5N PLUS

pure and simple

2009
annual
report

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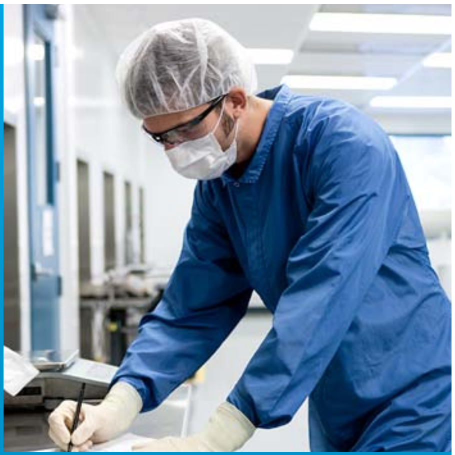
5N PLUS IS A FULLY INTEGRATED PRODUCER AND CLOSED-LOOP RECYCLER OF HIGHLY PURIFIED METALS AND COMPOUNDS, THAT CUSTOMERS USE IN A RANGE OF ELECTRONIC APPLICATIONS, INCLUDING SOLAR POWER CELLS AND MEDICAL DEVICES. 5N PLUS DRAWS ITS NAME FROM THE PURITY OF ITS PRODUCTS—99.999%, OR 5 NINES AND MORE—WHICH CONSIST PRIMARILY OF TELLURIUM, CADMIUM, SELENIUM AND RELATED COMPOUNDS SUCH AS CADMIUM TELLURIDE (CdTe). THE COMPANY EMPLOYS NEARLY 150 PEOPLE AND OPERATES TWO STATE-OF-THE-ART PRODUCTION FACILITIES IN MONTRÉAL, CANADA, AND IN EISENHÜTTENSTADT, GERMANY. 5N PLUS IS LISTED ON THE TORONTO STOCK EXCHANGE (VNP-TSX).

vision

TO GROW TOGETHER IN AN ENVIRONMENTALLY RESPONSIBLE WAY, THROUGH THE INNOVATION AND PRODUCT EXCELLENCE MADE POSSIBLE BY OUR EMPLOYEES' KNOW-HOW AND COMMITMENT, THEREBY ENABLING 5N PLUS TO BECOME THE WORLD'S LEADING PRODUCER OF HIGH-PURITY MATERIALS.



PURITY DEFINES OUR PRODUCTS.

SUCCESS DEFINES OUR BUSINESS.

5N Plus **AT A GLANCE**

Purity is the defining characteristic of 5N Plus specialty metals—defining not just our products, but equally how we do business. To provide the level of purity our customers demand, we conduct primary and secondary refining at two production centres, which are strategically located close to major markets in North America and Europe.

Our 58,000 sq. ft. (5,400 sq. metres) Montréal plant, which also houses our head office, has an annual CdTe production capacity of 125 tonnes. Meanwhile our German plant, situated in the heart of Europe's burgeoning solar cell industry, has an annual CdTe production capacity of 100 tonnes, and a cadmium sulfide (CdS) capacity of 10 tonnes. This new 43,000 sq. ft. (4,000 sq. metres) facility, owned and operated by our subsidiary 5N PV GmbH, recently celebrated its first full year in operation.

With a view to expanding its offerings, winning new markets and further upgrading the quality of its products and services, 5N Plus also operates two labs, one in Montréal and another in Eisenhüttenstadt.

Recycling solutions strengthen customer relationships

As a fully integrated metal refiner, 5N Plus is uniquely equipped to provide customers with recycling solutions for their unwanted material and for finished products that have reached their end of life. In today's business environment, this is a key competitive advantage—particularly as most of our customers are in the rapidly-growing solar cell manufacturing sector. Given this sector's environmental sensitivities, coupled with increasing regulation over the use and disposal of certain metals, the customer's need to secure long-term solutions for recovering and reusing these materials is significant. This capability enables 5N Plus to add significant value to its customer relationships.

5N Plus values

The purity that drives our approach to quality control also underpins our conduct in the workplace—how we deal with colleagues and customers. 5N Plus' values have been integral to our operations from the very start, and continue to define who we are.

- Celebrated our German plant's first full year in operation as an unqualified success
- Extended advantageous supply contract with world's leading thin-film solar cell maker to July 2013
- Grew commanding market position with all CdTe-based thin-film solar cell manufacturers
- Signed and maintained long-term agreements with leading raw material suppliers around the world

Customer focus: Our goal is to exceed customer expectations by delivering outstanding services and products shaped by the customer's needs. To achieve this, we have the confidence and resourcefulness to propose solutions that establish lasting relationships of trust.

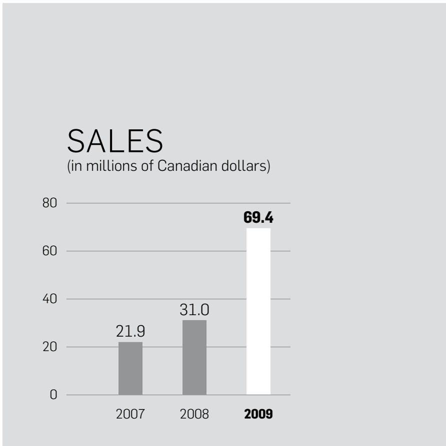
Commitment: Transforming our vision into reality is possible only through the commitment and effort of our employees. We therefore aim to develop a stimulating work environment that values teamwork and excellence.

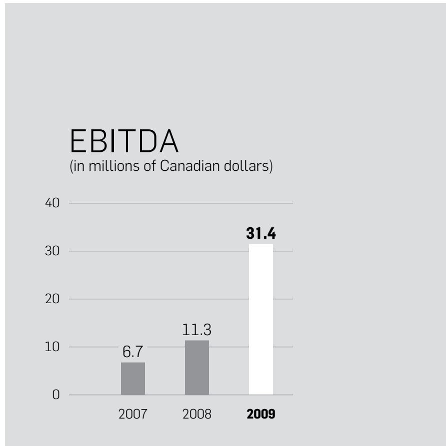
Continuous improvement: We promote excellence in everything we do, with the ultimate goal of being recognized as the industry leader. We therefore continually seek to improve our skills, along with the quality of our products and services.

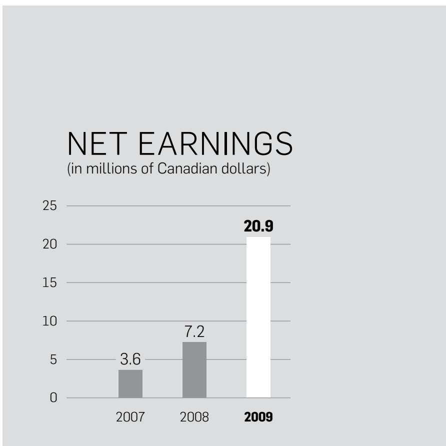
financial and operational highlights

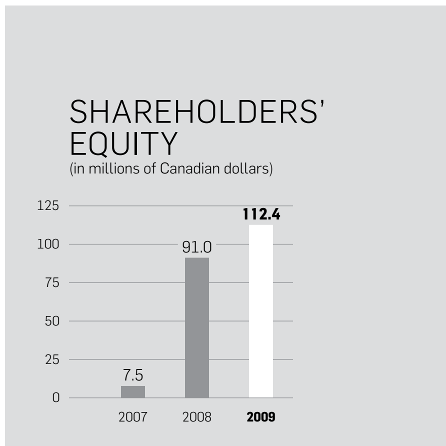
Record-setting profits and growth

5N Plus has posted 36 consecutive quarters of profit since its founding, and a Compound Annual Growth Rate of 78% in sales, 142% in earnings and 116% in EBITDA since 2007. The backlog at year-end stands at 52 million dollars.









Health and safety: Employee health and safety guides all our operations. We act responsibly to minimize risks and promote prevention, with the goal of continually improving our health and safety performance.

Integrity: We adhere to the highest standards of integrity, which means keeping our word, complying with the letter and spirit of the law, and treating every person with whom we do business with respect and dignity.

Sustainable development: We encourage individual and corporate initiatives that help to protect the environment. This includes promoting—both internally and with clients and suppliers—the recycling of products and industrial waste, and setting objectives that reduce our environmental footprint.

IN PURE AND SIMPLE TERMS, WE TURNED IN ANOTHER STELLAR YEAR.

We are pleased to report that 5N Plus had another successful year, with record profits and growth fuelled, in part, by our new German plant's successful operation. Despite the global economic slowdown, our momentum remains unchecked, and for two reasons. We continue to lead our markets by providing customers with the solutions they need. And we continue to serve the solar power industry, which is bucking general economic trends.

In the United States, the new administration has declared its commitment to energy security and earmarked significant funds, along with incentives, to stimulate the development of alternative energy sources. Meanwhile Europe remains the global hotbed for solar power, with Germany occupying the environmental, political and economic vanguard on the continent and among the G8. 5N Plus has established a critical beachhead in this market and with key customers. Closer to home, Ontario's Green Energy Act, modeled on an existing German program, is a North American first, giving homeowners financial incentives to install rooftop solar power systems. 5N Plus is therefore well positioned on both continents to participate in the alternative energy revolution.

Solar modules now below $1/watt

For some time, a module cost of US$1 per watt has been the holy grail in solar power generation. Indeed, at this point, solar panels can provide means for electricity generation which is competitive with more conventional sources. Thin-film technologies, which 5N Plus serves, have already crossed this threshold, which should give major impetus to this solution's economic viability and therefore influence industry, government and public opinion.

As the leading supplier to the global cost leader in this market, 5N Plus is ideally positioned. Indeed, during the past year we extended our contract with the world's leading thin-film solar cell make to July 2013, giving us stable and predictable income from which to plan growth.

Capturing new business

While one U.S.-based manufacturer dominates the solar cell market we serve, other North American and European companies are coming on board. We're well placed to capture new business from these entrants, which include Calyxo, Abound Solar, PrimeStar Solar and Arendi. 5N Plus has three strategic advantages: First, we already command the lion's share of this market and have an unblemished reputation for quality and purity. Our technological legacy, stretching back to 1993, represents first-mover status. Second, we're an integrated supplier, so we can offer closed-loop recycling. This adds significant value for customers, who need recycling solutions in an increasingly regulated environment. Third, we have mature relationships with raw material suppliers around the world. In addition, following extensive R&D, we have developed highly efficient manufacturing processes that provide us with what we believe are significant cost advantages.

Broadening our product portfolio

In order to further diversify our revenue streams, we're actively looking beyond the thin-film CdTe solar cell market. For example, we're investing in R&D to capture market share in the emerging copper indium diselenide (CIS) solar cell industry. And we continue to command the leading market share in specialized applications that require high purity metals in the medical, military, industrial and automotive sectors. At the same time, we're continuing to explore new applications and products that leverage 5N Plus' core competencies.

Committed to growth

With a strong balance sheet that includes $65 million in cash, 5N Plus is well positioned to implement its growth strategy through

letter to shareholders

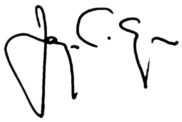
organic growth and strategic acquisitions. Minimal investments would enable us to double capacity at both plants, providing us with a distinctive and high-value growth platform. Our German plant has given us invaluable overseas experience and could well usher in further global expansion to serve customers in other regions.

At the same time, we are careful to exercise discipline in evaluating potential candidates for acquisition. These candidates must meet several criteria, including financial accretion, readiness for rapid integration within 5N Plus and compatibility with our core competencies and business model.

An exciting future

To a great extent, we owe our remarkable trajectory of growth over 9 years to the drive and dedication of our employees. We thank them for their invaluable contributions over the past year, and look forward to growing together in the years ahead. We are also fortunate to have attracted exceptional talent to our board of directors, and would like to thank them for their insights and judgment.

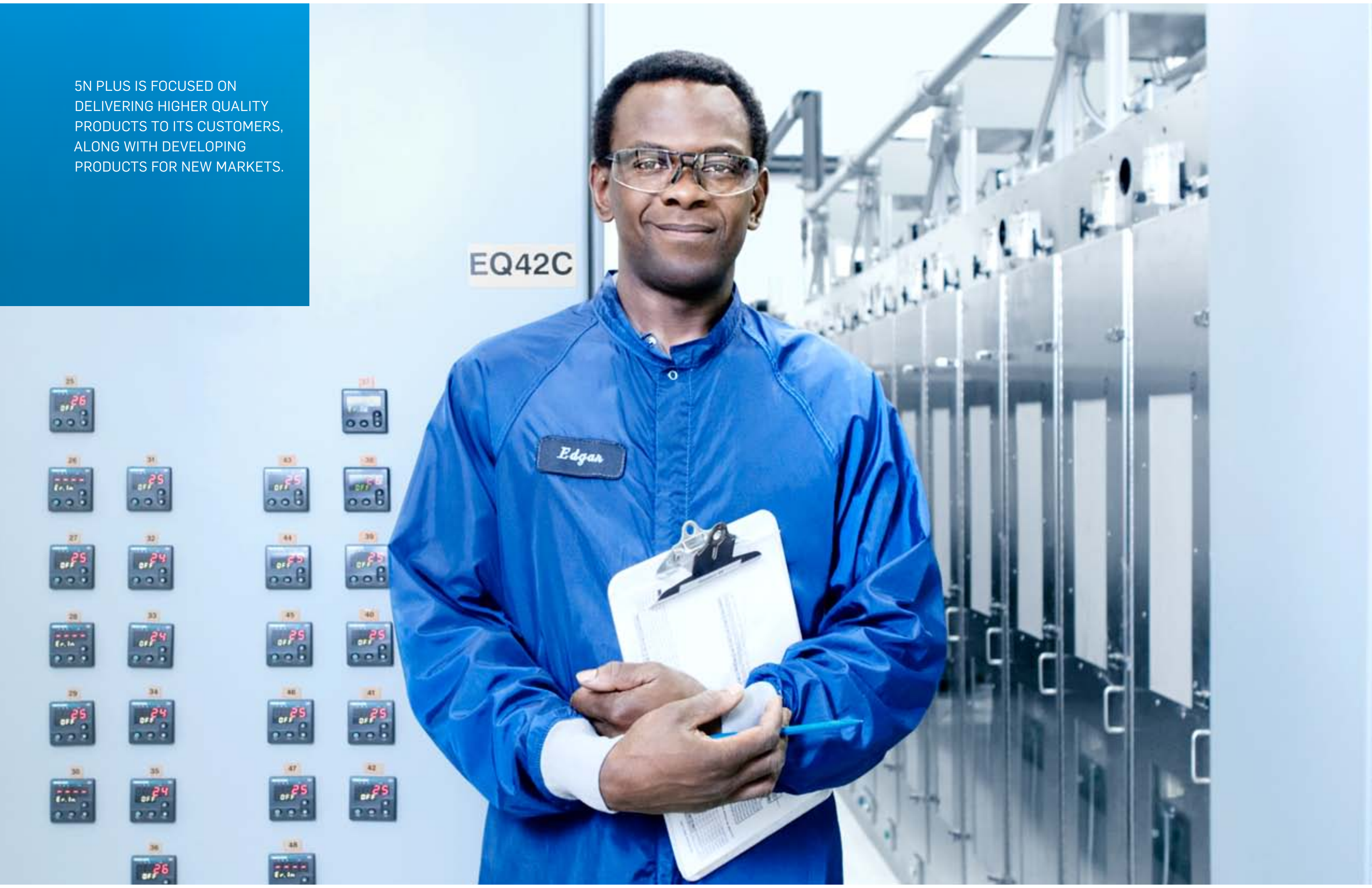
This is a remarkable company, supported by remarkable people who have achieved a track record of unbroken success. We possess a proven business model, a growing global footprint, and strong relationships with customers and suppliers. Given these extraordinary assets, we look forward to an exciting future indeed.



JACQUES L'ÉCUYER
President and Chief Executive Officer

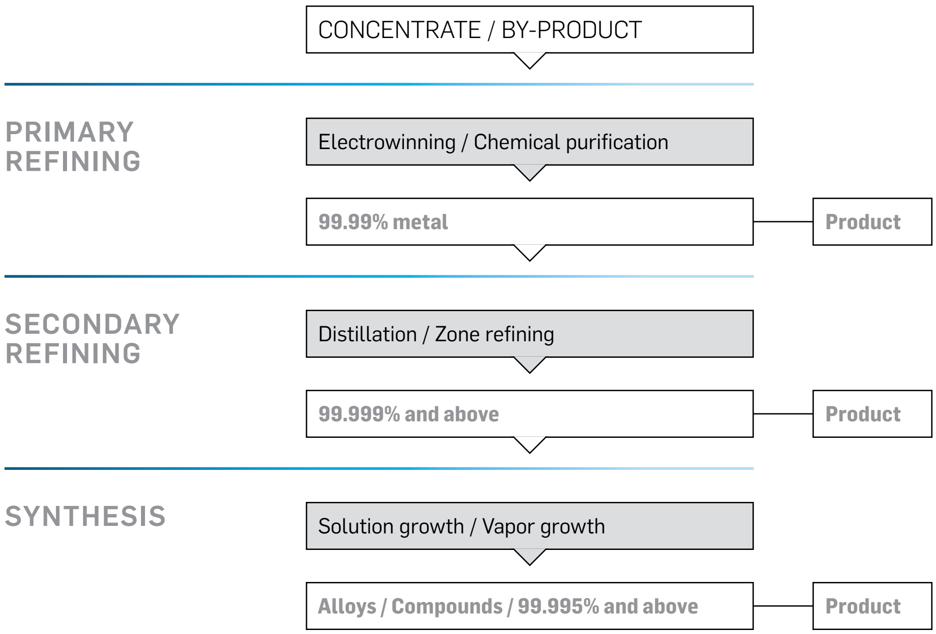
DENNIS WOOD
Chairman of the Board of Directors

5N PLUS IS FOCUSED ON DELIVERING HIGHER QUALITY PRODUCTS TO ITS CUSTOMERS, ALONG WITH DEVELOPING PRODUCTS FOR NEW MARKETS.



PRODUCTS AND MARKETS

5N PLUS ENGINEERS USE ADVANCED TECHNIQUES IN STATE-OF-THE-ART CLEAN ROOMS TO ACHIEVE HIGH LEVELS OF PURITY. PRIMARY REFINING YIELDS 4N PURITY, AND SECONDARY REFINING BETWEEN 5N AND 7N PURITY. THE SOLAR CELL INDUSTRY, THE LARGEST SECTOR WE SERVE, DEMANDS THESE TYPES OF PURITY LEVEL.



WHILE STABLE FOR 2009, THE MARKET FOR SOLAR CELLS IS FORECASTED TO GROW AT A STRONG RATE ANNUALLY OVER THE NEXT FEW YEARS. IN SOME COUNTRIES NEW SOLAR CELL INSTALLATIONS WILL REPRESENT 10% TO 15% OF ANNUAL ADDITIONS OF ELECTRICITY GENERATING CAPACITY—EXCEEDING THOSE OF COAL OR NUCLEAR ENERGY. 5N PLUS IS A KEY SUPPLIER TO THE FASTEST-GROWING SEGMENT OF THIS MARKET.

compounds

Cadmium telluride

CdTe is a semiconductor that enables the efficient conversion of solar energy into electricity. Cadmium telluride is also used to manufacture nuclear radiation detectors for medical use.

Cadmium sulfide

In a thin layer, CdS is a critical component of cadmium telluride (CdTe) and copper indium gallium selenide (CIGS) solar cells.

Zinc telluride

ZnTe is a translucent semiconductor used in LEDs for optoelectronics and also in thin-film solar cells as well as in terahertz radiation detectors.

Cadmium zinc telluride

CdZnTe is used to manufacture high resolution nuclear radiation detectors (X-ray and gamma ray) that do not require cooling.

In the markets 5N Plus serves, the ability to conduct primary and secondary metal refining under one roof is an uncommon attribute that gives us a strong competitive edge. Since we can accept complex and low-grade feedstocks for refining, we have far greater latitude in the types of raw material we're able to process. More critically for customers, we can recycle their manufacturing by-products and spent solar cells to extract and reuse high-value metals. In today's environmentally sensitive era, when companies must protect their "green" credentials with regulators, the public and partners, 5N Plus' recycling solution is significant. Indeed, many companies are expected to have disposal and recycling plans in place in order to gain regulatory approval. 5N Plus' unique ability to recycle enriches our customer relationships and enables us to establish strong business partnership.

OUR MARKETS

Thin-film photovoltaics

Manufacturers of thin-film solar cells (also called photovoltaics, or PVs) account for some three-quarters of 5N Plus' business and represent the industry's fastest-growing segment, with large multi-acre installations in place across Europe. We currently have a long-term supply agreement with the world's largest low-cost manufacturer of CdTe solar cells.

However, more than 30 companies have announced entry or expansion into this market, and global thin-film capacity is forecasted to grow from the 400 megawatts it was in 2007 to over 3,000 megawatts by 2011. Several technologies will account for this growth, for which 5N Plus could develop commercial strategies.

What's fuelling the growth of thin-film technology? These cells consume far less raw material than conventional alternatives (hence "thin film"), and their manufacture , which can be thought as continuous and scalable permits greater process integration leading to a significantly lower production cost.

Radiation detectors

Solid-state X-ray and gamma-ray detectors that use ultra-high purity cadmium, tellurium and zinc, supplied by 5N Plus, represent a clear advance over previous technologies. They offer enhanced performance, smaller size and a greater tolerance to environmental conditions.

DELIVERING PRODUCT EXCELLENCE IS JUST THE START. WE ALSO TAKE PRIDE IN OUR ABILITY TO ADAPT A PRODUCT TO THE CUSTOMER'S SPECIFIC NEED.

While these detectors have a number of industrial and security applications, medical imaging and nuclear medicine represents the largest potential growth markets. The heavily regulated medical field, with its exacting standards for reliability and quality control, is perfectly aligned with 5N Plus' own high standards for purity and quality.

Thermoelectric coolers

These advanced solid-state cooling devices find a wide range of applications in the military, medical, telecommunications, industrial and automotive sectors. For example, automakers use high-efficiency thermoelectric coolers to augment air conditioning by cooling driver and passenger seats. Customers who produce thermoelectric coolers typically buy alloys of tellurium, bismuth, antimony and selenium.

Infrared lenses and detectors

Generating growing demand in the military and industrial sectors, CO_2 lasers require specialized optics for which we supply the essential zinc and selenium. Industry forecasts for these types of lasers—particularly those based on zinc selenide (ZnSe)—indicate strong demand.

Optical data storage

Manufacturers of read/write CDs and DVDs use high purity antimony and tellurium supplied by 5N Plus. An equally promising market lies in an emerging random access memory (RAM) technology now being developed for electronic data storage for computers and other equipment. Known as PRAM, and using tellurium supplied by 5N Plus, this new solid-state technology is poised to overtake flash memory as the industry standard.

IT'S SIMPLE, REALLY. 5N PLUS HAS CAPTURED DOMINANT SHARE IN EVERY MARKET IT SERVES BECAUSE OF THE PURITY OF ITS PRODUCTS, THE RESPONSIVENESS OF ITS SERVICE, AND THE KNOW-HOW OF ITS PEOPLE. PURELY AND SIMPLY, THIS IS HOW WE SUCCEED.

pure metals

Tellurium

High-purity tellurium is an essential component in the manufacturing of cadmium telluride (CdTe) solar cells and thermoelectric devices.

Cadmium

Cadmium is used in solar applications (CdTe, CdS) and in CdZnTe for nuclear radiation detectors (X-ray, gamma ray).

Bismuth

Bismuth is used in the manufacturing of thermoelectric devices (bismuth telluride and bismuth antimonide) for cooling systems and the automotive industry.

Selenium

Selenium is used in compounds such as CIGS and CIS for the photovoltaic solar industry and is also used for thermoelectric devices.

Zinc

High-purity zinc is used to synthesize certain semiconductors such as CdZnTe, a preferred material for infrared substrates and nuclear radiation detectors.

Antimony

Antimony combined with tellurium is used in the manufacturing of read/write CDs and DVDs.

PURE AND SIMPLE. STRONG AND GROWING.

TYPICAL 5N PLUS PRODUCTS	END MARKETS	STANDARD APPLICATIONS
Base elements (tellurium, cadmium, selenium and zinc) in purities ranging from 99.999% to 99.99999%	Thin-film photovoltaics	Solar modules based on CdTe
Related compounds including CdTe and CdS	Radiation detectors	X-ray medical imaging cameras
	Electronic and optical storage	Computer memory (PRAM)
	Thermoelectric coolers	DNA thermal cyclers
	Infrared lenses and detectors	Optics for CO_2 laser

MORE THAN HALF OUR EMPLOYEES HAVE TAKEN THE OPPORTUNITY TO BECOME SHAREHOLDERS. THIS SPEAKS TO THEIR COMMITMENT, PRIDE AND CONFIDENCE IN 5N PLUS.

HOW WE DEAL WITH THE ENVIRONMENT, OUR EMPLOYEES AND COMMUNITIES IS EQUALLY PURE AND SIMPLE.

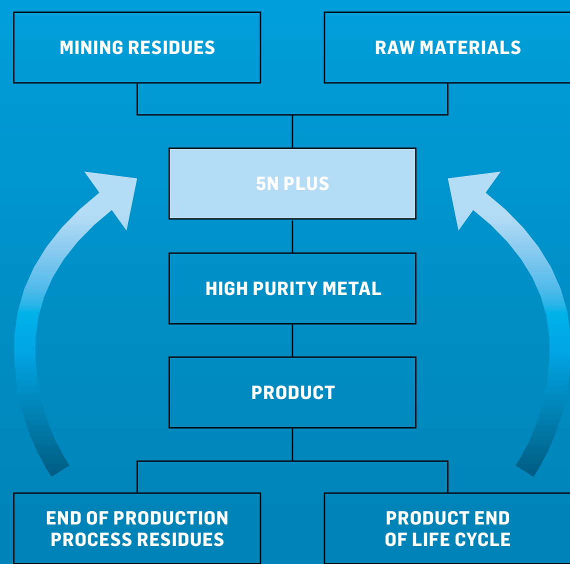
A sense of our responsibility to act as good corporate citizens has been part of our culture from the start. It's important to us, as it is to our customers. Fully endorsing the concept of material stewardship, 5N Plus believes its environmental responsibility extends well beyond the mere shipment of products.

This is why our ability to recycle is so important. According to Brookhaven National Laboratory in the United States, "recycling the [CdTe] modules at the end of their useful life completely resolves any environmental concerns." Our integrated supply chain means that customers are assured of total product life cycle management for their cadmium and cadmium telluride. The product remains in a closed loop.

Clearly, others are taking note—and not just customers. In recognition of our efforts on behalf of clients, and for our in-house environmental programs, 5N Plus has been listed this year in the *Jantzi-Maclean's Corporate Social Responsibility Report: 50 Most Socially Responsible Corporations*. We're also listed in *Corporate Knights Magazine's Diversity Issue: Cleantech 2008*

5N PLUS' ABILITY TO RECYCLE MATERIALS ADDS SIGNIFICANT VALUE FOR CUSTOMERS—ESPECIALLY TODAY, AS ENVIRONMENTAL REGULATIONS PROLIFERATE. 5N PLUS IS ISO 14001 AND ISO 9001 CERTIFIED. AS A MEMBER OF THE PV CYCLE ASSOCIATION, 5N PLUS HAS CONTRIBUTED TO THE DEVELOPMENT OF AN INDUSTRY-WIDE VOLUNTARY TAKE-BACK AGREEMENT, WHICH PROMOTES RECYCLING OF PV MODULES AT THE END OF THEIR LIFE.

recycling cycle



Top 10. The Cleantech Group's Cleantech Index has consistently outperformed the NASDAQ Composite.

In 2009, 5N Plus was also honored with the Ecosustainable Production and Design Competition award, presented by the Chamber of Commerce and Industry of St-Laurent, in partnership with the Centre d'expertise sur les matières résiduelles. The award recognizes how 5N Plus tailors its recycling solutions to its customer's needs, and is open to "Montréal-based companies seeking to reduce pollution and waste at the source, in their manufacturing processes and when transporting their goods, as well as at the end of the products' life cycle."

We have garnered much recognition, but we could and must do more. Currently, we are working to further improve our recovery rates for metals, and our R&D staff is exploring ways to recover as well other metals, which could otherwise be disposed of. We're also working to raise our profile and play a more prominent role in solar cell recycling. This is clearly the most cost-effective and responsible way of dealing with spent solar modules.

Our own house in order

For the people of 5N Plus, our commitment to the customer's environmental efforts begins at "home." This means working in our plants and offices, as well as in the community, to reduce our carbon footprint along with our energy consumption and use of potable water. We encourage our employees to reduce engine idling and to commute by bike every day.

management's report

This Management's Report of the operating results and the financial position is intended to assist readers in understanding 5N Plus Inc. ("the Company"), its business environment and future prospects. This Management's Report should be read while referring to the Company's audited consolidated financial statements and accompanying notes for the fiscal year ended May 31, 2009. Information contained herein includes any significant developments to August 12, 2009, the date on which the Management's Report was approved by the Company's board of directors. The financial information presented in this Management's Report is based on the Company's accounting policies that are in compliance with Canadian generally accepted accounting principles ("GAAP"). It also includes some figures that are not performance measures consistent with GAAP. Information regarding these non-GAAP financial measures is provided under the heading Non-GAAP Measures of this Management's Report. All amounts are expressed in Canadian dollars. Unless otherwise indicated, the terms "we", "us" and "our" as used herein refer to the Company together with its subsidiaries.

Notice Regarding Forward-Looking Statements

Certain statements in this Management's Report may be forward-looking within the meaning of securities legislation. Forward-looking 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. As a result, we cannot guarantee that any forward-looking statements will materialize. Forward-looking statements can generally be identified by the use of terms such as "may", "should", "would", "believe", "expect", or any terms of similar nature. Except as required under applicable securities legislation, management does not undertake to update these forward-looking statements as a result of new information, future events or other changes. In evaluating these statements, the reader should consider various factors, including the risks outlined under the heading Risks and uncertainties in this Management's Report. The reader is warned against giving undue reliance on these forward-looking statements.

Corporate Overview and Business

5N Plus Inc. draws its name from the purity of its products, 99.999% (five nines or 5N) and more. We have our head office in Montreal, Québec, and develop and produce high-purity metals and compounds for electronic applications and provide our customers with recycling solutions. We are an integrated producer with both primary and secondary refining capabilities. We focus on specialty metals such as tellurium, cadmium and selenium and on related compounds such as cadmium telluride ("CdTe") and cadmium sulphide ("CdS"). Our products are critical precursors in a number of electronic applications, including the rapidly-expanding solar (thin-film photovoltaic) market, for which we are a major supplier of CdTe 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. Increasing shareholder value remains a priority and we are well positioned to implement our growth strategy through organic growth and strategic acquisitions.

management's report

Highlights of the Fourth Quarter and Fiscal Year 2009

- Net earnings for the fourth quarter were $5,708,451 or $0.13 per share, representing a 111.2% increase over net earnings of $2,703,068 or $0.06 per share for the fourth quarter of the previous fiscal year. For the fiscal year ended May 31, 2009, net earnings were at a record level of $20,868,124 or $0.46 per share, representing an increase of 190.8% over net earnings of $7,175,011 or $0.20 per share for the previous fiscal year.
- EBITDA[1] for the fourth quarter was $8,576,126, representing an increase of 119% over EBITDA of $3,916,750 for the fourth quarter of the previous fiscal year. EBITDA reached a record level of $31,409,878 for the fiscal year ended May 31, 2009, an increase of 177.5% over EBITDA of $11,318,178 for the previous fiscal year.
- Sales for the fourth quarter were $18,057,223, representing an increase of 91.6% over sales of $9,423,908 for the fourth quarter of the previous fiscal year. Sales for the fiscal year ended May 31, 2009 were at a record level of $69,373,117, an increase of 124.0% compared to sales of $30,972,941 for the previous fiscal year. The backlog[1] of orders expected to translate into sales over the following twelve months stood at $52,224,368 at the fiscal year end which represents a 73.1% increase over its level of $30,174,000 at the end of the previous fiscal year.
- Cash flow from operating activities was $4,965,655 for the quarter and $16,239,645 for the fiscal year ended May 31, 2009. This compares with a cash consumption of $3,519,086 and $2,163,317 for the corresponding periods of the previous fiscal year. Cash and cash equivalents increased by $5,489,787 during the fiscal year to $65,066,530 as at May 31, 2009, up from $59,576,743 as at May 31, 2008. Shareholders' equity also increased during the fiscal year to $112,368,764 as at May 31, 2009 up from $90,962,804 one year earlier.
- Fourth quarter results were in line with those of the previous two quarters and complete a record breaking 2009 fiscal year which was transformational for 5N Plus in many respects, including from an operational standpoint, fiscal 2009 being the year in which we completed our international expansion and successfully commissioned our new German facility in Eisenhüttenstadt. This $18,155,298 investment was completed on time and within budget.

Selected Financial Information

Years ended May 31	**2009**	2008	2007
Consolidated results			
Sales	**$ 69,373,117**	$ 30,972,941	$ 21,897,240
EBITDA	**$ 31,409,878**	$ 11,318,178	$ 6,722,501
Net earnings	**$ 20,868,124**	$ 7,175,011	$ 3,574,082
Net earnings per common share			
Basic	**$ 0.46**	$ 0.20	$ 0.12
Diluted	**$ 0.45**	$ 0.19	$ 0.11
Dividend per common share	**$ –**	$ 0.034	$ 0.003
Balance sheet data			
Total assets	**$ 128,168,856**	$ 107,743,063	$ 17,363,037
Long-term debt	**$ 3,997,923**	$ 4,674,934	$ 3,500,645
Shareholders' equity	**$ 112,368,764**	$ 90,962,804	$ 7,546,467

[1] See Non-GAAP Measures

2009 Selected Quarterly Financial Information

(Unaudited)

								2009
		Q4		Q3		Q2		Q1
Sales	**$**	**18,057,223**	**$**	**19,150,195**	**$**	**18,135,824**	**$**	**14,029,875**
Gross profit[1]	**$**	**8,496,616**	**$**	**9,840,268**	**$**	**9,230,178**	**$**	**7,631,824**
EBITDA	**$**	**8,576,126**	**$**	**8,012,408**	**$**	**8,798,520**	**$**	**6,022,824**
Net earnings	**$**	**5,708,451**	**$**	**5,189,673**	**$**	**5,875,610**	**$**	**4,094,390**
Earnings per share								
Basic	**$**	**0.13**	**$**	**0.11**	**$**	**0.13**	**$**	**0.09**
Diluted	**$**	**0.12**	**$**	**0.11**	**$**	**0.13**	**$**	**0.09**
Backlog	**$**	**52,224,368**	**$**	**52,024,064**	**$**	**54,722,363**	**$**	**53,646,727**

1 See Non-GAAP Measures

2008 Selected Quarterly Financial Information

(Unaudited)

								2008
		Q4		Q3		Q2		Q1
Sales	$	9,423,908	$	8,358,817	$	6,795,743	$	6,394,473
Gross profit	$	5,615,838	$	4,454,138	$	3,276,379	$	2,977,434
EBITDA	$	3,916,750	$	3,179,710	$	2,220,574	$	2,001,144
Net earnings	$	2,703,068	$	2,153,139	$	1,219,548	$	1,099,256
Earnings per share								
Basic	$	0.06	$	0.06	$	0.04	$	0.04
Diluted	$	0.06	$	0.06	$	0.04	$	0.03
Backlog	$	30,174,000	$	29,300,000	$	22,200,000	$	24,423,498

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, thermoelectric and optical storage. We also provide recycling services to our customers where residues from their manufacturing operations are refined and converted back into a usable product. We have one reportable segment, namely refining and recycling of metals.

Our customer base includes manufacturers of thin-film solar cells, original equipment manufacturers (OEM), and Tier 1 and 2 suppliers which provide consumables, components or sub-assemblies. Our customers are located primarily in the United States, Europe, Israel and Asia. One customer accounted for 78% of our sales during the quarter and 78% during the fiscal ended May 31, 2009.

management's report

Sales, Gross Profit, Net Earnings and Earnings per Share

	Three months ended May 31			Twelve months ended May 31		
	2009	2008	Increase	**2009**	2008	Increase
Sales	**$18,057,223**	$ 9,423,908	91.6%	**$69,373,117**	$ 30,972,941	124.0%
Gross profit	**$ 8,496,616**	$ 5,615,838	51.3%	**$35,198,886**	$ 16,323,789	115.6%
Gross profit ratio[1]	**47.1%**	59.6%		**50.7%**	52.7%	
Net earnings	**$ 5,708,451**	$ 2,703,068	111.2%	**$20,868,124**	$ 7,175,011	190.8%
Earnings per share (basic)	**$ 0.13**	$ 0.06		**$ 0.46**	$ 0.20	

[1] See Non-GAAP Measures

Sales for the fourth quarter ended May 31, 2009 reached $18,057,223 up by 91.6% over sales of $9,423,908 for the corresponding period of the previous fiscal year. For the fiscal year ended May 31, 2009, our sales reached a record level of $69,373,117 representing an increase of 124.0% over sales of $30,972,941 for the previous fiscal year. This increase in sales is attributable primarily to an increase in sales of CdTe to the photovoltaic market. Sales into other markets were relatively stable. For the fourth quarter and fiscal year 2009, sales into the photovoltaic market represented 78% of total sales. This compares with 72% and 68% for the corresponding periods of the previous year. These increases in sales are primarily associated with an increase in the volumes of product sold following the commissioning and ramping-up of our new German facility to meet the increasing demand for these solar grade products from our customers. The average selling price for these products also increased contributing to a further increase in our sales following a reduction in the relative amounts of custom refining or "tolling" where we incur no cost for raw materials. During fiscal 2009, the devaluation of the Canadian dollar in relation to the U.S. dollar and to the euro had a significant favorable impact on the Company's sales.

Gross profits reached $8,496,616 in the fourth quarter and $35,198,886 for fiscal year ended May 31, 2009, corresponding to gross profit ratios of 47.1% and 50.7% respectively. This compares with gross profits of $5,615,838 and $16,323,789 for the corresponding periods of the previous fiscal year and respective gross profit ratios of 59.6% and 52.7%. The increase in gross profit results from an increase in sales volume and the positive impact of the foreign currency exchange rates. Gross profit ratio decreased for both the quarter and the fiscal year when compared to the corresponding periods of the previous fiscal year as a result of a sizeable reduction in the relative amounts of "tolling". This decrease was partially offset by general improvements in efficiency, scalability and production throughput throughout the year. Gross profit at our new German facility was in line with expectations and the gross profit ratio similar to our Montreal facility.

Net earnings were $5,708,451 ($0.13 per share) representing a 111.2% increase over net earnings of $2,703,068 ($0.06 per share) for the fourth quarter of the previous fiscal year. For the fiscal year, net earnings were $20,868,124 ($0.46 per share) representing a 190.8% increase over net earnings of $7,175,011 for the previous fiscal year ($0.20 per share). Earnings per share are calculated based on a weighted average number of common shares outstanding of 45,515,577 for the last quarter and 45,505,213 for the fiscal year ended May 31, 2009. Earnings per share for the corresponding periods of the previous fiscal year are calculated based on a weighted average number of common shares of 42,934,783 and 35,308,641 respectively. Net earnings increased in both the quarter and the fiscal year ended May 31, 2009 primarily as a result of an increase in gross profit. Foreign exchange gains net of income taxes also contributed representing 27% of the quarter's net earnings (5% in the previous fiscal year) and 11% of the fiscal year end net earnings (1% in the previous fiscal year). The significance of the foreign exchange gain in the quarter is largely related to the mark to market of several foreign currency forward contracts, most of which were entered into during the fourth quarter.

During the fourth quarter of the fiscal year ended May 31, 2009, the Company retroactively adopted the recently issued recommendations of the Canadian Institute of Chartered Accountants ("CICA") Section 3064 "Goodwill and Intangible Assets". As a result, all of the German facility start-up expenses which had previously been capitalized were expensed leading to the following changes in net earnings in the year ended May 31, 2009, and in fourth quarter and year ended May 31, 2008 as shown in the table below.

Restated net earnings

	Three months ended May 31		Twelve months ended May 31	
	2009	2008	**2009**	2008
Net earnings	**$ 5,708,451**	$ 3,178,621	**$ 20,833,848**	$ 7,766,137
Deferred start-up costs	**–**	(660 ,490)	**(505,319)**	(821,008)
Amortization of deferred start-up costs	**–**	–	**552,925**	–
Income taxes	**–**	184,937	**(13,330)**	229,882
Restated net earnings	**$ 5,708,451**	$ 2,703,068	**$ 20,868,124**	$ 7,175,011

Selling and Administrative and Research and Development Expenses

	Three months ended May 31		Twelve months ended May 31	
	2009	2008	**2009**	2008
Selling and administrative expenses	**$ 1,670,869**	$ 903,514	**$ 5,277,745**	$ 2,911,797
Percentage of sales for the period	**9.3%**	9.6%	**7.6%**	9.4%
Research and development expenses (net of tax credits)	**$ 423,277**	$ 65,848	**$ 1,241,142**	$ 930,232
Percentage of sales for the period	**2.3%**	0.7%	**1.8%**	3.0%

Selling and administrative expenses were $1,670,869 or 9.3% of sales for the fourth quarter, and $5,277,745 or 7.6% of sales for the fiscal year ended May 31, 2009. This compares with selling and administrative expenses of $903,514 and $2,911,797 for the corresponding periods of the previous fiscal year, representing respectively 9.6% and 9.4% of sales. Selling and administrative expenses were higher in the fourth quarter than in the previous quarters of the current fiscal year primarily because of higher consulting fees related to various acquisition projects. When compared to the corresponding periods of the previous fiscal year selling and administrative expenses were higher due to increases in salaries, related mainly to additions to our management team at our new German facility, travel expenses and consulting fees. As a percentage of sales, current levels of selling and administrative expenditures were consistent with anticipated levels although somewhat higher in the fourth quarter of the fiscal year ended May 31, 2009 because of the increase in consulting fees. When compared to the corresponding periods of the previous fiscal year, the selling and administrative expenses as a percentage of sales were lower primarily because of the much larger sales in fiscal 2009 when compared to fiscal 2008.

Research and development expenses, net of tax credits, were $423,277 or 2.3% of sales in the fourth quarter, which is higher than those of the fourth quarter of the previous fiscal year which stood at $65,848 or 0.7% of sales. For the fiscal year ended May 31, 2009, research and development expenses, net of tax credits, reached $1,241,142 or 1.8% of sales, which is higher than the research and development expenses of $930,232 or 3.0% of sales incurred during the same period of the previous fiscal year. As a percentage of sales, current levels of research and development expenses are lower than targeted levels which are closer to the ones encountered in fiscal year ended May 31, 2008.

Reconciliation of EBITDA

	Three months ended May 31			Twelve months ended May 31		
	2009	2008	Increase	**2009**	2008	Increase
Net earnings	**$ 5,708,451**	$ 2,703,068	111.2%	**$20,868,124**	$ 7,175,011	190.8%
Add (deduct):						
Income taxes	**2,345,056**	1,109,535		**9,128,634**	3,153,279	
Financial expenses and interest income	**(78,822)**	(193,590)		**(741,432)**	(58,998)	
Depreciation and amortization	**601,441**	297,737		**2,154,552**	1,048,886	
EBITDA	**$ 8,576,126**	$ 3,916,750	119.0%	**$31,409,878**	$ 11,318,178	177.5%

EBITDA increased by 119% for the fourth quarter of fiscal year 2009 when compared with the corresponding period of the previous fiscal year reaching $8,576,126 up from $3,916,750. EBITDA for the fiscal year ended May 31, 2009 increased by 177.5% up from $11,318,178 to $31,409,878. The EBITDA increases over the periods considered stem from increased sales as well as general improvements in efficiency, scalability, production throughput, and the positive impact of the foreign currency exchange rate which represented 25% of EBITDA during the quarter ended May 31, 2009 and 11% for the current fiscal year.

Financial Expenses, Interest Income, Depreciation and amortization and Income Taxes

The combined financial expenses and interest income netted a gain of $78,822 for the fourth quarter of the current fiscal year and of $741,432 for the fiscal year ended May 31, 2009. This compares with a gain of $193,590 for the fourth quarter of the previous fiscal year and of $58,998 for the fiscal year ended May 31, 2008. This is largely the result of the interest income of $122,565 and $1,118,881 generated during the fourth quarter and fiscal year ended May 31, 2009 which results from the placement of funds raised during the initial public offering and the bought-deal equity financing. These funds having been raised in the third and fourth quarters of the previous fiscal year only began yielding interest income in the corresponding period of the previous fiscal quarter.

Depreciation and amortization expenses for the quarter ended May 31, 2009 increased to $601,441, up from $297,737 in the fourth quarter of the previous fiscal year. For the fiscal year ended May 31, 2009 depreciation and amortization expenses increased to $2,154,552 up from $1,048,886 in the previous fiscal year. This follows the sizeable increase in our depreciable asset base which went from $15,554,271 (property, plant and equipment with the exception of net construction project) as at May 31, 2008 to $31,948,188 as at May 31, 2009 as we commissioned and began production at our new German facility in August 2008.

Income taxes were $2,345,056 for the fourth quarter ended May 31, 2009 compared with $1,109,535 for the fourth quarter of the previous fiscal year. These figures correspond to effective tax rates of 29.12% and 29.10% respectively. For the fiscal year ended May 31, 2009 income taxes were of $9,128,634 and the effective tax rate of 30.4%. This compares with income taxes of $3,153,279 and an income tax rate of 30.5% for the corresponding period of the previous fiscal year.

Liquidity and Capital Resources

	As at May 31	
	2009	2008
Working capital[1]	**$ 90,558,261**	$ 72,151,861
Current ratio[1]	**9.5**	7.4
Property, plant and equipment	**$ 26,178,423**	$ 21,220,889
Total assets	**$ 128,168,856**	$ 107,743,063
Total debt[1]	**$ 4,589,570**	$ 6,786,312
Shareholders' equity	**$ 112,368,764**	$ 90,962,804

[1] See Non-GAAP Measures

management's report

Working capital and current ratio

Working capital increased to $90,558,261 on May 31, 2009 up from $72,151,861 on May 31, 2008 in spite of having made significant capital expenditures during the current fiscal year bringing our net property, plant and equipment assets to $26,178,423 up from $21,220,889. This is primarily the result of strong cash flow generation during the period considered. The current ratio increased from 7.4 to 9.5.

As at May 31, 2009, our cash position was of $65,066,530 up from $59,576,743 on May 31, 2008 as we managed to offset through strong cash flow generation the significant increases in inventory levels and capital expenditures, over half of which were related to our new German facility. Raw-materials inventory levels rose by $8,374,416, as we continued to further strengthen our supply chain, and finished goods increased by $5,952,980, reflecting the relative decrease in tolling volumes and the corresponding increase in average unit cost, for a total inventory increase of $14,327,396. Strengthening of our inventory levels continues to remain an important component of our strategy aimed at ensuring that we can address the anticipated growing requirements for solar grade products.

Property, plant and equipment

Of the $7,140,343 of capital expenditures incurred during the fiscal year ended May 31, 2009, $3,896,276 was associated with our new German facility and $3,244,067 for our Montreal facility. This compares with capital expenditures of $17,720,067 incurred during the previous fiscal year. The level of capital expenditures has been steadily decreasing since July 29, 2008, date at which our new German facility became operational, and totaled $1,014,632 ($104,033 of which at our German facility) during the fourth quarter ended May 31, 2009.

Reconciliation of capital expenditures and cash flows from investing activities:

	Three months ended May 31		Twelve months ended May 31	
	2009	2008	**2009**	2008
Additions to property, plant and equipment	**$ 1,014,632**	$ 7,518,331	**$ 7,140,343**	$ 17,720,067
Additions to property, plant and equipment not paid and included in accounts payable and accrued liabilities:				
Beginning of the period	**307,257**	–	**1,715,915**	–
End of the period	**(192,453)**	(1,715,915)	**(192,453)**	(1,715,915)
Deposits	**–**	(23,470)	**(3,001)**	12,476
Cash flows from investing activities	**$ 1,129,436**	$ 5,778,946	**$ 8,660,804**	$ 16,016,628

Total debt and deferred revenue

Total debt decreased from $6,786,312 to $4,589,570 during fiscal year ended May 31, 2009 as we reduced our foreign currency denominated bank loans and paid off $578,105 of our long term debt. Deferred revenue is associated with a subsidy of 540 000 Euros provided to our German subsidiary 5N PV GmbH to promote employment in the city of Eisenhüttenstadt. As at May 31, 2009, an amount of $115,986 ($34,352 in the fourth quarter) was recognized as revenues.

Shareholders' equity

Shareholders' equity was at $112,368,764 or 87.7% of total assets on May 31, 2009. This compares favorably with $90,962,804 or 84.4% of total assets on May 31, 2008 further illustrating the contribution of the strong net earnings during the current fiscal year considered. On June 1, 2008, the Company has considered its subsidiary to be self-sustaining. Accordingly, foreign exchange gains and losses arising from the translation of the foreign subsidiary's accounts into Canadian dollars are deferred and reported as accumulated other comprehensive income (loss) in the Consolidated Statements of Comprehensive Income.

Cash Flows

	Three months ended May 31		Twelve months ended May 31	
	2009	2008	**2009**	2008
Operating activities	**$ 4,965,655**	$ (3,519,086)	**$ 16,239,645**	$ (2,163,317)
Financing activities	**(756,927)**	48,935,874	**(2,257,973)**	76,297,401
Investing activities	**(1,129,436)**	(5,778,946)	**(8,660,804)**	(16,016,628)
Effect of changes in foreign currency exchange	**(200,325)**	38,831	**168,919**	(67,645)
Increase in cash and cash equivalents	**$ 2,878,967**	$ 39,676,673	**$ 5,489,787**	$ 58,049,811

Cash flow from operating activities generated $4,965,655 in the quarter and $16,239,645 for the fiscal year ended May 31, 2009 which compares favorably to cash consumed by operating activities for the corresponding periods of the previous fiscal year of $3,519,086 and $2,163,317 respectively. These increases in cash flow from operations are primarily due to higher net earnings which were only partially offset by non-cash working capital requirements resulting primarily from an increase in inventories.

Financing activities required cash of $756,927 during the fourth quarter and $2,257,973 for the year ended May 31, 2009 and reflected primarily the repayment of the foreign currency denominated bank loans and scheduled installments on our long term debt. This compares with cash generation from financing activities of $48,935,874 and $76,297,401 for the corresponding periods of the previous fiscal year resulting mainly from the proceeds of our IPO which netted $31,417,006 combined with net proceeds of $44,147,461 for the issuance of four million common shares in April 2008.

Cash consumed in investing activities decreased to $1,129,436 during the fourth quarter down from $5,778,946 for the fourth quarter of the previous fiscal year where we invested in the construction of our new German facility. For the fiscal year ended May 31, 2009 investing activities required cash of $8,660,804 and approximately half of these investments were associated with the final stages of construction of our new German facility. This compares with $16,016,628 for the corresponding period of the previous fiscal year where most of these expenses were associated with the initial stages of construction of the very same facility.

Our cash position increased by $2,878,967 in the fourth quarter and by $5,489,787 during the fiscal year considered to reach a level of $65,066,530 as at May 31, 2009. This compares with cash increases of $39,676,673 and $58,049,811 for the corresponding periods of the previous fiscal year. We are very confident that this amount of cash combined with the cash flow from our operations will be sufficient to fund our working capital and capital expenditure requirements, and enable us to aggressively pursue our growth plan including acquisition opportunities.

The Company does not hold any commercial papers. Consequently, it has not been affected by the asset-backed commercial papers crisis.

Share Capital

Authorized

The Company has an unlimited number of common shares, with no par value, participating, and entitling the holder to one vote per share.

The Company has an unlimited number of preferred shares which may be issued in one or more series with specific terms, privileges and restrictions to be determined for each class by the Board of Directors.

Issued and fully paid

	Number
Common shares	
Outstanding as at May 31, 2008	45,500,000
Issued on exercises of options	20,225
Outstanding as at May 31, 2009	**45,520,225**

Normal course issuer bid

On December 2, 2008 the Company announced its intention to repurchase for cancellation up to 2,275,000 common shares over the twelve-month period starting on December 4, 2008 and ending on December 3, 2009, representing 5% of 5N Plus' issued and outstanding common shares. The purchases by the Company will be effected through the facilities of the Toronto Stock Exchange and will be made at the market price of the common shares at the time of the purchase. During in the financial year ended May 31, 2009 no common shares were repurchased.

Stock option plan

In October 2007, the Company introduced a new stock option plan for directors, officers and employees. The maximum number of common shares that can be issued upon the exercise of options granted is equal to 10% of the aggregate number of common shares issued and outstanding from time-to-time. The maximum period during which an option may be exercised is ten years from the date of the grant. For the fiscal year ended May 31, 2009 the Company granted 466,430 options for a total of 1,439,055 granted options.

Under the stock option plan, a total of 3,110,945 common shares remained authorized for issuance as at May 31, 2009.

Order Backlog

The backlog of orders which are expected to translate into sales within the next 12 months was of $52,224,368 as at May 31, 2009 which is 73.1% higher than the corresponding backlog of $30,174,000 as at May 31, 2008.

Off-Balance Sheet Arrangements

The Company has certain off-balance sheet arrangements, consisting of leasing certain premises and equipment under the terms of operating leases.

The Company's Germany subsidiary is committed to a number of conditions in its supply agreement with its major client. The reader will find more details related to this agreement in Note 18 c) to the consolidated financial statements as well as in the Risks and Uncertainties section of this Management's Report.

The Company is exposed to currency risk on sales of Canadian-made products in US dollars and in Euros therefore periodically enters into foreign currency forward contracts to protect itself against currency fluctuation. The reader will find more details related to these contracts in Note 13 to the consolidated financial statements as well as in the Risks and Uncertainties section of this Management's Report.

Contractual Obligations

The following table summarizes our principal contractual obligations for our normal business operations as at May 31, 2009:

Payment due by period	2010	2011	2012	2013	2014	Thereafter	Total
Total debt and interest	$ 710,992	$ 607,477	$ 593,226	$ 578,975	$ 564,724	$ 2,116,744	$ 5,172,138
Leases	640,268	610,268	610,268	208,216	17,351	–	2,086,371
Purchase obligations	239,321	–	–	–	–	–	239,321
	$ 1,590,581	$ 1,217,745	$ 1,203,494	$ 787,191	$ 582,075	$ 2,116,744	$ 7,497,830

Accounting Policies

The accounting policies are in accordance with those used in the preparation of the audited consolidated financial statements as at May 31, 2008, with the exception of the accounting changes listed below.

Changes in accounting policies

On June 1, 2008, the Company adopted the following sections of the CICA Handbook:

i. Section 1400, "General Standards on Financial Statement Presentation", has been amended to include requirements to assess and disclose an entity's ability to continue as a going concern.

ii. Section 1535, "Capital disclosures", establishes standards for disclosing information about an entity's capital and how it is managed. It describes the disclosure of the entity's objectives, policies and processes for managing capital as well as summary quantitative data on the elements included in the management of capital. The section seeks to establish whether the entity has complied with capital requirements and if not, the consequences of such non-compliance.

iii. Section 3031, "Inventories", provides guidance on the determination of cost and the subsequent recognition as an expense, including any write-down to net realizable value. The standard also permits the reversal of previous write-downs when there is a subsequent increase in the value of inventories. Finally, the standard provides guidance on the cost formulas that are used to assign costs to inventories and requires the consistent use of inventory policies by type of inventory with similar nature and use.

iv. Section 3862, "Financial Instruments—Disclosures", describes the required disclosures to evaluate the significance of financial instruments for the entity's financial position and performance as well as the nature and extent of risks arising from financial instruments to which the entity is exposed and how the entity manages those risks. The cash and cash equivalents have been classified as available-for-sale assets. The Company does not carry any loans receivable, and its accounts receivable and grant receivable are measured at amortized cost, which approximates cost. The Company's accounts payable and accrued liabilities, income taxes payable and the long-term debt have been classified as other financial liabilities and are, therefore, measured at amortized cost.

v. Section 3863, "Financial Instruments—Presentation", establishes standards for the presentation of financial instruments and non-financial derivatives. It details the presentation of standards described in Section 3861, "Financial Instruments—Disclosure and Presentation".

The adoption of these new standards did not significantly impact the Company's financial position or its results of operations.

On March 1, 2009, the Company adopted the following accounting policies:

vi. The Emerging Issues Committee ("EIC") issued EIC-173 "Credit risk and the fair value of financial assets and financial liabilities", which requires that the fair value of financial instruments, including derivative financial instruments, takes into account the counterparties' credit risk for assets and the Company's credit risk for liabilities.

The adoption of these new standards did not significantly impact the Company's financial position or its results of operations.

vii. In January 2008, the CICA issued Section 3064 "Goodwill and Intangible Assets", which replaces Section 3062 "Goodwill and Others Intangible Assets", and results in the withdrawal of Section 3450 "Research and Development Costs", and Emerging Issues Committee Abstract 27 "Revenues and Expenditures during the Pre-operating Period", and amendments to Accounting Guideline No 11 "Enterprises in the Development Stage". The standard provides guidance on the recognition of intangible assets in accordance with the definition of an asset and the criteria for asset recognition as well as clarifying the application of the concept of matching revenues and expenses, whether these assets are separately acquired or internally developed. This standard applies to interim and annual financial statements relating to fiscal years beginning on or after October 1, 2008. The Company has adopted retroactively this accounting standard to the Company's consolidated statement of earnings for the year ended May 31, 2008 and the main impacts are:

		Increase (Decrease)
Consolidated statement of earnings		
Start-up costs	$	821,008
Earnings before income taxes	$	(821,008)
Income taxes	$	(229,882)
Net earnings	$	(591,126)
Consolidated balance sheet		
Current assets—Future income taxes	$	229,882
Deferred start-up costs	$	(821,008)
Retained earnings	$	(591 126)

Future changes in accounting policies

i. In 2005, the Accounting Standards Board of Canada announced that accounting standards in Canada are to converge with International Financial Reporting Standards ("IFRS"). In May 2007, the CICA published an updated version of its "Implementation Plan for Incorporating International Financial Reporting Standards" into Canadian GAAP. This plan includes an outline of the key decisions that the CICA will need to make as it implements the Strategic Plan for publicly accountable enterprises that will converge Canadian GAAP with IFRS. In February 2008, the CICA confirmed the change over date from current Canadian GAAP to IFRS to be January 1, 2011. While IFRS uses a conceptual framework similar to Canadian GAAP, there are significant differences in accounting policies which must be addressed. The Company is currently evaluating the impact of these new standards.

ii. In January 2009, the CICA approved three new accounting standards Handbook Section 1582, "Business Combinations", Section 1601, "Consolidated Financial Statements", and Section 1602, "Non-Controlling Interests".

Section 1582 replaces former Section 1581 "Business Combinations" and establishes standards for the accounting of a business combination. Section 1582 provides the Canadian equivalent to IFRS 3—"Business Combinations. Section 1582 requires additional use of fair value measurements, recognition of additional assets and liabilities, and increased disclosure for the accounting of a business combination and that acquisition costs will be recognized as expenses.

Sections 1601 and 1602 replace former Section 1600, "Consolidated Financial Statements". Section 1601 establishes standards for the preparation of consolidated financial statements and Section 1602, which converges with the requirements of International Accounting Standard 27 ("IAS 27"), "Consolidated and Separate Financial Statements", establishes standards for accounting of a non-controlling interest resulting from a business acquisition, recognized as a distinct component of shareholders' equity. Net income will present the allocation between the controlling and non-controlling interests.

All three standards are effective at the same time Canadian public companies will have adopted IFRS, for fiscal year beginning on or after January 1, 2011. As of today, we have not evaluated the impact of these new standards.

Critical Accounting Policies

Use of estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant areas requiring the use of management estimates include estimating the useful lives of long-lived assets, as well as assessing the recoverability of accounts receivable, research tax credits and future income taxes. Reported amounts and note disclosure reflect the overall economic conditions that are most likely to occur and anticipated measures to be taken by management. Actual results could differ from those estimates.

Risks and Uncertainties

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. Management analyses these risks and implements strategies in order to minimize their impact on the Company's performance.

Reliance on major customer

For the year ended May 31, 2009, 78% of our sales were made to one customer. The loss of, or a decrease in the amount of business from this customer, could significantly reduce our net sales and harm our operating results.

Credit risk

The Company is exposed to credit risk that is mainly associated with its accounts receivable The Company concluded an agreement with Export Development Canada (EDC) which stipulates that EDC will assume a portion of risk loss for certain clients in the event of non-payment, up to a maximum of $1,500,000 per year. The Company does not require additional guarantee or other securities from its clients in regard to its accounts receivable. However, credit is granted only to clients after a credit analysis is performed. The Company conducts ongoing evaluations of its clients and establishes provisions for doubtful accounts, should an account be considered not recoverable. One costumer represented 79% of accounts receivable as at May 31, 2009.

Interest rate risk

The Company's level of debt is currently low, and bears interest at floating rate. Should its indebtedness increase, the Company's policy would be to limit its exposure to interest rate risk variations by ensuring that a reasonable portion of the debt is at fixed rates. Management does not believe that the impact of interest rate fluctuations will be significant on its operating results

Price risk

The Company is exposed to a risk of fluctuations in market prices for metals. This risk is managed by adequately forecasting and scheduling the acquisition of inventories to meet its fixed price contractual obligations to its customers. Financial instruments do not expose the Company to raw material price risks.

Currency risk

Currency translation and transaction risk may negatively affect our net sales, cost of sales and gross margins, and could result in significant exchange losses. We report our financial results in Canadian dollars, while most of our sales are denominated in foreign currencies. We also incur most of our costs in the local currency, which means the Canadian dollar for our Montreal facility and the Euro for our new German manufacturing facility. Although the purchases of raw materials are denominated in U.S. dollars, thus reducing exchange rate fluctuations; we are subject to currency translation risk which can negatively impact our sales and operating margins. Management has implemented a policy for managing foreign exchange risk against the relevant functional currency. The company manages the foreign exchange risk by entering into various foreign exchange forward contracts.

Fair value

The carrying value of cash and cash equivalents, temporary investments, accounts receivable, long-term loans, accounts payable and long-term debt approximates their fair value due to their short term to maturity or because they are at rates that do not vary significantly from current market rates.

Sources of supply

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

Market acceptance and reliance on thin-film and photovoltaic technologies

We depend on market acceptance of our customers' products and the technology associated therewith. Any delay or failure by our customers to successfully penetrate their respective markets could lead to a reduction in our sales and operating margins. Most of our products are sold either into emerging markets or alternatively in existing markets, for which they are used to manufacture replacement products intended to represent new and improved technologies. If our customers are unable to meet the performance and cost targets required for commercial viability, their products are subject to regulations which limit their use, or the new or improved technology associated with their products proves unsuitable for widespread adoption, it may have an adverse effect on our sales and operating margins.

Environmental regulations

Our operations involve the use, handling, generation, processing, storage, transportation, recycling and disposal of hazardous materials and are subject to extensive environmental laws and regulations at the national, provincial, local and international level. These environmental laws and regulations include those governing the discharge of pollutants into the air and water, the use, management and disposal of hazardous materials and wastes, the clean-up of contaminated sites and occupational health and safety. We have incurred and will continue to incur capital expenditures in order to comply with these laws and regulations. In addition, violations of, or liabilities under, environmental laws or permits may result in restrictions being imposed on our operating activities or in our being subject to substantial fines, penalties, criminal proceedings, third party property damage or personal injury claims, clean-up costs or other costs. While we believe that we are currently in compliance with applicable environmental requirements, future developments such as more aggressive enforcement policies, the implementation of new, more stringent laws and regulations, or the discovery of currently unknown environmental conditions may require expenditures that could have a material adverse effect on our business, results of operations and financial condition.

Competition

The forecasted growth in demand for high-purity metals, especially those used by the solar power industry, is expected to attract more metal refiners into this industry and increase competition. Competition could arise from new low-cost metal refiners or from certain of our customers who could decide to integrate backward. We may not be able to compete with lower-cost competitors who operate in developing countries. Our operations are currently based in Canada and in Europe. While the labour component of our cost structure remains relatively small, it may be difficult for us to compete on equal footing with competitors based in developing countries. Although we believe that proximity to our customers' operations will be an important competitive advantage because of environmental and recycling considerations, our competitors may gain market share, which could have an adverse effect on our sales and operating margins, should we not be able to compensate for the volume lost to our competition.

Dependence on key personnel

We are dependent on the services of our senior management team and the loss of any member of this team could have a material adverse effect on us. Our future success also depends on our ability to retain our key employees and attract, train, retain and successfully integrate new talent into our management and technical teams. Recruiting and retaining talented personnel, particularly those with expertise in the electronic materials industry, refining technology and cadmium, tellurium- and selenium-based compounds is vital to our success and may prove difficult.

management's report

Business interruptions

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

Protection of intellectual property

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

Option to First Solar to purchase our German manufacturing facility

One of our supply agreements with First Solar contains a "call" option under which First Solar may, if we are unable to comply with our contractual obligations, purchase all of our equity interests in our German subsidiary. As a result, we may be obligated to sell our German subsidiary for a fixed price, which would adversely impact our growth prospects and have an adverse material effect on our results of operations.

In addition, the fact that the purchase option may be triggered upon a change of control adversely affecting First Solar could reduce our attractiveness for potential take-over bids and business combinations, correspondingly affecting our share price. It could also limit our ability to raise funds through the issuance of additional common shares, depending on the level of dilution resulting therefore.

As at May 31, 2009, the Company complied with the terms and conditions of the agreement.

Disclosure Controls and Procedures

The Company's management is responsible for establishing and 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 markets regulatory authorities. The Chief Executive Officer and the Chief Financial Officer together with Management, after evaluating the effectiveness of the Company's internal control systems, procedures and information systems as of May 31, 2009 concluded that the Company's internal control systems, procedures and information systems were effective. The evaluation was performed in accordance with the Committee of Sponsoring Organizations of the Treadway Commission (COSO) control framework adopted by the Company.

Internal control over financial reporting

The Chief Executive Officer and the Chief Financial Officer are responsible for establishing and maintaining appropriate internal controls over financial reporting (ICFR) to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with Canadian GAAP. The Chief Executive Officer and the Chief Financial Officer together with Management, after evaluating the effectiveness of the Company's internal control over financial reporting as of May 31, 2009 concluded that the Company's internal control over financial reporting was effective.

Non-GAAP Measures

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

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

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

Working Capital is a measure that shows us how much cash we have available for the growth of our Company. We use it as an indicator of our financial strength and liquidity. We calculate it by taking current assets and subtracting current liabilities.

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

Backlog is also a non-GAAP measure that represents the expected value of orders we have received but have not yet executed and that are expected to translate into sales within the next 12 months.

Comparative Figures

Certain comparative figures have been reclassified to conform to the current period presentation.

Additional Information

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

consolidated financial statements

Management's Report to the Shareholders of 5N Plus Inc.

The accompanying consolidated financial statements are the responsibility of the management of 5N Plus Inc., and have been reviewed by the Audit Committee and approved by the Board of Directors.

The consolidated financial statements have been prepared in accordance with accounting principles generally accepted in Canada and include certain estimates that reflect management's best judgment.

Management is also responsible for all other information included in this Annual Report and for ensuring that this information is consistent with the Company's consolidated financial statements and business activities.

The Management of the Company is responsible for the design, establishment and maintenance of appropriate internal controls and procedures for financial reporting, to ensure that financial statements for external purposes are fairly presented in conformity with generally accepted accounting principles. Such internal controls systems are designed to provide reasonable assurance on the reliability of the financial information and the safeguarding of assets.

External auditors have free and independent access to the Audit Committee, which is comprised of outside independent directors. The Audit Committee, which meets regularly throughout the year with members of management reviews the consolidated financial statements and recommends their approval to the Board of Directors.

The consolidated financial statements have been audited by KPMG LLP.

SIGNED

JACQUES L'ÉCUYER
President and Chief Executive Officer

SIGNED

CHRISTIAN DUPONT, CA
Chief Financial Officer

Montréal, Canada
August 12, 2009

consolidated financial statements

Auditors' Report to the Shareholders of 5N Plus Inc.

We have audited the consolidated balance sheets of 5N Plus Inc. as at May 31, 2009 and 2008 and the consolidated statements of earnings, comprehensive income, changes in shareholders' equity and cash flows for each of the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at May 31, 2009 and 2008 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

SIGNED:

KPMG LLP*
Chartered Accountants

Montréal, Canada
July 24, 2009

* CA Auditor permit no 13381

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Consolidated Statements of Earnings

Years ended May 31

(in Canadian dollars)		**2009**		2008 (Restated)
Sales	**$**	**69,373,117**	$	30,972,941
Cost of sales (note 12)		**34,174,231**		14,649,152
Gross profit		**35,198,886**		16,323,789
Expenses				
Selling and administrative		**5,277,745**		2,911,797
Depreciation of property, plant and equipment (note 4)		**2,154,552**		1,048,886
Research and development		**1,241,142**		930,232
Foreign exchange gain (note 14)		**(3,441,588)**		(124,710)
Financial (note 15)		**377,449**		360,903
Interest income		**(1,118,881)**		(419,901)
		4,490,419		4,707,207
Earnings before undernoted items		**30,708,467**		11,616,582
Start-up costs, new plant (note 1 (q) (vii))		**711,709**		1,288,292
Earnings before income taxes		**29,996,758**		10,328,290
Income taxes (note 11)				
Current		**7,727,016**		3,395,315
Future		**1,401,618**		(242,036)
		9,128,634		3,153,279
Net earnings	**$**	**20,868,124**	$	7,175,011
Earnings per share (note 19)				
Basic	**$**	**0.46**	$	0.20
Diluted	**$**	**0.45**	$	0.19
Weighted average number of common shares (note 19)				
Basic		**45,505,213**		35,308,641
Diluted		**45,876,122**		36,884,776

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

Consolidated Statements of Comprehensive Income

Years ended May 31

(in Canadian dollars)		**2009**		2008 (Restated)
Net earnings	**$**	**20,868,124**	$	7,175,011
Other comprehensive income (loss), net of income taxes:				
Unrealized loss on translating financial statements of self-sustaining foreign operation		**(343,467)**		–
Comprehensive income	**$**	**20,524,657**	$	7,175,011

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

Consolidated Statements of Changes in Shareholders' Equity

Years ended May 31

(in Canadian dollars)	**2009**	2008 (Restated)
Share capital (note 10)		
Beginning of period	**$ 81,788,694**	$ 998,338
Issuance of shares pursuant to options	**93,220**	94,369
Issuance of shares following the IPO	**–**	34,500,000
Issuance of shares following a bought-deal	**–**	46,200,000
Repurchases from shareholders	**–**	(4,013)
End of period	**$ 81,881,914**	$ 81,788,694
Contributed surplus		
Beginning of period	**$ 242,136**	$ 81,782
Compensation costs related to stock options	**588,209**	251,998
Options exercised	**(32,545)**	(91,644)
End of period	**$ 797,800**	$ 242,136
Accumulated other comprehensive income		
Beginning of period	**$ –**	$ –
Translation from the temporal method to the current rate method (note 1(c))	**232,419**	–
Unrealized foreign currency translation loss for the period	**(343,467)**	–
End of period	**$ (111,048)**	$ –
Retained earnings		
Beginning of period	**$ 8,931,974**	$ 6,466,347
Net earnings	**20,868,124**	7,175,011
Dividends	**–**	(1,000,000)
Share issue expenses, net of income taxes of $1,492,199	**–**	(3,643,334)
Excess of purchase price over stated value of shares purchased by the Company	**–**	(66,050)
End of period	**$ 29,800,098**	$ 8,931,974
Shareholders' equity	**$ 112,368,764**	$ 90,962,804

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

consolidated financial statements

Consolidated Balance Sheets

As at May 31

(in Canadian dollars)	2009	2008 (Restated)
Assets		
Current assets		
Cash and cash equivalents	**$ 65,066,530**	$ 59,576,743
Accounts receivable (note 2)	**6,702,197**	10,164,562
Inventories (note 3)	**27,054,960**	12,727,564
Prepaid expenses and deposits	**516,391**	348,504
Foreign currency forward contracts (note 14)	**1,685,076**	–
Future income taxes (note 11)	**249,958**	686,207
	101,275,112	83,503,580
Property, plant and equipment (note 4)	**26,178,423**	21,220,889
Grant receivable (note 17)	**–**	2,053,377
Future income taxes (note 11)	**662,639**	909,536
Other assets	**52,682**	55,681
	$ 128,168,856	$ 107,743,063
Liabilities and shareholders' equity		
Current liabilities		
Bank loan (note 5)	**$ –**	$ 1,262,205
Accounts payable and accrued liabilities (note 6)	**6,791,675**	7,486,227
Income taxes payable	**3,021,632**	1,754,114
Current portion of long-term debt (note 7)	**549,922**	578,922
Current portion of other long-term liabilities (note 8)	**41,725**	270,251
Future income taxes (note 11)	**311,897**	–
	10,716,851	11,351,719
Long-term debt (note 7)	**3,997,923**	4,547,028
Other long-term liabilities (note 8)	**–**	127,906
Deferred revenue (note 9)	**641,618**	753,606
Future income taxes (note 11)	**443,700**	–
	15,800,092	16,780,259
Shareholders' equity		
Share capital (note 10)	**81,881,914**	81,788,694
Contributed surplus	**797,800**	242,136
Accumulated other comprehensive income	**(111,048)**	–
Retained earnings	**29,800,098**	8,931,974
	112,368,764	90,962,804
	$ 128,168,856	$ 107,743,063

Commitments (note 18)

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

On behalf of the Board:

SIGNED

JACQUES L'ÉCUYER
Director

SIGNED

JEAN-MARIE BOURASSA
Director

Consolidated Statements of Cash Flows

Years ended May 31

(in Canadian dollars)	2009	2008 (Restated)
Cash flows from operating activities		
Net earnings	$ 20,868,124	$ 7,175,011
Adjustments for:		
Future income taxes	1,401,618	(242,036)
Foreign exchange (gain) loss on cash and cash equivalents	(168,919)	67,645
Unrealized gain on derivative financial instruments	(1,685,076)	–
Depreciation of property, plant and equipment	2,154,552	1,048,886
Other amortizations	84,525	33,027
Loss on disposal of property, plant and equipment	–	38,766
Deferred revenue	(115,986)	753,606
Stock-based compensation	588,209	251,998
	23,127,047	9,126,903
Net change in non-cash working capital items		
Accounts receivable	6,107,602	(6,073,430)
Inventories	(14,438,064)	(9,419,754)
Prepaid expenses and deposits	(165,501)	(144,560)
Accounts payable and accrued liabilities	323,341	3,555,078
Income taxes payable	1,285,220	792,446
	16,239,645	(2,163,317)
Cash flows from financing activities		
Net change in bank loan	(1,384,111)	222,205
Net change in other long-term liabilities	(356,432)	(405,660)
Repayment of long-term debt	(578,105)	(7,045,610)
Issuance of shares	60,675	75,644,793
Increase in long-term debt, net of related financial expenses	–	8,400,000
Deferred financing fees	–	(64,990)
Purchase of shares	–	(70,063)
Dividends paid	–	(1,000,000)
Grants—property, plant and equipment	–	616,726
	(2,257,973)	76,297,401
Cash flows from investing activities		
Additions to property, plant and equipment	(8,663,805)	(16,004,152)
Deposits	3,001	(12,476)
	(8,660,804)	(16,016,628)
Effect of changes in foreign exchange rates on cash and cash equivalents	168,919	(67,645)
Net increase in cash and cash equivalents	5,489,787	58,049,811
Cash and cash equivalents, beginning of period	59,576,743	1,526,932
Cash and cash equivalents, end of period	$ 65,066,530	$ 59,576,743
Supplementary information		
Property, plant and equipment not paid and included in accounts payable and accrued liabilities	$ 192,453	$ 1,715,915
Interest paid	$ 278,088	$ 301,515
Income taxes paid	$ 6,111,194	$ 2,105,015

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

1. Summary of significant accounting policies

These consolidated financial statements are expressed in Canadian dollars and have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP").

a. Basis of consolidation

These consolidated financial statements include the accounts of 5N Plus Inc. and its wholly-owned subsidiaries. All significant intercompany transactions and balances have been eliminated.

b. Use of estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant areas requiring the use of management estimates include estimating the useful lives of long-lived assets, as well as assessing the recoverability of accounts receivable, research tax credits and future income taxes. Reported amounts and note disclosure reflect the overall economic conditions that are most likely to occur and anticipated measures to be taken by management. Actual results could differ from those estimates.

c. Foreign currency translation

Foreign-denominated monetary assets and liabilities are translated into Canadian dollars at the exchange rates prevailing at the year end. Non-monetary foreign-denominated assets and liabilities are translated at the exchange rates prevailing on the transaction date. Foreign-denominated revenues and expenses are translated at the exchange rate in effect on the transaction date. Foreign exchange gains and losses are included in the determination of earnings.

As of June 1, 2008, following the commencement of the commercial operations of the Company's German subsidiary, the Company performed a reassessment of the classification criteria described in section 1651 of the Canadian Institute of Chartered Accountants ("CICA") Handbook "Foreign currency translation" of the subsidiary. Based on the new circumstances, the Company has now classified its foreign subsidiary as a self sustaining entity. The impact of the change from the temporal method to the current rate method resulted, as at June 1, 2008, in an adjustment of $232,419. This amount has been applied as an increase in property, plant and equipment and as an increase in shareholders' equity under the caption accumulated other comprehensive income.

d. Cash and cash equivalents

Cash and cash equivalents consists of cash on hand and balances with banks as well as all highly liquid short-term investments with original maturities of 90 days or less. They are accounted for at their estimated fair value which approximates cost.

e. Inventories

Raw materials are valued at the lower of cost and net realizable value, cost being determined using the average cost method. Finished goods are valued at the lower of cost and net realizable value, cost being determined under the average cost method and representing the value of raw materials, direct labour and a reasonable proportion of factory overhead.

From time to time, when substantially all of the required raw materials are in inventory, the Company may choose to enter into long-term sales contracts a fixed price. The quantity of raw materials required to fulfill these contracts are then specifically assigned the average cost of the raw material at the time the contract was executed.

1. Summary of significant accounting policies (continued)

f. Property, plant and equipment

Property, plant and equipment are recorded at cost. Equipment under capital leases is recorded at the discounted value of minimum rental payments. Depreciation is calculated under the straight-line method at the following annual rates:

	Periods
Buildings	25 years
Leasehold improvements	10 to 20 years
Production equipment	10 years
Automotive equipment	10 years
Furniture and office equipment	3, 5 and 10 years
Computer equipment	3 years

g. Impairment and disposal of long-lived assets

Long-lived assets, including property, plant and equipment and intangibles subject to amortization, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by comparing the carrying amount of an asset to the estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized by the amount of which the carrying amount of the asset exceeds the fair value of the asset. Assets to be disposed of would be separately presented in the balance sheet and reported at the lower of the carrying amount or fair value less costs to sell, and would no longer be depreciated. The assets and liabilities of a disposed group classified as held-for-sale would be presented separately in the appropriate asset and liability sections of the balance sheet.

h. Revenue recognition

Under the terms of the agreements entered into with customers, the Company produces and sells a range of metals and compounds that have to meet specific requirements. The Company considers that all the material risks and advantages inherent in ownership are transferred to these customers at the time of their receipt of the products or delivery in accordance with the terms of the agreements.

Revenue also includes sales from custom refining activities. Under the terms of the agreements, all the material risks and advantages inherent in ownership are transferred to these customers at the time of their receipt of the refining products or delivery in accordance with the terms of the agreements and therefore revenue is recognized.

i. Research and development

Research expenditures are expensed as incurred. They include a reasonable proportion of indirect costs. Development expenditures are deferred when they meet the capitalization criteria provided for by Canadian GAAP, and it is considered reasonably certain that future advantages will be realized. As at May 31, 2009 and 2008, no development expenses were deferred.

j. Income taxes

Income taxes are provided for using the liability method. Under this method, differences between the accounting and the income tax bases of the Company's assets and liabilities are recorded using the substantially enacted tax rates anticipated to be in effect when the tax differences are expected to reverse. A valuation allowance is recorded against any future tax asset if it is more likely than not that the asset will not be realized.

1. Summary of significant accounting policies (continued)

k. Guarantees

In the normal course of business, the Company enters into various agreements that may contain features that meet the definition of a guarantee. A guarantee is defined to be a contract (including an indemnity) that contingently requires the Company to make payments to a third party based on (i) changes in an underlying interest rate, foreign exchange rate, equity or commodity instrument, index or other variable that is related to an asset, a liability or an equity security of the guaranteed party, (ii) failure of another party to perform under an obligating agreement, or (iii) failure of another party to pay its indebtedness when due. A liability is recorded when the Company considers probable that a payment relating to a guarantee has to be made to the other party of the contract or agreement.

l. Stock-based compensation and other stock-based payments

The Company accounts for the cost of stock-based compensation awards granted to employees and directors using the estimated average fair value method based on the Black-Scholes model. Under this method, compensation costs are calculated at their fair value on the grant date and are expensed over the period of acquisition of the awards.

m. Earnings per share

Basic earnings per share are determined using the weighted average number of common shares outstanding during the fiscal year. Diluted earnings per share are computed in a manner consistent with basic earnings per share, except that the weighted average shares outstanding are increased to include additional shares from the assumed exercise of options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding options and warrants were exercised, and that the proceeds from such exercises were used to acquire shares of common stock at the average market price during the reporting year. The dilutive effect of the convertible notes is reflected in diluted earnings per share by application of the "if-converted" method, if dilutive. Under the if-converted method, convertible notes are assumed to have been converted at the beginning of the period (or at time of issuance, if later) and the resulting common shares are included in the denominator for purposes of calculating diluted earnings per share.

n. Government assistance

Government assistance, consisting of research tax credit and grants, is recorded as a reduction of the related expense or cost of the asset acquired. Government grants are recognized when there is reasonable assurance that the Company has met the requirements of the approved grant program. Research tax credits are recorded when there is reasonable assurance that they will be realized.

o. Financial instruments

Financial assets and liabilities are recognized on the consolidated balance sheet at fair value and their subsequent measurement depends of their classification, as described in Note 13. The classification depends on the objectives set forth when the financial instruments were purchased or issued, their characteristics and their designation by the Company.

Following is a summary of the accounting policy the Company has elected to apply to each of its categories of financial instruments:

Assets/liabilities	Category	Measurements
Cash and cash equivalents	Held-for-trading	Fair value
Trade accounts receivable	Loans and receivables	Amortized cost
Accounts payable and accrued liabilities	Other liabilities	Amortized cost
Long-term debt	Other liabilities	Amortized cost

The amortized cost is established using the effective interest method. The Company has elected to account for transaction costs related to the issuance of the financial instruments as a reduction of the carrying value of the related financial instruments. Since the credit facility includes a line of credit and a loan term, the costs related to the issuance of these financial instruments are presented as a reduction of the financial instrument it relates to. Transaction costs are amortized using the straight-line method over the expected life of the facilities.

1. Summary of significant accounting policies (continued)

p. Derivative instruments

Freestanding derivative instruments are utilized by the Company to manage market risk against the volatility in foreign exchange rates in order to minimize their impact on the Company's results and financial position. The most frequently used derivative instruments by the Company are forward foreign currency contracts. These instruments are carried at fair value at each balance sheet date. Short-term and long-term derivative assets have been included as part of accounts receivable and other assets, respectively. Short-term and long-term derivative liabilities have been included as part of accounts payable and accrued liabilities, and deferred gains and other long-term liabilities, respectively.

q. Changes in accounting policies

On June 1, 2008, the Company adopted the following sections of the CICA Handbook:

i. Section 1400, "General Standards on Financial Statement Presentation", has been amended to include requirements to assess and disclose an entity's ability to continue as a going concern.

ii. Section 1535, "Capital disclosures", establishes standards for disclosing information about an entity's capital and how it is managed. It describes the disclosure of the entity's objectives, policies and processes for managing capital as well as summary quantitative data on the elements included in the management of capital. The section seeks to establish whether the entity has complied with capital requirements and if not, the consequences of such non-compliance.

iii. Section 3031, "Inventories", provides guidance on the determination of cost and the subsequent recognition as an expense, including any write-down to net realizable value. The standard also permits the reversal of previous write-downs when there is a subsequent increase in the value of inventories. Finally, the standard provides guidance on the cost formulas that are used to assign costs to inventories and requires the consistent use of inventory policies by type of inventory with similar nature and use.

iv. Section 3862, "Financial Instruments–Disclosures", describes the required disclosures to evaluate the significance of financial instruments for the entity's financial position and performance as well as the nature and extent of risks arising from financial instruments to which the entity is exposed and how the entity manages those risks. The cash and cash equivalents have been classified as available-for-sale assets. The Company does not carry any loans receivable, and its accounts receivable and grant receivable are measured at amortized cost, which approximates cost. The Company's accounts payable and accrued liabilities, income taxes payable and the long-term debt have been classified as other financial liabilities and are, therefore, measured at amortized cost.

v. Section 3863, "Financial Instruments–Presentation", establishes standards for the presentation of financial instruments and non-financial derivatives. It details the presentation of standards described in Section 3861, "Financial Instruments–Disclosure and Presentation".

The adoption of these new standards did not significantly impact the Company's financial position or its results of operations.

On March 1, 2009, the Company adopted the following accounting policies:

vi. The Emerging Issues Committee ("EIC") issued EIC-173 "Credit risk and the fair value of financial assets and financial liabilities", which requires that the fair value of financial instruments, including derivative financial instruments, takes into account the counterparties' credit risk for assets and the Company's credit risk for liabilities.

The adoption of these new standards did not significantly impact the Company's financial position or its results of operations.

1. Summary of significant accounting policies (continued)

vii. In January 2008, the CICA issued Section 3064 "Goodwill and Intangible Assets", which replaces Section 3062 "Goodwill and Others Intangible Assets", and results in the withdrawal of Section 3450 "Research and Development Costs", and Emerging Issues Committee Abstract 27 "Revenues and Expenditures during the Pre-operating Period", and amendments to Accounting Guideline No 11 "Enterprises in the Development Stage". The standard provides guidance on the recognition of intangible assets in accordance with the definition of an asset and the criteria for asset recognition as well as clarifying the application of the concept of matching revenues and expenses, whether these assets are separately acquired or internally developed. This standard applies to interim and annual financial statements relating to fiscal years beginning on or after October 1, 2008. The Company has adopted retroactively this accounting standard to the Company's consolidated financial statements for the year ended May 31 2008 and the main impacts are:

		Increase (Decrease)
Consolidated statement of earnings		
Start-up costs	$	821,008
Earnings before income taxes	$	(821,008)
Income taxes	$	(229,882)
Net earnings	$	(591,126)
Consolidated balance sheet		
Current assets—Future income taxes	$	229,882
Deferred start-up costs	$	(821,008)
Retained earnings	$	(591,126)

r. Future changes in accounting policies

i. In 2005, the Accounting Standards Board of Canada announced that accounting standards in Canada are to converge with International Financial Reporting Standards ("IFRS"). In May 2007, the CICA published an updated version of its "Implementation Plan for Incorporating International Financial Reporting Standards" into Canadian GAAP. This plan includes an outline of the key decisions that the CICA will need to make as it implements the Strategic Plan for publicly accountable enterprises that will converge Canadian GAAP with IFRS. In February 2008, the CICA confirmed the change over date from current Canadian GAAP to IFRS to be January 1, 2011. While IFRS uses a conceptual framework similar to Canadian GAAP, there are significant differences in accounting policies which must be addressed. The Company is currently evaluating the impact of these new standards.

ii. In January 2009, the CICA approved three new accounting standards Handbook Section 1582, "Business Combinations", Section 1601, "Consolidated Financial Statements", and Section 1602, "Non-Controlling Interests".

Section 1582 replaces former Section 1581 "Business Combinations" and establishes standards for the accounting of a business combination. Section 1582 provides the Canadian equivalent to IFRS 3—"Business Combinations. Section 1582 requires additional use of fair value measurements, recognition of additional assets and liabilities, and increased disclosure for the accounting of a business combination and that acquisition costs will be recognized as expenses.

Sections 1601 and 1602 replace former Section 1600, "Consolidated Financial Statements". Section 1601 establishes standards for the preparation of consolidated financial statements and Section 1602, which converges with the requirements of International Accounting Standard 27 ("IAS 27"), "Consolidated and Separate Financial Statements", establishes standards for accounting of a non-controlling interest resulting from a business acquisition, recognized as a distinct component of shareholders' equity. Net income will present the allocation between the controlling and non-controlling interests.

All three standards are effective at the same time Canadian public companies will have adopted IFRS, for fiscal year beginning on or after January 1, 2011. As of today, we have not evaluated the impact of these new standards.

2. Accounts receivable

As at May 31	2009	2008
Trade accounts receivable	**$ 3,826,686**	$ 6,380,487
Commodity taxes	**417,073**	2,203,808
Grant receivable (note 17)	**2,518,930**	1,540,760
Other	**39,508**	39,507
Allowance for doubtful accounts	**(100,000)**	–
	$ 6,702,197	$ 10,164,562

Chronological history of trade accounts receivable:

	2009	2008
Current	**$ 3,327,781**	$ 6,154,326
0 to 30 days overdue	**301,225**	157,556
31 to 60 days overdue	**1,915**	39,009
61 to 120 days overdue	**195,765**	29,596
	$ 3,826,686	$ 6,380,487

3. Inventories

As at May 31	2009	2008
Raw materials	**$ 18,183,623**	$ 9,809,207
Finished goods	**8,871,337**	2,918,357
	$ 27,054,960	$ 12,727,564

4. Property, plant and equipment

		As at May 31, 2009	
	Cost	Accumulated depreciation	Net book value
Land	**$ 534,632**	**$ –**	**$ 534,632**
Buildings	**11,425,865**	**824,312**	**10,601,553**
Leasehold improvements	**1,545,668**	**335,958**	**1,209,710**
Production equipment	**17,266,938**	**4,259,315**	**13,007,623**
Rolling stock	**47,441**	**39,093**	**8,348**
Furniture and equipment	**278,802**	**89,995**	**188,807**
Computer equipment	**848,842**	**221,092**	**627,750**
	$ 31,948,188	**$ 5,769,765**	**$ 26,178,423**

4. Property, plant and equipment (continued)

	As at May 31, 2008		
	Cost	Accumulated depreciation	Net book value
Land	$ 534,380	$ –	$ 534,380
Buildings	4,497,408	398,714	4,098,694
Leasehold improvements	1,355,026	252,007	1,103,019
Production equipment	8,567,120	2,781,503	5,785,617
Rolling stock	47,441	33,820	13,621
Furniture and equipment	150,515	67,620	82,895
Computer equipment	402,381	104,674	297,707
Construction project	9,304,956	–	9,304,956
	$ 24,859,227	$ 3,638,338	$ 21,220,889

Depreciation of property, plant and equipment presented in the consolidated statement of earnings relates to the following activities:

	2009	2008
Cost of goods sold	**$ 2,002,747**	$ 985,931
Administrative expenses	**145,141**	57,061
Research and development expenses	**6,664**	5,894
	$ 2,154,552	$ 1,048,886

5. Bank loan

On October 10, 2008, a credit facility of $25,000,000 was granted to the Company including an increase of capital clause which would permit, under certain conditions, to increase the credit to $30,000,000. This credit facility is composed of two tranches, consisting of a bank credit of $7,500,000 which is guaranteed by accounts receivable and inventories, and a seven-year term loan in the amount of $17,500,000, repayable in quarterly installments, which will be used for business and fixed assets acquisitions. This credit facility bears interest at prime rate plus 0.0% to 0.50% based upon a financial ratio calculation.

6. Accounts payable and accrued liabilities

	2009	2008
Trade accounts payable and accrued liabilities	**$ 5,336,845**	$ 6,641,201
Salaries and vacations	**1,324,469**	845,026
Commodity taxes	**130,361**	–
	$ 6,791,675	$ 7,486,227

7. Long-term debt

	2009	2008
Loan at the lender's floating rate less 1.40%, repayable commencing June 17, 2008 in 120 monthly installments of $41,667, principal only, secured by a building.	**$ 4,497,923**	$ 4,997,107
Loan, effective interest rate of 5%, repayable until April 2010 in semi-annual installments of $24,967.	**49,922**	99,843
Loan, 6.8%, reimbursed in September 2008	**–**	29,000
	4,547,845	5,125,950
Current portion of long-term debt	**(549,922)**	(578,922)
	$ 3,997,923	$ 4,547,028

Installments to be paid over the next fiscal years ended May 31 are as follows:

2010	$ 549,922
2011	$ 500,000
2012	$ 500,000
2013	$ 500,000
2014	$ 500,000
Thereafter	$ 1,997,923

The Company is required to maintain certain ratios in order to comply with the respective loan agreements. As of May 31, 2009, the Company complied with the terms and conditions of the loans.

8. Other long-term liabilities

	2009	2008
Deposit received from a customer, effective interest rate of 5%, repayable in U.S. dollars, at the rate of $70 per kilogram of sales made to this customer until April 2010.	**$ 41,725**	$ 279,593
Deposit received from a customer, effective interest rate of 5%, repaid in 2009.	**–**	118,038
Other	**–**	526
	41,725	398,157
Current portion	**(41,725)**	(270,251)
	$ –	$ 127,906

9. Deferred revenue

The wholly-owned German subsidiary 5N PV, received in 2008 €540,000 from a German company for the creation of new jobs. This deferred income will be amortized over a three-year period in conjunction with the creation of new jobs at our German plant. A letter of credit for the same amount was issued in favor of the German company in the event that 5N PV is not able to comply with the terms of this agreement. An amount of $115,986 ($34,352 in 2008) was recognized as revenue in 2009.

10. Share capital

Authorized

An unlimited number of common shares, with no par value, participating, are entitling the holder to one vote per share.

An unlimited number of preferred shares may be issued in one or more series with specific terms, privileges and restrictions to be determined for each class by the Board of Directors.

Issued and fully paid

	Number		Amount
Common shares	29,635,954	$	963,756
Issuance of shares following the IPO	11,500,000		34,500,000
Issuance of shares following a bought-deal	4,000,000		46,200,000
Issuance of shares following the conversion of Class B shares	364,046		124,938
Outstanding as at May 31, 2008	45,500,000		81,788,694
Issuance of shares pursuant to options	20,225		93,220
Outstanding as at May 31, 2009	45,520,225	$	81,881,914
Class B shares			
Outstanding as at May 31, 2007	251,500	$	34,582
Issuance of shares pursuant to options	135,181		94,369
Repurchases from shareholders	(22,635)		(4,013)
Conversion of Class B shares in common shares	(364,046)		(124,938)
Outstanding as at May 31, 2008	–	$	–

The number of common shares and Class B shares outstanding and the weighted average number of common shares, basic and diluted outstanding as well as the calculation of net earnings per basic and diluted shares for the year ended May 31, 2008 were adjusted retroactively taking into consideration the stock split following the IPO.

Normal course issuer bid

On December 2, 2008 the Company announced its intention to repurchase for cancellation up to 2,275,000 common shares over the twelve-month period starting on December 4, 2008 and ending on December 3, 2009, representing 5% of 5N Plus' issued and outstanding common shares. The purchases by the Company will be effected through the facilities of the Toronto Stock Exchange and will be made at the market price of the common shares at the time of the purchase. In the financial year ended May 31, 2009 no common shares were repurchased.

Stock option plan

During the year ended May 31, 2009, 20,225 shares were issued under the Stock Option Plan for a cash consideration of $60,675 (135,181 Class B shares for a cash consideration of $2,725 in 2008). The amount previously recorded in contributed surplus of $32,545 ($91,644 in 2008) relating to these exercised options has been reclassified into share capital.

In October 2007, the Company introduced a new stock option plan for directors, officers and employees. The maximum number of common shares that can be issued upon the exercise of options granted is equal to 10% of the aggregate number of common shares issued and outstanding from time-to-time. The maximum period during which an option may be exercised is ten years from the date of the grant. For the year ended May 31, 2009 the Company granted 466,430 options (1,042,200 on December 20, 2007) at a weighted average price of $5.42 per option ($3.00 per option on December 20, 2007). Options vest at a rate of 25% (100% for the directors) per year, beginning one year following the grant date of the options.

10. Share capital (continued)

The following presents the assumptions used to establish the fair value assigned to the options issued using the Black-Scholes valuation model:

	2009	2008
Expected volatility	**68%**	72%
Dividend	**None**	None
Risk-free interest rate	**2.50%**	4.25%
Risk-free interest rate (directors)	**2.25%**	4.00%
Expected life	**3.5 years**	3.5 years
Expected life (directors)	**1 year**	1 year
Fair value—weighted average of options issued	**2.46**	1.42

	2009			2008		
	Stock option		Weighted average exercise price	Stock option		Weighted average exercise price
Beginning of period	**1,032,500**	**$**	**3.00**	10,750	$	0.26
Granted	**466,430**	**$**	**5.42**	1,042,200	$	3.00
Cancelled	**(39,650)**	**$**	**3.00**	(9,700)	$	3.00
Exercised	**(20,225)**	**$**	**3.00**	(10,750)	$	0.26
End of period	**1,439,055**	**$**	**3.78**	1,032,500	$	3.00

Stock-based compensation cost is allocated as follows:

		2009		2008
Cost of goods sold	**$**	**133,276**	$	59,839
Selling and administrative expenses		**370,254**		163,897
Research and development expenses		**84,679**		28,262
	$	**588,209**	$	251,998

11. Income taxes

The following table reconciles the difference between the statutory tax rate and the effective tax rate used by the Company in the determination of net income:

			2009			2008
Income taxes at statutory tax rates	**$**	**9,268,998**	**30.9 %**	$	3,259,848	31.6 %
Non-deductible items		**217,935**	**0.7 %**		90,641	0.9 %
Non-taxable research and development tax credits		**(83,221)**	**(0.3)%**		(27,234)	(0.3)%
Difference of tax rates applicable to a foreign subsidiary		**(112,232)**	**(0.4)%**		(51,536)	(0.5)%
Prior years' tax adjustments and assessments		**(162,846)**	**(0.5)%**		(29,454)	(0.3)%
Effect of recognition of losses of a foreign subsidiary		**–**			(88,986)	(0.9)%
	$	**9,128,634**	**30.4 %**	$	3,153,279	30.5 %

11. Income taxes (continued)

The tax effects of significant items comprising the Company's net future income tax assets balances are as follows:

	2009	2008
Future income tax assets		
Inventories	**$ 249,958**	$ –
Property, plant and equipment	**662,639**	798,536
Share issue expenses	**1,051,210**	1,348,172
Deferred loss	**–**	449,707
Others	**62,586**	21,828
	$ 2,026,393	$ 2,618,243
Future income tax liabilities		
Property, plant and equipment	**$ (1,263,303)**	$ (919,104)
Non-taxable research and development tax credits	**(93,380)**	(83,500)
Unrealized foreign exchange gain	**(512,710)**	(19,896)
	$ (1,869,393)	$ (1,022,500)
Future income tax assets	**$ 157,000**	$ 1,595,743

The current and long-term future income tax asset and liabilities are as follows:

	2009	2008
Future income tax assets		
Short-term	**$ 249,958**	$ 686,207
Long-term	**662,639**	909,536
	$ 912,597	$ 1,595,743
Future income tax liabilities		
Short-term	**$ 311,897**	$ –
Long-term	**443,700**	–
	$ 755,597	$ –
Net future income tax assets	**$ 157,000**	$ 1,595,743

12. Cost of sales

The following table presents the reconciliation of the cost of sales reflected in earnings to the inventory amount charged to expense during the period:

	2009	2008
Cost of sales	**$ 34,174,231**	$ 14,649,152
Depreciation of property, plant and equipment related to the transformation of inventories	**2,002,747**	985,931
Inventory amount charged to expense	**$ 36,176,978**	$ 15,635,083

13. Financial instruments

Risk management policies and processes

In the normal course of its operations, the Company is exposed to credit risk, liquidity and financing risk, interest rate risk as well as price risk and currency risk. Management analyses these risks and implements strategies in order to minimize their impact on the Company's performance.

Credit risk and significant customer

The Company has a conservative approach with regard to the management of its cash and cash equivalents. The Investment Policy stipulates that the funds have to be 100% guaranteed and allocated among three recognized financial institutions, and finally the President and Chief Executive Officer, and the Chief Financial Officer jointly authorize the type and terms of the investments.

The Company is exposed to credit risk that is mainly associated with its accounts receivable, which is the risk that a client will not be able to pay amounts in full when due. The Company considers its credit risk to be limited for the following reasons:

a) The Company concluded an agreement with Export Development Canada ("EDC") which stipulates that EDC will assume a portion of risk loss for certain clients in the event of non-payment, up to a maximum of $1,500,000 per year.

b) The Company does not require additional guarantee or other securities from its clients in regards to its accounts receivable. However, credit is granted only to clients after a credit analysis is performed. The Company conducts ongoing evaluations of its clients and establishes provisions for doubtful accounts, should an account be considered not recoverable.

c) One customer represented approximately 78% (67% in 2008) of sales in the fiscal year 2009 and 79% of accounts receivable as at May 31, 2009 (54% in 2008).

Liquidity and financing risk

The Company makes use of short and long-term financing at several financial institutions. Should a significant decrease in cash and cash equivalents occur, the Company could make use of these facilities.

The following are the contractual maturities of financial liabilities as at May 31, 2009:

	Carrying amount	Contractual cash flows	0 to 6 months	6 to 12 months	12 to 24 months	After 24 months
Accounts payable and accrued liabilities	$ 6,791,675	$ 6,791,675	$ 6,791,675	$ –	$ –	$ –
Long-term debt	4,547,845	5,130,413	335,223	334,044	607,477	3,853,669
Other long-term liabilities	41,725	41,725	41,725		–	–
	$ 11,381,245	$ 11,963,813	$ 7,168,623	$ 334,044	$ 607,477	$ 3,853,669

Contractual cash flows include interest charges.

Interest rate risk

The issuance of 4,000,000 common shares in April 2008 generated gross proceeds of $46,200,000. Therefore, the Company's level of debt is currently low, and bears interest at floating rate. Should its indebtedness increase, the Company's policy would be to limit its exposure to interest rate risk variations by ensuring that a reasonable portion of the debt is at fixed rates. Management does not believe that the impact of interest rate fluctuations will be significant on its operating results. A 0.50% fluctuation of interest rate of on every $10,000,000 in cash and cash equivalents would annually impact interest income by $50,000.

Price risk

The Company is exposed to a risk of fluctuations in market prices for metals. This risk is managed by adequately forecasting and scheduling the acquisition of inventories to meet its fixed price contractual obligations to its customers. Financial instruments do not expose the Company to raw material price risks.

13. Financial instruments (continued)

Currency risk

The Company is exposed to currency risk on sales of Canadian-made products in US dollars and in Euros. The Company considers currency risk to be limited for the following reasons:

a. On November 20, 2008, the Company concluded a foreign currency forward contract totaling €4,500,000 at an average conversion rate of 1.59. This foreign currency forward contract of €250,000 per month is effective from December 15, 2008 until May 14, 2010. For the year ended May 31, 2009 the Company recorded a gain in the amount of $87,194 in regard to this foreign currency exchange contract.

b. On October 9, 2008, the Company concluded a foreign currency forward contract totaling US$6,000,000 at an average conversion rate of 1.135. This foreign currency forward contract of US$500,000 per month is effective from November 3, 2008 until October 30, 2009. For the year ended May 31, 2009 the Company recorded a loss in the amount of $199,451 in regard to this foreign currency exchange contract.

c. On March 19, 2009, the Company concluded a foreign currency forward contract totaling €5,300,000 at an average conversion rate of 1.64. This foreign currency forward contract of €150,000 up to €350,000 by month is effective from April, 1, 2009 until February 28, 2011. For the year ended May 31, 2009 the Company recorded a gain in the amount of $542,020 in regard to this foreign currency exchange contract.

d. On March 27, 2009, the Company concluded a foreign currency forward contract totaling US$7,050,000 at an average conversion rate of 1.227. This foreign currency forward contract of US$250,000 up to US$350 000 by month will be effective from September, 1, 2009 until August 31, 2011. For the year ended May 31, 2009 the Company recorded a gain in the amount of $962,937 in regard to this foreign currency exchange contract.

e. In terms of raw material purchases, prices are mainly denominated in US dollars. The Company's purchases represent a partial natural hedge against sales in US dollars.

As at May 31, 2009, the Company had the following exposure on:

	USD	EUR
Financial assets and liabilities measured at amortized costs:		
Cash and cash equivalents	**1,755,567**	**378,446**
Accounts receivable	**2,212,613**	**12,000**
Receivable from the wholly-owned subsidiary	**731,941**	**2,605,309**
Payable from the wholly-owned subsidiary	**–**	**(1,306)**
Accounts payable and accrued liabilities	**(2,674,443)**	**–**
Other long-term liabilities	**(73,551)**	**–**
Total exposure from above	**1,952,127**	**2,994,449**

Scenario of the Canadian dollar exchange rate fluctuation with regard to gross amount at risk:

	CDN/USD	CDN/EUR
Exchange rate as at May 31, 2009	**1.0961**	**1.5484**
Impact on net earnings based on a fluctuation of five cents in the Canadian dollar exchange rate	**$ 66,860**	**$ 135,598**

Amounts above do not include the wholly-owned subsidiary accounts balance as it is using the Euro as functional currency. However, intercompany account balances in Euros are included in these amounts.

13. Financial instruments (continued)

Fair value

The Company has determined that the carrying value of its short-term financial assets and liabilities, including cash and cash equivalents, accounts receivable and other receivables, as well as accounts payable and accrued liabilities, approximates their fair value because of the relatively short period to maturity of these instruments.

The fair value of the long-term debt and deposits received from a customer at variable interest rates approximates their carrying value because rates vary in relation with the market conditions.

The fair value of the long-term debt approximates their carrying value as the Company's borrowing terms and conditions reflect current market conditions.

The fair value of long-term debt and other long-term liabilities received, without interest, approximated their carrying value as at May 31, 2009 and as at May 31, 2008.

14. Foreign exchange gain

	2009	2008
Foreign exchange gain related to operations	**$ 1,523,887**	$ 124,710
Realized gain on derivative financial instruments	**232,625**	–
Unrealized gain on derivative financial instruments	**1,685,076**	–
	$ 3,441,588	$ 124,710

15. Financial expenses

	2009	2008
Interest and bank charges	**$ 112,560**	$ 90,599
Interest on long-term debt	**195,732**	258,259
Amortization of deferred expenses	**69,157**	12,045
	$ 377,449	$ 360,903

16. Capital management

The Company is not subject to any external restrictions on its capital.

The Company's objectives when managing capital are:

- To maintain a flexible capital structure, this optimizes the cost of capital at acceptable risk;
- To sustain future development of the Company, including research and development activities, expansion of existing facilities or construction of new facilities and potential acquisitions of complementary businesses or products; and
- To provide the Company's shareholders an appropriate return on their investment.

The Company defines its capital as shareholders' equity.

16. Capital management (continued)

Shareholders' equity of the Company amounted to $112,368,764 and $90,962,804 as at May 31, 2009 and as at May 31, 2008, respectively. The increase reflects principally the net earnings recorded in the year ended May 31, 2009.

The Company manages its capital structure based on the relationship between the net debt and capital. Net debt represents the sum of short-term and long-term financial debt, for both current and long-term portions, net of cash and cash equivalents.

Since the completion of the share issuances during the year ended May 31, 2008, the Company has maintained capital in excess of its current needs and has invested such capital in cash and cash equivalents in order to maintain/retain the maximum flexibility to take advantage of acquisition or expansion opportunities.

17. Government assistance

During the years ended May 31, 2009 and 2008, the Company recorded research and development tax credits amounting to $423,603 and $499,079 respectively. These tax credits are subject to review and approval from taxation authorities.

During the years ended May 31, 2009 and 2008, the Company received grants from Investissement Québec totalling $0 and $85,492, respectively. These grants were recorded as a reduction of property, plant and equipment.

During the year ended May 31, 2008, the Company recorded, in its German subsidiary, two grants received from the tax authorities and economic support groups totalling $4,125,371, of which an amount of $2,518,930 remains outstanding as at May 31, 2009 ($3,594,137 as at May 31, 2008), is recorded as a short-term receivable ($1,540,760 as a short-term receivable and $2,053,377 as a long-term receivable in 2008) and is expected to be received during fiscal year ending May 31, 2010.

18. Commitments

a. The Company rents certain premises and equipment under the terms of operating leases expiring in May 2012 for premises with options to renew and June 2013 for the equipment. The rental expenses related to operating leases for the year ended May 31, 2009 were $701,833. Future minimum payments excluding operating costs for the next years are as follows:

2010	$	640,268
2011		610,268
2012		610,268
2013		208,216
2014		17,351
	$	2,086,371

b. As at May 31, 2009, the Company had placed orders with suppliers for the purchase of fixed assets in the aggregate amount of $239,321 ($1,186,184 as at May 31, 2008).

c. The Company's Germany subsidiary is committed to a number of conditions in its supply agreement with First Solar. In addition to the start-up of the German plant by August 2008, which did occur, these conditions include the supply of minimum quantities of products and certain recycling obligations. In the event the Company is unable to fulfill these conditions within the prescribed time frame, the Company could be forced to transfer the ownership of its German facility to First Solar for a consideration approximating the Company' acquisition cost.

19. Earnings per share

As at May 31	2009	2008
Numerator		
Net earnings	**$ 20,868,124**	$ 7,175,011
Denominator		
Weighted average number of common shares	**45,505,213**	35,308,641
Effect of dilutive securities		
Stock options	**370,909**	321,319
Convertible notes	**–**	1,254,816
	45,876,122	36,884,776
Earnings per share		
Basic	**$ 0.46**	$ 0.20
Diluted	**$ 0.45**	$ 0.19

20. Segment information

The Company has only one reportable segment, namely refining and recycling of metals.

Geographical information

Sales are allocated based on the country of origin of the customer with whom the agreement has been signed.

	2009	2008
Sales to customers located in the following geographical areas:		
United States	**$ 40,559,556**	$ 15,526,294
Europe	**20,774,725**	12,521,891
Asia	**6,431,033**	634,251
Canada	**1,591,612**	979,822
Other countries	**16,191**	1,310,683
Years ended May 31	**$ 69,373,117**	$ 30,972,941

	2009	2008
Property, plant and equipment in the following countries:		
Canada	**$ 13,424,454**	$ 11,501,758
Germany	**12,753,969**	9,719,131
As at May 31	**$ 26,178,423**	$ 21,220,889

21. Comparative figures

Certain comparative figures have been reclassified to conform to the current period presentation.

Corporate Information

STOCK EXCHANGE
5N Plus is listed on the Toronto
Stock Exchange, under the symbol VNP.TSX

TRANSFER AGENT AND REGISTRAR
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AUDITORS
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ANNUAL MEETING
The annual shareholders meeting will be held on Thursday, October 8, 2009 at 10:00 a.m.
McCord Museum
J. Armand Bombardier Amphitheatre
690 Sherbrooke Street West
Montreal, Québec

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