05)	0.05

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

5N PLUS INC.
Condensed Interim Consolidated Statements of Comprehensive (Loss) Income
For the three-month periods ended March 31, 2015 and 2014

(unaudited) *(Figures in thousands of United States dollars)*	**2015**	**2014**
	$	**$**
Net (loss) earnings for the period	(1,951)	4,519
Other comprehensive (loss) income		
Items that may be reclassified subsequently to the condensed interim consolidated statements of (loss) earnings		
Net changes in cash flow hedges		
Effective portion of changes in fair value of cash flow hedges	-	210
Reclassification to condensed interim consolidated statements of (loss) earnings	(111)	-
Income taxes	30	(67)
	(81)	143
Currency translation adjustment	64	(74)
	(17)	69
Items that will not be reclassified subsequently to the condensed interim consolidated statements of (loss) earnings		
Remeasurement of retirement benefit obligation	(1,385)	-
Income taxes	429	-
	(956)	-
Other comprehensive (loss) income	**(973)**	**69**
Comprehensive (loss) income for the period	**(2,924)**	**4,588**
Attributable to equity holders of 5N Plus Inc.	(2,922)	4,724
Attributable to non-controlling interest	(2)	(136)

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

5N PLUS INC.

Condensed Interim Consolidated Statements of Cash Flows

For the three-month periods ended March 31, 2015 and 2014

(unaudited) *(Figures in thousands of United States dollars)*	**Notes**	**2015** **$**	**2014** **$**
Operating activities			
Net (loss) earnings for the period		(1,951)	4,519
Adjustments to reconcile net (loss) earnings to cash flows			
Depreciation of property, plant and equipment and amortization of intangible assets		2,826	2,739
Amortization of other assets		166	190
Amortization of deferred revenues		(197)	-
Share-based compensation expense		40	108
Deferred income tax		736	110
Share of loss (earnings) from joint ventures		78	(23)
Gain on disposal of property, plant and equipment		-	(1,312)
Imputed interest		689	-
Retirement benefit obligation		94	-
Change in fair value of debenture conversion option	11	(713)	-
Unrealized gain on non-hedge financial instruments		198	-
Unrealized foreign exchange loss (gain) on assets and liabilities		(3,981)	475
Funds (used in) from operations before the following		(2,015)	6,806
Net change in non-cash working capital balances related to operations	10	14,657	(9,553)
Cash flows from (used in) operating activities		**12,642**	**(2,747)**
Investing activities			
Additions to property, plant and equipment and intangible assets		(6,254)	(2,229)
Proceeds on disposal of property, plant and equipment		-	1,955
Restricted cash		66	(58)
Cash flows used in investing activities		**(6,188)**	**(332)**
Financing activities			
Repayment of long-term debt		(15,129)	(3,057)
Proceeds from the issuance of long-term debt		8,990	-
Issue expenses related to long-term debt		(113)	-
Net increase (decrease) in bank indebtedness		4	(126)
Financial instruments – net		147	747
Cash flows used in financing activities		**(6,101)**	**(2,436)**
Effect of foreign exchange rate changes on cash and cash equivalents		**(550)**	**(26)**
Net decrease in cash and cash equivalents		**(197)**	**(5,541)**
Cash and cash equivalents, beginning of year		12,777	22,427
Cash and cash equivalents, end of year		12,580	16,886
Supplemental information(1)			
Income tax paid (recovered)		2,070	(2,485)
Interest paid		329	1,288

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

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

5N PLUS INC.

Condensed Interim Consolidated Statements of Changes in Equity

For the three-month periods ended March 31, 2015 and 2014

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

	Attributable to equity holders of the Company							
For the three-month period ended March 31, 2015	**Number of shares**	**Share capital**	**Contributed surplus**	**Accumulated other comprehensive loss**	**Deficit**	**Total shareholders' equity**	**Non-controlling interests**	**Total equity**
		$	**$**	**$**	**$**	**$**	**$**	**$**
Balance at beginning of period	83,979,657	343,506	3,914	(3,669)	(147,308)	196,443	(4)	196,439
Net loss for the period	-	-	-	-	(1,949)	(1,949)	(2)	(1,951)
Other comprehensive loss								
Net changes in cash flow hedges	-	-	-	(81)	-	(81)	-	(81)
Currency translation adjustment	-	-	-	64	-	64	-	64
Remeasurement of retirement benefit obligation	-	-	-	(956)	-	(956)	-	(956)
Total comprehensive loss	-	-	-	(973)	(1,949)	(2,922)	(2)	(2,924)
Share-based compensation	-	-	37	-	-	37	-	37
Balance at end of period	**83,979,657**	**343,506**	**3,951**	**(4,642)**	**(149,257)**	**193,558**	**(6)**	**193,552**

	Attributable to equity holders of the Company							
For the three-month period ended March 31, 2014	**Number of shares**	**Share capital**	**Contributed surplus**	**Accumulated other comprehensive loss**	**Deficit**	**Total shareholders' equity**	**Non-controlling interests**	**Total equity**
		$	$	$	$	$	$	$
Balance at beginning of period	83,908,269	343,272	3,747	(1,555)	(155,412)	190,052	477	190,529
Net earnings for the period	-	-	-	-	4,655	4,655	(136)	4,519
Other comprehensive income								
Net changes in cash flow hedges	-	-	-	143	-	143	-	143
Currency translation adjustment	-	-	-	(74)	-	(74)	-	(74)
Total comprehensive income	-	-	-	69	4,655	4,724	(136)	4,588
Share-based compensation	-	-	108	-	-	108	-	108
Balance at end of period	**83,908,269**	**343,272**	**3,855**	**(1,486)**	**(150,757)**	**194,884**	**341**	**195,225**

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

NOTE 1 – NATURE OF ACTIVITIES

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 condensed interim consolidated financial statements.

The Company has two reportable business segments, namely Electronic Materials and Eco-Friendly Materials. The Electronic Materials segment is associated with the following metals: cadmium, gallium, germanium, indium and tellurium. These are sold as elements, alloys, chemicals and compounds. The Eco-Friendly Materials segment manufactures and sells refined bismuth and bismuth chemicals and low melting-point alloys as well as refined selenium and selenium chemicals.

These condensed interim consolidated financial statements were approved by the Board of Directors on May 5, 2015.

NOTE 2 – BASIS OF PRESENTATION

These condensed interim 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 condensed interim consolidated financial statements should be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2014, 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 accounting policies followed in these unaudited condensed interim financial statements are consistent with those of the previous financial year, with the additional policy described below.

Assets are reviewed for an indication of impairment at each consolidated statements of financial position date upon the occurrence of events or changes in circumstances indicating that the carrying value of the assets may not be recoverable which requires significant judgment.

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.

NOTE 3 – ACCOUNTING POLICIES

Future changes in accounting policies

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

In May 2014, the IASB issued IFRS 15, "Revenues from Contracts with Customers", to specify how and when to recognize revenue as well as requiring the provision of more information and relevant disclosure. IFRS 15 supersedes IAS 18, "Revenue", IAS 11, "Construction Contracts", and other revenue-related interpretations. The standard will be effective on January 1, 2018 for the Company with earlier adoption permitted. The Company is currently evaluating the impact of this standard on its consolidated financial statements.

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

NOTE 4 – INVENTORIES

	March 31 2015	**December 31 2014**
	$	**$**
Raw materials	56,144	54,219
Finished goods	125,261	150,235
Total inventories	**181,405**	**204,454**

For the three-month period ended March 31, 2015, a total of $80,664 of inventories was included as an expense in cost of sales ($107,532 for the three-month period ended March 31, 2014).

For the three-month period ended March 31, 2015, a total of $5,131 of inventories previously written down was recognized as a reduction of expenses in cost of sales ($4,250 for the Eco friendly Materials segment and $881 for the Electronic Materials segment) ($1,054 for the three-month period ended March 31, 2014 [$540 for the Eco-Friendly Materials segment and $514 for the Electronic Materials segment]).

NOTE 5 – LONG-TERM DEBT

	March 31 2015	**December 31 2014**
	$	**$**
Senior secured revolving facility of $125,000 with a syndicate of banks, maturing in August 2018(1)	45,000	51,095
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)	572	657
Other loans	60	71
	45,632	51,823
Less: Current portion of long-term debt	**587**	**667**
	45,045	**51,156**

(1) In August 2014, the Company signed a senior secured multi-currency revolving credit facility of $125,000 maturing in August 2018. At any time, the Company has the option to request that the 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. This revolving credit facility can be drawn in US dollars, Canadian dollars or Hong Kong dollars. Drawings bear interest at either the Canadian 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. The facility is subject to covenants. As at March 31, 2015, the Company has met all covenants.

In addition, in August 2014, the Company's subsidiary in Belgium entered into a bi-lateral credit facility of 5,000 Euros which is coterminous with the new senior secured multi-currency revolving credit facility, and guaranteed by the same security pool. This bi-lateral facility can be drawn in Euros or US dollars and bears interest at similar rates as the revolving credit facility. No amount was used as at March 31, 2015 and December 31, 2014.

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

In order to comply with these covenants, the Company has prepared and will need to execute on its budgeted EBITDA and cash flow estimates. Management believes that the assumptions used by the Company in preparing its budgets are reasonable and that it is not likely that the financial covenants will be violated in the next twelve months.

NOTE 6 – 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 11). In accordance with IFRS, an obligation to issue shares for a price that is not fixed in the Company's functional currency must be classified as a derivative liability and measured at fair value, with changes recognized in change in fair value of debenture conversion option 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: average expected volatility of 40%; expected dividend per share of nil; entity-specific credit spread, and expected life of 5 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). Assumptions were reviewed in the valuation as at March 31, 2015 and December 31, 2014, and remained the same except for the expected life of 4.25 years and 4.5 years respectively.

NOTE 7 – EXPENSES BY NATURE

Expenses by nature	**For the three-month period ended March 31 2015**	**For the three-month period ended March 31 2014**
	$	**$**
Wages and salaries	10,196	11,704(1)
Share-based compensation expense	40	108
Depreciation of property, plant and equipment and amortization of intangible assets	2,826	2,739
Amortization of other assets	166	190
Research and development, net of tax credit	451	1,000
Litigation and restructuring costs	-	619

(1) Includes gain on foreign exchange forward contracts related to US$/CA$ (Note 11)

NOTE 8 – EARNINGS PER SHARE

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

Numerators	**For the three-month period ended March 31 2015**	**For the three-month period ended March 31 2014**
	$	**$**
Net (loss) earnings attributable to equity holders of 5N Plus Inc.	(1,949)	4,655
Dilutive effect:		
Convertible debentures	(2,999)	-
Net (loss) earnings attributable to equity holders of 5N Plus Inc. adjusted for dilution effect	(4,948)	4,655
Net (loss) earnings for the period	(1,951)	4,519
Dilutive effect:		
Convertible debentures	(2,999)	-
Net (loss) earnings for the period adjusted for dilution effect	(4,950)	4,519

Denominators	**For the three-month period ended March 31 2015**	**For the three-month period ended March 31 2014**
Basic weighted average number of shares	83,979,657	83,908,269
Dilutive effect:		
Stock options	-	230,851
Convertible debentures	9,777,777	-
Diluted weighted average number of shares	93,757,434	84,139,120

As at March 31, 2015, a total number of 1,620,760 stock options were excluded from the diluted weighted average number of shares due to their anti-dilutive effect.

As at March 31, 2014, a total number of 942,648 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 warrants which expired on June 6, 2014.

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 March 31, 2015	Eco-Friendly Materials	Electronic Materials	Corporate and Unallocated	Total
	$	$	$	$
Segment revenues[1]	66,023	29,640	-	95,663
Adjusted EBITDA[2] [3]	(641)	3,259	(2,348)	270
Interest on long-term debt, imputed interest and other interest expense	-	-	2,083	2,083
Change in fair value of debenture conversion option	-	-	(713)	(713)
Foreign exchange and derivative (gain) loss	-	-	(2,423)	(2,423)
Depreciation and amortization	567	2,218	41	2,826
Earnings (loss) before income tax	(1,208)	1,041	(1,336)	(1,503)
Capital expenditures	**2,537**	**3,717**	**-**	**6,254**

For the three-month period ended March 31, 2014	Eco-Friendly Materials	Electronic Materials	Corporate and Unallocated	Total
	$	$	$	$
Segment revenues[1]	94,238	48,141	-	142,379
Adjusted EBITDA[2] [3]	6,405	6,948	(2,852)	10,501
Interest on long-term debt and other interest expense	-	-	1,416	1,416
Litigation and restructuring costs	285	128	206	619
Foreign exchange and derivative loss[4]	-	-	16	16
Gain on disposal of property, plant and equipment	(748)	(564)	-	(1,312)
Depreciation and amortization	606	2,093	40	2,739
Earnings (loss) before income tax	6,262	5,291	(4,530)	7,023
Capital expenditures	**913**	**1,301**	**15**	**2,229**

(1) The total revenues of $2,552 from the recycling and trading of complex materials is allocated to the Eco-Friendly Materials and Electronic Materials segments ($12,436 for the three-month period ended March, 31 2014).

(2) Earnings (loss) before income tax, depreciation and amortization, gain on disposal of property, plant and equipment, financial expense (revenues) and litigation and restructuring costs.

(3) The total negative adjusted EBITDA of $781 from the recycling and trading of complex materials is allocated to the Eco-Friendly Materials and Electronic Materials segments (positive of $1,361 for the three-month period ended March, 31 2014).

(4) The foreign exchange and derivative loss (gain) excludes 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.

As at March 31, 2015	Eco-Friendly Materials	Electronic Materials	Corporate and Unallocated	Total
	$	$	$	$
Total assets excluding the deferred tax asset:	158,962	195,827	7,832	362,621

As at December 31, 2014	Eco-Friendly Materials	Electronic Materials	Corporate and Unallocated	Total
	$	$	$	$
Total assets excluding the deferred tax asset:	187,116	193,181	8,197	388,494

The geographic distribution of the Company's revenues based on the location of the customers for the periods ended March 31, 2015 and 2014, and the identifiable non-current assets as at March 31, 2015 and December 31, 2014 are summarized as follows:

Revenues	**For the three-month period ended March 31 2015**	**For the three-month period ended March 31 2014**
	$	**$**
Asia		
China	6,797	5,041
Japan	2,098	2,827
Other[(1)]	15,565	24,510
Americas		
United States	25,700	30,490
Other	5,013	11,628
Europe		
Germany	10,035	27,384
France	6,811	8,589
United Kingdom	3,973	5,712
Other[(1)]	18,440	24,005
Other	1,231	2,193
Total	**95,663**	**142,379**

For the three-month period ended March 31, 2015, one customer represented approximately 9.7% of the revenues, and is included in Electronic Materials revenues. For the three-month period ended March 31, 2014, two customers represented approximately 23.5% of revenues. Of this amount, 10.9% is included in Electronic Materials revenues and 12.6% is included in Eco-Friendly Materials revenues.

Non-current assets (other than deferred tax assets)	**March 31 2015**	**December 31 2014**
	$	**$**
Asia		
Hong Kong	6,883	6,367
Other[(1)]	20,189	18,494
United States	7,500	6,918
Canada	19,350	19,434
Europe		
Belgium	10,025	10,049
Germany	23,666	24,485
Other	5,080	5,193
Total	**92,693**	**90,940**

[(1)] None exceeding 10%

NOTE 10 – SUPPLEMENTAL CASH FLOW INFORMATION

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

	For the three-month period ended March 31 2015	For the three-month period ended March 31 2014
	$	$
Decrease (increase) in assets:		
Accounts receivable	5,221	(22,502)
Inventories	23,313	(1,979)
Income tax receivable	(1,264)	1,826
Other current assets	970	(1,544)
(Decrease) increase in liabilities:		
Trade and accrued liabilities	(12,314)	11,729
Income tax payable	(1,269)	2,917
Net change	**14,657**	**(9,553)**

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

	March 31 2015	March 31 2014
	$	$
a) Excluded additions unpaid at end of period:		
Additions to property, plant and equipment	4,662	346
b) Included additions unpaid at beginning of period:		
Additions to property, plant and equipment	5,423	1,637

NOTE 11 – FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of a financial instrument is determined by reference to the available market information at the reporting date. When no active market exists for a financial instrument, the Company determines the fair value of that instrument based on valuation methodologies as discussed below. In determining assumptions required under a valuation model, the Company primarily uses external, readily observable market data inputs. Assumptions or inputs that are not based on observable market data incorporate the Company's best estimates of market participant assumptions, and are used when external data is not available. Counterparty credit risk and the Company's own credit risk are taken into account in estimating the fair value of all financial assets and financial liabilities.

The following assumptions and valuation methodologies have been used to measure fair value of financial instruments:

(i) The fair value of its short-term financial assets and financial liabilities, including cash and cash equivalents, restricted cash, accounts receivable, bank indebtedness and trade and accrued liabilities approximates their carrying value due to the short-term maturities of these instruments;
(ii) The fair value of foreign exchange forward contracts, including in derivative financial liabilities, are estimated by discounting expected future cash flows using period-end currency rate;
(iii) The fair value of the debenture conversion option, including in derivative financial liabilities, are described in Note 6;
(iv) The fair value of long-term debt and a long-term payable are estimated based on discounted cash flows using current interest rate for instruments with similar terms and remaining maturities; and
(v) The fair value of the convertible debentures is based on quoted prices observed in active markets.

The carrying values and fair values of financial instruments, by class, are as follows as at March 31, 2015 and December 31, 2014:

As at March 31, 2015				**Carrying value**	**Fair value**
	At fair value through profit or loss	**Loans and receivables**	**Financial liabilities at amortized cost**	**Total**	**Total**
	$	**$**	**$**	**$**	**$**
Financial assets					
Cash and cash equivalents	-	12,580	-	12,580	12,580
Restricted cash	-	1,960	-	1,960	1,960
Accounts receivable	-	67,897	-	67,897	67,897
Total	**-**	**82,437**	**-**	**82,437**	**82,437**
Financial liabilities					
Bank indebtedness	-	-	979	979	979
Trade and accrued liabilities	-	-	47,471	47,471	47,471
Derivative financial liabilities	198	-	-	198	198
Long-term debt	-	-	45,045	45,045	45,045
Convertible debentures and debenture conversion option (including in derivative financial liabilities)	1,213	-	42,817	44,030	44,369
Long-term payable (including in other liabilities)	-	-	13,081	13,081	13,081
Total	**1,411**	**-**	**149,393**	**150,804**	**151,143**

As at December 31, 2014				**Carrying value**	**Fair value**
	At fair value through profit or loss	**Loans and receivables**	**Financial liabilities at amortized cost**	**Total**	**Total**
	$	**$**	**$**	**$**	**$**
Financial assets					
Cash and cash equivalents	-	12,777	-	12,777	12,777
Restricted cash	-	2,115	-	2,115	2,115
Accounts receivable	-	72,391	-	72,391	72,391
Derivative financial assets	147	-	-	147	147
Total	**147**	**87,283**	**-**	**87,430**	**87,430**
Financial liabilities					
Bank indebtedness	-	-	975	975	975
Trade and accrued liabilities	-	-	60,286	60,286	60,286
Long-term debt	-	-	51,823	51,823	51,823
Convertible debentures and debenture conversion option (including in derivative financial liabilities)	2,093	-	46,101	48,194	49,517
Long-term payable (including in other liabilities)	-	-	12,577	12,577	12,577
Total	**2,093**	**-**	**171,762**	**173,855**	**175,178**

Fair value hierarchy

The fair value hierarchy reflects the significance of the inputs used in making the measurements and has the following levels:

- Level 1: Quoted prices (unadjusted) 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 following table presents the financial instruments, by class, which are recognized at fair value in the condensed interim consolidated statements of financial position:

As at March 31, 2015	**Level 1**	**Level 2**	**Level 3**
	$	**$**	**$**
Financial assets (liabilities)			
At fair value through profit or loss			
Foreign exchange forward contracts (1)	-	(198)	-
Debenture conversion option (Note 6) (2)	-	-	(1,213)
Total	**-**	**(198)**	**(1,213)**

As at December 31, 2014	**Level 1**	**Level 2**	**Level 3**
	$	**$**	**$**
Financial assets (liabilities)			
At fair value through profit or loss			
Derivative forward contracts (3)	-	147	-
Debenture conversion option (Note 6) (2)	-	-	(2,093)
Total	**-**	**147**	**(2,093)**

(1) The Company entered into four monthly foreign exchange forward contracts, effective from April 2015 to June 2015, to sell US dollars in exchange for Canadian dollars. Under these contracts, the US$/CA$ exchange rate is fixed at 1.205 for a total nominal amount of $8,129.

(2) This instrument is classified as a Level 3 financial instrument, since the implied volatility is an unobservable input. The change in fair value of debenture conversion option of $713 was recognized in the consolidated statement of earnings for the three-month period ended March 31, 2015 (nil for the three-month period ended March 31, 2014). As at March 31, 2015, an increase of 5% in the volatility would have increased the fair value of the debenture conversion option by $524 and a decrease of 5% would have decreased the fair value of the debenture conversion by $438 ($587 and $1,217 respectively as at December 31, 2014).

(3) 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 fixed the price at $21.83 per ounce as at August 5, 2014 and its nominal value was approximately $1,900. 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 statement of earnings. As at September 30, 2014, the first contract and the contract in the opposite position matured and, as at March 31, 2015, the second contract and the contract in opposite position matured.

NOTE 12 – COMMITMENTS AND CONTINGENCIES

Commitments

In September 2014, the Company signed a loan agreement with one of its suppliers for the construction of manufacturing equipment in Asia. The loan bears an interest rate of 8.5%, and is guaranteed by the supplier's corporate entity. Under this agreement, the total amount can reach up to $7,000 upon achievement of certain milestones. The initial tranche was disbursed on October 15, 2014. As at March 31, 2015, the amount receivable under the loan is $1,695 ($1,840 as at December 31, 2014). Each tranche is to be reimbursed on a monthly basis over a term of twelve months starting after each drawdown.

In the normal course of business, the Company contracted letters of credit for an amount of up to $521 as at March 31, 2015 ($439 as at December 31, 2014).

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 condensed interim consolidated financial statements, the Company was not aware of any significant events that would have a material effect on its consolidated financial statements.