



5N PLUS INC.

ANNUAL INFORMATION FORM

For the fiscal year ended May 31, 2010

August 27, 2010

TABLE OF CONTENTS

CAUTION REGARDING FORWARD-LOOKING INFORMATION	2	DIRECTORS AND SENIOR OFFICERS	13
CORPORATE STRUCTURE	2	LEGAL PROCEEDINGS AND REGULATORY ACTIONS.....	15
GENERAL DEVELOPMENT OF THE BUSINESS.....	3	INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS	15
NARRATIVE DESCRIPTION OF THE BUSINESS.....	4	TRANSFER AGENT AND REGISTRAR.....	15
RISK FACTORS	12	MATERIAL CONTRACTS.....	15
DIVIDENDS AND DIVIDEND POLICY	12	NAMES AND INTEREST OF EXPERTS.....	16
DESCRIPTION OF CAPITAL STRUCTURE	12	INFORMATION ON THE AUDIT COMMITTEE.....	16
MARKET FOR SECURITIES	12	ADDITIONAL INFORMATION.....	17
ESCROWED SECURITIES OR SECURITIES SUBJECT TO CONTRACTUAL RESTRICTION ON TRANSFER.....	13	SCHEDULE A CHARTER OF THE AUDIT COMMITTEE	18

Unless otherwise indicated, all references to “dollars” and the symbol “\$” in this annual information form are to Canadian dollars.

CAUTION REGARDING FORWARD-LOOKING INFORMATION

Certain information included in this annual information form may constitute “forward-looking information” within the meaning of applicable Canadian securities legislation. Except as may be required by Canadian securities laws, we do not undertake any obligation to update or revise any forward-looking information, whether as a result of new information, future events or otherwise. Forward-looking information, by its very nature, is subject to numerous risks and uncertainties and is based on several assumptions, which give rise to the possibility that actual results could differ materially from our expectations expressed in or implied by such forward-looking information and that our objectives, plans, strategic priorities and business outlook may not be achieved. As a result, we cannot guarantee that any forward-looking information will materialize. Forward-looking information is provided in this annual information form for the purpose of giving information about Management’s current expectations and plans and allowing investors and others to get a better understanding of our operating environment. However, readers are cautioned that it may not be appropriate to use such forward-looking information for any other purpose.

Forward-looking information provided in this annual information form is based on a number of assumptions that the Corporation believes were reasonable on the day it provided the forward-looking information. Factors that could cause actual results to differ materially from our expectations expressed in or implied by the forward-looking information include: the risk related to the reliance on major customer, credit, interest rate, pricing and currency fluctuation, fair value, source of supply, market acceptance and reliance on thin-film and photovoltaic technologies, environmental regulations, competition, dependence on key personnel, business interruptions, acquisition, protection of intellectual property and the option granted to First Solar Inc. to purchase our German manufacturing facility, changes in income tax legislation or the interpretation or application of those rules, the continued ability to develop products and support brand names, continued access to capital resources and the ability to attract and retain key executives and a highly-qualified work force. These and other risk factors that could cause actual results to differ materially from expectations expressed in or implied by the forward-looking information are discussed throughout this annual information form and, in particular, under “Risk Factors”.

We caution readers that the risks described above are not the only ones that could have an impact on our expectations expressed in or implied by the forward-looking information included in this annual information form. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial may also have a material adverse effect on our business, financial condition or results of operations.

CORPORATE STRUCTURE

5N Plus Inc. results from the amalgamation on October 1, 2007 of 5NPlus Inc. and 6367909 Canada Inc., two affiliated corporations, under the *Canada Business Corporations Act*. On December 18, 2007, our articles of amalgamation were amended so as to sub-divide our common shares on the basis of 83.3636772 common shares for each issued and outstanding common share.

The first of the amalgamated corporations, 5NPlus Inc., was incorporated under the *Canada Business Corporations Act* on July 12, 1999 under the name 3639398 Canada Inc. Its Articles of Incorporation were amended on February 8, 2000 to

change the corporate name to 5NPlus Inc. These articles were again amended on January 21, 2003 to effect certain changes to the authorized share capital.

The second of the amalgamated corporations, 6367909 Canada Inc., was incorporated under the *Canada Business Corporations Act* on March 24, 2005. Its Articles of Incorporation were amended on April 1, 2005 to effect certain changes to the authorized share capital.

Prior to the amalgamation, the shareholders of 5NPlus Inc. and 6367909 Canada Inc. were the same, with the exception that: (i) 6367909 Canada Inc. was a shareholder of 5NPlus Inc.; and (ii) a number of our employees held Class B non-voting shares of 5NPlus Inc.

Our head and registered office is located in suburban Montreal at 4385 Garand Street, Ville-St-Laurent, Québec H4R 2B4.

We have two material subsidiaries, 5N PV GmbH, and Firebird Technologies Inc. of which we own all of the outstanding shares. 5N PV GmbH was incorporated under the laws of Germany on May 14, 2007. We acquired Firebird Technologies Inc. on December 1, 2009.

Unless the context indicates otherwise, the terms “we”, “our” and “us” as used in this annual information form refer to 5N Plus Inc. together with its subsidiaries.

GENERAL DEVELOPMENT OF THE BUSINESS

Three-Year History

On December 20, 2007, we completed our initial public offering and secondary offering of 20,671,801 common shares at a price of \$3.00 per share, for total proceeds of \$62 million. Our common shares commenced trading on that day on the Toronto Stock Exchange under the symbol “VNP”.

At the closing on December 20, 2007, we issued 10,000,000 common shares from treasury, for gross proceeds to us of \$30 million. The net proceeds from the treasury offering were used by us primarily to: (i) fund the construction of our new 43,000 square-foot manufacturing facility in Eisenhüttenstadt, Germany; (ii) fund various capital expenditures at our Montreal facility; and (iii) repay our bank loan and a portion of our long-term debt. The balance of the net proceeds from the treasury offering was used by us for general corporate purposes and working capital.

In addition, II-VI Incorporated of Saxonburg, Pennsylvania, a minority shareholder, sold 10,671,801 of our common shares, representing all of our shares held by II-VI Incorporated, for gross proceeds to it of \$32 million. We did not receive any proceeds from the secondary offering by II-VI Incorporated.

The 20,671,801 common shares were sold to a syndicate of underwriters led by National Bank Financial Inc. and including GMP Securities L.P., Blackmont Capital Inc., MGI Securities Inc. and Laurentian Bank Securities Inc.

At a second closing held on December 21, 2007, we issued 1,500,000 additional common shares following the exercise in full of an over-allotment option by the underwriters of the initial public offering. The 1,500,000 additional shares were issued at the offering price of \$3.00 per share, for additional gross proceeds to us of \$4.5 million. The net proceeds from the exercise of the over-allotment option were used by us for general corporate purposes and working capital.

As a result of the exercise in full of the over-allotment option by the underwriters, we raised a total of \$34.5 million in our initial public offering, by issuing a total of 11,500,000 common shares. The exercise in full of the over-allotment option by the underwriters brought the total size of the initial public offering and secondary offering to \$66,515,403.

In October 2007, we adopted a stock option plan for our directors, officers and employees. The maximum number of common shares that can be issued upon the exercise of options is equal to 10% of our issued and outstanding common shares from time to time. Options are exercisable for a maximum term of ten years from the date of grant. During the financial year ended May 31, 2009, we granted 466,430 options at an average weighted exercise price of \$5.42 per option. The options vest at a rate of 25% (100% for directors) per year following the first anniversary of the date of grant. During the financial year ended May 31, 2009, we issued, pursuant to the exercise of options, 20,225 common shares. During the financial year ended May 31, 2010, we granted 436,500 options at an average weighted exercise price of \$5.38 per option. The options vest at a

rate of 25% (100% for directors) per year following the first anniversary of the date of grant. During the financial year ended May 31, 2010, we issued, pursuant to the exercise of options, 107,225 common shares. The outstanding options as at May 31, 2010 may be exercised during a period not exceeding six years from the date of grant.

On April 29, 2008, we completed a “bought deal” public offering of 4,000,000 common shares at a price of \$11.55 per share, for total proceeds to us of \$46,200,000. The net proceeds from the public offering were used by us for general corporate purposes, including working capital and capital expenditures.

The 4,000,000 common shares were sold to a syndicate of underwriters led by National Bank Financial Inc. and including GMP Securities L.P., Blackmont Capital Inc., MGI Securities Inc. and Laurentian Bank Securities Inc. The offering was made by way of short form prospectus dated April 22, 2008 filed with the securities commissions of each of the provinces of Canada, as well as in the United States under applicable registration statement exemptions.

On July 29, 2008, we announced that our new facility in Eisenhüttenstadt, Germany was operational. On that day, the facility began shipments of cadmium telluride (CdTe) and other products as well as recycling activities in accordance with our contractual obligations. The facility is owned and operated by 5N PV GmbH.

On December 2, 2008, we announced a normal course issuer bid, pursuant to which acquisitions, for cancellation, of up to 2,275,000 common shares could be made, during a period of twelve months which began on December 4, 2008 and ended on December 3, 2009, representing 5% of our issued and outstanding common shares at such time. Any purchases made by us were carried out through the facilities of the Toronto Stock Exchange and made at the market price of the common shares at the time of purchase. During the financial year ended May 31, 2009, we did not repurchase any common shares.

On September 1, 2009, we established a joint venture called ZT Plus with BSST, a subsidiary of Amerigon Incorporated in which we had a 50% ownership interest. ZT Plus was to develop and manufacture advanced, more efficient thermoelectric materials designed to enable the use of TE technology in a wide variety of heating and cooling and power generation applications for industrial, consumer, medical, electronics and automotive markets. The contribution of each partner in cash or in kind was expected to be US\$5,500,000. ZT Plus was accounted for using the proportionate consolidation method. The commercial progress of ZT Plus was slower than anticipated and on March 26, 2010, we sold our interest for an amount of US\$1,600,000 (\$1,632,000).

On December 1, 2009, we acquired Firebird Technologies Inc. for an amount of \$7,912,055. Firebird is a leading manufacturer of pure metals and semiconductor compounds. Firebird’s main products, which include indium antimonide wafers as well as purified metals such as antimony, indium and tin, are sold worldwide and used in a number of electronic and optical applications.

NARRATIVE DESCRIPTION OF THE BUSINESS

Overview

We are a fully integrated producer and closed-loop recycler of highly purified metals and compounds. We draw our name from the purity of our products, 99.999% (five nines or 5N) and more. We use a range of proprietary and proven technologies to produce metals such as tellurium, cadmium, germanium, indium, antimony, selenium and related compounds such as cadmium telluride (“CdTe”), cadmium sulphide (“CdS”) and indium antimonide (“InSb”). Our products are critical components that customers use in a number of electronic applications, including the rapidly-expanding solar (thin-film photovoltaic (“PV”)) market, for which we are a major supplier of CdTe, as well as the radiation detector and infrared markets. Our objective is to expand our production capabilities to meet the growing demand for our products, intensify our recycling activities and diversify our product offering. In doing so, we aim to maintain our leadership position in both the PV and radiation detector markets and expand into other electronic material applications.

We are an integrated producer having both primary and secondary refining capabilities. Our primary refining capabilities allow us to treat very low-grade metal concentrates, and extract and refine the metals of interest so that they can be fed to our secondary refining operations, where we attain the highest level of purity. Because we can perform both refining functions, and therefore go from one end of the purity spectrum to the other, we consider ourselves as a supplier with integrated refining capabilities. Our primary refining capabilities also enable us to treat complex feeds and very low-grade concentrates containing only small amounts of the metals of interest, and thus play an important role in the recycling of the heavy metals that we produce.

We purify specialty metals using a variety of metallurgical processes. Our raw materials or “feedstock” are generally in the form of concentrates, or residues for recycling containing the metals of interest. Our process enables us to extract, further concentrate and refine these metals to a commercial purity level. Further refining to the highest-purity levels and compounding is carried out using state-of-the-art techniques in a dedicated portion of our Montreal facility specially designed for the production of high-purity metals. Given the nature of our activities and the metals that we purify, we operate under, and comply with, stringent environmental, health and safety conditions. In this regard, we have received ISO 14001 certification. We also obtained ISO 9001 certification, supporting our commitment towards continuous improvement and quality.

Our sales have increased from \$10.3 million for the fiscal year ended May 31, 2005 to \$70.8 million for the fiscal year ended May 31, 2010, representing a compound annual growth rate (“CAGR”) of 47%. During this period, which was characterized by rapid growth and significant expansion of our production capacity, we have been able to increase our profitability; our net income grew from \$0.9 million to \$14.5 million over the same period, representing a CAGR of 74.35%.

This increase in sales and profitability is associated with breakthroughs made by our customers, particularly in the solar industry, leading to market acceptance of their products and the associated production ramp-up. We believe that we have been instrumental in our customers’ success by providing difficult-to-find products in a timely and cost-effective manner. We have entered into long-term supply agreements with certain of our customers, which expire at various dates to 2013.

Our objective is to increase our sales primarily through organic growth opportunities in the short term and by acquisitions. The best example of this is our decision to fulfill the increasing demand for our products in Europe by building our new German manufacturing facility, which became fully operational on July 29, 2008. This approximately \$18 million facility enabled us to double our throughput of CdTe. During the financial year ended May 31, 2010, we also invested in our Montreal facilities, to enable us, among other things, to diversify our product offering into the thin-film PV market, including copper indium diselenide (CIS)-based technologies and other electronic applications. We are currently building a facility dedicated to advanced semiconductor processing, metal purification and recycling in Trail, British Columbia. This 40,000 square-foot facility will be dedicated to advanced semiconductor processing, metal purification and recycling activities. The construction of the facility will represent an investment of approximately \$10 million and should be completed and become operational by the end of the second quarter or beginning of the third quarter of fiscal 2011.

We are positioning ourselves to play a leading role in the world’s recycling of solar modules and we are presently setting up a new solar modules recycling facility near Madison, Wisconsin in the United States, which we expect should be operational in the second quarter of fiscal year 2011.

Our History and Development

We were launched in June 2000 through a management buyout of certain assets of ANRAD Corporation, which was established in June 1999 when Analogic Corporation bought the Noranda Advanced Materials division of Noranda Inc. The management buyout team included Jacques L’Écuyer, our President and Chief Executive Officer, who had managed the pure metals business for Noranda Inc., and subsequently for ANRAD Corporation, since 1993, and Marc Suys, our Manager, Environment, Health & Safety. In July 2001, II-VI Incorporated, a publicly-traded company which is also one of our customers, acquired a minority interest of 25% in us, which was later increased to 33% and subsequently to 36%. II-VI Incorporated sold all of its shares as part of our initial public offering in December 2007.

We started our business with 14 employees and we now employ 192 persons, 120 of whom are in Montreal, 49 in Germany, 22 in British Columbia and one in Wisconsin. We have been profitable since we began operations and have generated net income for 40 consecutive quarters.

Competitive Advantages

We believe that we possess a set of attributes which provide us with a significant competitive advantage. These include:

Dominant Market Position and Significant Barriers to Entry. We believe that we are the main supplier of cadmium, selenium and tellurium metal and compounds in all of the markets that we serve. We have a very limited number of competitors, a situation which further illustrates the highly-specialized nature of our business and the significant research and development efforts and capital investments required. The niche markets in which we operate require extensive expertise and know-how. They are often characterized by extensive product qualification periods, which can last up to several months.

Most of the metals that we produce must also be handled with care because of their environmental and occupational impact, and must be recycled, all of which constitute significant entry barriers for potential competitors.

Key Supplier in the Fast-Growing PV Industry. We are the main supplier of CdTe and cadmium sulphide (CdS) to the PV industry. These materials are critical to the production of CdTe-based PV modules. A significant increase in CdTe-based PV production capacity is expected over the next years and we believe that we are well-positioned to be an active participant in the growth of the industry. We have a manufacturing facility in Montreal and a new manufacturing facility in Germany to facilitate business with our existing and prospective European-based customers. Given the ever-increasing regulations with respect to the handling and transportation of manufacturing residues, we believe that the proximity of these manufacturing facilities to our customers provides us with a distinct competitive advantage.

Significant Portion of Predictable Revenues from Long-Term Supply Agreements. We have long-term supply agreements with certain of our key customers, one of whom, as at May 31, 2010, has placed orders of approximately between \$45 million and \$55 million for the next twelve months. These agreements specify minimum volumes that must be purchased and certain of them also provide for additional volumes which may be purchased at our customers' request. These agreements have price-adjustment clauses that ultimately transfer a significant portion of the market price risk of the raw materials to our customers. We and our predecessor company have been active in the markets that we serve for close to 15 years and have operated under similar long-term agreements with our customers since the beginning of our operations.

Integrated Supplier Business Model with Dedicated Recycling Capacity. We believe that we are the only truly integrated supplier of the high-purity metals that we market. This means that we have the ability to treat low-grade concentrates, extract the metals of interest and convert them into a high-purity product suitable for the end-use application. This provides us with a distinct advantage in terms of costs and stability of supply as we can source raw materials in a number of different forms and from a variety of locations. As well, we believe that we are the only supplier that can provide our customers with both the required products and the recycling services to address environmental issues and add value to the waste stream.

Experienced Management Team with a Significant Equity Ownership. Together, our six executive officers total more than 60 years of experience in the metallurgical and/or chemical industry. Jacques L'Écuyer, our President, Chief Executive Officer and principal shareholder, and Marc Suys, our Manager, Environment, Health & Safety, have been with us since our inception in 2000 and play active roles in our operations and growth initiatives. They hold together in the aggregate approximately 41% of our common shares.

Stable Supply of Critical Raw Materials. We have a stable supply of the critical feedstock materials that we require, particularly tellurium. We source these from suppliers all over the world and have had long-term relationships with most. We also have the ability to treat complex feedstock, which provides us with flexibility in terms of our supply strategy.

Business Strategy

To deliver on our vision of becoming the leading provider of sustainable material solutions to the electronic industry which is aimed at providing all shareholders with long-term value, our strategy is aligned along three main axes namely organic growth via an expansion of our production capabilities, an increase in our product portfolio mainly through acquisitions, and a strong emphasis on recycling.

More specific elements of our business and growth strategy include:

Expansion of our Production Capabilities to Meet Growing Demand. We have increased our production capabilities in Europe by bringing our German manufacturing facility online on July 29, 2008. As our PV customers expand their operations in other countries, we will consider building manufacturing facilities near them, in order to retain our geographic advantage. We intend to leverage the capabilities of our manufacturing facilities and their geographical location to develop a competitive advantage over non-domestic competitors.

Increase of our Product Portfolio through Organic Growth and Acquisitions. We intend to leverage our key competencies in refining semiconductor materials as well as our market position to develop new product lines, such as CIGS for the emerging PV CIGS-technology market. We believe that we are well positioned to do so, taking advantage of our primary refining and recycling capabilities to develop a competitive advantage in terms of material sourcing. We also believe that good opportunities exist for growth through acquisitions, as most of the markets that we serve are still highly fragmented and not well structured to accommodate the growth that is expected.

Intensification of our Recycling and Refining Activities. This is aimed at improving recovery rates of critical metals such as tellurium, and reducing production costs. We also intend to play an increasing role in the recycling of the waste solar panels from our customers and those which have reached the end of their useful life. We believe that we can leverage our competencies in the handling, refining and recovery of toxic metals to become the key component of the entire recycling stream. This capacity will become increasingly important as further regulatory and environmental restrictions are expected to be imposed on hazardous metals.

Products and Main Markets

We produce and sell a range of metals and compounds to address the requirements of our customers in the various electronic materials market segments. Our range of products and their typical end-uses are as follows:

Cadmium and Tellurium-Based Compounds. These include CdTe, cadmium zinc telluride (CZT), zinc telluride (ZnTe), and CdS in purity levels ranging from 99.99% to 99.9999% (6N). These products find applications primarily in the PV, radiation detector and infrared detector markets.

Ultra-High Purity Metals. These include cadmium, tellurium and zinc in purity levels of 99.9999% (6N) or more. We also added this year to our product portfolio, indium antimonide, gallium antimonide and germanium. These products are used to manufacture radiation and infrared detectors.

Commercial-Purity Metals. These include tellurium, selenium, antimony, bismuth, cadmium and zinc in purities ranging from 99.99% to 99.999% (5N). These metals find applications in numerous electronic material market segments, including thermoelectric, infrared lenses and optical storage.

Recycling Services. We provide extensive recycling services for tellurium and selenium-bearing residues originating primarily from our customers. In doing so, our objective is to convert these residues into usable products for our customers. Typically, this leads us to extract, recover, refine and compound (if required) the metals of interest, which are then sold back to our customers.

Our products are sold worldwide, including in the United States, Europe, Israel, Asia and Canada.

German Manufacturing Facility

In July 2008, we completed the construction of our new 43,000 square feet manufacturing facility in Eisenhüttenstadt, Germany at a total cost of \$18.7 million, of which approximately \$4.1 million was provided over time until 2010 by German government authorities and others in the form of subsidies. Our new German manufacturing facility has enabled us to double our capacity for CdTe for solar applications. It is designed to produce up to 100 metric tons (MT) of CdTe per year and will also serve for recycling of by-products from our customers' processes. We believe that we have enough total capacity to provide our customers with more than 200 MT of CdTe per year. Limited additional investments at both our Montreal and German facilities could enable us to double our combined capacity of solar-grade CdTe.

The German manufacturing facility became fully operational on July 29, 2008 and employs 49 people. It is located in an industrial park suitable for our needs. We have an option, which may be exercised until May 2012, for an adjoining piece of land, which would enable us to expand our facility and double our level of production. We hold all material permits and authorizations required to operate our new German manufacturing facility.

Firebird Technologies Inc. Manufacturing Facility

We occupy in Trail, British Columbia, a 14,000 square feet manufacturing facility under a lease expiring in January 2012. We are currently building a plant dedicated to advanced semiconductor processing, metal purification and recycling in Trail, British Columbia. This 40,000 square feet facility will be dedicated to advanced semiconductor processing, metal purification and recycling activities. The construction of the facility will represent an investment of approximately \$10 million and should be completed and become operational by the end of the second quarter or beginning of the third quarter of fiscal 2011.

Manufacturing and Supply

Manufacturing Process

We use a number of refining, compounding and net-shaping techniques to purify and manufacture our products. These include selective dissolution and precipitation, electrolysis, furnace refining and casting, direct synthesis and vapour synthesis, crushing, pulverizing and conditioning, distillation, zone refining and solvent growth. Conceptually, our process can be considered to consist of three main steps, namely: primary refining; secondary refining; and final product manufacturing.

In the first step, we extract, concentrate and purify the metals of interest from a low- or high-grade concentrate (which would also include the recycle stream) to reach a 99.99% purity level. To accomplish this, we typically use hydrometallurgical techniques, including leaching, selective dissolution and precipitation and electrolysis. The equipment used to carry out these processing steps includes standard material handling (crusher, ball mill, etc.) and industrial chemical processing equipment (tanks, filter presses, pumps, plating lines, etc.).

In the second step, we upgrade the refined metal to purity levels of 99.999% (5N) or more. This is accomplished primarily through the use of pyrometallurgical techniques, such as distillation and furnace refining. The equipment used in this instance includes glove boxes, diffusion furnaces and distillation reactors, all of which are located inside clean rooms, in order to maintain the required levels of purity and reduce the likelihood of contamination.

In the third step, we carry out the final processing steps which consist of a number of different possibilities. In some instances, where for example we sell the purified metal, we may only shape the product and package it. In other instances, where we sell alloys or compounds, we first carry out the compounding step in specially-designed, inert-atmosphere furnaces and then shape and package the resulting product inside glove boxes.

Our activities are carried out in dedicated facilities which are equipped with proper heating, ventilation and air conditioning services, providing means for complying with all applicable environmental, health and safety regulations and meeting the most stringent quality requirements. Our processes are batched for the most part. In July 2007, we obtained ISO 9001 and ISO 14001 certifications for our Montreal facilities.

Supply

We use several materials and supplies to produce and manufacture our products, which are for the most part commodities such as quartz, graphite, industrial gases, process chemicals and commercial-grade metals such as antimony, bismuth, sulphur and zinc. Non-commodities that we use include tellurium and selenium concentrates. We procure our raw materials from a number of suppliers with whom we have had long-term commercial relationships. All of this enables us to fulfill our anticipated supply requirements. We have invested heavily over the past years to develop a primary refining capability, enabling us to use various feedstocks and hence add flexibility to our procurement strategy. The long-term supply agreements that we have with respect to most of our contracted volume have price-adjustment clauses that ultimately transfer a significant part of the market price risk of the raw materials to our customers.

Similar to tellurium and selenium, we have developed primary refining capabilities for cadmium in order to enable us to treat cadmium concentrates. This is required to fulfill our recycling commitments and objectives and is also aimed at providing us with more flexibility in our procurement strategy, as the number of producers of cadmium is declining, although there is no shortage of the metal itself.

Shipping

Our products are shipped in sealed containers to avoid atmospheric exposure and contamination. We comply with all applicable regulations and ship our products by air, sea or road freight.

Customers

Our customers are located for the most part in Canada, the United States, Europe, Israel and Asia. In the fiscal year ended May 31, 2010, one customer represented approximately 74% of our revenues.

Our Supply Agreements with First Solar, Inc.

We have entered into supply agreements with First Solar, Inc. (“First Solar”) for CdTe and CdS as well as for recycling services for both our Montreal and German manufacturing facilities, which were amended in August 2008, June 24, 2009 and May 31, 2010 and which now represent a combined value of approximately between \$45 million and \$55 million per year under the current terms. Payments made to us under the Montreal Supply Agreement are in U.S. dollars while payments made to us under the German Supply Agreement are in Euros. Our supply agreements with First Solar specify fixed prices per kg of CdTe and CdS, but contain price-adjustment clauses to offset any variation in the price of the metal feed-stock. The Montreal Supply Agreement and German Supply Agreement had initial terms to September 2011 and July 2011, respectively, and have been extended until July 31, 2013 pursuant to the amendments of June 24, 2009.

The German Supply Agreement contains a purchase option or “call” clause giving First Solar the right to purchase all of the equity interests in our German subsidiary for a price which corresponds approximately to the net cost of our investment in the German manufacturing facility. The purchase option may be exercised by First Solar in certain specified circumstances set out in the German Supply Agreement. These include: (i) the termination by First Solar of the German Supply Agreement due to our inability to meet price targets established to reflect prevailing market conditions; and (ii) a “change of control” that would reasonably be expected to have a material adverse effect on the operations of First Solar. “Change of control” is defined in the German Supply Agreement to include, *inter alia*, the acquisition by a third party of common shares representing 50% or more of our outstanding common shares.

Other PV Customer Opportunities

A number of competitors of First Solar using similar technology, including Abound Solar, Inc., Calyxo and General Electric, through its PrimeStar subsidiary, are also making steady progress. We have signed long-term supply agreement with Calyxo in March 2010, as well with Abound Solar, Inc. in August 2010. We believe that our product offering is well suited to meet the requirements of all of these producers of CdTe-based PV modules.

Other Non-PV Customers

We have also entered into long-term agreements with other key customers, operating in sectors other than PV modules. Products covered by these agreements are for the most part associated with the radiation detector market, for which we are a very important supplier. Our customers use our high-purity components (metals and compounds) as the starting material to manufacture detectors for either x-rays or γ -rays. This is true both for the medical imaging segment, where the four dominant original equipment manufacturers (OEMs), namely General Electric, Siemens, Philips and Toshiba, have yet to replace scintillators crystals by CdTe or CZT in their commercial single photon emission computed tomography (SPECT) units, and in the homeland security application, where high-speed scanners and spectrometers are being developed.

Most of our contracts include price-adjustment clauses to offset any variation in the price of the metal feedstock.

Competition

We have a limited number of competitors, none of which are as integrated and therefore capable of providing the same range of services as we do. These include Vital Chemicals Co., Ltd. in China, Honeywell Electronic Materials in the United States, PPM Pure Metals GmbH in Germany and Nikko Materials Co., Ltd. in Japan. We expect the competitive landscape to change as our markets develop and attract more interest.

More specifically, we may face competition from our current customers, who choose to backward integrate in order to protect an essential component of their product line. The basis for competition in this instance will be security of supply, price, environment, health and safety, and recycling. We believe that we are well positioned to compete effectively on these issues. We may also face competition from certain of our current suppliers, who are for the most part large non-ferrous mining, refining and metal processing companies. All of these are larger and have greater financial resources than we do. The basis for competition in this instance will be security of supply of feedstock, price and adaptation to change in the industry. We believe that our strong focus and greater flexibility will enable us to compete effectively.

Sales and Marketing

We sell and market our products directly via our own sales and marketing team, consisting of five people and the support of our engineers and scientists. We also have an agent in China to support our sales and marketing efforts. We regularly attend trade shows and conferences to promote our products. Our web site (www.5nplus.com) provides our customers with quick access to information. Our products are generally subject to qualification periods with our customers that can last several months, before such customers begin ordering our products on a regular basis. We work very closely with our customers during this qualification period, by providing sample products, and adapting our products and processes to meet the customers' needs.

Research and Development

We devote considerable research and development efforts to diversify our product and service offering, and to optimize our production processes and thereby reduce costs. We believe that both are essential to respond to evolving market requirements and to allow us to remain competitive. We focus our efforts on the optimization of both our primary processes, namely our hydrometallurgical extraction and refining steps, as well as our secondary high-purity refining steps. The full integration of these activities provides us with unique opportunities to reduce costs, improve product quality and add to our product portfolio. We are also developing recycling processes for by-products resulting from our customers' activities, in an effort to minimize the environmental footprint of their activities and add value.

Our research and development team consists of thirteen full-time employees. We also maintain active collaborations with a number of third parties, including the University of Victoria, École Polytechnique de Montréal, the National Research Council Canada and a consortium led by Colorado State University.

Intellectual Property

We rely almost exclusively on a combination of trade secrets and employee confidentiality agreements to safeguard our intellectual property. We hold only two patents, obtained in the United States and valid until 2029 and, except for Canada, we have not applied for patents in other countries with respect to the process for which we hold the foregoing patent. We have deliberately chosen to limit our patent position because of the expense involved. Our intellectual property and know-how are for the most part process related.

We acquired all of the intellectual property developed within Noranda Inc. and related to our business in June 2000, at the time of the management buy-out. We have since developed our intellectual property through internal research and development activities and long-term research and development collaborative programs with universities. Key components of our process are documented and all of our employees have entered into confidentiality agreements with us. We have not been subject to any material intellectual property claims.

Environment, Health and Safety

Our operations include the use, handling, storage, transportation, generation and disposal of hazardous substances. As a result, we are subject to various local, state, federal and foreign laws and regulations relating to the use of these hazardous substances, their associated occupational health and safety and the protection of the environment. Our Montreal facilities are regularly audited by third parties on behalf of our customers and governmental authorities to ensure that we conform at all times with all applicable laws and regulations. These audits have not revealed any material defects in our activities.

An internal team is involved in environment, health and safety matters. To date, we have not experienced problems of a material nature regarding such matters. Biological monitoring for heavy metals is carried out on all production workers via blood and/or urine samples. We also use the services of public health authorities and independent industrial hygienists to validate exposure levels in our facilities and to recommend appropriate action plans to reduce them, if needed, and advise our employees and management on the biological monitoring results.

We received ISO 9001 and ISO 14001 certifications in July 2007 for our Montreal facilities and obtained at approximately the same time our BImSch (Bundes-Immissionschutzgesetz) permit from the German authorities, authorizing us to carry out our activities as planned at our new German manufacturing facility. We strongly support sustainable development initiatives and have implemented company-wide recycling of process and non-process related waste (glass, paper, plastics) as well as alternative transportation schemes for our employees and invite them to sit on our 5N Plus Sustainability Committee.

We have won honours and notice for our sustainability efforts. We have participated in drafting Montreal's former strategic plan for sustainable development, and are currently helping to draft the current one, which will be in effect until 2015.

In 2009, we have started using Life Cycle Assessment to give a "cradle to cradle" evaluation of the environmental impact of our product manufacturing and recycling activities. As a result of all these efforts, we were listed for the second consecutive year on the Corporate Knights Cleantech 10™ list of Canada's best publicly held companies in clean technologies, and listed on the Jantzi-Maclean's Corporate Social Responsibility Report 2009 of the 50 Most Socially Responsible Canadian Corporations.

Closer to home, in 2009 we were honoured 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, which recognizes waste and pollution reduction at source, in manufacturing, transportation and at the end of the product's life cycle, cites our efforts to tailor our recycling solutions to customers' needs.

Insurance

We carry all-risk and business interruption insurance, designed to protect our assets and business in the event that we are unable to carry out our production activities due to serious disturbances, and insurance against pollution, which covers clean-up costs in an amount deemed appropriate. We also hold general liability insurance and directors' and officers' liability insurance for members of our Board of Directors and our executive officers.

Properties

We own a 25,000 square foot building in Montreal, Québec, which houses our head office as well as manufacturing facilities. We also occupy a 33,000 square foot manufacturing facility under a lease expiring on May 31, 2017, for which we have one five-year renewal option. These two buildings are connected by a passage-way. We acquired 118,000 square feet of land in Eisenhüttenstadt, Germany in May 2007 where we built our new German manufacturing facility (43,000 square feet), which became operational on July 29, 2008. We also acquired an option at the same time, which can be exercised until May 2012, to increase the size of the land by an additional 100,000 square feet. We occupy in Trail, British Columbia, a 14,000 square feet manufacturing facility under a lease expiring in January 2012. We are currently building a facility dedicated to advanced semiconductor processing, metal purification and recycling in Trail, British Columbia. This 40,000 square-foot facility will be dedicated to advanced semiconductor processing, metal purification and recycling activities. The construction of the facility will represent an investment of approximately \$10 million and should be completed and become operational by the end of the second quarter or beginning of the third quarter of fiscal 2011.

Employees

At May 31, 2010, we employed 192 persons, including one on a contractual basis. Of our 192 employees, 120 are in Montreal, Québec, 22 in Trail, British Columbia, one in the United States and 49 in Germany. Many of our employees in the Montreal, Trail and German facilities hold university degrees in engineering or physical sciences and actively participate in our continuous improvement and development activities or are part of our senior management team. None of our employees is unionized. We consider our relationship with our employees to be very good.

The following table sets out the breakdown of our current personnel by category:

Production.....	153
Research and development	13
Administration	21
Sales and marketing	5
Total.....	192

RISK FACTORS

A description of the risks affecting our business and activities appears under the heading “Risks and Uncertainties” in our Management’s Discussion and Analysis on pages 27 to 29 of our 2010 Annual Report, which pages are incorporated by reference into this Annual Information Form. Our Annual Report is available on SEDAR (www.sedar.com).

DIVIDENDS AND DIVIDEND POLICY

Historically, 5NPlus Inc. declared and paid annual dividends amounting to 10% of after-tax earnings, except in respect of the fiscal year ended May 31, 2007. On October 11, 2007, our Board of Directors declared a dividend to our then-shareholders in an amount of \$1 million, payable on or before November 27, 2007, representing 28% of our net income for the fiscal year ended May 31, 2007. Since the completion of our initial public offering in December 2007, no dividend has been declared or paid.

Our policy is to reinvest our earnings in order to finance the growth of our business. As a result, we do not intend to pay dividends in the foreseeable future. Any future determination to pay cash dividends will be at the discretion of our Board of Directors and will depend on our financial condition, operating results and capital requirements and such other factors as the Board of Directors deems relevant.

DESCRIPTION OF CAPITAL STRUCTURE

Common Shares

We are authorized to issue an unlimited number of common shares, all without nominal or par value. The holders of our common shares are entitled to: (a) vote at all meetings of shareholders, except meetings at which only holders of a specified class of shares are entitled to vote; (b) receive any dividend declared by us on the common shares; and (c) subject to the rights, privileges, restrictions and conditions attaching to any other class of our shares, receive our remaining property upon our dissolution, liquidation or winding-up.

As at May 31, 2010, there were 45,627,450 common shares issued and outstanding.

Preferred Shares

We are also authorized to issue an unlimited number of preferred shares, none of which are currently issued and outstanding. The preferred shares may be issued in one or more series, with such rights and conditions as may be determined by the Board of Directors. There are no voting rights attached to the preferred shares except as prescribed by law. The preferred shares will rank ahead of the common shares with respect to the payment of dividends and return of capital in the event of our liquidation, dissolution or other distribution of assets for the purpose of winding-up our affairs.

MARKET FOR SECURITIES

Our common shares have been listed and posted for trading on the Toronto Stock Exchange under the trading symbol “VNP” since December 20, 2007. The following table sets out the price range and trading volume of the common shares as reported by the Toronto Stock Exchange for the fiscal year ended May 31, 2010.

Year	Month	Price range		Volume
		High	Low	
2009	June	\$ 7.20	\$ 5.84	3,135,695
	July	6.95	6.00	1,771,255
	August	6.88	4.85	2,278,578
	September	6.34	5.75	1,732,556
	October	5.66	4.85	3,446,086
	November	5.56	4.70	2,201,497
	December	6.32	5.23	1,887,394
2010	January	6.30	5.05	3,329,665
	February	5.45	5.34	2,415,789
	March	5.56	5.11	1,053,436
	April	5.81	4.81	2,028,187
	May	5.57	4.77	1,057,617

ESCROWED SECURITIES OR SECURITIES SUBJECT TO CONTRACTUAL RESTRICTION ON TRANSFER

To our knowledge, none of our shares are held in escrow or subject to contractual restrictions on transfer.

DIRECTORS AND SENIOR OFFICERS

Name, Occupation and Security Holding

The following table sets out the name, municipality of residence, position with us and principal occupation of our directors and executive officers and, in the case of the directors, the date first elected or appointed, if applicable. Directors are elected until the next annual meeting of shareholders, unless a director resigns or his office becomes vacant by removal, death or other cause.

<u>Name and municipality of residence</u>	<u>Position</u>	<u>Principal occupation</u>	<u>Director since</u>
Jacques L'Écuyer Montreal, Québec, Canada	President, Chief Executive Officer and Director	President and Chief Executive Officer 5N Plus Inc.	September 1999
Dennis Wood ⁽¹⁾⁽²⁾ Magog, Québec, Canada	Chairman of the Board of Directors	President and Chief Executive Officer Les Placements Dennis Wood Inc. (holding company)	October 2007
Jean-Marie Bourassa ⁽¹⁾ Montreal, Québec, Canada	Director	Managing Partner Bourassa Boyer Inc. (chartered accountants)	January 2008
John Davis ⁽¹⁾⁽²⁾ Beaconsfield, Québec, Canada	Director	Retired Executive	June 2000
Pierre Shoiry ⁽²⁾ Town of Mount Royal, Québec, Canada	Director	President and Chief Executive Officer Genivar Limited Partnership (engineering services firm)	January 2008

<u>Name and municipality of residence</u>	<u>Position</u>	<u>Principal occupation</u>	<u>Director since</u>
Nicholas Audet..... Montreal, Québec, Canada	Vice President	Managing Director of Montreal and German plants	—
Jean Bernier..... Boucherville, Québec, Canada	General Manager	General Manager 5N Plus Inc.	—
David Langlois..... Boucherville, Québec, Canada	Chief Financial Officer	Chief Financial Officer 5N Plus Inc.	—
Marc Suys..... Laval, Québec, Canada	Vice President Sustainable Development and Environmental Affairs	Vice President Sustainable Development and Environmental Affairs 5N Plus Inc.	—
Don Freschi..... Trail, British Columbia, Canada	General Manager	General Manager Firebird Technologies Inc.	—

(1) Member of the Audit Committee.

(2) Member of the Compensation Committee.

During the last five years, our directors and executive officers have been engaged in their current principal occupations or in other executive capacities with the companies indicated opposite their names or with related or affiliated companies, except for: Jean Bernier, who prior to June 2007 was Operations Manager of ABB’s Analytical Business; and David Langlois, who prior to November 2009 was the Vice-President of Corporate Accounting and Information Management at National Bank Financial. Don Freschi was the General Manager of Firebird Technologies Inc. Prior to his retirement in 1999, John Davis was Director of Strategic Planning, Noranda Inc.

As at May 31, 2010, to the best of our knowledge, our directors and executive officers owned, directly or indirectly, or exercised control or direction over an aggregate of 19,121,054 common shares, representing 42% of all issued and outstanding common shares.

Cease-Trade Orders, Bankruptcies, Penalties or Sanctions

To our knowledge, none of the persons whose names appear in the table set out above:

- (a) is, or within the last ten years has been, a director, chief executive officer or chief financial officer of any company that:
 - (i) was subject to a cease-trade order, an order similar to a cease-trade order, or an order that denied the relevant company access to any exemption under applicable securities legislation, and which in all cases was in effect for a period of more than 30 consecutive days (an “Order”), which Order was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer of such company; or
 - (ii) was subject to an Order that was issued after the proposed director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer of such company; or
- (b) is, or within the last ten years has been, a director or executive officer of any company that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets, with the exception of Mr. Dennis Wood, who: (i) has

since 2001 been a director of GBO Inc. (formerly Groupe Bocenor Inc.), a window and door manufacturer, which in February 2004 made a proposal to its creditors under the *Bankruptcy and Insolvency Act* (Canada), which proposal was accepted by the creditors in July 2004 and approved by the Superior Court of Québec in August 2004; and (ii) is a director of Blue Mountain Wallcoverings Group Inc., which in March 2009 was granted an initial order pursuant to section 11 of the *Companies' Creditors Arrangement Act* (Canada), providing creditor protection to the company and its subsidiaries; or

- (c) has, within the last ten years, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or become subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold his assets.

None of the persons whose names appear in the table set out above has been subject to:

- (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable security holder in deciding whether or not to make an investment decision.

Conflicts of Interest

There are no existing or potential material conflicts of interest between us or our subsidiaries and any of our officers or directors or those of our subsidiaries.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

During the fiscal year ended May 31, 2010, we were not party to, and none of our property was the subject of, any legal proceedings, which are material to our operations. To our knowledge, no such legal proceedings are currently contemplated.

During the fiscal year ended May 31, 2010: (i) we were not subject to any penalty or sanction imposed by a court relating to securities legislation or by a securities regulatory authority; (ii) we did not enter into any settlement agreements with a court relating to securities legislation or with a securities regulatory authority; and (iii) there were no other penalties or sanctions imposed by a court or regulatory body against us that would likely be considered important to a reasonable investor in making an investment decision.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

During the three fiscal years ended May 31, 2010, we did not complete any transaction that has materially affected or will materially affect us in which any: (i) of our directors or executive officers; (ii) person or company that is the direct or beneficial owner of, or who exercises control or direction over, more than 10% of our outstanding voting securities; or (iii) associate or affiliate of the persons referred to in (i) or (ii) above, had any material interest, direct or indirect, other than our initial public offering in December 2007, pursuant to which II-VI Incorporated sold 10,671,801 common shares, representing all of our common shares then held by II-VI Incorporated, for gross proceeds to it of \$32 million.

TRANSFER AGENT AND REGISTRAR

The transfer agent and registrar for our common shares is Computershare Investor Services Inc. at its principal offices in Montreal and Toronto.

MATERIAL CONTRACTS

Since June 1, 2009, other than in the ordinary course of business, we have not entered into any contracts that are material to us.

NAMES AND INTEREST OF EXPERTS

Our auditors are KPMG LLP, Chartered Accountants, located at 600 de Maisonneuve Blvd. West, Suite 1500, Montreal, Québec H3A 0A3, who reported on the consolidated annual financial statements for the fiscal year ended May 31, 2010, which have been filed under *Regulation 51-102 respecting Continuous Disclosure Obligations* (Québec). KPMG LLP is independent in accordance with the auditor's rules of professional conduct in Québec.

INFORMATION ON THE AUDIT COMMITTEE

Audit Committee's Charter

The Audit Committee Charter sets out the roles and responsibilities of the Audit Committee of our Board of Directors. A copy of the charter is annexed hereto as Schedule A.

The Audit Committee oversees our financial reporting process and internal controls, and consults with management, our accounting department and our independent auditors on matters related to our annual audit and internal controls, published financial statements, accounting principles and auditing procedures. The Audit Committee also reviews management's evaluation of the auditors' independence and submits to the Board of Directors its recommendations on the appointment of auditors. The members of the Audit Committee are Jean-Marie Bourassa (Chairman), John Davis and Dennis Wood, all of whom are "independent" and financially literate within the meaning of applicable Canadian securities laws. Jean-Marie Bourassa is the Managing Partner of Bourassa Boyer Inc., who were the auditors of 5NPlus Inc. and 6367909 Canada Inc. until May 18, 2007.

The relevant experience of each member of the Audit Committee is described below:

Jean-Marie Bourassa is the founding President and Chief Executive Officer of Bourassa Boyer Inc., an accounting firm. He also serves on the Board of Directors of Savaria Corporation, which is listed on the Toronto Stock Exchange, and is involved with various private companies as a shareholder and a director. Mr. Bourassa has been a Chartered Accountant since 1976 and attained corporate governance certification at Université Laval in 2009.

John Davis retired from Noranda Inc. after 25 years in technical development and management. As Director, Strategic Planning and Coordination, he helped Noranda Inc. develop new businesses in several advanced technologies, including those that are now the basis for our business, and was involved in a number of successful investment initiatives. Mr. Davis has a Bachelor's degree in Chemistry from Imperial College, University of London. He is an Associate of the Royal College of Science and has completed the Management Development Program at Northeastern University.

Dennis Wood is President and Chief Executive Officer of Les Placements Dennis Wood Inc., a position he has held since 1973. A very experienced businessman, Mr. Wood is a board member of many companies, such as National Bank Trust, Transat A.T. inc., The Jean Coutu Group (PJC) Inc., Rite Aid Corporation and Azimut Exploration Inc. Mr. Wood is the Interim President and Chief Executive Officer and Chairman of the Executive Committee of GBO Inc. (formerly Le Groupe Bocenor Inc.). In 1987, he received an honorary Ph.D. from the Université de Sherbrooke. Mr. Wood is a recipient of the Order of Canada.

Reliance on Certain Exemptions

Since December 20, 2007, we have not relied on any of the exemptions regarding the Audit Committee provided in Multilateral Instrument 52-110 *Audit Committees* of the Canadian Securities Administrators.

Audit Committee Oversight

Since December 20, 2007, our Board of Directors has not failed to adopt a recommendation of the Audit Committee to nominate or compensate an external auditor.

Pre-Approval Policies and Procedures

The policies and procedures of the Audit Committee regarding the engagement of non-audit services are set out in the Audit Committee Charter, which is annexed hereto as Schedule A.

External Auditor Service Fees

Audit Fees

“Audit fees” consist of fees for professional services for the audit of our annual consolidated financial statements, help in preparing the interim financial statements and related matters. KPMG LLP, Chartered Accountants, our external auditors, billed us \$207,500 in audit fees during the fiscal year ended May 31, 2010 and \$258,000 in audit fees during the fiscal year ended May 31, 2009.

Audit-Related Fees

“Audit-related fees” consist of fees for professional services that are reasonably related to the performance of the audit or review of our financial statements and which are not reported under “Audit Fees” above. KPMG LLP, Chartered Accountants, our external auditors, billed us \$61,000 in audit-related fees during the fiscal year ended May 31, 2010 and \$22,058 in audit-related fees during the fiscal year ended May 31, 2009.

Tax Fees

“Tax fees” consist of fees for professional services for tax compliance, tax advice and tax planning. KPMG LLP, Chartered Accountants, our external auditors, billed us \$136,048 in tax fees during the fiscal year ended May 31, 2010 and \$76,150 in tax fees during the fiscal year ended May 31, 2009.

All Other Fees

“All other fees” consist of fees for services other than the audit fees, audit-related fees and tax fees described hereinabove. These services include, among other things, implementation of International Financial Reporting Standards (“IFRS”). KPMG LLP, Chartered Accountants, our external auditors, billed us \$59,351 in fees for other services during the fiscal year ended May 31, 2010 and \$21,792 for other fees during the fiscal year ended May 31, 2009.

ADDITIONAL INFORMATION

Additional information, including directors’ and officers’ compensation and indebtedness (if any), principal holders of our securities and securities authorized for issuance under equity compensation plans, that is not included herein, is contained in our management proxy circular prepared in connection with our annual meeting of shareholders to be held on October 7, 2010. Additional information relating to us may be found on SEDAR, which can be accessed at www.sedar.com.

Additional financial information may be found in our financial statements and management’s discussion and analysis for the fiscal year ended May 31, 2010.

SCHEDULE A CHARTER OF THE AUDIT COMMITTEE

The Audit Committee (“**Audit Committee**”) is appointed by the Board of Directors (“**Board**”) of 5N Plus Inc. to assist it in overseeing the Corporation’s financial controls and reporting. The Audit Committee also monitors whether the Corporation complies with financial covenants and legal and regulatory requirements governing financial disclosure matters and financial risk management.

COMPOSITION AND QUORUM

The Audit Committee is composed of a minimum of three members or a greater number as determined by the Board, each of whom qualifies as an independent director under *Regulation 52-110 respecting audit committees*. (“**Regulation 52-110**”). Every Audit Committee member must be financially literate (as such term is defined in Regulation 52-110) and at least one member must be an accounting or financial management expert.

The quorum at any meeting of the Audit Committee is a majority of its members.

MANDATE

The Audit Committee has the following responsibilities:

A. **Overseeing Financial Reporting**

- Reviewing with management and the external auditors the annual financial statements and accompanying notes, the external auditors’ report thereon and the related press release, including the information contained in management’s discussion and analysis, before recommending Board approval and prior to their release, filing and distribution.
- Reviewing with management and the external auditors the quarterly financial statements and accompanying notes and the related press release, including the information contained in management’s discussion and analysis, before recommending Board approval and prior to their release, filing and distribution.
- Satisfy itself that adequate procedures are in place for the review of the Corporation’s public disclosure of financial information extracted or derived from the Corporation’s financial statements and periodically assess the adequacy of those procedures.
- Reviewing the financial information contained in the annual information form, annual report, management proxy circular, prospectus and other documents containing similar financial information and prior to their release, filing and distribution with regulatory authorities in Canada.
- Ensuring that the audited quarterly and annual financial statements of the Corporation are presented accurately, in accordance with generally accepted accounting principles, before recommending Board approval.
- Reviewing with the external auditors and management the quality, appropriateness and adequacy of the Corporation’s accounting principles and policies, underlying assumptions and financial reporting practices.
- Reviewing any proposed changes to the Corporation’s accounting principles and policies, including (i) all accounting policies and practices used by the Corporation (ii) any alternative treatments of financial information that have been discussed with management, the ramifications of their use and the external auditors’ preferred treatment, and (iii) any other material communications with management with respect thereto.
- Reviewing the disclosure and impact of contingencies and the reasonableness of the provisions, reserves and estimates that may have a material impact on financial reporting.

- Reviewing the compliance of management certification of financial reports with applicable legislation.
- Reviewing the work of the external auditors authorized by the Audit Committee and resolving any disagreement between management and the external auditors regarding accounting and financial reporting.
- Reviewing the results of the external audit, any significant problems encountered in performing the audit, the steps taken by management with respect thereto and management's response and/or action plan related to any Management Letter issued by the external auditors and any significant recommendations contained therein.
- Reviewing any litigation, claim or other contingency and any regulatory or accounting initiatives that could have a material effect upon the financial position or operating results of the Corporation and the appropriateness of the disclosure thereof in the documents reviewed by the Audit Committee.

B. Monitoring Risk Management and Internal Controls

- Monitoring the quality and integrity of the Corporation's internal control and management information systems through discussions with management and the external auditors.
- Overseeing management's reporting on the Corporation's internal control procedures.
- Reviewing the insurance coverage (annually and as required).
- Reviewing on a regular basis the Corporation's risk assessment and management policies, including hedging policies through the use of financial derivative transactions.
- Reviewing requests for information from the *Autorité des marchés financiers* and any recommendations made and the steps taken by the Corporation to deal with any such issues.
- Reviewing requests for information from government authorities having a financial impact on the Corporation's earnings and any recommendations made and steps taken by the Corporation to deal with any such issues.
- Assisting the Board with the oversight of the Corporation's compliance with applicable legal and regulatory requirements.
- Reviewing all material transactions not at arm's length.
- Establishing procedures for the receipt, retention and treatment of complaints or concerns received by the Corporation regarding accounting, internal accounting controls, or auditing matters, including the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters.
- Reviewing and approving management's decision regarding the need for an internal auditor.

C. Overseeing the External Auditors

- Reviewing the annual written statement of the external auditors regarding all their relations with the Corporation and confirming their independence and discussing with the external auditors any relationships or services that may impact on their objectivity or independence.
- Approving the appointment and, if appropriate, the termination (both subject to shareholder approval) of the external auditors and monitoring their qualifications, performance and independence.
- Approving and overseeing the disclosure of all audit services provided by the external auditors to the Corporation, determining which non-audit services the external auditors are prohibited from providing and

approving and overseeing the disclosure of permitted non-audit services to be performed by the external auditors.

- Approving the basis and amount of the external auditors' fees for both audit and authorized non-audit services.
- Reviewing the audit plan with the external auditors and management and approving the scope, extent and schedule thereof.
- Reviewing and approving the Corporation's hiring policies regarding partners, employees and former partners and employees of the present and former external auditors of the Corporation.
- Ensuring that the external auditors are always accountable to the Audit Committee and the Board.
- Making arrangements for sufficient funds to be available to effect payment of the fees of the external auditors and of any advisers or experts retained by the Audit Committee.

METHOD OF OPERATION

- Meetings of the Audit Committee are held at least quarterly and as required.
- The members of the Audit Committee meet before or after each meeting without management.
- The Chair of the Audit Committee develops the agenda for each meeting of the Committee. The agenda and the appropriate material are provided to members of the Audit Committee on a timely basis prior to meetings of the Audit Committee.
- The Chair of the Audit Committee reports quarterly to the Board on the business of the Committee.
- The Audit Committee has at all times a direct line of communication with the external auditors.
- The Audit Committee meets separately with management and the external auditors at least annually, and more frequently as required.
- The Audit Committee may, in appropriate circumstances, engage external advisers, with the consent of the Board.
- The Audit Committee annually reviews its mandate and reports to the Board on its adequacy, for approval.
- The Audit Committee ensures the existence of an annual procedure to assess the performance of the Audit Committee and its members.

Nothing contained in this mandate is intended to expand applicable standards of conduct under statutory or regulatory requirements for the directors of the Corporation or the members of the Audit Committee. Even though the Audit Committee has a specific mandate and its members may have financial experience, they do not have the obligation to act as auditors or to perform auditing, or to determine that the Corporation's financial statements are complete and accurate. Members of the Audit Committee are entitled to rely, absent knowledge to the contrary, on (i) the integrity of the persons and organizations from whom they receive information, (ii) the accuracy and completeness of the information provided, and (iii) representations made by management as to the non-audit services provided to the Corporation by the external auditors. The Audit Committee's oversight responsibilities are not established to provide an independent basis to determine that (i) management has maintained appropriate accounting and financial reporting principles or appropriate internal controls and procedures, or (ii) the Corporation's financial statements have been prepared and, if applicable, audited in accordance with generally accepted accounting principles.

Approved by the Board of Directors on August 12, 2009