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SHORT FORM PROSPECTUS

New Issue

April 1, 2011



5N PLUS INC.

\$125,028,000

13,590,000 Subscription Receipts, each representing the right to receive one common share

This short form prospectus qualifies the distribution (the "**Offering**") of 13,590,000 of our subscription receipts (the "**Subscription Receipts**") at a price of \$9.20 per Subscription Receipt. Pursuant to an Acquisition Agreement dated as of February 26, 2011 (the "**Acquisition Agreement**"), we have agreed to acquire all of the issued and outstanding shares of MCP Group SA ("**MCP**"), subject to the fulfillment or waiver of certain customary closing conditions (the "**Acquisition**"). The closing of the Acquisition is expected to occur on or about April 11, 2011. The Acquisition Agreement provides in effect that we, on the one hand, and the shareholders of MCP, on the other hand, have the right to terminate the Acquisition Agreement if the other has not fulfilled its closing conditions by April 18, 2011. See "Acquisition Agreement and Related Agreements — Acquisition Agreement". MCP, headquartered in Tilly, Belgium, is the world's leading producer and distributor of bismuth and bismuth chemicals, with a market share that MCP estimates to be more than 50%, and an important player in other specialty metals, including gallium, indium, selenium and tellurium. See "Information Concerning MCP".

Each Subscription Receipt will entitle the holder thereof to receive, upon the closing of the Acquisition, and without payment of additional consideration, one of our common shares (collectively, the "**Underlying Shares**"). The gross proceeds from the sale of the Subscription Receipts, less 50% of the fee (the "**Underwriters' Fee**") that will be paid by us to National Bank Financial Inc. (the "**Lead Underwriter**"), GMP Securities L.P., CIBC World Markets Inc., TD Securities Inc., Versant Partners Inc., Cormark Securities Inc., HSBC Securities (Canada) Inc., M Partners Inc. and Stonecap Securities Inc. (collectively, the "**Underwriters**") on the closing date of the Offering out of the gross proceeds of the Offering (the "**Escrowed Funds**"), will be held by Computershare Trust Company of Canada, as escrow agent (the "**Escrow Agent**"), and invested in short-term obligations of, or guaranteed by, the Government of Canada, a province of Canada, or a Canadian bank, as directed by us, pending the closing of the Acquisition or a Termination Event (as defined below).

If the closing of the Acquisition occurs prior to 5:00 p.m. (Montreal time) on the Termination Date (as defined below), the holders of Subscription Receipts will receive (subject to any applicable adjustment), as of 5:00 p.m. (Montreal time) on the date of closing of the Acquisition, without payment of additional consideration, one Underlying Share for each Subscription Receipt held. Immediately prior to the closing of the Acquisition and upon the required notice being delivered by us to the Escrow Agent, the Escrowed Funds, together with the interest earned thereon less 50% of the Underwriters' Fee, will be released to us and 50% of the Underwriters' Fee will be remitted to the Lead Underwriter on behalf of the Underwriters. We will use the amount released to us to pay a portion of the purchase price to be paid by us under the Acquisition Agreement. See "Use of Proceeds". If the closing of the Acquisition occurs on or prior to the closing date of this Offering, we will deliver our common shares instead of Subscription Receipts to investors in this Offering. This short form prospectus qualifies the distribution of such common shares.

In the event that: (i) the closing of the Acquisition does not occur prior to 5:00 p.m. (Montreal time) on May 31, 2011, or such later date as may be agreed to in writing by us and the Lead Underwriter on behalf of the Underwriters; (ii) the Acquisition Agreement is terminated at any earlier time; or (iii) we advise the Lead Underwriter or announce to the public that we do not intend to proceed with the Acquisition (each a "**Termination Event**", and the date upon which such event occurs, the "**Termination Date**"), holders of Subscription Receipts, commencing on the second business day following the Termination Date, will be entitled to receive from the Escrow Agent an amount equal to the full subscription price thereof

plus their *pro rata* share of the interest earned on the Escrowed Funds. In the event that the gross proceeds of the Offering are required to be remitted to purchasers of the Subscription Receipts, we have agreed to and undertaken to pay the Escrow Agent an amount equal to 50% of the Underwriters' Fee such that 100% of the gross proceeds of the Offering will be returned to purchasers of Subscription Receipts together with interest earned on the Escrowed Funds.

There is currently no market through which the Subscription Receipts may be sold and purchasers may not be able to resell Subscription Receipts purchased under the short form prospectus. This may affect the pricing of the Subscription Receipts in the secondary market, the transparency and availability of trading prices, the liquidity of the securities, and the extent of issuer regulation. See "Risk Factors".

Our issued and outstanding common shares are listed on the Toronto Stock Exchange (the "TSX") under the trading symbol "VNP". On March 18, 2011, the last trading day prior to public announcement of the Offering, the closing price of our common shares on the TSX was \$9.37. On March 31, 2011, the last trading day prior to the date hereof, the closing price of our common shares on the TSX was \$9.27. The TSX has conditionally approved the listing of the Subscription Receipts to be issued and sold by us under this short form prospectus as well as the Underlying Shares. Listing is subject to our fulfilling all the requirements of the TSX on or before June 29, 2011.

Price: \$9.20 per Subscription Receipt

	Price to the public ⁽¹⁾	Underwriters' Fee ⁽²⁾	Net proceeds ⁽³⁾
Per Subscription Receipt.....	\$ 9.20	\$ 0.368	\$ 8.832
Total ⁽⁴⁾	\$ 125,028,000	\$ 5,001,120	\$ 120,026,880

- (1) The price of the Subscription Receipts has been determined by negotiation between us and the Underwriters.
- (2) In connection with the Offering, we have agreed to pay the Underwriters' Fee in an amount equal to 4% of the gross proceeds from the sale of the Subscription Receipts. The Underwriters' Fee is payable as to 50% upon the closing of the Offering and as to 50% upon release of the Escrowed Funds to us. If the Acquisition is not completed, the Underwriters' Fee will be reduced to the 50% thereof payable upon the closing of the Offering.
- (3) Excluding interest accrued, if any, on the Escrowed Funds and before deducting expenses of the Offering estimated at \$500,000 which will be paid by us.
- (4) We have granted the Underwriters an option (the "**Over-Allotment Option**"), exercisable in whole or in part at any time not later than 30 days following the closing date of the Offering, to purchase up to an additional 2,038,500 Subscription Receipts, representing 15% of the number of Subscription Receipts offered hereby, at a price of \$9.20 per Subscription Receipt, on the same terms and conditions as the Offering, to cover over-allotments, if any, and for market-stabilization purposes. In the event that the Over-Allotment Option is exercised and the applicable closing date is after the closing date of the Acquisition, we will issue the appropriate number of our common shares in lieu of Subscription Receipts. If the Over-Allotment Option is exercised in full, the total "Price to the public", "Underwriters' Fee" and "Net proceeds" will be \$143,782,200, \$5,751,288 and \$138,030,912, respectively. This short form prospectus qualifies the grant of the Over-Allotment Option and the distribution of Subscription Receipts or our common shares, as the case may be, upon the exercise of the Over-Allotment Option. A purchaser who acquires Subscription Receipts or our common shares forming part of the over-allotment position acquires such Subscription Receipts or our common shares, as the case may be, under this short form prospectus regardless of whether the over-allotment position is filled through the exercise of the Over-Allotment Option or secondary market purchases. See "Plan of Distribution".

The following table sets out the number of Subscription Receipts or our common shares that may be offered by us pursuant to the Over-Allotment Option:

Underwriters' position	Maximum number of securities	Exercise period	Exercise price
Over-Allotment Option	2,038,500 Subscription Receipts or common shares	30 days from closing of the Offering	\$9.20

The Underwriters, as principals, conditionally offer the Subscription Receipts, subject to prior sale, if, as and when issued, sold and delivered by us to, and accepted by, the Underwriters in accordance with the conditions contained in the Underwriting Agreement referred to under "Plan of Distribution" and subject to the approval of certain legal matters by our counsel Heenan Blaikie LLP, and by Fasken Martineau DuMoulin LLP, as counsel to the Underwriters.

Subject to applicable laws, the Underwriters may, in connection with the Offering, over-allot or effect transactions which stabilize or maintain the market price of the Subscription Receipts at levels other than those which might otherwise prevail on the open market. Such transactions, if commenced, may be discontinued at any time. **After the Underwriters have made reasonable efforts to sell the Subscription Receipts at the Offering price of \$9.20, the Underwriters may offer the Subscription Receipts to the public at prices lower than such Offering price.** Any such reduction will not affect the proceeds of the Offering to be received by us. See "Plan of Distribution".

Subscriptions will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. The closing of the Offering is expected to occur on or about April 11, 2011, or such other date as may be agreed to between us and the Underwriters, but in no case later than April 29, 2011. Book-entry only certificates representing the Subscription Receipts will be issued in registered form to CDS Clearing and Depository

Services Inc. (“CDS”) or its nominee as registered global securities and will be deposited with CDS on the closing of the Offering. Except as otherwise stated herein, holders of beneficial interests in the Subscription Receipts will not be entitled to receive physical certificates representing their ownership. See “Plan of Distribution” and “Description of the Subscription Receipts – Book-Entry, Delivery and Form”.

The Lead Underwriter is a subsidiary of a Canadian bank that has committed to make new credit facilities available to us. In addition, the Lead Underwriter has agreed to act as sole lead arranger and sole bookrunner for these credit facilities. HSBC Securities (Canada) Inc. is a subsidiary of a Canadian bank that has made credit facilities available to us and to which we are currently indebted. Accordingly, pursuant to applicable securities legislation, we may be considered a “connected issuer” to the Lead Underwriter and HSBC Securities (Canada) Inc. See “Plan of Distribution”.

An investment in the Subscription Receipts and Underlying Shares is subject to certain risks. See “Risk Factors”.

Our head and registered office is at 4385 Garand Street, Montreal, Québec H4R 2B4.

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GLOSSARY OF TERMS

The following is a glossary of certain of the defined terms used in this short form prospectus.

“Acquisition” means the proposed acquisition by us, pursuant to the Acquisition Agreement, of all of the issued and outstanding shares of MCP.

“Acquisition Agreement” means the acquisition agreement dated February 26, 2011 among us, MCP, Florinvest SA, Heresford Ltd., Metals Corp. srl, S.R.I.W. SA and Jean-Pierre Raskin, providing for the Acquisition.

“AIF” means our annual information form dated August 27, 2010 for the fiscal year ended May 31, 2010.

“Bridge Facility” means our proposed \$90 million 270-day senior secured bridge facility, which we do not expect to use if the closing of this Offering takes place before the closing of the Acquisition.

“CDS” means CDS Clearing and Depository Services Inc.

“Credit Agreement” means the credit agreement pursuant to which the Revolving Facility will be granted.

“Depository” means CDS or its successor.

“Escrow Agent” means Computershare Trust Company of Canada.

“Escrowed Funds” means the gross proceeds from the sale of the Subscription Receipts, less 50% of the Underwriters’ Fee that will be paid by us on the closing date of the Offering out of the gross proceeds of the Offering.

“GAAP” means Canadian generally accepted accounting principles.

“IFRS” means International Financial Reporting Standards.

“Lead Underwriter” means National Bank Financial Inc.

“Lender” means the lender under the New Credit Facilities, which will be either the Canadian bank of which the Lead Underwriter is a subsidiary, as sole lender, or a group of financial institutions, including such bank, on a syndicated basis.

“MCP” means MCP Group SA, a company incorporated pursuant to the laws of Belgium.

“MCP Financial Statements” means the audited consolidated balance sheet of MCP as at December 31, 2010 and 2009 and the related audited consolidated statements of comprehensive income, changes in equity and cash flows for each of the years in the two-year period ended December 31, 2010, included in this short form prospectus as Schedule A.

“New Credit Facilities” means, collectively, the Revolving Facility and Bridge Facility.

“Offering” means the offering of 13,590,000 Subscription Receipts and any Subscription Receipts or common shares issued pursuant to the exercise of the Over-Allotment Option pursuant to this short form prospectus.

“Over-Allotment Option” means the over-allotment option granted by us to the Underwriters to purchase up to 2,038,500 Subscription Receipts or common shares, as the case may be, at a price of \$9.20 per Subscription Receipt or common share, as the case may be, for a period of 30 days following the closing of the Offering, to cover over-allotments, if any, and for market-stabilization purposes.

“Participants” has the meaning attributed thereto under “Description of the Subscription Receipts – Book-Entry, Delivery and Form”.

“Revolving Facility” means our proposed \$50 million two-year senior secured revolving facility.

“Selling Shareholders” means, collectively, Florinvest SA, Heresford Ltd., Metals Corp. srl, S.R.I.W. SA and Jean-Pierre Raskin.

“Subscription Receipt Agreement” means the agreement to be dated the date of closing of the Offering among us, the Lead Underwriter and the Escrow Agent, governing the terms of the Subscription Receipts.

“Subscription Receipts” means our subscription receipts offered hereby.

“Sylarus” means Sylarus Technologies, LLC, one of our subsidiaries.

“Tax Act” means the *Income Tax Act* (Canada), as amended from time to time.

“Termination Date” means the date on which a Termination Event occurs.

“Termination Event” means any one of the following: (i) the closing of the Acquisition does not occur by 5:00 p.m. (Montreal time) on May 31, 2011, or such later date as may be agreed to in writing by us and the Lead Underwriter on behalf of the Underwriters; (ii) the Acquisition is terminated in accordance with the terms of the Acquisition Agreement at any earlier time; or (iii) we advise the Lead Underwriter or announce to the public that we do not intend to proceed with the Acquisition.

“TSX” means Toronto Stock Exchange.

“Underlying Shares” means our common shares issuable pursuant to the Subscription Receipts.

“Underwriters” means, collectively, the Lead Underwriter, GMP Securities L.P., CIBC World Markets Inc., TD Securities Inc., Versant Partners Inc., Cormark Securities Inc., HSBC Securities (Canada) Inc., M Partners Inc. and Stonecap Securities Inc.

“Underwriters’ Fee” means the fee that will be paid by us to the Underwriters in connection with the Offering, in an amount equal to 4% of the gross proceeds of the Offering.

“Underwriting Agreement” means the agreement dated March 25, 2011 between us and the Underwriters in respect of the Offering.

In this short form prospectus, words importing the singular number only include the plural, and *vice versa*, and words importing any gender include all genders.

PROSPECTUS SUMMARY

The following is a summary of the principal features of this distribution and should be read together with the more detailed information and financial data and statements contained elsewhere, or incorporated by reference, in this short form prospectus. In this short form prospectus, unless the context indicates otherwise, the terms “we”, “our” and “us” refer to 5N Plus Inc. together with our material subsidiaries and the term “MCP” refers to MCP Group SA together with its subsidiaries.

Issuer:	5N Plus Inc.
Acquisition:	Pursuant to the Acquisition Agreement, we have agreed to acquire all of the issued and outstanding shares of MCP, subject to the fulfillment or waiver of certain customary closing conditions. The closing of the Acquisition is expected to occur on or about April 11, 2011.
Acquisition Price:	We agreed to purchase the MCP shares for: (i) €105,793,548 in cash (equal to approximately Cdn\$142.8 million as of February 25, 2011, the last business day before the date of the Acquisition Agreement); (ii) 11,377,797 of our fully-paid and non-assessable common shares; (iii) interest-bearing promissory notes in an aggregate amount of €46,908,459 (equal to approximately Cdn\$63.3 million as of February 25, 2011); and (iv) a cash “holdback” in an amount of €14,970,785 (equal to approximately Cdn\$20.2 million as of February 25, 2011). See “Acquisition Agreement and Related Agreements – Acquisition Agreement – Acquisition of MCP”. Using the closing price of our shares on the TSX on Friday, February 25, 2011 (\$8.00) and the Euro to Canadian noon dollar exchange rate of 1.3494 published by the Bank of Canada on that date, this represents a total consideration of approximately €235.2 million or Cdn\$317.3 million. In addition, we also agreed to assume the net debt of MCP, which represented €65.6 million as at December 31, 2010, most of which is comprised of short-term debt used to fund MCP’s working-capital requirements.
MCP:	MCP, headquartered in Tilly, Belgium, is the world’s leading producer and distributor of bismuth and bismuth chemicals, with a market share that MCP estimates to be more than 50%, and an important player in other specialty metals, including gallium, indium, selenium and tellurium. See “Information Concerning MCP”.
Issue:	13,590,000 Subscription Receipts. If the closing of the Acquisition occurs prior to 5:00 p.m. (Montreal time) on the Termination Date, the holders of Subscription Receipts will receive (subject to any applicable adjustment), as of 5:00 p.m. (Montreal time) on the date of closing of the Acquisition, without payment of additional consideration, one Underlying Share for each Subscription Receipt held. If the closing of the Acquisition occurs on or prior to the closing date of this Offering, we will deliver our common shares instead of Subscription Receipts to investors in this Offering.
Price:	\$9.20 per Subscription Receipt.
Amount:	\$125,028,000 (\$143,782,200 if the Over-Allotment Option is exercised in full).
Escrowed Funds:	The Escrowed Funds, that is, the gross proceeds from the sale of the Subscription Receipts less 50% of the Underwriters’ Fee that will be paid by us on the closing date of the Offering out of the gross proceeds of the Offering, will be held by the Escrow Agent and invested in short-term obligations of, or guaranteed by, the Government of Canada, a province of Canada, or a Canadian bank, as directed by us, pending the closing of the Acquisition or a Termination Event. Immediately prior to the closing of the Acquisition and upon the required notice being delivered by us to the Escrow Agent, the Escrowed Funds, together with the interest earned thereon less 50% of the Underwriters’ Fee, will be released to us and 50% of the Underwriters’ Fee will be remitted to the Lead Underwriter on behalf of the Underwriters.

Use of Proceeds:	The estimated net proceeds to be received by us from the sale of the Subscription Receipts offered hereby will amount to approximately \$119.5 million, after deducting the Underwriters' Fee and estimated expenses of the Offering (\$137.5 million if the Over-Allotment Option is exercised in full). Upon release of the Escrowed Funds, we will use the net proceeds of the Offering to pay a portion of the cash consideration for the shares of MCP and will pay the balance of the cash consideration from our cash on hand. See "Use of Proceeds".
Listing:	The TSX has conditionally approved the listing of the Subscription Receipts to be issued and sold by us under this short form prospectus as well as the Underlying Shares. Listing is subject to our fulfilling all the requirements of the TSX on or before June 29, 2011.
Termination Event:	In the event of a Termination Event, that is: (i) the closing of the Acquisition does not occur prior to 5:00 p.m. (Montreal time) on May 31, 2011, or such later date as may be agreed to in writing by us and the Lead Underwriter on behalf of the Underwriters; (ii) the Acquisition Agreement is terminated at any earlier time; or (iii) we advise the Lead Underwriter or announce to the public that we do not intend to proceed with the Acquisition, holders of Subscription Receipts, commencing on the second business day following the Termination Date, will be entitled to receive from the Escrow Agent an amount equal to the full subscription price thereof plus their <i>pro rata</i> share of the interest earned on the Escrowed Funds.
Risk Factors:	An investment in the Subscription Receipts or Underlying Shares is subject to a number of risks that investors should carefully consider, including risks related to us, MCP and the Acquisition. See "Forward-Looking Statements" and "Risk Factors".

FORWARD-LOOKING STATEMENTS

This short form prospectus, including documents incorporated by reference herein, contains forward-looking information within the meaning of applicable securities laws. All information and statements other than statements of historical facts contained in this short form prospectus are forward-looking information. Such statements and information may be identified by words such as “about”, “approximately”, “may”, “believes”, “expects”, “will”, “intends”, “should”, “plans”, “predicts”, “potential”, “projects”, “anticipates”, “estimates”, “continues” or similar words or the negative thereof or other comparable terminology. Such forward-looking information includes, without limitation, statements with respect to the: (i) anticipated closing of the Offering and Acquisition; (ii) anticipated use of net proceeds of the Offering; and (iii) benefits that may accrue to us and our shareholders as a consequence of the Acquisition, including those set out under “The Acquisition – Rationale for the Acquisition”. Actual events or results may differ materially.

The forward-looking information is based on certain key expectations and assumptions made by us, including expectations and assumptions concerning satisfaction of all conditions of closing of the Acquisition, the absence of exercise of any termination rights under the Acquisition Agreement, our ability to efficiently integrate MCP’s business and realize anticipated benefits from the Acquisition, and our capacity to create opportunities in new markets, reduce production costs and significantly strengthen our supply chain. Although we believe that the expectations and assumptions on which such forward-looking information is based are reasonable, undue reliance should not be placed on the forward-looking information since no assurance can be given that such expectations and assumptions will prove to be correct.

Since forward-looking information addresses future events and conditions, by its very nature it involves inherent risks and uncertainties. Actual results could differ materially from those currently anticipated due to a number of factors and risks. These include, but are not limited to, the market for Subscription Receipts and our common shares, escrow-release conditions, volatility of market price of shares, dilutive effects of the Offering on holders of our common shares, failure to close the Acquisition, integration of MCP’s business, failure to realize benefits from the Acquisition, potential undisclosed liabilities associated with the Acquisition, decreased demand for MCP’s products and services, litigation involving MCP, environmental risks, industry and economic-related risks, economic climate, exchange-rate fluctuations, interest-rate fluctuations, risks relating to our business model and strategy and integration of acquired businesses. Readers are cautioned that the foregoing list is not exhaustive. Readers should carefully review and consider the risk factors described under the section “Risk Factors” and elsewhere in this short form prospectus. The information contained in this short form prospectus, including the documents incorporated by reference herein, identifies additional factors that could affect our operating results and performance. Prospective investors are urged to carefully consider those factors.

To the extent any forward-looking information in this short form prospectus constitutes future-oriented financial information or financial outlooks, within the meaning of applicable securities laws, such information is being provided to demonstrate the potential benefits of the Acquisition and readers are cautioned that this information may not be appropriate for any other purpose. Future-oriented financial information and financial outlooks, as with forward-looking information generally, are, without limitation, based on the assumptions and subject to the risks set out above.

The reader is further cautioned that the preparation of financial statements, including *pro forma* financial statements, in accordance with Canadian generally accepted accounting principles (“GAAP”), requires management to make certain judgments and estimates that affect the reported amounts of assets, liabilities, revenues and expenses.

The forward-looking information contained herein is expressly qualified in its entirety by this cautionary statement. The forward-looking information contained herein is made as of the date of this short form prospectus (or, in the case of information contained in a document incorporated by reference herein, as of the date of such document), and we undertake no obligation to publicly update such forward-looking information to reflect new information, subsequent or otherwise, unless required by applicable securities laws.

NON-CANADIAN GAAP FINANCIAL STATEMENTS

This short form prospectus includes the audited consolidated balance sheet of MCP as at December 31, 2010 and 2009 and the related audited consolidated statements of comprehensive income, changes in equity and cash flows for each of the years in the two-year period ended December 31, 2010 (collectively, the “MCP Financial Statements”). The MCP Financial Statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) and thus may not be comparable to our financial statements and financial information and those of other Canadian companies. Readers should refer to the notes to the MCP Financial Statements for a description and reconciliation of any material differences between IFRS and Canadian GAAP as they relate to the MCP Financial Statements.

NON-CANADIAN GAAP MEASURES

References to our “EBITDA” in this short form prospectus and the documents incorporated by reference herein are to our earnings from continuing operations before financing costs, interest income, income taxes, depreciation and amortization, foreign exchange gains or losses, and results on financial instruments. Our management believes that, in addition to net earnings, EBITDA is a useful supplemental measure as it provides investors with an indication of cash available prior to debt service, capital expenditures and income taxes. EBITDA is provided as additional information to complement Canadian GAAP measures by providing further understanding of our results of operations from our management’s perspective. We use EBITDA to provide investors with a supplemental measure of our operating performance and thus highlight trends that may not otherwise be apparent when relying solely on Canadian GAAP financial measures. We also believe that securities analysts, investors and other interested parties frequently use EBITDA in the evaluation of issuers. Our management uses EBITDA in order to facilitate operating performance comparisons from period to period, prepare annual operating budgets and assess our ability to meet our future capital-expenditure and working-capital requirements. Investors should be cautioned, however, that EBITDA should not be considered in isolation or construed as an alternative to net earnings determined in accordance with Canadian GAAP as an indicator of our performance or the performance of MCP or to cash flows from operating, investing and financing activities as a measure of liquidity and cash flows. EBITDA is not a recognized measure under, and does not have a standardized meaning prescribed by, Canadian GAAP, and the method used by us or MCP to calculate EBITDA may differ from the methods used by other issuers. Accordingly, EBITDA may not be comparable to similar measures used by other issuers. Information regarding EBITDA is provided under “Reconciliation of our Net Earnings to EBITDA” below. A reconciliation of net earnings to EBITDA based on the MCP Financial Statements is provided under “Reconciliation of Net Earnings to EBITDA for MCP” below.

References to our “adjusted net earnings” and “adjusted net earnings from continuing operations” in this short form prospectus are to our net earnings and to our net earnings from continuing operations, respectively, adjusted in both cases to exclude foreign exchange gains or losses and results on derivative instruments, including related income tax adjustments (applying a Canadian income tax rate). Our management believes that “adjusted net earnings” and “adjusted net earnings from continuing operations” are useful supplemental measures as they provide investors with an indication of our net earnings excluding the tax-adjusted impact related to foreign-exchange gains or losses. Investors should be cautioned, however, that our “adjusted net earnings” and “adjusted net earnings from continuing operations” should not be considered in isolation or construed as an alternative to net earnings determined in accordance with Canadian GAAP as an indicator of our performance. “Adjusted net earnings” and “adjusted net earnings from continuing operations” are not recognized measures under, and do not have a standardized meaning prescribed by, Canadian GAAP, and the method used by us to calculate “adjusted net earnings” and “adjusted net earnings from continuing operations” may differ from the methods used by other issuers. Accordingly, our “adjusted net earnings” and “adjusted net earnings from continuing operations” may not be comparable to similar measures used by other issuers. A reconciliation of our net earnings to “adjusted net earnings” is provided under “Reconciliation of Our Net Earnings to Adjusted Net Earnings” below.

IMPACT OF ADOPTING INTERNATIONAL FINANCIAL REPORTING STANDARDS

Our adoption of IFRS as of June 1, 2011 will result in certain changes to our accounting policies that are applied in the recognition, measurement and disclosure of balances and transactions in our financial statements. Based on preliminary evaluations made to date of our existing financial statements, our adoption of IFRS will result in a change in our functional currency to the U.S. dollar. Other than this change in our functional currency, we do not expect that changes to our accounting policies, as a result of the adoption of IFRS, will result in material changes within our financial statements.

In addition, we expect that applying IFRS commencing June 1, 2011, to account for the Acquisition, as opposed to Canadian GAAP which was used in establishing the *pro forma* financial statements, will have an impact on our comparative financial statements for the third and fourth quarters of our 2012 fiscal year under IFRS, including on elements pertaining to purchase accounting and treatment of transaction costs. These impacts are not reflected in our *pro forma* financial statements included in this short form prospectus.

FINANCIAL INFORMATION AND CURRENCY

Our financial information, including our *pro forma* financial statements included in this short form prospectus, is presented in Canadian dollars. Financial information with respect to MCP is presented in Euros. All references to “dollars”, “\$”, “Cdn\$” and “CAD” herein are to Canadian dollars, and references to “€” are to Euros.

In preparation for the implementation of IFRS in June 2011, we reassessed our functional currency. Based on this reassessment, we and a number of our subsidiaries will change our functional currency from the local currency to the U.S. dollar. This will be in line with the environment in which we operate, as most of our sales and purchases of raw materials are in U.S. dollars. This change in functional currency will retroactively be applied to our consolidated financial statements upon adopting of IFRS.

EXCHANGE RATE INFORMATION

The following table sets out the Canada/Euro exchange rates on the last day of the periods indicated as well as the high, low and average rates for such periods based on the exchange rates published on the Bank of Canada's website as being in effect at approximately noon on each trading day. On March 31, 2011, the Bank of Canada noon rate was Cdn\$1.00 = 0.7256 Euro.

	Twelve months ended May 31, 2010	Six months ended November 30, 2010	Twelve months ended December 31	
			2010	2009
Period end	0.7786	0.7474	0.7508	0.6667
High	0.7840	0.8014	0.8014	0.6695
Low	0.6135	0.6994	0.6637	0.5910
Average.....	0.6687	0.7417	0.7320	0.6307

DOCUMENTS INCORPORATED BY REFERENCE

Information has been incorporated by reference in this short form prospectus from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from our Secretary, 4385 Garand Street, Montreal, Québec H4R 2B4, telephone (514) 856-0644 and are also available electronically at www.sedar.com.

The following documents, filed by us with the securities commissions or similar authorities in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Québec, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland and Labrador, are specifically incorporated by reference and form an integral part of this short form prospectus:

- (a) our audited consolidated financial statements, the notes thereto and the auditors' report thereon for the fiscal years ended May 31, 2010 and 2009;
- (b) our Management's Report of the operating results and financial position for the fiscal year ended May 31, 2010;
- (c) our Annual Information Form dated August 27, 2010 for the fiscal year ended May 31, 2010, including the documents incorporated therein by reference (the "AIF");
- (d) our Management Proxy Circular dated September 8, 2010 prepared in connection with the annual and special meeting of our shareholders held on October 7, 2010;
- (e) our unaudited consolidated interim financial statements and the notes thereto for the three-month and six-month periods ended November 30, 2010 and 2009;
- (f) our Management's Report of the operating results and financial position for the three-month and six-month periods ended November 30, 2010;
- (g) our material change report dated March 8, 2011 relating to the announcement of the Acquisition; and
- (h) our material change report dated March 24, 2011 relating to the announcement of this Offering.

Any document of the type referred to in the preceding paragraph and any interim financial statements or material change reports (excluding confidential reports) filed by us with a securities commission or any similar authority in Canada after the date of this short form prospectus and prior to the termination of the Offering shall be deemed to be incorporated by reference in this short form prospectus.

Any statement contained in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded, for purposes of this short form prospectus, to the extent that a statement contained herein or in any other subsequently-filed document which also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set out in the document that it modifies or supersedes. The making of a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not be deemed in its unmodified or superseded form to constitute part of this short form prospectus.

ELIGIBILITY FOR INVESTMENT

In the opinion of Heenan Blaikie LLP, our counsel, and Fasken Martineau DuMoulin LLP, counsel to the Underwriters, based on the provisions of the Income Tax Act (Canada) (the “**Tax Act**”) and the regulations thereunder in force as of the date hereof, and specific proposals to amend the Tax Act publicly announced by or on behalf of the Minister of Finance of Canada prior to the date hereof, the Subscription Receipts and Underlying Shares will be qualified investments under the Tax Act at the time of their acquisition by a trust governed by a registered retirement savings plan, registered retirement income fund, deferred profit sharing plan, registered disability savings plan, registered education savings plan or tax-free savings account (“**TFSA**”), provided that at such time, such Subscription Receipts or Underlying Shares, as the case may be, are listed on a designated stock exchange (which currently includes the TSX).

In certain limited circumstances, the holding of Subscription Receipts or Underlying Shares will be “prohibited investments” for a trust governed by a TFSA. This occurs where the holder does not deal at arm’s length with us for purposes of the Tax Act and has a “significant interest” (as defined in the Tax Act) in us or any person or partnership with which we do not deal at arm’s length for purposes of the Tax Act. In such a case, the holder of such TFSA may be subject to a penalty tax under the Tax Act. TFSAs should consult their own tax advisors to ensure that the Subscription Receipts and Underlying Shares that they may acquire will not be a prohibited investment in their particular circumstances.

THE CORPORATION

Reference is made to the section entitled “Corporate Structure” at pages 2 to 3 of the AIF.

We have four material subsidiaries: 5N PV GmbH (Eisenhuttenstadt, Germany), Firebird Technologies Inc. (Trail, B.C.), 5N Plus Corp. (DeForest, Wisconsin) and Sylarus Technologies, LLC (“**Sylarus**”) (St. George, Utah). We own 100% of the outstanding shares in such subsidiaries, except for Sylarus, in which we own a 66.67% majority interest.

OUR BUSINESS

We draw our name from the purity of our products, 99.999% and higher (five nines or 5N). We are a fully-integrated producer and closed-loop recycler of highly-purified metals, compounds and wafers. We use a range of proprietary and proven technologies to produce metals such as tellurium, cadmium, germanium, indium, antimony, selenium and related compounds, including cadmium telluride, cadmium sulphide and indium antimonide. Our products are critical precursors used in a number of electronic applications, including the solar photovoltaic, radiation detector and infrared markets.

Reference is made to the sections entitled “General Development of the Business” and “Narrative Description of the Corporation” at pages 3 to 4 and pages 5 to 12, respectively, of the AIF.

RECENT DEVELOPMENTS

New Agreements with First Solar, Inc.

Effective January 1, 2011, we entered into a new recycling agreement and three new supply agreements with First Solar, Inc. (“**First Solar**”), a global leader in solar photovoltaic technology. The new agreements, which run until December 31, 2015, replace our original recycling and supply agreements with First Solar, as amended. Under the new agreements, First Solar has agreed to increase the minimum prescribed quantities of cadmium telluride (“**CdTe**”) that it will order from us. The increase in the quantity of CdTe to be ordered by First Solar will initially be 30% and will reach 60% by 2013, when compared to the minimum quantities prescribed in our original agreements with First Solar.

New Recycling Plant in Malaysia

In February 2011, we announced plans to build a new recycling plant in Malaysia, in order to position ourself to meet growing customer demand. The new Malaysian plant, which is expected to be operational by mid-2012, is intended to expand our recycling presence in Asia and provide recycling services for various solar cell manufacturing by-products, including those produced by First Solar.

Majority Position in Sylarus

In January 2011, we agreed to convert a US\$3 million convertible note that we provided to Sylarus in June 2010 into a 66.67% majority interest. We also agreed to provide additional funding of US\$766,000 to Sylarus in the form of secured debt, in order to allow Sylarus to repay its short-term debt. We intend to support Sylarus' capital expenditures, working capital requirements and development expenses as needed. Sylarus supplies low-cost, premium-quality germanium wafers to the manufacturers of multi-junction, compound semiconductor photovoltaics. These high-efficiency solar cells are used for both space and terrestrial solar power generation.

THE ACQUISITION

Background

On November 15, 2010, we entered into a confidentiality agreement with MCP and thereafter engaged in discussions with MCP and the Selling Shareholders concerning the possible Acquisition, the terms of which were outlined in a non-binding proposal that we submitted to MCP on November 24, 2010. On December 9, 2010, we entered into a non-competition agreement with MCP with respect to its bismuth-related activities and also entered into an exclusivity agreement with MCP, granting us the exclusive right to conduct a due-diligence review and analysis of MCP and to engage in discussions and negotiations with MCP concerning the possible Acquisition. As part of our due-diligence process, we performed a comprehensive review of all the information provided by MCP and visited MCP's main operational facilities. We also carried out a thorough environmental, health and safety review of MCP's main operational facilities with the assistance of a specialized consultant. After extensive negotiations, we entered into the Acquisition Agreement with MCP and the Selling Shareholders on Saturday, February 26, 2011. We issued a press release announcing the Acquisition on Monday, February 28, 2011, prior to the opening of the TSX. Floridienne SA ("**Floridienne**"), a publicly-traded industrial group which is the parent company of one of the Selling Shareholders, issued a similar press release at the same time.

Overview

On February 26, 2011, we entered into the Acquisition Agreement with the shareholders of MCP to acquire all of the outstanding shares of MCP. We agreed to purchase the MCP shares for: (i) €105,793,548 in cash (equal to approximately Cdn\$142.8 million as of February 25, 2011, the last business day before the date of the Acquisition Agreement); (ii) 11,377,797 of our fully-paid and non-assessable common shares; (iii) interest-bearing promissory notes in an aggregate amount of €46,908,459 (equal to approximately Cdn\$63.3 million as of February 25, 2011); and (iv) a cash "holdback" in an amount of €14,970,785 (equal to approximately Cdn\$20.2 million as of February 25, 2011). See "Acquisition Agreement and Related Agreements – Acquisition Agreement – Acquisition of MCP". Using the closing price of our shares on the TSX on Friday, February 25, 2011 (\$8.00) and the Euro to Canadian dollar noon exchange rate of 1.3494 published by the Bank of Canada on that date, this represents a total consideration of approximately €235.2 million or Cdn\$317.3 million. In addition, we also agreed to assume the net debt of MCP, which represented €65.6 million as at December 31, 2010, most of which is comprised of short-term debt used to fund MCP's working-capital requirements.

The closing of the Acquisition is expected to take place on or about April 11, 2011 and is subject to the fulfillment or waiver of certain customary closing conditions. See "Acquisition Agreement and Related Agreements – Acquisition Agreement – Closing Conditions".

MCP is the world's leading producer and distributor of bismuth and bismuth chemicals, with a market share that MCP estimates to be more than 50%, and an important player in other specialty metals, including gallium, indium, selenium and tellurium. MCP's products are used in a variety of products, mainly related to electronic, pharmaceutical and industrial applications.

Rationale for the Acquisition

The following is a summary of the rationale for the Acquisition.

Acquisition of a Leading Player Enhancing Leadership in Both Specialty Metals and Clean Technology Markets

The acquisition of MCP is highly strategic and is expected to allow us to significantly expand our offering of specialty metals, chemicals and compounds. We believe that we will become the leading producer and distributor of bismuth worldwide, a market that, in our view, is poised for future growth as non-toxic bismuth is increasingly used in various applications. MCP is also very well positioned in the gallium, indium, selenium and tellurium markets. This should enable us to further solidify and diversify our leadership position in the solar materials supply chain, as MCP is the main supplier of specialty metals for copper indium gallium selenide (“**CIGS**”) thin-film solar applications and we are the main supplier for CdTe thin-film applications, and more generally in the clean technology markets, including light emitting diodes (“**LEDs**”), lead-free inorganic pigments and chemicals and “end-of-life” recycling, that is, recycling of products such as solar panels at the end of their useful lives.

Creation of a Worldwide Sourcing, Production and Distribution Platform

With its eight manufacturing facilities and 14 commercial offices located across Europe, Asia and the United States, MCP will enable us to immediately constitute a worldwide platform with a strong presence in China, a country in which we have had relatively limited operations to date. We believe that this will create a number of opportunities for us to develop new markets, reduce production costs and more importantly, to significantly strengthen our supply chain in terms of sourcing of raw materials. As a result of the Acquisition, we believe that we will be in a position to provide a combined solution to the majority of large base-metal producers which produce and sell bismuth, cadmium, gallium, germanium, indium, selenium and tellurium in the form of various independent or combined concentrates.

Enables Business Diversification and Long-Term Sustainability

We believe that the Acquisition will enable us to significantly diversify our business, broaden our customer base and improve our sustainability as we address a wider range of end markets and applications. We expect that following the Acquisition, no single customer will account for more than 10% of our consolidated revenues and that our ten largest customers will account in the aggregate for less than 25% of our consolidated revenues.

Significantly Accretive to Earnings and Free Cash Flow per Share

We expect the Acquisition to be immediately accretive to our earnings and free cash flow per share, before accounting for any potential synergies. We also expect an increase in revenues as we expand our customer base and production levels. Free cash flow stemming from the Acquisition should further increase our liquidity and flexibility to fund future growth. During the year ended December 31, 2010, under IFRS standards, MCP generated revenues of approximately €345 million, nearly 40% of which was related to bismuth chemicals and alloys. For the year ended December 31, 2010, MCP’s gross margin stood at approximately €64 million and its EBITDA at approximately €36 million.

Compatible Corporate Culture and Management Team

We expect an efficient integration of the two companies. In our view, both management teams share similar values and possess an in-depth understanding of their respective markets and a proven track record. We expect MCP’s management team to remain in place after the closing of the Acquisition and play an important role in our new management structure. Specifically, MCP’s two co-Chief Executive Officers, Frank Fache and Laurent Raskin, are expected to join our Board of Directors and become Executive Vice-Presidents, reporting directly to Jacques L’Écuyer, our President and Chief Executive Officer. Furthermore, both Messrs. Fache and Raskin will become significant shareholders as a result of the Acquisition, thereby further aligning interests.

INFORMATION CONCERNING MCP

General

The description of MCP contained in this short form prospectus is based solely upon publicly-available information and information provided to us by MCP in connection with the Acquisition Agreement. We believe it to be accurate in all

material respects and have made reasonable efforts to verify such information as part of our due-diligence exercise, but there can be no assurance regarding the accuracy or completeness of this information.

Headquartered in Tilly, Belgium, MCP is a private company created in September 2007 following a merger between MCP Aramayo Ltd. and Sidech SA, two worldwide suppliers of specialty metals. MCP is the world's leading producer and distributor of bismuth and bismuth chemicals, with a market share that MCP estimates to be more than 50%, and an important player in other specialty metals, including gallium, indium, selenium and tellurium. MCP's products are used in a variety of products, mainly related to industrial and electronic applications. MCP currently employs approximately 400 people in its nine production sites and 15 commercial offices across Europe, Asia and the United States. MCP's principal shareholders include Laurent Raskin and Frank Fache, both co-Chief Executive Officers of MCP, who in the aggregate indirectly own 51% of MCP's outstanding shares, and, indirectly, Floridienne, a Belgium industrial group, which owns 42% of MCP's outstanding shares.

During 2010, MCP oriented its investments towards the solar sector, through Atumin Energy Inc., its California-based subsidiary. In addition, MCP reinforced its presence in Asia in 2010 through the creation of a subsidiary in Laos, now owned as to 60% by MCP. Such subsidiary is building a tellurium production facility in Laos, which is expected to be operational during its second quarter of 2011. The facility will be in close proximity to MCP's clients in this region, with ample space for expansion. For a further description of MCP's activities in 2010, see "Schedule A – Consolidated Financial Statements of MCP Group SA".

Under IFRS standards, MCP's sales were approximately €345 million for the fiscal year ended December 31, 2010, with a gross margin of approximately €64 million and EBITDA of approximately €36 million. See "Schedule A – Consolidated Financial Statements of MCP Group SA".

Industry Overview

MCP operates in three main market segments, namely those related to electronic, pharmaceutical and industrial materials. We estimate that the total addressable market for MCP's current products is several billion dollars. Electronic end-uses for MCP's products, which are sold primarily in the form of metals, alloys or chemicals to manufacturers of consumables and sub-assemblies, include thin-film solar modules and LEDs. MCP's bismuth-based products are extensively used in the pharmaceutical industry, forming the active component of ingestion remedies for the treatment of gastric spasms and ulcers. There are numerous industrial applications for MCP's products; these include lead replacement in pigments, cataphoresis formulations, solders, low-melting point alloys and glass-sealing applications.

MCP is a custom refiner of specialty metals and must procure feedstock from primary suppliers. Most of the feedstock is usually a by-product of the production of non-ferrous metals, including bismuth, copper, zinc, lead and aluminium. MCP's current positioning is not atypical in the industry as large industrial complexes are often required to concentrate and extract specialty metals which would otherwise be difficult to produce economically. Specialty-metal concentrates vary significantly in purity so that custom refiners having robust refining capabilities are at an advantage. This capacity is also important in order to provide manufacturing residues and "end-of-life" recycling services to customers as they develop product-stewardship plans.

Recent increases in price and demand for specialty metals has led to consolidation in the industry as active players attempt to develop the required worldwide footprint and size. MCP was itself the result of such a consolidation and we anticipate further consolidation in the industry. We expect that access to the capital markets will also be of critical importance.

History and Development

MCP was created in September 2007 following a merger between MCP Aramayo Ltd. and Sidech SA, two worldwide suppliers of specialty metals. Started in 1863 in Bolivia, MCP Aramayo Ltd. has a long history of providing metals and chemicals at the most affordable prices. Its subsidiary Mining and Chemical Products Limited ("MCP UK") was formed in London, England in 1929 to take over the refining and marketing of bismuth in Europe. When the company's mines in Bolivia were nationalized in 1952, MCP UK became the focus for global expansion of the group. Later, the group ventured into bismuth chemicals with MCP HEK in Germany, electronic materials at MCP UK and component distribution through a worldwide network of group offices and independent agents.

As early as 1950, Sidech SA innovated in chemical processing of bismuth-containing residues. The construction of four furnaces in Bolivia in the 1970s established Sidech's unique knowledge of the metallurgy of bismuth. Today, MCP's

expertise in chemical and metallurgical processes enables the treatment of various feedstock, including high-grade concentrates, bullion and other residues to extract bismuth in a way that we believe to be the most effective one and produce bismuth metal and chemicals which are sold worldwide.

Through the years, MCP has gradually broadened its product portfolio to include gallium, indium, selenium and tellurium in addition to bismuth, with a strong focus on industrial, electronic and, more recently, solar applications through its subsidiary Atlumin Energy Inc.

Products and Main Markets

The following table sets out a brief description of MCP's main products and markets:

	Bismuth and bismuth chemicals and alloys	Indium and indium chemicals and alloys	Gallium and gallium chemicals	Selenium and selenium chemicals	Tellurium and tellurium chemicals
Applications	Pharmaceutical industry Electronics Cosmetics Magnets Non-toxic substitute for lead Alloys for soldering Lubricating greases Pigments Alloys and metallurgical additives	Flat panel displays (ITO) Solders Thin-film coating CIGS solar cells Battery manufacturing Catalysts Ceramics Fuel cells	LED lights Flat-panel displays Integrated circuits Optoelectronic devices Specialty alloys Energy storage Biomedical CIGS solar cells	Glass industry Animal feeds Additive for production of electrolytic manganese Metallurgic additive CIGS solar cells Infrared optics Thermoelectric devices	CdTe solar cells Medical imaging Thermoelectric devices Infrared detectors Optical storage
Worldwide Production ⁽¹⁾	12,000 metric tons ("MT")	800 MT	300 MT	4,000 MT	550 - 600 MT
Market Trends	Eco-friendly metal Electronic applications of bismuth salts Pharmaceutical industry	Flat panel displays (ITO) CIGS solar cells Electronic applications	LED lights (gallium nitride - GaN) Handset electronics (gallium arsenide - GaAs) CIGS solar cells	CIGS solar cells Electronic applications	CdTe solar cells Electronic applications

(1) Based on management estimates.

Supply of Raw Materials

MCP uses several starting materials and supplies to produce and manufacture its products, which are either commodities, such as various process chemicals, quartz, graphite and industrial gases, or non-commodities, which include specialty metal concentrates. These specialty metal concentrates are procured from a number of non-ferrous metal suppliers with whom MCP has had long-term commercial relationships. Because of its ability to treat many specialty metals, MCP provides most of such suppliers with an attractive combined solution for the sale of these specialty metals. MCP also has primary sourcing abilities related to gallium, which is produced by its 50%-owned German affiliate Ingal Stade GmbH in a dedicated plant located on the premises of a large industrial-chemical complex producing aluminium from bauxite. MCP has recently made investments in order to enhance its primary refining capabilities, for example, at its new tellurium facility in Laos, which is expected to be operational within the next three months, thereby adding flexibility and robustness to MCP's procurement strategy.

Sales and Marketing

MCP's products are sold through a distribution network which includes 15 sales offices and several agents worldwide. MCP has extensive local representation in all major markets, including Asia, Europe and North America. It regularly attends trade shows and conferences to promote its products and has an aggressive marketing strategy in the solar industry through its subsidiary Atlumin Energy Inc.

Summary Financial Information

The following table sets out certain financial and operating information of MCP for the periods indicated, calculated in accordance with IFRS and Canadian GAAP. All amounts are in Euros

	Year ended December 31			
	2009		2010	
	IFRS	Canadian GAAP	IFRS	Canadian GAAP
Revenues.....	187,344	190,666	344,660	349,085
Gross margin.....	33,854	35,189	64,182	65,639
EBITDA.....	14,739	15,020	35,759	36,116
Net profit.....	7,589	7,589	21,064	21,184
Cash flow from operations before change in working capital.....	7,183	7,244	26,000	26,210

The foregoing financial and operating information should be read in conjunction with MCP's financial statements and the notes thereto contained elsewhere in this short form prospectus. In addition, see "Reconciliation of Net Earnings to EBITDA for MCP".

Competition and Competitive Advantage

In our view, MCP currently has no competitors which provide a similar range of products and services. Each specific metal has its own competitive landscape. In bismuth, MCP has an estimated market share of more than 50%; the rest of the market is highly fragmented, with most competitors based in China. In gallium, MCP owns a gallium primary production facility together with one of its competitors. For indium, selenium and tellurium, MCP has a robust chain of supply and an important market share. More generally, MCP believes that its main competitive advantages lies in its ability to control both the supply chain and end products, which in many instances are subject to extensive qualification periods, thus creating a "first-mover" advantage. MCP has been successful in this respect.

Subsidiaries

MCP has 19 subsidiaries and affiliates, of which eight are considered material. The material subsidiaries and affiliates are located in Hong Kong, Germany, Belgium, Laos, the United States and the United Kingdom.

Employees

As of December 31, 2010, MCP employed approximately 400 persons on a full and part-time basis. Of these, an aggregate of approximately 80 employees at the Tilly, Belgium facility and Lübeck, Germany facility are or were covered by collective bargaining agreements. The collective agreement with respect to the employees at the Tilly, Belgium facility expired on December 31, 2010 and the collective agreement with respect to the employees at the Lübeck, Germany facility expires on March 31, 2011. Both agreements are currently being renegotiated.

Governmental and Environmental Regulations

The operations of MCP include the use, storage, transportation, generation and disposal of hazardous substances in much the same way as our own. As a result, MCP is subject to various local, state, federal and foreign laws and regulations related to the use of these hazardous substances, their associated occupational health and safety and the protection of the environment. More generally, all of MCP's operations must comply with required practices and meet industrial standards and are regularly audited by third parties or governmental authorities. MCP's facility in Lübeck, Germany is approved by the U.S. Food and Drug Administration (FDA) and also meets good manufacturing practices (GMP) standards. MCP's facility in Tilly, Belgium is currently undergoing corrective measures under a remediation plan as a result of industrial legacy at this site, which has been in industrial use for more than 100 years, and in order to comply with more stringent environmental regulations. The remediation plan has been approved by the local authorities and estimated resulting costs have been properly accounted for by MCP. Its environmental permit is currently valid until October 2017. More generally, all of MCP's facilities are subject to a regulatory and legislative environment, changes to which may cause future increases in MCP's operating costs or otherwise negatively affect operations.

Properties

The following table sets out information regarding certain of the production facilities operated by MCP as of December 31, 2010, setting out, in each case, the name of MCP's subsidiary, location of the facility and products:

Owned	
MCP HEK GmbH Lübeck, Germany Bismuth and bismuth chemicals	Mining and Chemical Products Ltd. Wellingborough, Northants, England Bismuth, gallium, indium, selenium, tellurium, tin, alloys and chemicals
MCP HEK Chemicals (Shangyu) Co., Ltd. Shangyu, Zhejiang, China Bismuth and bismuth chemicals	Metalspecialties Inc. Fairfield, Connecticut, U.S.A. Low melting-point alloys
Sidech SA Tilly, Belgium Bismuth and bismuth alloys	Lao Industrial Resources Co. Ltd.⁽²⁾ Vientiane, Laos Tellurium
Ingal Stade GmbH⁽¹⁾ Stade, Germany Gallium	
Leased	
Atlumin Energy Inc. Sunnyvale, California, U.S.A. Solar-related products	MCP Metals (Shenzhen) Co., Limited⁽³⁾ Shenzhen, China Gallium

(1) MCP owns 50% of the shares of Ingal Stade GmbH.

(2) MCP owns 60% of the shares of Lao Industrial Resources Co. Ltd. The facility is currently under construction and is expected to be operational in mid-2011.

(3) MCP owns 50% of the shares of MCP Metals (Shenzhen) Co., Limited.

MCP has sales offices at all of the foregoing locations, with the exception of the facility in Shenzhen, China. MCP has also sales offices in Hong Kong, China; Moscow, Russia; Livron-sur-Drôme, France; Madrid, Spain; Lima, Peru; and Shenzhen, China.

Management Team

MCP's senior executives have extensive experience in the industry and have been actively involved in the management of MCP for several years. More specifically, Frank Fache and Laurent Raskin, MCP's co-Chief Executive Officers, and Laurent Muguerza, MCP's Chief Financial Officer, have more than 40 years' combined experience in the field. All three are expected to remain with us following the Acquisition and play an active role in the management of our future activities. Both Co-Chief Executive Officers are also expected to join our Board of Directors, Frank Fache upon the closing of the Acquisition and Laurent Raskin at our next annual meeting of shareholders. See "Acquisition Agreement and Related Agreements – Acquisition Agreement – Board Representation".

Legal Proceedings

MCP is not currently party to any material legal proceedings.

Integration Plan

Based on information currently available to us, the key elements of the integration plan will include consolidation of the supply-chain functions and revenue maximization by leveraging a wider range of product offering and a greater worldwide production, distribution and sales network, as well as optimizing our group tax structure. Furthermore, it is expected that management and reporting systems will be aligned along divisional structures based on end markets and products.

ACQUISITION AGREEMENT AND RELATED AGREEMENTS

Acquisition Agreement

The following is a summary of the material terms of the Acquisition Agreement. This summary does not purport to be complete and is subject, and is qualified in its entirety by reference, to the provisions of the Acquisition Agreement, a copy of which has been filed with the securities regulatory authorities in Canada and which is available electronically at www.sedar.com.

Acquisition of MCP

The Acquisition Agreement provides that, at the closing of the Acquisition, each of the Selling Shareholders will sell, convey, transfer, assign and deliver to us, in each case free and clear of any and all encumbrances, and we will purchase and accept from such Selling Shareholder, all of its shares of MCP, representing, in the aggregate, all of the issued and outstanding shares of MCP.

Subject to the adjustments set out in the Acquisition Agreement, the aggregate purchase price for the shares of MCP will consist of: (i) €105,793,548 in cash (equal to approximately Cdn\$142.8 million as of February 25, 2011, the last business day before the date of the Acquisition Agreement); (ii) 11,377,797 of our fully-paid and non-assessable common shares; (iii) interest-bearing promissory notes in an aggregate amount of €46,908,459 (equal to approximately Cdn\$63.3 million as of February 25, 2011); and (iv) a cash “holdback” in an amount of €14,970,785 (equal to approximately Cdn\$20.2 million as of February 25, 2011), which will bear interest at the same rate as the promissory notes.

The promissory notes will be paid to the Selling Shareholders in three instalments. The first instalment, in an aggregate amount of €9,980,523 (equal to approximately Cdn\$13.5 million as of February 25, 2011), will be payable on the first day immediately following the first anniversary of the closing date of the Acquisition; the second instalment, in an aggregate amount of €20,959,099 (equal to approximately Cdn\$28.3 million as of February 25, 2011), will be payable on the first day immediately following the second anniversary of the closing date of the Acquisition; and the third instalment, in an aggregate amount of €15,968,837 (equal to approximately Cdn\$21.5 million as of February 25, 2011), unless reduced in the circumstances set out in the Acquisition Agreement, will be payable on the first day immediately following the third anniversary of the closing date of the Acquisition, with interest thereon at an annual rate equal to the interest rate based on Interest Rate Swap (IRS) Euro three years (which will be established every quarter commencing at the closing of the Acquisition), plus three percent. Such interest will be payable, in arrears, every three months, commencing on the three-month anniversary of the closing date of the Acquisition.

The cash “holdback” amount will be due and payable in full on the first day immediately following the third anniversary of the closing date of the Acquisition, net of any amount used to satisfy any indemnification claim by us under the Acquisition Agreement. In the event that, on such third anniversary date, there are any outstanding indemnification claims by us, we will have the right to retain such portion of the cash “holdback” amount relating to such outstanding indemnification claims until they have been finally resolved or settled, at which time we will pay the then-outstanding balance of the cash “holdback” amount to the Selling Shareholders, net of any amount used to satisfy any such outstanding indemnification claims. The outstanding balance of the cash “holdback” amount will bear interest at an annual rate equal to the interest rate based on Interest Rate Swap (IRS) Euro three years (which will be established every quarter commencing at the closing of the Acquisition), plus three percent. Such interest will be paid to the Selling Shareholders every three months, in arrears, commencing on the three-month anniversary of the closing date of the Acquisition.

As regards both the promissory notes and cash “holdback” amount, the interest rate will increase in the event that we fail to pay any amount when due.

Representations and Warranties

The Acquisition Agreement includes representations and warranties of the Selling Shareholders in our favour with respect to MCP and its subsidiaries which are customary for a transaction of this nature, including with respect to the: organization and qualification of MCP; subsidiaries of MCP; capitalization; corporate books and records; absence of conflict; governmental consents and approvals; financial information, books and records; absence of undisclosed liabilities; inventory; receivables; capital expenditures; conduct in the ordinary course; litigation; compliance with laws; environmental matters; material contracts; intellectual property; real property and leased real property; assets; customers; suppliers; employee-benefit matters; labour matters; key employees; interests of shareholders, directors and officers; taxes; insurance; machinery and equipment; return of merchandise; brokers; bank accounts; product liability and warranties; and current financing.

The Acquisition Agreement also contains individual representations and warranties of the Selling Shareholders in our favour which are customary for a transaction of this nature, including with respect to: legal capacity and authority; ownership of shares of MCP; absence of conflict; litigation; and governmental consents and approvals.

The Acquisition Agreement contains representations and warranties by us in favour of the Selling Shareholders, including with respect to: organization and authority; absence of conflict; governmental consents and approvals; litigation; issued shares and related matters; stock consideration; brokers; absence of material adverse effect; product liability and warranties; compliance with laws; litigation; capital expenditures; and supply agreements.

The representations and guarantees of the Selling Shareholders will survive for a period of three years after the closing of the Acquisition, with the exception of representations relating to ownership of the shares of MCP, which will survive indefinitely.

Closing Conditions

The Acquisition Agreement provides that closing conditions to our obligations to consummate the Acquisition include that: the representations and warranties of the Selling Shareholders be true and correct in all material respects as at the closing date as if made at and as of such date; the covenants and agreements contained in the Acquisition Agreement to be complied with by the Selling Shareholders on or before the closing shall have been complied with in all material respects; there be no litigation relating to the Acquisition Agreement; there have been no material adverse event or material adverse effect regarding MCP since the date of the Acquisition Agreement; the consolidated net book value and EBITDA of MCP achieve certain thresholds as at December 31, 2010; MCP have provided to us copies of all material permits of MCP and its subsidiaries to carry on business; delivery of favourable legal opinions; and our shares to be issued in payment shall have been conditionally approved for listing on the TSX.

The Acquisition Agreement provides that closing conditions to the Selling Shareholders' obligations to consummate the Acquisition include that: our representations and warranties be true and correct in all material respects as at the closing date as if made at and as of such date; the covenants and agreements contained in the Acquisition Agreement to be complied with by us on or before the closing shall have been complied with in all material respects; there be no litigation relating to the Acquisition Agreement; there have been no material adverse event regarding us since the date of the Acquisition Agreement; delivery of favourable legal opinions; and our shares to be issued in payment shall have been conditionally approved for listing on the TSX.

On March 9, 2011, the TSX conditionally approved the listing of up to an additional 11,377,797 of our common shares to be issued to the Selling Shareholders, subject to standard conditions.

Indemnification

The Acquisition Agreement provides that each Selling Shareholder is required to indemnify us for any breach or inaccuracy of any representation or warranty made by such Selling Shareholder, either individually or jointly with the other Selling Shareholders, as well as for any breach or non-performance of any covenant or agreement in the Acquisition Agreement made by such Selling Shareholder. The Acquisition Agreement contains a similar obligation of us in favour of the Selling Shareholders. On each side, the obligation to indemnify is subject to a *de minimis* threshold, a deductible and other customary qualifications. The maximum aggregate liability of the Selling Shareholders, on the one hand, and us, on the other, with respect to claims relating to misrepresentations is, with certain exceptions, limited to the cash "holdback" amount referred to above, and is subject to a deductible.

Termination Provisions

The Acquisition Agreement contains a limited number of rights of termination in our favour, on the one hand, and in favour of the Selling Shareholders, on the other hand. In particular, the Acquisition Agreement provides in effect that we, on the one hand, and the Selling Shareholders, on the other hand, have the right to terminate the Acquisition Agreement if the other has not fulfilled its closing conditions by April 18, 2011. In certain circumstances, the terminating party has the right to claim a “break-up fee” from the other party of €15 million. These circumstances include the failure to deliver certain closing documents and the failure to disclose the occurrence of certain events.

Board Representation

The Acquisition Agreement provides that the Selling Shareholders will have the right to have two of their designated nominees put forward on each slate of directors presented in our management proxy circulars for appointment to our Board of Directors. The two nominees are Messrs. Frank Fache and Laurent Raskin. The maximum term of this obligation is five years, but can be less than that with respect to each nominee in the event that such nominee ceases to be in our employ or the employ of one of our subsidiaries or ceases to hold a prescribed number of our issued and outstanding shares. Jacques L’Écuyer, our President, Chief Executive Officer and principal shareholder, has agreed to vote his shares in favour of such nominees.

Lock-up Agreements

The Acquisition Agreement provides that upon closing of the Acquisition, each of the Selling Shareholders must enter into a lock-up agreement with us, restricting the transfer and sale of our 11,377,797 shares (or the economic consequences of ownership in our shares) issued in consideration for the Acquisition. Under the terms of the lock-up agreement, the shares that we issue to the Selling Shareholders may not be transferred for a period of six months from the closing of the Acquisition. Thereafter, one-third of the shares may be transferred commencing six months from the date of closing of the Acquisition, one-third may be transferred commencing twelve months from the date of closing of the Acquisition, and one-third may be transferred commencing 18 months from the date of closing of the Acquisition.

Employment Agreements

The Acquisition Agreement provides that at the closing of the Acquisition, the Selling Shareholders must deliver to us “Senior Management Agreements” duly executed by MCP, on the one hand, and by Frank Fache and Laurent Raskin, among others, on the other hand.

Non-Competition, Non-Solicitation and Confidentiality Agreements – Frank Fache, Laurent Raskin, Heresford Ltd. and Metals Corp. scrl

The Acquisition Agreement provides that at the closing of the Acquisition, we and MCP will enter into Non-Competition, Non-Solicitation and Confidentiality Agreements with each of Frank Fache and Laurent Raskin, as well as with Heresford Ltd. and Metals Corp. scrl, two of the principal Selling Shareholders. The following is a summary of certain terms of the Non-Competition, Non-Solicitation and Confidentiality Agreements. This summary does not purport to be complete and is subject, and is qualified in its entirety by reference, to the provisions of the Non-Competition, Non-Solicitation and Confidentiality Agreements, copies of which will be filed with the securities regulatory authorities in Canada.

The Non-Competition, Non-Solicitation and Confidentiality Agreements will provide that each of Frank Fache, Laurent Raskin, Heresford Ltd. and Metals Corp. scrl will not, during a period ending five years after the closing date of the Acquisition, without the prior written consent of our President, directly or indirectly, whether on such executive’s or Selling Shareholder’s own account or on behalf of any person and whether as principal, agent, employee, shareholder, director, officer, consultant, lender, investor or partner, or in any other capacity whatsoever: (i) be involved or associated in any “competing business”, as such term is defined in the said agreement, anywhere in the world; or (ii)(a) solicit or accept orders for any “competing chemical element”, as such term is defined in the said agreement, from any existing customer of the business of MCP and its subsidiaries as of the closing date of the Acquisition, or from any previous customer of such business who was a customer within the two-year period immediately preceding the closing date; (b) solicit or in any manner persuade or attempt to persuade any employee, consultant, sales agent or supplier of the business to leave the employ of MCP or any subsidiary thereof, or to terminate, in whole or in part, any arrangement, agreement, understanding or relationship that such employee, consultant, sales agent or supplier may have with MCP or any subsidiary thereof; (c) obtain, by any means whatsoever, the business of any person, firm, corporation or other entity with respect to any “competing chemical element”,

as such term is defined in the said agreement, who, as at the closing date of the Acquisition or during the period commencing as of the closing date of the Acquisition and ending on the fifth anniversary thereof, was a customer of the business of MCP and its subsidiaries, if to obtain such business of any person will result in a reduction of the business of that person with MCP or any subsidiary thereof; or (d) approach any person who, as at the closing date of the Acquisition or during the period ending on the fifth anniversary thereof, was a customer of MCP, with the intention of soliciting or enticing the business of the person with respect to “competing chemical elements”, as such term is defined in the said agreement, away from MCP or any subsidiary thereof.

The Non-Competition, Non-Solicitation and Confidentiality Agreements will also provide that such executive or Selling Shareholder, as the case may be, will: (i) not disclose “confidential information”, as defined in the said agreement, to any person; and (ii) take all reasonable steps available to him, and in any event not less than those used to protect his own confidential information, to keep such confidential information in the strictest confidence.

In the case of the Non-Competition, Non-Solicitation and Confidentiality Agreements with Heresford Ltd. and Metals Corp. scrl, each of such Selling Shareholders is required to cause its shareholders, directors and senior members of its management to comply with the covenants described above.

Non-Solicitation and Confidentiality Agreement – Floridienne SA

The Acquisition Agreement provides that at the closing of the Acquisition, we and MCP will enter into a Non-Solicitation and Confidentiality Agreement with Floridienne, the parent company of Florinvest SA, one of the Selling Shareholders. The following is a summary of certain terms of the Non-Solicitation and Confidentiality Agreement. This summary does not purport to be complete and is subject, and is qualified in its entirety by reference, to the provisions of the Non-Solicitation and Confidentiality Agreement, a copy of which will be filed with the securities regulatory authorities in Canada.

The Non-Solicitation and Confidentiality Agreement will provide that during a period commencing on the closing date of the Acquisition and ending two years thereafter: (i) Floridienne will not, and will cause each of its subsidiaries to not, without the prior written consent of our President, directly or indirectly, whether on Floridienne’s or such subsidiary’s own account or on behalf of any person and whether as principal, agent, employee, shareholder, director, officer, consultant, lender, investor or partner, or in any other capacity whatsoever, solicit or in any manner persuade or attempt to persuade any employee, consultant, sales agent or supplier of us, MCP or our respective subsidiaries and affiliates, to leave the employ of such party, or to terminate, in whole or in part, any arrangement, agreement, understanding or relationship that such employee, consultant, sales agent or supplier may have with such party; and (ii) we, MCP and our respective subsidiaries and affiliates will not, without the prior written consent of the President of Floridienne, directly or indirectly, whether on such party’s own account or on behalf of any person and whether as principal, agent, employee, shareholder, director, officer, consultant, lender, investor or partner, or in any other capacity whatsoever solicit or in any manner persuade or attempt to persuade any employee, consultant, sales agent or supplier of Floridienne or of any subsidiary of Floridienne, to leave the employ of Floridienne or any subsidiary thereof, or to terminate, in whole or in part, any arrangement, agreement, understanding or relationship that such employee, consultant, sales agent or supplier may have with Floridienne or with any subsidiary thereof.

The Non-Solicitation and Confidentiality Agreement will also provide that Floridienne and the subsidiaries thereof will: (i) not disclose any “5N Party Confidential Information”, as such term is defined in the said agreement, to any person during a period commencing as of the closing date of the Acquisition and ending on the fifth anniversary thereof; and (ii) take, during such period, all reasonable steps available to them, and in any event not less than those used to protect their own confidential information, to keep all “5N Party Confidential Information”, as so defined, in the strictest confidence.

Finally, the Non-Solicitation and Confidentiality Agreement will provide that we, MCP and our respective subsidiaries and affiliates will: (i) not disclose any “Floridienne Confidential Information”, as such term is defined in the said agreement, to any person during a period commencing as of the closing date of the Acquisition and ending on the fifth anniversary thereof; and (ii) take, during such period, all reasonable steps available to them, and in any event not less than those used to protect their own confidential information, to keep all “Floridienne Confidential Information”, as so defined, in the strictest confidence.

FUNDING OF THE ACQUISITION

If this Offering closes, we will pay a portion of the cash consideration of €105.8 million (approximately Cdn\$142.8 million as of February 25, 2011, the last business day before the date of the Acquisition Agreement) to be paid by us pursuant to the

Acquisition with the net proceeds of this Offering and will pay the balance of the cash consideration from our cash on hand. See “Use of Proceeds”.

SELECTED HISTORICAL AND PRO FORMA FINANCIAL INFORMATION

The following tables set out selected historical and unaudited *pro forma* consolidated financial information. The selected financial information in the tables should be read in conjunction with, and is qualified in its entirety by, our audited and unaudited consolidated financial statements and the notes thereto, and the “Unaudited *pro forma* consolidated financial statements” included elsewhere in this short form prospectus.

The unaudited *pro forma* consolidated financial information for the fiscal year ended May 31, 2010 and the six-month period ended November 30, 2010 and, as at November 30, 2010, included in the tables below, gives effect to the Acquisition as well as to the Offering and Revolving Facility, as described in this short form prospectus, as if these events had occurred at the beginning of each period for the unaudited *pro forma* consolidated statements of income and on November 30, 2010 for the unaudited *pro forma* consolidated balance sheet.

	Twelve months ended			
	5N Plus May 31, 2010	MCP June 30, 2010 Unaudited ⁽¹⁾	MCP June 30, 2010 Unaudited	5N Plus Pro Forma Unaudited
	In thousands of CAD	In thousands of Euros IFRS	In thousands of CAD GAAP	In thousands of CAD
Consolidated Statement of Income				
Revenues.....	70,763	274,552	375,449	446,212
Cost of sales.....	38,911	222,621	302,528	341,439
Gross margin.....	31,852	51,931	72,921	104,773
Earnings before income tax from continuing operations	21,655	26,762	36,291	47,243
Net earnings from continuing operations.....	15,143	20,847	28,142	35,701
Adjusted net earnings from continuing operations ⁽²⁾	14,303	19,595	26,435	33,154
Net earnings per share from continuing operations				
Basic	0.33	N/A	N/A	0.52
Diluted	0.33	N/A	N/A	0.51
Adjusted net earnings per share from continuing operations ⁽²⁾				
Basic	0.31	N/A	N/A	0.47
Diluted	0.31	N/A	N/A	0.47
Accretion to adjusted EPS ⁽²⁾				
Basic				49.8%
Diluted				50.1%
Other Financial Data				
EBITDA.....	22,926	29,341	39,957	62,883

(1) Has been constructed from the books and records of MCP.

(2) Adjusted to exclude foreign exchange gains or losses and results on derivative instruments, including related income tax adjustments (Canadian income tax rate).

	Six months ended			
	5N Plus	MCP	MCP	5N Plus
	November 30,	December 31,	December 31,	
	2010	2010	2010	Pro Forma
	Unaudited	Unaudited ⁽¹⁾	Unaudited	Unaudited
	In thousands of	In thousands of	In thousands of	In thousands of
	CAD	Euros	CAD	CAD
Consolidated Statement of Income				
Revenues.....	38,438	178,514	245,737	284,175
Cost of sales.....	21,224	152,709	209,193	230,417
Gross margin.....	17,214	25,805	36,544	53,758
Earnings before income tax	11,266	7,162	10,024	15,939
Net earnings.....	8,052	6,776	9,099	13,359
Adjusted net earnings ⁽²⁾	7,443	11,048	14,886	18,517
Net earnings per share				
Basic	0.18	N/A	N/A	0.19
Diluted	0.17	N/A	N/A	0.19
Adjusted net earnings per share ⁽²⁾				
Basic	0.16			0.26
Diluted	0.16			0.26
Accretion to adjusted EPS ⁽²⁾				
Basic				60.9%
Diluted				61.4%
Other Financial Data				
EBITDA.....	11,623	16,135	22,311	33,934

(1) Has been constructed from the books and records of MCP.

(2) Adjusted to exclude foreign exchange gains or losses and results on derivative instruments, including related income tax adjustments (Canadian income tax rate).

	5N Plus	
	As at November 30, 2010	
	Actual	Pro Forma
	Unaudited	Unaudited
	In thousands of CAD	In thousands of CAD
Consolidated Balance Sheet		
Cash and cash equivalents and temporary investment.....	56,749	46,646
Working capital	95,238	194,498
Property, plant and equipment	34,586	66,623
Total assets	149,199	633,718
Long-term debt (including current portion of long-term debt)	4,624	22,811
Promissory notes and holdback	N/A	83,537
Shareholders' equity.....	134,375	334,033

RECONCILIATION OF OUR NET EARNINGS TO EBITDA

The following table reconciles our net earnings to EBITDA. Such reconciliation is based on our financial statements for the fiscal year ended May 31, 2010 and for the six months ended November 30, 2010. In our statement of income, EBITDA corresponds to earnings from continuing operations before financing costs, interest income, income taxes, depreciation and amortization, foreign exchange gains or losses. See “Non-Canadian GAAP Measures”.

	5N Plus	
	Twelve months ended May 31, 2010	Six months ended November 30, 2010
	(in thousands of CAD)	
Net earnings.....	14,648	8,052
Financial expenses and interest income	(278)	(185)
Foreign exchange gains or losses and results on derivative instruments ..	(1,184)	(858)
Depreciation and amortization.....	2,733	1,400
Discontinued operation.....	495	—
Income taxes	6,512	3,214
EBITDA	22,926	11,623

RECONCILIATION OF OUR NET EARNINGS TO ADJUSTED NET EARNINGS

The following table reconciles our net earnings to adjusted net earnings. Such reconciliation is based on our financial statements for the fiscal year ended May 31, 2010 and for the six months ended November 30, 2010. In our statement of income, adjusted net earnings corresponds to net earnings from continuing operations before foreign exchange gains or losses and results on derivative instruments net of tax. See “Non-Canadian GAAP Measures”.

	5N Plus	
	Twelve months ended May 31, 2010	Six months ended November 30, 2010
	(in thousands of CAD)	
Net earnings.....	14,648	8,052
Discontinued operations	495	—
Foreign exchange gains or losses and results on derivative instruments ..	(1,184)	(858)
Income taxes on foreign exchange gains or losses and results on derivative instruments (income tax rate of 29%)	344	249
Adjusted net earnings	14,303	7,443

RECONCILIATION OF NET EARNINGS TO EBITDA FOR MCP

The following table reconciles net earnings to EBITDA for MCP. Such reconciliation is based on the MCP Financial Statements, which were prepared in accordance with IFRS, and uses our definition of EBITDA, namely earnings from continuing operations before financing costs, interest income, income taxes, depreciation and amortization, and foreign exchange gains or losses. See “Non-Canadian GAAP Measures”.

	Twelve months ended December 31, 2010
	In thousands of Euros
Reconciliation of EBITDA	IFRS
Net earnings.....	21,064
Financial expenses and interest income	2,386
Foreign exchange gains or losses and results on derivative instruments	3,465
Depreciation and amortization.....	2,578
Income taxes	6,266
EBITDA	35,759

USE OF PROCEEDS

After deducting the Underwriters’ Fee of \$5,001,120 and estimated expenses of the Offering of \$500,000, we will receive net proceeds from the sale of the Subscription Receipts of approximately \$119.5 million. If the Over-Allotment Option is exercised in full, we will receive net proceeds from the sale of the Subscription Receipts of approximately \$137.5 million, after deducting the Underwriters’ Fee of \$5,751,288 and estimated expenses of the Offering.

The cash portion of the consideration to be paid by us pursuant to the Acquisition will be €105.8 million (approximately Cdn\$142.8 million as of February 25, 2011). Upon release of the Escrowed Funds, we will use the net proceeds from the sale

of the Subscription Receipts to pay a portion of this cash consideration and will pay the balance of the cash consideration from our cash on hand.

DESCRIPTION OF OUR CAPITAL STRUCTURE

Reference is made to the section entitled “Description of Capital Structure” at page 12 of the AIF. As at the date hereof, 45,896,410 of our common shares and no preferred shares are issued and outstanding.

CHANGES TO SHARE AND LOAN CAPITAL

There have been no material changes in our consolidated share capital or loan structure since November 30, 2010, the end of our most recently-completed fiscal quarter in respect of which we have filed financial statements, other than the commitment letter referred to below.

After the Acquisition and the exchange of Subscription Receipts for Underlying Shares, there will be 70,864,207 of our common shares issued and outstanding, assuming that the Over-Allotment Option is not exercised.

Commitment Letter for New Credit Facilities

On February 25, 2011, we obtained a commitment letter from the Lead Underwriter and a Canadian bank of which the Lead Underwriter is a subsidiary, whereby such bank agreed to provide, as sole lender or as part of a group of financial institutions on a syndicated basis (the “**Lender**”), an aggregate of \$140 million of secured credit facilities in our favour, consisting of a: (i) \$50 million two-year senior secured revolving facility (the “**Revolving Facility**”); and (ii) \$90 million 270-day senior secured bridge facility (the “**Bridge Facility**” and together with the Revolving Facility, the “**New Credit Facilities**”), and to act as administrative agent for the New Credit Facilities, and whereby the Lead Underwriter agreed to act as sole lead arranger and sole bookrunner for the New Credit Facilities.

It is expected that we will enter into a definitive agreement with respect to the Revolving Facility shortly after the closing of the Acquisition. We intend to use the Revolving Facility for general corporate purposes, including capital expenditures and permitted acquisitions. The Revolving Facility will replace our existing \$17.5 million revolving credit facility with another Canadian bank, which is currently undrawn. If this Offering is completed before the closing of the Acquisition, we will not use, or enter into a definitive agreement with respect to, the Bridge Facility. The commitment of the Lender to provide the New Credit Facilities is subject to customary conditions for facilities of this nature and magnitude, including the absence of any material disruption or material adverse change in the syndication markets or capital-market conditions. The Lender’s commitment set out in the commitment letter will terminate on May 31, 2011, unless the definitive agreements and related documentation are executed on or before such date.

If this Offering closes, we will pay a portion of the cash consideration to be paid by us pursuant to the Acquisition with the net proceeds of the Offering and will pay the balance of the cash consideration from our cash on hand, and the New Credit Facilities will not be used to fund the cash consideration. See “Use of Proceeds”. If the Offering does not close, the New Credit Facilities will be sufficient to fully fund the Acquisition. In such event, we will use the Bridge Facility to fund a portion of the Acquisition.

The credit agreement pursuant to which the Revolving Facility will be granted (the “**Credit Agreement**”) will contain certain prepayment options in our favour and certain prepayment obligations upon the occurrence of certain events. In particular, permanent reductions of the Revolving Facility will be permitted at any time without penalty, subject to notice requirements and normal breakage costs.

As security for our obligations with respect to the Revolving Facility (and the Bridge Facility, if applicable) and the derivative instruments entered into with the Lender from time to time, we and each of our subsidiaries (other than MCP, Sylarus and their respective subsidiaries) will become party to guarantee and security documentation acceptable to the Lender. Each of us and our subsidiaries (other than MCP, Sylarus and their respective subsidiaries) will solidarily (jointly and severally) guarantee our obligations, to the fullest extent permitted under applicable laws, grant first-ranking security on all of our and their immovable (real) and movable (personal) property (except for an immoveable property located in Montreal, Québec and on which a first-ranking lien in favour of another lender exists, where the Lender’s security will be second ranking), tangible and intangible, present and future and wheresoever situated, and pledge in favour of the Lender the shares or other securities that we and they own in any other subsidiary as well as in MCP and Sylarus.

The Credit Agreement will contain customary representations and warranties and affirmative, reporting and negative covenants as well as customary events of default. As part of these covenants, we will be required to at all times maintain on a consolidated basis a maximum total debt to EBITDA ratio, a maximum total debt to capitalization ratio and a minimum EBITDA to interest expense ratio. EBITDA, which is a non-Canadian GAAP financial measure, will be defined in the Credit Agreement as our net income before interest, taxes, depreciation and amortization and other non-cash items and excluding non-controlling interests, extraordinary and unusual items and any agreed upon non-recurring items. See “Non-Canadian GAAP Measures”. In addition, the Credit Agreement will impose restrictions on our ability to incur additional debt, create liens, dispose of assets, consolidate, merge or acquire other businesses, and make distributions, investments or capital expenditures.

Customary fees are payable by us in respect of the Revolving Facility and advances under the Revolving Facility will bear interest at a rate based on Canadian-dollar prime rate, U.S.-dollar base rate, LIBOR or bankers’-acceptances rate, as the case may be, plus an applicable margin.

CONSOLIDATED CAPITALIZATION

The following table sets out our consolidated capitalization as at November 30, 2010 before and after giving effect to the completion of the: (i) Acquisition; and (ii) Offering (assuming no exercise of the Over-Allotment Option). This table should be read in conjunction with our audited and unaudited financial statements incorporated by reference in this short form prospectus and our unaudited *pro forma* financial statements giving effect to the Acquisition, this Offering and the Revolving Credit Facility, included in this short form prospectus.

	Authorized	Outstanding as at November 30, 2010 before giving effect to the Acquisition and Offering	Outstanding as at November 30, 2010 after giving effect to the Acquisition and Offering ⁽²⁾
		(in thousands of dollars)	
Cash and cash equivalents	—	54,749	44,646
Temporary investment	—	2,000	2,000
		56,749	46,646
Long-term debt (including current portion) ⁽¹⁾	—	4,624	22,811
Promissory note and holdback	—	—	83,537
Share capital ⁽³⁾⁽⁴⁾	unlimited	83,427	283,185
		(45,847,975 common shares)	(70,815,772 common shares)
Shareholders’ equity	—	134,375	334,033
		138,999	440,381

- (1) We currently have in place a \$17.5 million revolving line of credit that bears interest at varying rates based on certain financial ratios, for which we have provided first-ranking and second-ranking charges over our assets. It is expected that this credit facility will be terminated concurrently with our entering into the New Credit Facility.
- (2) The net proceeds of the Offering will be used by us to fund a portion of the purchase price of the Acquisition. See “Use of Proceeds”. The remaining portion of the purchase price of the Acquisition will be funded from our available cash.
- (3) If the Acquisition closes prior to 5:00 p.m. on May 31, 2011, each Subscription Receipt will be automatically exchanged on the date of closing of the Acquisition for one of our common shares without payment of additional consideration. See “Description of Subscription Receipts”.
- (4) Before giving effect to the exercise of 1,460,880 options outstanding pursuant to our existing stock option plan for certain employees and directors as at November 30, 2010. The options are exercisable for our common shares at exercise prices ranging from \$3.00 to \$10.32 per share and expire six years from the date of grant.

PRINCIPAL SHAREHOLDER

As at the date hereof, to the best of our knowledge, Jacques L’Écuyer is the only person who beneficially owns, directly or indirectly, or exercises control or direction over, more than 10% of our common shares, with 16,312,188 common shares held, representing 35.54% of our issued and outstanding common shares (23.02% after giving effect to the Acquisition and the Offering, but not the exercise of the Over-Allotment Option).

DESCRIPTION OF SUBSCRIPTION RECEIPTS

The following is a summary of the material attributes and characteristics of the Subscription Receipts. This summary does not purport to be complete and is subject to, and qualified in its entirety by, reference to the terms of the Subscription Receipt Agreement to be entered into among us, the Underwriters and Escrow Agent and to be dated as of the date of the closing of the Offering.

General

The Subscription Receipts will be issued on the closing of the Offering pursuant to the Subscription Receipt Agreement. The Escrowed Funds will be delivered to and held by the Escrow Agent and invested in short-term obligations of, or guaranteed by, the Government of Canada, a province of Canada, or a Canadian bank, as directed by us.

If the closing of the Acquisition occurs prior to 5:00 p.m. (Montreal time) on the Termination Date, the Escrow Agent will issue and deliver to the holders of Subscription Receipts, as of 5:00 p.m. (Montreal time) on the closing date of the Acquisition, without payment of additional consideration or further action, one Underlying Share for each Subscription Receipt held. If the closing of the Acquisition occurs on or prior to the closing date of this Offering, we will deliver our common shares instead of Subscription Receipts to investors in this Offering. Immediately prior to the closing of the Acquisition and upon the required notice being delivered by us to the Escrow Agent, the Escrowed Funds, together with interest earned and income generated thereon less 50% of the Underwriters' Fee, will be released to us and 50% of the Underwriters' Fee will be remitted to the Lead Underwriter on behalf of the Underwriters. If for any reason the closing of the Acquisition does not occur by 5:00 p.m. (Montreal time) on the next business day, we and the Underwriters will be required to promptly return the funds received from the Escrow Agent.

In the event that a Termination Event occurs, holders of Subscription Receipts will, commencing on the second business day following the Termination Date, be entitled to receive from the Escrow Agent an amount equal to the full subscription price thereof plus their *pro rata* share (less any applicable withholding taxes) of the interest earned on the Escrowed Funds. In the event that the gross proceeds of the Offering are required to be remitted to purchasers of the Subscription Receipts, we have agreed to and undertaken to pay the Escrow Agent an amount equal to 50% of the Underwriters' Fee such that 100% of the gross proceeds of the Offering will be returned to purchasers of Subscription Receipts together with interest earned on the Escrowed Funds. To the extent that the Escrowed Funds are not sufficient to remit the required amount to holders of Subscription Receipts, we will be required to contribute such amounts as are necessary to satisfy any shortfall.

Under the Subscription Receipt Agreement, purchasers of Subscription Receipts will have a contractual right of rescission enforceable against us entitling the purchaser to receive the amount paid for the Subscription Receipts upon surrender of the Subscription Receipts or Underlying Shares, as applicable, if this short form prospectus or any amendment contains a misrepresentation, as such term is defined in the provincial securities laws applicable to such purchaser, provided such remedy for rescission is exercised within 180 days of the closing date of this Offering.

Holders of Subscription Receipts are not our shareholders and will not have any voting or pre-emptive rights or other rights as shareholders. From and after the closing date of the Acquisition, the former holders of Subscription Receipts will be entitled as holders of our common shares to receive dividends, if any, from us, to vote and to all other rights available to holders of our common shares.

From time to time while the Subscription Receipts are outstanding, we, the Lead Underwriter and the Escrow Agent, without the consent of the holders of the Subscription Receipts, may amend or supplement the Subscription Receipt Agreement for certain purposes, including making any change that, in the opinion of the Escrow Agent, does not prejudice the rights of the holders of Subscription Receipts. The Subscription Receipt Agreement provides for other modifications and alterations thereto and to the Subscription Receipts issued thereunder by way of an extraordinary resolution. The term "extraordinary resolution" is defined in the Subscription Receipt Agreement to mean a resolution passed by the affirmative votes of the holders of not less than 66 2/3% of the number of outstanding Subscription Receipts represented and voting at a meeting of Subscription Receipt holders or an instrument or instruments in writing signed by the holders of not less than 66 2/3% of the number of outstanding Subscription Receipts.

Book-Entry, Delivery and Form

Subscription Receipts will be issued in the form of fully-registered global Subscription Receipts (the "**Global Subscription Receipts**") held by, or on behalf of, CDS or its successor (the "**Depository**"), as custodian for its Participants, as defined below.

All Subscription Receipts will be represented in the form of Global Subscription Receipts registered in the name of the Depository or its nominee. Purchasers of Subscription Receipts represented by Global Subscription Receipts will not receive definitive Subscription Receipts in fully-registered form ("**Definitive Subscription Receipts**"). Rather, the Subscription Receipts will be represented only in "book-entry only" form (unless we, in our sole discretion, elect to prepare and deliver Definitive Subscription Receipts). Beneficial interests in the Subscription Receipts, constituting ownership of the

Subscription Receipts, will be represented through book-entry accounts of institutions (including the Underwriters) acting on behalf of beneficial owners, as direct and indirect participants of the Depository (the “**Participants**”). Each purchaser of a Subscription Receipt represented by a Global Subscription Receipt will receive a customer confirmation of purchase from the Underwriter or registered dealer from whom the Subscription Receipt is purchased in accordance with the practices and procedures of the selling Underwriter or registered dealer. The practices of registered dealers may vary, but generally customer confirmations are issued promptly after execution of a customer order. The Depository will be responsible for establishing and maintaining book-entry accounts for its Participants having interests in Subscription Receipts.

If the Depository notifies us that it is unwilling or unable to continue as depository in connection with the Global Subscription Receipts, or if at any time the Depository ceases to be a clearing agency or otherwise ceases to be eligible to be a depository and we are unable to locate a qualified successor, or if we elect, in our sole discretion, to terminate the book-entry system, beneficial owners of Subscription Receipts represented by Global Subscription Receipts at such time will receive Definitive Subscription Receipts.

Underlying Shares issued upon exchange of the Subscription Receipts will be represented by a global certificate issued in registered form to CDS or its nominee under the Book-Entry Only System and will be deposited with CDS. Except in limited circumstances or as required by law, no holder of an Underlying Share will be entitled to a certificate evidencing that person’s interest in or ownership of an Underlying Share, and a holder of Subscription Receipts will receive only a customer confirmation from the registered dealer (a CDS participant through which the holder’s Subscription Receipts are purchased) that Underlying Shares have been issued.

Transfer and Exchange of Subscription Receipts

Transfers of beneficial ownership of Subscription Receipts represented by Global Subscription Receipts will be effected through records maintained by the Depository for such Global Subscription Receipts or its nominees (with respect to interests of Participants) and on the records of Participants (with respect to interests of persons other than Participants). Unless we elect, in our sole discretion, to prepare and deliver Definitive Subscription Receipts, beneficial owners who are not Participants in the Depository’s book-entry system, but who desire to purchase, sell or otherwise transfer ownership of or other interests in Global Subscription Receipts, may do so only through Participants in the Depository’s book-entry system.

The ability of a beneficial owner of an interest in a Subscription Receipt represented by a Global Subscription Receipt to pledge such Subscription Receipt or otherwise take action with respect to such owner’s interest in a Subscription Receipt represented by a Global Subscription Receipt (other than through a Participant) may be limited due to the lack of a physical certificate. Registered holders of Definitive Subscription Receipts may transfer such Subscription Receipts upon payment of taxes or other charges incidental thereto, if any, by executing and delivering a form of transfer together with the Subscription Receipts to the registrar for the Subscription Receipts at its principal offices in Montreal, Québec or such other city or cities as may from time to time be designated by us, whereupon new Subscription Receipts will be issued in authorized denominations in the same aggregate principal amount as the Subscription Receipts so transferred, registered in the names of the transferees.

PLAN OF DISTRIBUTION

Pursuant to an underwriting agreement dated March 25, 2011 (the “**Underwriting Agreement**”) between us and the Underwriters, we have agreed to issue and sell and the Underwriters have agreed to purchase, as principals, on the closing date of the Offering, subject to the conditions set out in the Underwriting Agreement, 13,590,000 Subscription Receipts offered hereby at a price of \$9.20 per Subscription Receipt for total gross proceeds of \$125,028,000 payable in cash to the Escrow Agent (less 50% of the Underwriters’ Fee) against delivery by us of Global Subscription Receipts. The Subscription Receipts are being offered to the public in all of the provinces of Canada. The Offering price of the Subscription Receipts was determined by negotiation between us and the Underwriters. The Underwriting Agreement provides that we will pay the Underwriters’ Fee of \$0.368 per Subscription Receipt issued and sold by us in consideration for their services in connection with the Offering. The Underwriters’ Fee is payable as to 50% upon closing of the Offering (and, as applicable, upon the closing of the exercise of the Over-Allotment Option) and 50% upon the closing of the Acquisition. If the closing of the Acquisition does not occur prior to 5:00 p.m. (Montreal time) on the Termination Date, the Underwriters’ Fee will be reduced to the 50% payable upon closing of the Offering.

The obligations of the Underwriters under the Underwriting Agreement are joint and not solidary (the notion equivalent to several in common law) and may be terminated at their discretion upon the occurrence of certain stated events, including if the Underwriters are unable (notwithstanding their efforts) to conduct a full due-diligence investigation of us and MCP and

the business conducted by us and MCP that is satisfactory to the Underwriters (acting reasonably) within the timing contemplated by the Offering, or such investigation reveals any material fact or information which is not generally known to the public which might, in the reasonable opinion of the Underwriters, have a significant adverse effect on the value or market price of the Subscription Receipts (or of the Underlying Shares) or the investment qualities or marketability of the Subscription Receipts (or of the Underlying Shares). The Underwriters are, however, obligated to take up and pay for all Subscription Receipts if any Subscription Receipts are purchased under the Underwriting Agreement. If an Underwriter holding a position that does not exceed 8% does not complete the purchase and sale of the Subscription Receipts, the remaining Underwriters will be obligated to take up such Underwriter's position on a *pro rata* basis. In all other cases, if an Underwriter fails to purchase the Subscription Receipts which it has agreed to purchase, the other Underwriters may, but are not obligated to, purchase such Subscription Receipts. Our obligations and those of the Underwriters under the Underwriting Agreement to complete the purchase and sale of the Subscription Receipts will terminate automatically upon the occurrence of a Termination Event.

The Underwriters propose to offer the Subscription Receipts to the public initially at the Offering price of \$9.20. After the Underwriters have made reasonable efforts to sell all of the Subscription Receipts at the Offering price, the Underwriters may decrease the Offering price to the public and may further change the Offering price from time to time to an amount less than \$9.20. The compensation realized by the Underwriters from the Offering will be decreased to the extent that the aggregate price paid by purchasers of the Subscription Receipts is less than the gross proceeds paid by the Underwriters to us. Any decrease or change in the Offering price to the public will not: (i) affect the obligation of the Underwriters to purchase all of the Subscription Receipts from us at the Offering price (\$9.20) in accordance with the Underwriting Agreement; (ii) affect the Underwriters' Fee to be paid to the Underwriters by us; or (iii) decrease the amount of the net proceeds of the Offering to us.

We have granted the Underwriters the Over-Allotment Option to purchase up to an additional 2,038,500 Subscription Receipts at a price of \$9.20 per Subscription Receipt on the same terms and conditions as under the Offering, exercisable in whole or in part from time to time, not later than 30 days following the closing of the Offering, for market-stabilization purposes and to cover over-allotments, if any. In the event that the Over-Allotment Option is exercised and the applicable closing date is after the closing date of the Acquisition, we will issue the appropriate number of our common shares in lieu of Subscription Receipts. This short form prospectus qualifies the distribution of the Subscription Receipts issuable on the exercise of the Over-Allotment Option, as well as our common shares issuable in lieu of Subscription Receipts if the Over-Allotment Option is exercised in whole or in part following the Acquisition. A purchaser who acquires Subscription Receipts or our common shares forming part of the over-allotment position acquires such Subscription Receipts or our common shares, as the case may be, under this short form prospectus regardless of whether the over-allotment position is filled through the exercise of the Over-Allotment Option or secondary market purchases.

There is currently no market through which the Subscription Receipts may be sold and purchasers may not be able to resell Subscription Receipts purchased under this short form prospectus. This may affect the pricing of the Subscription Receipts in the secondary market, the transparency and availability of trading prices, the liquidity of the Subscription Receipts and the extent of issuer regulation. See "Risk Factors".

The TSX has conditionally approved the listing of the Subscription Receipts to be issued and sold by us under this short form prospectus as well as the Underlying Shares. Listing is subject to our fulfilling all the requirements of the TSX on or before June 29, 2011.

Pursuant to rules and regulations of certain securities regulators, the Underwriters may not, throughout the period of distribution, bid for or purchase Subscription Receipts or our common shares. The foregoing restriction is subject to exceptions, on the condition that the bid or purchase is not engaged in for the purpose of creating actual or apparent active trading in, or raising the price of, the Subscription Receipts or our common shares. These exceptions include bids or purchases permitted under the Universal Market Integrity Rules for Canadian Marketplace of Market Regulation Services Inc. relating to market stabilization and passive market-making activities and bids or purchases made for and on behalf of a customer where the order was not solicited during the period of distribution. Under the first-mentioned exception, in connection with this Offering, the Underwriters may effect transactions that stabilize or maintain the market price of the Subscription Receipts at levels other than those which might otherwise prevail in the open market. Those transactions, if commenced, may be interrupted or discontinued at any time.

We have agreed with the Underwriters, subject to certain exceptions (including the issuance of common shares pursuant to the Acquisition Agreement), not to issue, or sell, any of our common shares or any financial instruments convertible or exchangeable into our common shares, for a period of 90 days from the closing of the Offering without the prior written

consent of the Lead Underwriter, on behalf of the Underwriters, which consent may not be unreasonably withheld. In addition, we have agreed with the Underwriters to obtain from our directors and officers, prior to the closing of the Offering, an undertaking not to sell (or announce any intention to sell) any of our common shares or any financial instruments convertible or exchangeable into our common shares, for a period of 90 days from the closing of the Offering without the prior written consent of the Lead Underwriter, on behalf of the Underwriters, which consent may not be unreasonably withheld.

The Subscription Receipts and Underlying Shares issuable in exchange for the Subscription Receipts have not been and will not be registered under the United States *Securities Act of 1933*, as amended (the “**U.S. Securities Act**”) or any state securities laws of the United States and, subject to certain exceptions, may not be offered or sold in the United States or to or for the account of, or benefit of, any U.S. person, as that term is defined in Regulation S under the U.S. Securities Act. However, the Subscription Receipts may be offered and sold in the United States pursuant to Rule 144A (“**Rule 144A**”) under the U.S. Securities Act only to persons who are “Qualified Institutional Buyers” within the meaning of such Rule. Any Subscription Receipts or Underlying Shares acquired by a Qualified Institutional Buyer in the United States pursuant to Rule 144A will be considered “restricted securities” within the meaning of Rule 144 under the U.S. Securities Act and may not be resold in the United States except pursuant to a registration statement or an exemption from the registration requirements of the U.S. Securities Act. In addition, until 40 days after the commencement of the Offering, an offer or sale of the Subscription Receipts or our common shares within the United States by a dealer (whether or not participant in the Offering) may violate the registration requirements of the U.S. Securities Act if such offer or sale is made other than pursuant to Rule 144A.

The Subscription Receipts will be issued in “book-entry only” form and must be purchased or transferred through a CDS Participant. We will cause a global certificate or certificates representing any Subscription Receipts to be delivered to, and registered in the name of, CDS or its nominee. All rights of holders of Subscription Receipts or holders of Underlying Shares must be exercised through, and all payments or other property to which such holder is entitled will be made or delivered by, CDS or the CDS Participant through which the holder holds such securities. Each person who acquires Subscription Receipts will receive only a customer confirmation of purchase from the Underwriter or registered dealer from or through which the Subscription Receipts are acquired in accordance with the practices and procedures of that Underwriter or registered dealer. The practices of registered dealers may vary, but generally customer confirmations are issued promptly after execution of a customer order. CDS is responsible for establishing and maintaining book-entry accounts for its CDS Participants having interests in the Subscription Receipts. See “Description of the Subscription Receipts – Book-Entry, Delivery and Form”.

The Lead Underwriter is a subsidiary of a Canadian bank which has committed to make the New Credit Facilities available to us. In addition, the Lead Underwriter has agreed to act as sole lead arranger and sole bookrunner for the New Credit Facilities. Accordingly, pursuant to applicable securities legislation, we may be considered a “connected issuer” to the Lead Underwriter. We are not currently indebted to the Canadian bank of which the Lead Underwriter is a subsidiary. The New Credit Facility will be secured by all of our immovable (real) and movable (personal) property and guaranteed by certain of our subsidiaries. The proceeds of the Offering will not be used to repay any indebtedness under the New Credit Facilities. See “Changes to Share and Loan Capital – Commitment Letter for New Credit Facilities”.

HSBC Securities (Canada) Inc. is a subsidiary of a Canadian bank that has made credit facilities available to us. Accordingly, pursuant to applicable securities legislation, we may be considered a “connected issuer” to HSBC Securities (Canada) Inc. As at March 15, 2011, the credit facilities were undrawn, and our sole indebtedness to such bank was in connection with letters of credit in an amount of less than \$1 million. We are not in default of any of our obligations to such bank. The credit facility is secured by first-ranking and second-ranking charges over our assets. Since the execution of the agreements relating to the credit facilities or letters of credit, the bank has not waived a breach on our part or on the part of our subsidiaries. The proceeds of the Offering will not be used to repay any indebtedness to such bank.

The decision to issue the Subscription Receipts and the determination of the terms of the distribution were made through negotiation between us and the Underwriters. The Canadian banks of which the Lead Underwriter and HSBC Securities (Canada) Inc. are respectively subsidiaries did not have any involvement in such decision or determination and did not require, suggest or consent to the issuance of the Subscription Receipts. As a consequence of the Offering, the Lead Underwriter and HSBC Securities (Canada) Inc. will receive their proportionate share of the Underwriters’ Fee.

PRIOR SALES

The following table sets out all common shares issued by us during the two-year period prior to the date of this short form prospectus, all of which were issued upon the exercise of stock options:

<u>Date</u>	<u>Price per share</u>	<u>Number of shares</u>
April 14, 2009.....	\$3.00	700
April 17, 2009.....	\$3.00	225
April 30, 2009.....	\$3.00	925
May 5, 2009.....	\$3.00	2,525
May 15, 2009.....	\$3.00	675
May 20, 2009.....	\$3.00	650
May 21, 2009.....	\$3.00	650
September 17, 2009.....	\$3.00	1,075
September 26, 2009.....	\$3.00	725
October 15, 2009.....	\$3.00	42,975
October 16, 2009.....	\$3.00	8,750
November 5, 2009.....	\$3.81	12,500
November 16, 2009.....	\$3.00	25,950
January 7, 2010.....	\$3.00	3,975
January 15, 2010.....	\$3.00	5,050
February 3, 2010.....	\$3.00	875
April 7, 2010.....	\$3.00	700
April 30, 2010.....	\$3.00	4,000
May 14, 2010.....	\$3.00	650
July 28, 2010.....	\$3.00	5,950
September 15, 2010.....	\$3.00	3,000
September 21, 2010.....	\$3.00	1,500
September 23, 2010.....	\$3.00	1,075
September 27, 2010.....	\$3.00	10,000
September 27, 2010.....	\$3.00	650
September 27, 2010.....	\$3.00	675
September 27, 2010.....	\$3.00	7,825
October 6, 2010.....	\$3.00	700
October 15, 2010.....	\$3.00	21,875
October 15, 2010.....	\$3.00	18,125
October 15, 2010.....	\$3.00	70,000
October 15, 2010.....	\$3.00	5,000
October 18, 2010.....	\$3.00	11,050
October 18, 2010.....	\$3.00	36,250
October 21, 2010.....	\$3.00	16,500
October 21, 2010.....	\$3.00	2,600
October 29, 2010.....	\$3.00	7,300

<u>Date</u>	<u>Price per share</u>	<u>Number of shares</u>
November 16, 2010	\$3.00	450
December 20, 2010.....	\$3.00	650
January 4, 2011.....	\$3.00	1,100
January 12, 2011.....	\$3.00	925
January 12, 2011.....	\$3.00	1,825
January 12, 2011.....	\$3.00	650
January 12, 2011.....	\$3.00	650
January 12, 2011.....	\$3.00	675
January 12, 2011.....	\$3.00	450
January 12, 2011.....	\$3.00	600
January 25, 2011.....	\$3.00	1,125
February 4, 2011.....	\$3.00	675
February 7, 2011.....	\$6.16	3,125
February 7, 2011.....	\$3.00	4,200
February 8, 2011.....	\$3.00	13,025
February 18, 2011.....	\$3.00	7,850
March 2, 2011.....	\$3.00	4,150
March 2, 2011.....	\$5.25	500
March 2, 2011.....	\$5.47	470
March 4, 2011.....	\$5.47	1,440
March 4, 2011.....	\$5.25	1,250
March 7, 2011.....	\$3.00	1,075
March 21, 2011.....	\$3.00	2,025

The following table sets out all stock options granted by us during the two-year period prior to the date of this short form prospectus:

<u>Date</u>	<u>Exercise price per share</u>	<u>Option expiry date</u>	<u>Number of common shares subject to option</u>
August 12, 2009.....	\$6.53	August 12, 2015	37,500
October 6, 2009	\$6.16	October 6, 2015	12,500
December 1, 2009.....	\$5.11	December 1, 2015	80,000
December 1, 2009.....	\$5.25	December 1, 2015	291,000
January 12, 2010.....	\$5.97	January 12, 2016	7,500
April 6, 2010.....	\$5.40	April 6, 2016	7,500
June 1, 2010.....	\$4.87	June 1, 2016	104,026
June 7, 2010.....	\$4.91	June 7, 2016	140,282
October 5, 2010	\$5.77	October 5, 2016	18,000

In addition, on February 26, 2011, we agreed to issue 11,377,797 common shares pursuant to the Acquisition Agreement. See “Acquisition Agreement and Related Agreements — Acquisition Agreement”.

TRADING PRICE AND VOLUME

Our common shares are listed and posted for trading on the TSX under the trading symbol “VNP”. The following table sets out the price range and trading volume of our common shares as reported by the TSX for the periods indicated.

Year	Month	Price range		Volume
		High	Low	
2010	March.....	\$ 5.55	\$ 5.11	1,053,436
	April.....	5.81	4.81	2,028,187
	May.....	5.57	4.77	1,057,617
	June.....	5.36	4.81	1,338,283
	July	5.62	4.96	1,802,621
	August.....	5.35	5.09	929,052
	September	6.07	5.05	2,100,535
	October	7.02	5.68	3,716,684
	November	6.94	5.60	1,691,805
	December.....	7.32	5.83	1,142,159
2011	January.....	\$ 7.35	\$ 6.50	1,787,914
	February.....	9.25	6.51	2,760,015
	March.....	10.25	8.90	4,479,805

On March 18, 2011, the last day trading day prior to the public announcement of the Offering, the closing price of our common shares on the TSX was \$9.37. On March 31, 2011, the last trading day prior to the date of this short form prospectus, the closing price of our common shares on the TSX was \$9.27.

CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of Heenan Blaikie LLP, our counsel, and Fasken Martineau DuMoulin LLP, counsel to the Underwriters (collectively, “**Counsel**”), the following summary describes the principal Canadian federal income tax considerations pursuant to the Tax Act and the regulations thereunder generally applicable to a holder who: (i) acquires Subscription Receipts pursuant to this Offering; (ii) for purposes of the Tax Act and at all relevant times, holds the Subscription Receipts or Underlying Shares issuable pursuant thereto (collectively, the “**Offered Securities**”) as capital property; and (iii) deals at arm’s length with us and is not affiliated with us. Generally, Offered Securities will be considered to be capital property to a holder provided the holder does not hold the Offered Securities in the course of carrying on a business of trading or dealing in Offered Securities and has not acquired them in one or more transactions considered to be an adventure in the nature of trade. Certain holders who are residents of Canada and who might not otherwise be considered to hold their Underlying Shares as capital property may, in certain circumstances, be entitled to have the Underlying Shares, and all other “Canadian securities” (as defined in the Tax Act) owned by such holders, treated as capital property by making the irrevocable election permitted by subsection 39(4) of the Tax Act.

This summary is not applicable to (i) a holder that is a “financial institution” (as defined in the Tax Act for the purposes of the mark-to-market rules); (ii) a holder an interest in which would be a “tax shelter investment” (as defined in the Tax Act); (iii) a holder that is a “specified financial institution” (as defined in the Tax Act); or (iv) a holder who makes or has made a functional currency reporting election pursuant to section 261 of the Tax Act. **Any such holder should consult its own tax advisor with respect to an investment in the Subscription Receipts.**

This summary is based upon the provisions of the Tax Act and the regulations thereunder in force as of the date hereof, all specific proposals to amend the Tax Act that have been publicly announced prior to the date hereof (the “**Proposed Amendments**”) and Counsel’s understanding of the current published administrative and assessing policies and practices of the Canada Revenue Agency. This summary assumes the Proposed Amendments will be enacted in the form proposed. However, no assurance can be given that the Proposed Amendments will be enacted in the form proposed, if at all. This summary is not exhaustive of all possible Canadian federal income tax considerations and, except for the Proposed Amendments, does not take into account any changes in the law, whether by legislative, governmental or judicial action, nor does it take into account provincial, territorial or foreign tax considerations, which may differ significantly from those discussed herein.

This summary is of a general nature only and is not intended to be, nor should it be construed to be, legal or tax advice to any particular holder or prospective holder of Subscription Receipts, and no representations with respect to the income tax consequences to any holder or prospective holder are made. Consequently, holders and prospective holders of Subscription Receipts should consult their own tax advisors for advice with respect to the tax consequences to them of acquiring Subscription Receipts pursuant to this Offering, having regard to their particular circumstances.

Holders Resident in Canada

The following discussion applies to a holder of Offered Securities who, at all relevant times, for purposes of the Tax Act and any applicable income tax convention, is or is deemed to be resident in Canada (a “**Canadian Holder**”).

Acquisition of Underlying Shares pursuant to terms of the Subscription Receipts

A Canadian Holder of Subscription Receipts will not realize either a capital gain or a capital loss upon the acquisition of Underlying Shares pursuant to the terms of Subscription Receipts.

The adjusted cost base of an Underlying Share received pursuant to a Subscription Receipt will be the subscription price of the Subscription Receipt. The adjusted cost base to a Canadian Holder of Underlying Shares at any time will be determined by averaging the cost of such Underlying Shares with the adjusted cost base of any other of our common shares owned by the Canadian Holder as capital property at such time.

Other Dispositions of Subscription Receipts

A disposition or deemed disposition by a Canadian Holder of a Subscription Receipt (other than in respect of the acquisition of an Underlying Share pursuant to the terms of Subscription Receipts as discussed above) generally will result in the Canadian Holder realizing a capital gain (or capital loss) equal to the amount by which the proceeds of disposition exceed (or are less than) the aggregate of the adjusted cost base to the Canadian Holder thereof and any reasonable costs of disposition. The cost to a Canadian Holder of a Subscription Receipt generally will be the amount paid to acquire the Subscription Receipt. Such capital gain (or capital loss) will be subject to the tax treatment described below under “Holders Resident in Canada – Taxation of Holders of Underlying Shares – Taxation of Capital Gains and Capital Losses”.

Pro Rata Share of Interest

In the event that a Termination Event occurs, holders of Subscription Receipts will, commencing on the third business day following the Termination Date, be entitled to receive from the Escrow Agent an amount equal to the full subscription price thereof plus their *pro rata* share of the interest earned on the Escrowed Funds. In this case, a Canadian Holder will not realize either a capital gain or a capital loss.

A Canadian Holder of Subscription Receipts that is a corporation, partnership, unit trust or any trust of which a corporation or a partnership is a beneficiary will be required to include in computing its income for a taxation year any interest on the Escrowed Funds (i) that accrues or that is deemed to accrue to it to the end of the particular taxation year, or (ii) that has become receivable by or is received by the Canadian Holder before the end of that taxation year, except to the extent that such interest was included in computing the Canadian Holder’s income for a preceding taxation year.

Any other Canadian Holder, including an individual, will be required to include in computing income for a taxation year all interest on the Escrowed Funds that is received or receivable by the Canadian Holder in that taxation year (depending upon the method regularly followed by the Canadian Holder in computing income), except to the extent that the interest was included in the Canadian Holder’s income for a preceding taxation year.

A Canadian Holder of Subscription Receipts that throughout the relevant taxation year is a “Canadian-controlled private corporation”, as defined in the Tax Act, may be liable to pay the refundable tax of 6 2/3% on its “aggregate investment income”, which is defined in the Tax Act to include interest income.

Taxation of Holders of Underlying Shares

Disposition of Underlying Shares

A disposition or a deemed disposition of Underlying Shares by a Canadian Holder (except to us) generally will result in the Canadian Holder realizing a capital gain (or a capital loss) equal to the amount by which the proceeds of disposition of the Underlying Shares exceed (or are less than) the aggregate of the adjusted cost base to the Canadian Holder thereof and any reasonable costs of disposition. Such capital gain (or capital loss) will be subject to the tax treatment described below under “Holders Resident in Canada – Taxation of Holders of Underlying Shares – Taxation of Capital Gains and Capital Losses”.

Taxation of Capital Gains and Capital Losses

Generally, one-half of any capital gain (a “**taxable capital gain**”) realized by a Canadian Holder in a taxation year must be included in the Canadian Holder’s income for the year, and one-half of any capital loss (an “**allowable capital loss**”) realized by a Canadian Holder in a taxation year must be deducted from taxable capital gains realized by the Canadian Holder in that year. Allowable capital losses for a taxation year in excess of taxable capital gains for that year generally may be carried back and deducted in any of the three preceding taxation years or carried forward and deducted in any subsequent taxation year against net taxable capital gains realized in such years, to the extent and under the circumstances described in the Tax Act.

The amount of any capital loss realized by a Canadian Holder that is a corporation on the disposition of Underlying Shares may be reduced by the amount of dividends received or deemed to be received by it on such Underlying Shares to the extent and under the circumstances described in the Tax Act. Similar rules may apply where a corporation is a member of a partnership or a beneficiary of a trust that owns our common shares, directly or indirectly, through a partnership or a trust.

A Canadian Holder that is throughout the relevant taxation year a “Canadian-controlled private corporation”, as defined in the Tax Act, may be liable to pay the refundable tax of 6 2/3% on its “aggregate investment income”, which is defined in the Tax Act to include taxable capital gains.

Capital gains realized by an individual (including certain trusts) may give rise to liability for alternative minimum tax as calculated under the detailed rules set out in the Tax Act.

Receipt of Dividends on Underlying Shares

Dividends received or deemed to be received on Underlying Shares held by a Canadian Holder will be included in the Canadian Holder’s income for the purposes of the Tax Act.

Such dividends received by a Canadian Holder that is an individual (including most trusts) will be subject to the gross up and dividend tax credit rules in the Tax Act normally applicable to dividends received from taxable Canadian corporations, including the enhanced gross-up and dividend tax credit in respect of dividends designated by us as “eligible dividends”. There may be limitations on our ability to designate dividends as “eligible dividends.”

Taxable dividends received by a Canadian Holder who is an individual (other than certain trusts) may result in such Canadian Holder being liable for alternative minimum tax under the Tax Act. Canadian Holders who are individuals should consult their own tax advisors in this regard.

A Canadian Holder that is a corporation will include such dividends in computing its income and generally will be entitled to deduct the amount of such dividends in computing its taxable income. A Canadian Holder that is a “private corporation” or “subject corporation” (as such terms are defined in the Tax Act) may be liable under Part IV of the Tax Act to pay a refundable tax of 33 1/3% of dividends received or deemed to be received on Underlying Shares to the extent such dividends are deductible in computing the Canadian Holder’s taxable income.

Holders Not Resident in Canada

The following summary applies to a holder of Offered Securities who, at all relevant times, for purposes of the Tax Act and any applicable income tax convention, is neither resident nor deemed to be resident in Canada and does not, and is not deemed to, use or hold Offered Securities in carrying on a business in Canada (a “**Non-Canadian Holder**”). In addition, this

discussion does not apply to an insurer who carries on an insurance business in Canada and elsewhere or an authorized foreign bank (as defined in the Tax Act).

Acquisition of Underlying Shares pursuant to terms of the Subscription Receipts

A Non-Canadian Holder of Subscription Receipts will not realize either a capital gain or a capital loss upon the acquisition of Underlying Shares pursuant to the terms of Subscription Receipts.

The adjusted cost base of an Underlying Share received pursuant to a Subscription Receipt will be the subscription price of the Subscription Receipt. The adjusted cost base to a Non-Canadian Holder of Underlying Shares at any time will be determined by averaging the cost of such Underlying Shares with the adjusted cost base of any other of our common shares owned by the Non-Canadian Holder as capital property at such time.

Other Dispositions of Subscription Receipts

On a disposition of a Subscription Receipt (other than in respect of the acquisition of an Underlying Share pursuant to the terms of Subscription Receipts as discussed above), a Non-Canadian Holder will not be subject to tax under the Tax Act in respect of any capital gain realized by such Non-Canadian Holder, unless the Subscription Receipt constitutes “taxable Canadian property” (as defined in the Tax Act) of the Non-Canadian Holder at the time of disposition and the holder is not entitled to relief under an applicable income tax convention.

As long as our common shares are then listed on a designated stock exchange (which currently includes the TSX), Subscription Receipts generally will not constitute taxable Canadian property of a Non-Canadian Holder, unless at any time during the 60-month period immediately preceding the disposition of the Subscription Receipts the following two conditions are met: (i) the Non-Canadian Holder, persons with whom the Non-Canadian Holder did not deal at arm’s length, or the Non-Canadian Holder together with all such persons, owned 25% or more of the issued shares of any class or series of shares of our capital stock (the “**25% NC Holder**”), and (ii) more than 50% of the fair market value of our common shares was derived directly or indirectly from one or any combination of: (a) real or immovable property situated in Canada; (b) Canadian resource properties; (c) timber resource properties; and (d) options in respect of, or interests in or rights in property described in (a) to (c) (the “**TCP Conditions**”). **A 25% NC Holder contemplating a disposition of Subscription Receipts that may constitute taxable Canadian property should consult a tax advisor prior to such disposition.**

Pro Rata Share of Interest

In the event that a Termination Event occurs, holders of Subscription Receipts will, commencing on the third business day following the Termination Date, be entitled to receive from the Escrow Agent an amount equal to the full subscription price thereof plus their *pro rata* share of the interest earned on the Escrowed Funds. A Non-Canadian Holder generally will not be subject to Canadian withholding tax in respect of amounts paid or credited or deemed to have been paid or credited by us as, on account or in lieu of payment of, or in satisfaction of, interest on the Escrowed Funds. However, a Non-Canadian Holder who assigns or transfers (or is deemed to assign or transfer) a Subscription Receipt to a person who is resident of Canada or deemed to be resident of Canada for the purpose of the Tax Act (including us) should consult its own tax advisor for advice with respect to the tax consequences of such transfer.

Taxation of Holders of Underlying Shares

Disposition of Underlying Shares

A Non-Canadian Holder will not be subject to tax under the Tax Act in respect of any capital gain realized by such Non-Canadian Holder on a disposition of Underlying Shares issuable pursuant to the terms of the Subscription Receipts, unless the Underlying Shares constitute “taxable Canadian property” (as defined in the Tax Act) of the Non-Canadian Holder at the time of disposition and the Non-Canadian Holder is not entitled to relief under an applicable income tax convention.

As long as our common shares are listed on a designated stock exchange (which currently includes the TSX), Underlying Shares generally will not constitute taxable Canadian property of a Non-Canadian Holder, unless at any time during the 60-month period immediately preceding the disposition of the Underlying Shares the TCP Conditions are met. **A 25% NC Holder contemplating a disposition of Underlying Shares that may constitute taxable Canadian property should consult a tax advisor prior to such disposition.**

Receipt of Dividends on Underlying Shares

Where a Non-Canadian Holder receives or is deemed to receive a dividend on Underlying Shares, the amount of such dividend will be subject to Canadian withholding tax at the rate of 25% of the gross amount of the dividend unless the rate is reduced under the provisions of an applicable income tax convention between Canada and the Non-Canadian Holder's country of residence. For instance, where the Non-Canadian Holder is a resident of the United States that is entitled to benefits under the Canada-United States Income Tax Convention (1980) as amended, and is the beneficial owner of the dividends, the rate of Canadian withholding tax applicable to dividends generally is reduced to 15%.

RISK FACTORS

An investment in the Subscription Receipts and Underlying Shares is subject to certain risks. In addition to the information set out below and elsewhere in this short form prospectus and the documents incorporated by reference herein, investors should carefully consider the risk factors set out in the section of the AIF entitled "Risk Factors", at page 12 thereof.

Risks Related to the Subscription Receipts and Underlying Shares

Market for Securities

Although the TSX has conditionally approved the listing of the Subscription Receipts, there is currently no market through which the Subscription Receipts may be sold and there is no guarantee that an active trading market will develop. Accordingly, purchasers may not be able to resell Subscription Receipts purchased under this short form prospectus. This may affect the pricing of the Subscription Receipts in the secondary market, the transparency and availability of trading prices and the liquidity of the securities. There can be no assurance that an active trading market will develop for the Subscription Receipts after the Offering, or if developed, such a market will be sustained at the price level of the Offering. To the extent that an active trading market for the Subscription Receipts does not develop, the liquidity and trading prices of the Subscription Receipts may be adversely affected.

Volatility of Market Price of our Common Shares

The market price of our common shares may be volatile. This volatility may affect the ability of holders of Subscription Receipts or Underlying Shares to sell their securities at an advantageous price. Market price fluctuations in our common shares may be due to our operating results failing to meet expectations of securities analysts or investors in any quarter, downward revision in securities analysts' estimates, adverse changes in general market conditions or economic trends, acquisitions, dispositions or other material public announcements by us or our competitors, along with a variety of additional factors. These broad market fluctuations may adversely affect the market prices of the Subscription Receipts and Underlying Shares.

Escrow Release Conditions

Subscription Receipts will be exchanged for Underlying Shares upon the closing of the Acquisition. In the event that the closing of the Acquisition does not occur prior to 5:00 p.m. (Montreal time) on the Termination Date, holders of Subscription Receipts will be entitled to receive from the Escrow Agent an amount equal to the full subscription price thereof plus their *pro rata* share of the interest earned on the Escrowed Funds. In the event that the gross proceeds of the Offering are required to be remitted to purchasers of Subscription Receipts, we have agreed to and undertaken to pay the Escrow Agent an amount equal to 50% of the Underwriters' Fee such that 100% of the gross proceeds of the Offering will be returned to purchasers of Subscription Receipts plus interest earned on the Escrowed Funds. Further, to the extent that the Escrowed Funds are not sufficient to remit the gross proceeds of the Offering to holders of Subscription Receipts, we will be required to contribute such amounts as are necessary to satisfy any shortfall. See "Description of Subscription Receipts". Although we believe that if either of these scenarios were to occur, we would have sufficient funds to cover such payments, there is no guarantee that we would be in a financial position to cover such payments.

Dilutive Effects on Holders of our Common Shares

We may issue Underlying Shares in connection with the Subscription Receipts. Accordingly, holders of our common shares may suffer dilution.

Risks Related to the Acquisition

Possible Failure to Complete the Acquisition

The closing of the Acquisition is subject to the fulfillment or waiver of certain customary closing conditions. The failure to have such closing conditions satisfied or, if applicable, waived, will prevent the completion of the Acquisition. There is no assurance that such closing conditions will be satisfied or waived. Accordingly, there can be no assurance that we will complete the Acquisition in the timeframe or on the terms and conditions described herein, if at all. If closing of the Acquisition does not take place as contemplated, the Subscription Receipts will be cancelled and we and the Escrow Agent must repay to holders of Subscription Receipts an amount equal to the issue price thereof plus a *pro rata* share of the interest earned on the Escrowed Funds. In that case, the total return that a purchaser of Subscription Receipts would be entitled to receive would be limited to the amount of interest earned on the subscription price for such purchaser's Subscription Receipts. The purchaser would not be entitled to participate in any growth in the trading price of our common shares. Further, the purchaser would be restricted from using the funds devoted to the acquisition of the Subscription Receipts for any other investment opportunities until the Escrowed Funds are returned to the purchaser.

Limited Representations and Warranties and Indemnities in the Acquisition Agreement

The representations and warranties provided by the Selling Shareholders are customary but limited for a transaction of this nature. It could have an impact on the indemnification that we could obtain. Furthermore, the Acquisition Agreement provides that the aggregate liability of the Selling Shareholders is, subject to certain exceptions, limited to €14,970,785. See "Acquisition Agreement and Related Agreements— Acquisition Agreement".

Possible Failure to Realize Anticipated Benefits of Acquisitions

As described in "The Acquisition — Rationale for the Acquisition", we believe that the Acquisition will provide benefits for us. However, there is a risk that some or all of the expected benefits will fail to materialize, or may not occur within the time periods anticipated by our management. The realization of such benefits may be affected by a number of factors, many of which are beyond our control. These factors include achieving the benefits of the Acquisition and any future acquisitions that we may complete will depend in part on successfully consolidating functions and integrating operations, procedures and personnel in a timely and efficient manner, as well as our ability to realize the anticipated growth opportunities and synergies from combining the acquired businesses and operations with ours. The integration of acquired businesses requires the dedication of substantial management effort, time and resources which may divert management's focus and resources from other strategic opportunities and from operational matters during this process. The integration process may result in the loss of key employees, significant expenses and the disruption of ongoing business, customer and employee relationships that may adversely affect our ability to achieve the anticipated benefits of the Acquisition and any future acquisitions.

Additional Indebtedness

We will assume the indebtedness of MCP upon the completion of the Acquisition. The additional indebtedness will increase the interest payable by us from time to time until such amounts are repaid. In addition, we will be required to pay to the Selling Shareholders the amounts set out in the promissory notes as well as the cash "holdback" described under "Acquisition Agreement and Related Agreements – Acquisition Agreement", representing an aggregate amount of approximately \$83.5 million. We may need to find additional sources of financing to pay the foregoing indebtedness when it becomes due. There can be no guarantee that we will be able to obtain financing on terms acceptable to us or at all at such time or times.

Potential Undisclosed Liabilities Associated with the Acquisition

There may be liabilities and contingencies that we do not discover in our due-diligence review prior to consummation of the Acquisition and we may not be indemnified for these liabilities and contingencies. The discovery of any material liabilities or contingencies relating to the business of MCP following the Acquisition could have a material adverse effect on our business, financial condition and results of operations.

Dependence on Key Personnel

We currently intend to retain key personnel of MCP following the completion of the Acquisition to continue to manage and operate MCP. We will compete with other potential employers for employees, and we may not be successful in keeping the

services of executives and other employees that MCP needs. The failure of key personnel to remain as part of the management team of MCP in the period following the Acquisition could have a material adverse effect on us.

Risks Related to the Business of MCP

The risks encountered by MCP in the operation of its business are substantially similar to those faced by us, as described in the section of the AIF entitled “Risk Factors”. Certain of the risks encountered by MCP are set out in the MCP Financial Statements included in this short form prospectus. See “Schedule A – Consolidated Financial Statements of MCP Group SA”. In addition, MCP faces the following risks:

International Operations

MCP operates in a number of countries, including China, and, as such, faces risks associated with international business activities. We and MCP could be significantly affected by such risks, which include the integration of international operations, challenges associated with dealing with numerous legal systems, the potential for volatile economic and labour conditions, political instability, expropriation, and changes in taxes, tariffs and other regulatory costs. MCP is also exposed to, and can be adversely affected by, fluctuations in the exchange rate of the Euro against other foreign currencies. Although MCP operates primarily in countries with relatively stable economic and political climates, there can be no assurance that MCP’s business will not be adversely affected by the risks inherent in international operations.

Collective Agreements

MCP has in the past experienced labour disputes with its employees. We cannot predict the outcome of MCP’s current or future negotiations relating to labour disputes, union representation or the renewal of its collective bargaining agreements, nor can we provide any assurance that MCP will not in future experience any work stoppage, strike, property damage or other form of labour protest. If MCP’s unionized workers engage in a strike, or if there is any other form of work stoppage, MCP could experience a significant disruption of its operations, which could adversely affect MCP’s business, assets, financial position and results of operations. Even if MCP does not experience any strike or other form of labour protest, the outcome of labour negotiations could adversely affect its business and results of operations, especially if current or future labour negotiations or contracts were to restrict its ability to maximize the efficiency of its operations.

EXPERTS

Certain legal matters relating to the Offering, including the matters referred to under “Canadian Federal Income Tax Consequences” and “Eligibility for Investment”, will be passed upon on our behalf by Heenan Blaikie LLP and by Fasken Martineau DuMoulin LLP on behalf of the Underwriters. As at the date hereof, the partners and associates of Heenan Blaikie LLP, as a group, and the partners and associates of Fasken Martineau DuMoulin LLP, as a group, own, directly or indirectly, less than 1% of our outstanding common shares. Neil Wiener, our corporate Secretary, is a partner of Heenan Blaikie LLP.

Our former auditors, KPMG LLP, Chartered Accountants, were independent of us in accordance with the Code of Ethics of the Ordre des comptables agréés du Québec for the period during which they were our auditors.

The auditors of MCP are Jean-Louis PRIGNON, Réviseur d’entreprises SC SPRL, Wasseiges, Belgium and Mazars, Réviseurs d’entreprises SC SPRL, Brussels, Belgium. Jean-Louis PRIGNON, Réviseur d’entreprises SC SPRL, and Mazars, Réviseurs d’entreprises SC SPRL, have confirmed that they are independent of MCP in accordance with the applicable laws of Belgium.

AUDITORS, TRANSFER AGENT AND REGISTRAR

Our auditors are PricewaterhouseCoopers LLP, Chartered Accountants, 1250 René-Lévesque Blvd. West, Suite 2800, Montreal, Québec H3B 2G4.

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

EXEMPTIONS FROM NATIONAL INSTRUMENT 52-107

National Instrument 52-107 *Acceptable Accounting Principles and Auditing Standards* (“**NI 52-107**”) requires, in effect, that the MCP Financial Statements included in this short form prospectus be audited in accordance with Canadian GAAS (generally accepted auditing standards), U.S. PCAOB GAAS or U.S. AICPA GAAS, as those terms are defined in NI 52-107.

The MCP Financial Statements have been audited in accordance with International Standards on Auditing. Accordingly, at the time of filing the preliminary short form prospectus in connection with this Offering, we applied for an exemption pursuant to Part 8 of National Instrument 44-101 *Short Form Prospectus Distribution* and section 5 of NI 52-107 from the requirement to have the “acquisition statements”, that is, the MCP Financial Statements, audited in accordance with Canadian GAAS or United States generally accepted auditing standards. We understand that the receipt for this short form prospectus will be evidence of the relief granted in this regard.

STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION

Securities legislation in certain of the provinces of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. In several of the provinces, securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, revisions of the price or damages, if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission, revision of the price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser’s province. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser’s province for the particulars of these rights or consult with a legal adviser.

AUDITORS' CONSENT

We have read the short form prospectus of 5N Plus Inc. (the “**Corporation**”) dated April 1, 2011 relating to the issue and sale of 13,590,000 subscription receipts of the Corporation. We have complied with Canadian generally accepted standards for an auditor's involvement with offering documents.

We consent to the use through incorporation by reference in the above-mentioned short form prospectus of our report to the shareholders of the Corporation on the consolidated balance sheets of the Corporation as at May 31, 2010 and 2009 and the consolidated statements of income, comprehensive income, changes in shareholders' equity and cash flows for each of the years then ended. Our report is dated July 23, 2010.

(signed) KPMG LLP
Chartered Accountants
Montreal, Canada
April 1, 2011

FINANCIAL STATEMENT INDEX

Schedule A – Consolidated Financial Statements of MCP Group SA

Comparative annual financial statements (consolidated balance sheet as at December 31, 2010 and 2009 and consolidated statements of comprehensive income, changes in equity and cash flows for each of the years in the two-year period ended December 31, 2010).

Schedule B - Unaudited Pro Forma Consolidated Financial Statements of 5N Plus Inc.

Unaudited *pro forma* consolidated balance sheet as at November 30, 2010.

Unaudited *pro forma* consolidated statements of income for the fiscal year ended May 31, 2010 and the six-month period ended November 30, 2010.

SCHEDULE A
CONSOLIDATED FINANCIAL STATEMENTS OF MCP GROUP SA

**REPORT OF THE JOINT AUDITORS TO THE GENERAL SHAREHOLDERS' MEETING ON THE
CONSOLIDATED FINANCIAL STATEMENTS OF MCP GROUP SA AS OF AND FOR THE YEAR ENDED
31 DECEMBER 2010**

In accordance with the legal requirements, we report to you in the context of our appointment as statutory auditors. This report includes our opinion on the consolidated financial statements as well as the required additional statements and information.

Unqualified opinion on the consolidated financial statements

We have audited the consolidated financial statements of MCP GROUP SA and its subsidiaries (the "Group") as of and for the year ended 31 December 2010, prepared in accordance with International Financial Reporting Standards as adopted by the European Union. These consolidated financial statements comprise the consolidated balance sheet as of 31 December 2010 and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, as well as the summary of significant accounting policies and other explanatory notes. The total of the consolidated balance sheet amounts to EUR 237,959,(000) and the consolidated result shows a profit for the year of EUR 21,064,(000).

The company's board of directors is responsible for the preparation of the consolidated financial statements. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the legal requirements applicable in Belgium and with International Standards on Auditing. Those auditing standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement.

In accordance with the auditing standards referred to above, we have carried out procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The selection of these procedures is a matter for our judgment, as is the assessment of the risk that the consolidated financial statements contain material misstatements, whether due to fraud or error. In making those risk assessments, we have considered the Group's internal control relating to the preparation and fair presentation of the consolidated financial statements, in order to design audit procedures that were appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control. We have also evaluated the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by management, as well as the presentation of the consolidated financial statements taken as a whole. Finally, we have obtained from the board of directors and Group officials the explanations and information necessary for our audit. We believe that the audit evidence we have obtained provides a reasonable basis for our opinion.

In our opinion, based on our audit, the consolidated financial statements give a true and fair view of the Group's net worth and financial position as of 31 December 2010 and of its results and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Additional statement

The company's board of directors is responsible for the preparation and content of the management report on the consolidated financial statements

Our responsibility is to include in our report the following additional comment, which does not have any effect on our opinion on the consolidated financial statements:

- The management report on the consolidated financial statements deals with the information required by the law and is consistent with the consolidated financial statements. However, we are not in a position to express an opinion on the

description of the principal risks and uncertainties facing the companies included in the consolidation, the state of their affairs, their forecast development or the significant influence of certain events on their future development. Nevertheless, we can confirm that the information provided is not in obvious contradiction with the information we have acquired in the context of our appointment.

Brussels, 19 March 2011

The joint auditors

Mazars Réviseurs d'Entreprises
Independent Auditors

Jean-Louis Prignon Réviseur d'Entreprises
Independent Auditors

Represented by

Represented by

(signed) Philippe GOSSART

(signed) Jean-Louis PRIGNON

**STATUTORY AUDITOR'S REPORT TO THE GENERAL MEETING OF
SHAREHOLDERS OF MCP GROUP SA ON THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009**

In accordance with the legal requirements, we report to you on the performance of the mandate of statutory auditor, which has been entrusted to us. This report contains our opinion on the true and fair view of the consolidated financial statements as well as the required additional statements.

Unqualified audit opinion on the consolidated financial statements

We have audited the consolidated financial statements of MCP GROUP SA (the “company”) and its subsidiaries (the “Group”) as of and for the year ended 31 December 2009, prepared in accordance with International Financial Reporting Standards as adopted by the European Union. These consolidated financial statements comprise the consolidated balance sheet as of 31 December 2009 and the consolidated statements of comprehensive income, changes in shareholders’ equity and cash flows for the year ended, as well as the summary of significant accounting policies and other explanatory notes. The total of the consolidated balance sheet amounts to 165,526,(000) EUR and the consolidated result shows a profit for the year of 7,587,(000) EUR.

Management is responsible for the preparation and the fair presentation of these consolidated financial statements. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with the legal requirements and the Auditing Standards applicable in Belgium, as issued by the Federation of Accountants. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

In accordance with the above-mentioned auditing standards, we considered the group’s administrative and accounting system, as well as its internal control procedures. We have obtained from management and the company’s officials, the explanations and information necessary for executing our audit procedures. We have examined, on a test basis, the evidence supporting the amounts included in the consolidated financial statements. We have assessed the appropriateness of the accounting policies and consolidation principles, the reasonableness of the significant accounting estimates made by the company, as well as the overall presentation of the consolidated financial statements. We believe that these procedures provide a reasonable basis for our opinion.

In our opinion the consolidated financial statements for the year ended 31 December 2009 give a true and fair view of the MCP Group’s assets and liabilities, its financial position and the results of its operations in accordance with International Financial Reporting Standards.

Additional statement

The preparation of the consolidated Director's report and its content are the responsibility of management.

Our responsibility is to supplement our report with the following additional statement which does not modify our audit opinion on the consolidated financial statements:

- The consolidated Director's report includes the information required by law and is consistent with the consolidated financial statements. We are, however, unable to comment on the description of the principal risks and uncertainties which the consolidated group is facing, and of its situation, its foreseeable evolution or the significant influence of certain facts on its future development. We can nevertheless confirm that the matters disclosed do not present any obvious inconsistencies with the information that we became aware of during the performance of our mandate.

12 May 2010

ScPRL Jean-Louis Prignon
Réviseur d'entreprises
Represented by

(signed) Jean-Louis Prignon
Partner

MCP GROUP SA
CONSOLIDATED FINANCIAL STATEMENTS
2010

GENERAL INFORMATION

Board of Directors

Floridienne SA, represented by Philippe Bodson
W Invest SA, represented by Gaëtan Waucquez
Metals Corp SCRL, represented by Laurent Raskin
Frank Fache
Galav SPRL, represented by Laurent Muguerza
Sparaxis SA, represented by Yves Meurice

College of Auditors

JL Prignon, Réviseur d'entreprises SC SPRL
Represented by Jean-Louis Prignon
Avenue des Pommiers, 44
B 4219 Wasseiges

and

Mazars, Réviseurs d'Entreprises SC SCRL
Avenue Marcel Thiry, 77 BP 4
B 1200 Bruxelles
Represented by Philippe Gossart

Address

Rue de la Station 7
B 1495 Tilly
Belgium

Company Registration Number

BE 0891.878.277

1. Consolidated Management Report

Ladies and Gentlemen,

We are pleased to report on our company's operations during 2010 and submit the annual financial statements as at December 31, 2010 for your approval.

MCP Group SA ("**MCP**") is a world leader in minor metals, with a total of eight production sites located in Belgium, France, Germany, England, the United States and China, and some 15 sales offices. Our industrial activities include processing as well as high-purity refining of specialty metals such as bismuth, tellurium, selenium, indium and gallium. Recycling also has an important place in the Group's business portfolio.

THE GROUP'S ACTIVITIES IN 2010

In 2010, investment was geared particularly to the solar sector through the subsidiary Atlumin Energy, Inc. in California, which manufactures products dedicated exclusively for manufacturers of thin-film solar panels.

In terms of geographic deployment, we also expanded our presence in Asia by setting up a company in Laos. A facility for producing and refining tellurium is being built and will be operational in the second quarter of 2011. This platform will provide close proximity to clients in this geographic area, which is of key importance for the solar sector, and the available area (more than 100 hectares) will offer potential for branching out into many other processing activities for our metals.

With respect to markets, 2010 ushered in a very strong recovery in our metals, with sales volumes up from 25% to 100%, depending on the product. The recovery, part of an upward movement that began in the last quarter of 2009, helped us to record very good results both in terms of market share and at a purely financial level.

For the year just ended, our company recorded sales of €343 million, an increase of 85% compared to the previous year. Gross profit was €78 million, or 23% of sales. Profit before tax was €27 million and consolidated profit after tax was €21 million, after a €1.3 million contribution from equity investees. These very solid financial results are the culmination of MCP's long-standing strategy of positioning itself in specialty metals, in spite of the ups and downs of the crisis in 2008-2009, through selective investments and its drive to become a dominant player in these markets, in terms of supply and in research, industrial processes and marketing.

The consolidated change in cash for the year was -€305,000.

All metals made a positive contribution to profit and the recycling/trading activity remains an important contributor for the Group. The solar materials activity, launched in 2010, had a negative impact on the Group's results, which nonetheless turned in a record performance since the merger in September 2007.

In geographic terms, the important areas for development remain emerging countries, particularly in Asia.

Current assets, and particularly inventories, continue to represent more than 80% of total assets (€198 million out of a total of €238 million), an increase of €65 million or approximately 49% over 2009, which is roughly equivalent to the average increase in the Group's raw materials. Once again, the significant size of the Group's inventories can be explained by the length of cycles for metal processing and refining, and also by the Group's policy of being able to meet potential demand from large clients. Property, plant and equipment and other non-current assets amounted to €40 million, an increase of €7 million over the period, following our investments in California and Laos, and other maintenance investments in our European manufacturing sites (Lübeck, Wellingborough and Tilly).

Consolidated equity of MCP Group stood at €109 million, an increase of €22 million.

The Group's net indebtedness increased from €41 million to €66 million, mainly because of higher working capital related to the increase in activities and higher metal prices.

RISKS

The risks and uncertainties related to our operations are mainly those related to products sold, foreign currency risk, risk related to receivables, environmental risk and risks related to metal prices.

- **Product risk:** MCP Group is exposed to the risk of lawsuits for guarantee or liability from its clients in relation to the sales of manufactured products. To protect itself against this risk, MCP strictly complies with the specification of the products it markets and limits its liability as much as possible. Finally, it has an insurance policy to guarantee against the financial consequences of future claims that could arise, without, however, it being possible to determine with certainty that the insurance policy subscribed for will be sufficient to cover all the financial impact related to such claims. To our knowledge, there are no claims likely to have a material impact on our financial statements as at this date.
- **Currency risk:** the activities of MCP Group are located mainly in Europe but also outside the euro zone (the United States, China, etc.). Furthermore, in the metals market, the benchmark currency is the U.S. dollar, including in the euro zone. The operating results and financial position of our subsidiaries are recorded in the local currency and translated into euros at the applicable exchange rate before being included in the consolidated financial statements. Exchange-rate fluctuations between these local currencies and the euro have a material impact on MCP's consolidated results in euros. The U.S. dollar may be chosen as the currency of choice in order to better reflect financial performance.
- **Risk related to receivables:** we ensure that our products are sold to clients that do not present a risk of insolvency by carrying out systematic credit-risk analysis and assessment for new clients. In addition, our portfolio of clients is sufficiently diversified so that a potential default would not have a significant impact on net profit. It should be noted that in general we do not use external risk-hedging solutions in this area.
- **Environmental risk:** although current production activities involve only a limited risk to the environment, MCP remains attentive to its obligations in this regard, especially concerning past contamination at the Tilly site. In 2010, the company obtained authorization from the competent regional administration to carry out a site restoration plan. The work has already begun and will extend over a total period of 24 to 36 months. It has been the subject of a cost review and was 100% provisioned in the accounts as at December 31, 2010.
- **Risk related to metal prices:** MCP is exposed to risks related to metal prices for its metal inventories. This risk is related to the market value of metals, which could fall below the carrying amount of these inventories. MCP generally does not protect itself against this risk, except through a few fair-value hedges for certain metal inventories.

MCP is also exposed to transaction risks related to metal prices. Most metal transactions use global metal market references like the London Metal Exchange. Because of the time delay between the conversion of purchased materials into products and the sale of such products, volatility in the benchmark price of metals may cause problems between the price paid for the metal content and the price received. As a result, a transaction risk exists for all price fluctuations between the time the raw materials are purchased and the time the product is sold. MCP's policy is not to hedge transaction risk for minor metals such as bismuth. However, for transactions involving base metals (copper, lead, tin) following processing, MCP's policy is to reduce its risks through futures contracts.

Concerning MCP's use of financial instruments, more information may be obtained from the notes to the annual report.

RESIGNATIONS AND STATUTORY APPOINTMENTS

The mandate of the auditor J.L. Prignon, Réviseurs d'Entreprises SCRL ended at the 2010 Annual General Meeting of Shareholders. The General Meeting of Shareholders on December 30, 2010 appointed, for the audit of the statutory accounts and the consolidated accounts, a college of auditors consisting of J.L. Prignon, Réviseurs d'Entreprises SCRL and Mazars, Réviseurs d'Entreprises SCRL, represented by Philippe Gossart, for three years ending at the Statutory General Meeting on the accounts for 2012.

OTHER

The amounts incurred for research and development increased this year to a total of €0.9 million (compared to €0.6 million in 2009). This increase was particularly due to the development expenses incurred by the new solar subsidiary Atlumin Energy, Inc. to develop its products.

Material events subsequent to year-end included the signing of a sale agreement on February 26, 2011. Under the terms of this agreement, the shareholders of MCP Group SA will transfer all of the shares representing equity to the Canadian company 5N Plus Inc., while remaining shareholders of the transferring entity. The transaction should be finalized at the beginning of the second quarter of 2011 and will result in a major player in our specialty metals and the creation of a significant growth platform. We do not anticipate any negative impact for MCP, its employees, partners, clients, suppliers and financial intermediaries following the association with 5N Plus Inc.

We thank all the members of management and staff of MCP Group SA and its subsidiaries for the services rendered during the year.

March 18, 2011
Tilly

Board of Directors

2. Consolidated Financial Statements (in thousands of Euros)

2.1 Consolidated Statement of Comprehensive Income as at December 31 (in thousands of Euros)

	Note	2010	2009
Operating income		344,660	187,344
Sales	3	343,174	185,670
Other operating income	4	1,486	1,674
Operating expenses (-)		(312,741)	(175,348)
Cost of sales	5	(265,571)	(142,938)
		<i>Raw materials</i>	<i>(135,651)</i>
		<i>Production costs</i>	<i>(7,287)</i>
Miscellaneous goods and services	5	(18,520)	(11,829)
Payroll costs		(22,111)	(18,511)
Depreciation, amortization and provisions		(5,007)	(1,413)
		<i>Depreciation and amortization</i>	<i>(2,262)</i>
		<i>Provisions</i>	<i>866</i>
		<i>Write-downs</i>	<i>(17)</i>
Other operating expenses	4	(1,532)	(657)
Operating profit		31,919	11,996
Finance income	6	13,608	7,139
		<i>Interest</i>	<i>265</i>
		<i>Other</i>	<i>6,874</i>
Finance costs	6	(19,459)	(11,045)
		<i>Interest</i>	<i>(1,804)</i>
		<i>Other</i>	<i>(9,241)</i>
Income from equity investees, net		1,262	481
Profit before tax		27,330	8,571
Income tax expense	7	(6,266)	(982)
Consolidated profit		21,064	7,589
<i>Attributable to the Group</i>		21,184	7,587
<i>Attributable to non-controlling interests</i>		(120)	2
Consolidated profit		21,064	7,589
Other comprehensive income			
Net gain (loss) on foreign operations		2,338	87
Total comprehensive income for the year, net of tax		23,402	7,676
<i>Attributable to the Group</i>		23,515	7,676
<i>Attributable to non-controlling interests</i>		(113)	0

2.2 Consolidated Balance Sheet as at December 31 (in thousands of Euros)

	Note	Dec. 31, 2010	Dec. 31, 2009
ASSETS			
Non-current			
Goodwill	8	8,623	8,623
Intangible assets	9	827	392
Property, plant and equipment	10	23,102	18,723
Equity accounted investees	1.2	1,988	1,328
Deferred tax assets	18	5,169	2,413
Other non-current assets	11	681	1,781
		40,390	33,260
Current			
Inventories	12	135,010	79,747
Trade receivables	13	43,676	34,830
Other receivables	13	7,590	6,016
Cash and cash equivalents	15	10,925	10,654
Current tax assets	13	368	1,019
		197,569	132,266
TOTAL ASSETS		237,959	165,526
EQUITY AND LIABILITIES			
Equity			
Share capital	14	73,584	72,056
Share premium		122	—
Reserves		35,156	15,098
Non-controlling interests		(108)	64
		108,754	87,218
Non-current liabilities			
Long-term debt	15	10,510	6,948
Pensions and similar employee obligations	16+20	7,205	7,426
Provisions	17	2,586	1,830
Deferred tax liabilities	18	2,109	1,410
		22,410	17,614
Current liabilities			
Trade payables	19	29,337	10,602
Provisions	17	2,204	1,980
Tax liability	19	2,004	1,286
Financial debt	15	65,997	44,610
Other current debt	19	7,253	2,216
		106,795	60,694
TOTAL EQUITY AND LIABILITIES		237,959	165,526

2.3 Consolidated Statement of Changes in Equity (in thousands of Euros)

	Share capital	Share premium	Translation differences	Other reserves	Equity - Group's share	Non-controlling interests	Equity
Value as at 01/01/2009	72,056	–	(3,484)	12,425	80,997	3	81,000
Profit for the year				7,587	7,587	2	7,589
Other comprehensive income			89		89	(2)	87
Total comprehensive income	–	–	89	7,587	7,676	–	7,676
Dividends distributed in 2009				(1,441)	(1,441)		(1,441)
(Purchases of)/proceeds from treasury shares				(18)	(18)		(18)
Changes in scope of consolidation					–	61	61
Other changes				(60)	(60)		(60)
Value as at 31/12/2009	72,056	–	(3,395)	18,493	87,154	64	87,218
Value as at 01/01/2010	72,056	–	(3,395)	18,493	87,154	64	87,218
Profit for the year				21,184	21,184	(120)	21,064
Other comprehensive income			2,331		2,331	7	2,338
Total comprehensive income	–	–	2,331	21,184	23,515	(113)	23,402
Proceeds from issue of shares	1,528	122			1,650		1,650
Dividends distributed in 2010				(3,534)	(3,534)		(3,534)
Changes in scope of consolidation				59	59	(59)	–
Other changes				18	18		18
Value as at 31/12/2010	73,584	122	(1,064)	36,220	108,862	(108)	108,754

2.4 Consolidated Statement of Cash Flows (in thousands of Euros)

	2010	2009
Profit for the year	21,064	7,589
Income tax expense	6,266	982
Net interest paid	2,386	1,539
<i>Depreciation and impairment of property, plant and equipment</i>	<i>2,442</i>	<i>2,221</i>
<i>Amortization and impairment of intangible assets</i>	<i>136</i>	<i>41</i>
<i>Impairment of financial assets</i>	<i>–</i>	<i>(1)</i>
<i>Write-down of current assets</i>	<i>1,738</i>	<i>17</i>
<i>Increase/(decrease) in provisions</i>	<i>691</i>	<i>(564)</i>
Net impact of depreciation and amortization/impairment/provisions	5,007	1,714
Gains/(losses) on realization of non-current assets	10	(259)
Share of net income (loss) from associates	(1,262)	(481)
Net interest paid	(2,386)	(1,560)
Taxes paid	(5,085)	(2,340)
Operating cash flow before changes in working capital	26,000	7,183
<i>(Increase)/decrease in inventories</i>	<i>(55,634)</i>	<i>5,012</i>
<i>(Increase)/decrease in trade and other receivables</i>	<i>(10,065)</i>	<i>(9,476)</i>
<i>Increase/(decrease) in trade and other payables</i>	<i>20,654</i>	<i>(5,348)</i>
Changes in working capital	(45,045)	(9,812)
<u>NET CASH FLOW FROM (USED IN) OPERATING ACTIVITIES</u>	<u>(19,045)</u>	<u>(2,629)</u>
<i>Purchases of property, plant and equipment</i>	<i>(6,288)</i>	<i>(3,217)</i>
<i>Purchases of intangible assets</i>	<i>(571)</i>	<i>(311)</i>
<i>Purchases of financial assets</i>	<i>(97)</i>	<i>(171)</i>
Purchases of non-current assets	(6,956)	(3,699)
<i>Disposals and other changes in property, plant and equipment</i>	<i>31</i>	<i>46</i>
<i>Disposals and other changes in financial assets</i>	<i>967</i>	<i>789</i>
<i>Disposals and other changes in non-current assets</i>	<i>(5)</i>	<i>250</i>
Realization of non-current assets	993	1,085
Other changes		20
<u>NET CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES</u>	<u>(5,963)</u>	<u>(2,594)</u>
Increase in financial debt (+)	30,328	12,523
Repayment of financial debt (-)	(4,341)	(6,560)
Proceeds from issue of shares	1,650	
Disposal of treasury shares (+)		3,263
Dividends received	600	
Dividends paid	(3,534)	(1,441)
Other changes		(6)
<u>NET CASH FLOWS FROM FINANCING ACTIVITIES</u>	<u>24,703</u>	<u>7,779</u>
<u>TOTAL CASH FLOWS</u>	<u>(305)</u>	<u>2,557</u>
Cash and cash equivalents, beginning of year	10,654	8,301
Translation differences on cash items	576	(204)
Cash and cash equivalents, end of year	10,925	10,654
<u>CHANGE IN CASH</u>	<u>(305)</u>	<u>2,557</u>

PRESENTATION OF THE ENTERPRISE

MCP Group SA (hereinafter referred to as “**MCP Group**” or the “**Company**”) is a corporation (*société anonyme*) whose registered office is located at 7 Rue de la Station, 1495 Tilly in Belgium (Compagny Registration number 0891.878.277). The Company was formed on September 5, 2007 for an unlimited period.

MCP Group SA and its subsidiaries (jointly the “**Group**”) are active in minor metals and particularly in bismuth, tellurium, selenium, gallium and indium.

The consolidated financial statements reflect the financial position of MCP Group SA for the year ended December 31, 2010. They present the statements of the Company and the companies included in the scope of consolidation, as described in the Annual Report.

IFRS ACCOUNTING PRINCIPLES

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, which were adopted for the first time for the consolidated financial statements as at December 31, 2007.

The historical cost basis of accounting was used, except in the case of certain financial instruments which were accounted for at fair value in accordance with the accounting for various categories of financial assets and financial liabilities, as defined by IAS 39. The financial statements are presented in thousands of Euros, rounded to the nearest thousand unless otherwise expressly stated in the notes.

The consolidated financial statements were approved by the Board of Directors on March 18, 2011.

The presentation of certain items in the Consolidated Statement of Comprehensive Income, the Consolidated Balance Sheet and the Consolidated Statement of Cash Flows has been adapted and certain 2009 data have been reclassified as a result.

A. ACCOUNTING STANDARDS

The consolidated financial statements have been prepared in accordance with IFRS, which were adopted for the first time for the consolidated accounts as at December 31, 2007.

The following new and amended standards and interpretations were applied as of fiscal 2010:

- Revision of IFRS 3 — *Business Combinations*, which contains significant changes to the former version of the standard, particularly with regard to the immediate assumption of costs directly related to the acquisition, the fair value measurement of contingent consideration with recognition of subsequent differences in profit or loss, the treatment of step acquisitions and the possibility of measuring minority interests (renamed “non-controlling interests”) at fair value.
- Amendments to IAS 27 — *Consolidated and Separate Financial Statements*, that include notably the following changes: Any difference associated with the purchase or disposal of investments in subsidiaries without loss of control is recognized in equity; the loss of control of a subsidiary, in which an investment is retained, is treated as a disposal of the entire investment, with acquisition of the investment retained at fair value; non-controlling interests (minority interests) may have a deficit balance.
- Annual improvements to the IFRS basis of accounting (April 2009), resulting in changes limited to ten standards and two interpretations.
- Amendments to IAS 39 — *Financial Instruments: Recognition and Measurement* concerning eligible hedged items.
- Amendments to IFRS 2 — *Share-based Payment* concerning cash-settled transactions among group entities.

- IFRIC Interpretation 17 — *Distributions of Non-cash Assets to Owners*.

These amendments and this new interpretation have not had a significant impact on the consolidated financial statements of MCP Group.

Furthermore, the following new and amended standards and interpretations effective after December 31, 2010 were not adopted early by MCP Group:

- New IFRS 9 — *Financial Instruments* (applicable for annual periods beginning on or after January 1, 2013) of which the finalized phases of the draft to replace IAS 39 concern the classification and measurement of financial assets and financial liabilities.
- Annual improvements to the IFRS basis of accounting (May 2010) (in principle, applicable for annual periods beginning on or after January 1, 2011) resulting in changes limited to six standards and one interpretation.
- Amendments to IFRS 7 — *Financial Instruments: Disclosures* (applicable for annual periods beginning on or after July 1, 2011) which requires the disclosure of additional information in the notes concerning transfers of financial assets (derecognition).
- Amendments to IAS 24 — *Related Party Disclosures* (applicable for annual periods beginning on or after January 1, 2011) which amends and clarifies the definition of a related party and includes an exemption for government-related entities.
- Amendments to IAS 32 — *Financial Instruments: Presentation* (applicable for annual periods beginning on or after February 1, 2010) concerns the classification of rights issues.
- IFRIC Interpretation 19 — *Extinguishing Financial Liabilities with Equity Instruments* (applicable for annual periods beginning on or after July 1, 2010).
- Amendments to IFRIC Interpretation 14 IAS 19 — *The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction* — Prepayments of a minimum funding requirement (applicable for annual periods beginning on or after January 1, 2011).

The future application of these new standards and interpretations should not have a significant impact on the consolidated financial statements, except for the new IFRS 9, which should notably affect the treatment of unconsolidated investments not held for trading. However, the potential impact of this new standard can be determined only once the draft to replace IAS 39 is finalized and adopted across Europe.

B. USE OF ESTIMATES AND JUDGMENTS

In preparing financial statements in accordance with IFRS, estimates and assumptions may be used and are based on past experience and any other relevant factors.

The estimates and underlying assumptions are examined and revised on an annual basis. Any change in an estimate is accounted for in the period during which it is used provided that it affects only that period.

More specifically, the primary sources of estimates, uncertainties and critical judgment in the application of accounting principles having the most significant impact on the amounts recognized in the financial statements concern:

- Impairment tests: Such tests confirm the goodwill values reversed in the financial statements. The discounted cash flow method is used with WACC of 17%.
- The defined benefit pension provision in Germany is calculated in accordance with IAS 19. It is based on the 2005 Heubeck life expectancy tables and the following parameters:

	2010	2009
Discount rate	5%	5.5%
Underlying inflation rate	2%	2%
Expected rate of future salary increases	2%	2%

- Taxes: Deferred tax assets on tax losses to be recovered are recognized to the extent that future tax benefits are likely to allow tax losses and tax credits to be used.
- Furthermore, estimates are also used in remeasuring impairments/write-downs on current and non-current assets, and in remeasuring the remaining life of property, plant and equipment and intangibles, except for goodwill and provisions for potential litigation.

C. SUBSIDIARIES

The consolidated financial statements include the accounts of all the subsidiaries over which the parent company has control in law or in fact.

Full consolidation is used for companies meeting these criteria.

The income of subsidiaries purchased or sold during the year is included from (or until) the effective date of the purchase or sale.

D. EQUITY ACCOUNTED INVESTEEES (also known as equity investees)

Investments in joint ventures are integrated in the consolidation according to the equity method. They are accounted for on the balance sheet for their share in the equity, increased by the goodwill, if any.

E. GOODWILL

Goodwill represents the net acquisition cost in excess of the fair value of identifiable assets, liabilities and contingent liabilities of the acquired companies. In an acquisition of control achieved in stages, goodwill is stated after each transaction involving identifiable net assets of the enterprises concerned. On the date control is acquired, the identifiable assets, liabilities and contingent liabilities of the acquirees are recognized at fair value, and possible fair value adjustments to the previously-recognized interests are recognized in equity as a revaluation reserve.

Positive goodwill is not amortized. An impairment test is carried out annually to assess the need for a possible write-down. Negative goodwill is recognized immediately in profit or loss.

Goodwill on equity accounted investees is classified in the value of the equity accounted investees.

F. INTANGIBLE ASSETS

Intangible assets are valued at their acquisition price and are not subject to revaluation.

Patents, trademarks and other intellectual property rights

The costs of intellectual property rights, acquired or created, are recorded as intangible assets and amortized over the life of the right.

Cost of research and development

Research and development costs are expensed. Development costs are also expensed during the year, to the extent that they do not meet the criteria that would justify their capitalization (IAS 38 – *Intangible Assets*).

G. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are valued at their acquisition price and are not subject to revaluation. Maintenance and repair costs are expensed as soon as they are incurred.

Depreciation is calculated using the straight-line method based on cost of acquisition. The depreciation period is based on the estimated useful life of each class of assets. This includes the following main classes (maximum useful lives):

Buildings	25 years
Plant assets	10 years
Automotive equipment	4 years

Land has unlimited life and is not depreciated.

H. LEASES

The Group has no financing leases. Operating leases are expensed on a straight-line basis over the life of the lease. Cancellation charges are expensed as soon as they are incurred.

I. ASSETS CLASSIFIED AS HELD FOR SALE

Assets classified as held for sale are valued at the lower of net carrying amount and fair value less selling costs. Assets are classified as held for sale if their net value will be recovered through disposal rather than use.

The sale must be unconditional, and the asset must be up for sale. Management has agreed that these assets are for sale and, in principle, must take action within twelve months of the asset being classified as held for sale.

J. EMPLOYEE BENEFITS

The Group contributes to various pension plans, mostly defined contribution plans. The costs of such plans are expensed during the year.

The German subsidiary has a defined benefit plan. The funds are invested in Germany under the supervision of a trustee appointed by the regulatory authorities, employees and management. The plan is partially funded by defined contributions, as prescribed by German tax law. The cost is recalculated each year by a qualified actuary, using the projected unit credit method.

This calculation:

- Includes actuarial assumptions concerning financial and demographic parameters;
- Uses actuarial terms of reference that refer to a market rate of return;
- Takes account of the fair values of the assets held.

The actuarial terms of reference are reviewed at each closing, and generate actuarial gains or losses. If the cumulative gains or losses exceed 10% of the forecast value of the obligation or the value of the plan's assets (the higher of the two amounts is used), they are amortized over the average remaining active lives of the beneficiaries.

K. INVENTORIES

Inventories are valued at the lower of cost (raw materials) or manufacturing cost (finished and unfinished products) and net realizable value. The value of inventories is determined by applying the average price method or their individual acquisition values, as appropriate. The manufacturing costs of finished and unfinished products include raw materials, the direct costs of salaries and indirect production costs.

Definitions of finished products and raw materials may vary from one entity to another, so in order to ensure that the same definitions are used across the Group and that identical products are classified in the same categories, all metals over 99% pure are considered finished products. The figures for 2009 have been reclassified to reflect this principle (see Note 12).

L. TRADE AND OTHER RECEIVABLES

Receivables are recognized at fair value plus transaction costs (the nominal value in most cases). The value of receivables is reduced when payment in whole or in part on the due date is uncertain or in jeopardy. The value of these receivables may also be reduced when their realizable value on the closing date is less than their carrying value.

M. TRADE AND OTHER PAYABLES

Trade and other payables do not generate interest and are initially recognized at fair value less transaction costs (at nominal value in most cases).

N. DEPRECIATION OF PROPERTY, PLANT AND EQUIPMENT AND AMORTIZATION OF INTANGIBLE ASSETS

At each closing, the Group reviews the carrying amount of property, plant and equipment and intangible assets in order to determine whether there is any indication that an asset may be impaired. Should an asset be impaired, the recoverable amount of the asset is estimated in order to determine the extent of such impairment. The recoverable value is the higher of the asset's fair value and its value in use. The value in use is the discounted value of the estimated future cash flows expected from use of the asset. The recoverable amount is calculated at the level of the cash-generating unit to which the asset belongs. If the recoverable amount is believed to be less than the carrying amount, the carrying amount is reduced to the recoverable amount. This impairment is immediately expensed.

When an impairment that was recorded in prior periods is no longer justified, the carrying amount will be partially or fully restored. Impairment recoveries are immediately recognized as revenue.

O. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash plus bank holdings or deposits as well as very liquid investments. These investments are valued at their fair value on the closing date.

P. DERIVATIVE INSTRUMENTS

Fair value hedges

Derivative products used to cover the fair value of the hedged items are initially recognized at their fair values on the transaction date. Derivative products are then measured on the balance sheet at fair value, marked to market. The hedged items are valued at fair value when hedge accounting is documented in accordance with the criteria set out in IAS 39.

All profits and losses on settled positions are immediately recognized in profit or loss.

Cash flow hedges

Financial instruments and derivative products used to cover future cash flows are designated as cash flow hedges.

The effective portion of changes in the fair value of financial instruments that satisfy the accounting criteria for cash flow hedges is recognized in equity. The amounts accumulated in equity are transferred to profit and loss in the periods during which the hedged item affects income.

When a hedging instrument has matured, been sold or exercised before the underlying transaction has been recognized, the accumulated profit or loss recognised in the equity existing at that time is maintained in equity and is later recognized in profit or loss when the expected transaction is recorded.

If the hedged transaction is no longer probable or the coverage becomes ineffective, the profits or losses accumulated in equity are immediately transferred to profit or loss.

Changes in the fair value of financial instruments that do not meet the criteria for cash flow hedges or fair value hedges are recognized in profit or loss.

Q. BORROWINGS

Borrowings are initially recognized at fair value less transaction costs. They are then valued at their amortized cost using the effective interest method. Any difference between the consideration received (net of transaction costs) and the repayment value is recognized in profit or loss in the period of the loan (effective interest method).

R. BORROWING COSTS

Borrowing costs that are directly attributable to the acquisition, construction or production of eligible assets requiring a long period of preparation before they can be used or sold are included in the cost of these assets until they are almost ready to be sold or used. All other borrowing costs are recognized in profit or loss in the period during which they are incurred.

S. PROVISIONS (other than pensions)

A provision is recorded when the Group has an obligation to a third party, the obligation is likely to result in an outflow of resources to the third party, and the amount can be reliably estimated.

In the case of re-organizations, an obligation is created as soon as the re-organization is announced as a detailed plan or execution begins.

Provisions are also recorded, if applicable, for under break-even contracts.

T. REVENUE RECOGNITION

Sales proceeds are recognized once acquisition becomes probable and the amount can be reasonably estimated.

Sales consist of sales to third parties less trade discounts. Sales are recognized in profit or loss on the date that the risks and rewards related to ownership are transferred to the buyer and in accordance with the transaction's terms and conditions.

Dividends are recorded in profit or loss when their distribution has been declared at the annual meeting of the company distributing them.

Interest income is recognized *prorata temporis* on the income statement, given the effective interest rate of the investment.

U. INCOME AND OTHER TAXES

Tax expenses include current income taxes and deferred income taxes. Current income taxes are the income taxes payable on the taxable income for the period, calculated using the income tax rates in effect on the closing date, as well as adjustments for prior periods.

Deferred income taxes are recognized on all temporary differences between the carrying amounts of assets and liabilities and their tax values for tax purposes as well as tax deficits. These tax assets and liabilities are not discounted.

Deferred income tax assets are recorded only if they are likely to be offset by future taxable income. The part of deferred income tax assets whose projected recovery is greater than three years after the current period is reduced in value.

V. TRANSACTIONS IN FOREIGN CURRENCIES

Functional and presentation currency

The financial statements are presented in euros. Some subsidiaries prepare their financial statements in pounds sterling, U.S. dollars or Chinese yuan. The Group uses the euro as its presentation currency and its functional currency.

Statements of operations for subsidiaries that use a functional currency other than the euro are converted at the average rate, and their balance sheet items are converted at the closing rate.

Changes generated by the translation of investments in subsidiaries are listed in equity under Translation differences, a distinct component of equity.

Transactions and balances

Transactions in foreign currencies are converted into the functional currency at the rate on the transaction date. The gains and losses that result from the payment or translation of assets and liabilities denominated in foreign currencies are recognized in profit or loss on the closing dates, except for transactions designated as hedges (cash flow hedges or net investment hedges), which are recorded in equity. On the closing date, monetary assets and liabilities denominated in foreign currencies are translated at the closing rates. Foreign exchange profits and losses are recorded in profit or loss for the period.

W. OPERATING SEGMENTS

Neither the Company nor its subsidiaries has equity or debt securities (either existing or about to be issued) that are traded on a regulated market. As a result, and applying IFRS 8 – *Operating Segments*, the Company decided to use the option of not providing financial disclosure by segment.

NOTES

1. LIST OF CONSOLIDATED AND NON-CONSOLIDATED COMPANIES

1.1. FULLY CONSOLIDATED COMPANIES

<i>Company</i>	<i>Note</i>	<i>Interest</i>	<i>Domiciled at</i>	<i>Primary Activity</i>
MCP (Asia) Limited	(1)	100.00	Hong Kong	Trading
Sidech SA	(1)	100.00	Belgium	Production and trading
MCP Aramayo Limited	(1)	100.00	England	Holding
MCP Metals and Chemicals Limited	(2)	100.00	England	Holding
MCP HEK Chemicals (Shangyu) Co. Limited	(4)	100.00	China	Production
Mining & Chemical Products Ltd.	(3)	100.00	England	Production
MCP HEK GmbH	(3)	100.00	Germany	Production
MCP Metalspecialties Inc.	(3)	100.00	USA	Distribution
Metalspecialties Realty Inc.	(3)	100.00	USA	Real estate
MCP Metals (Shenzhen) Limited	(3)	100.00	China	Production
MCP France SA	(1)	100.00	France	Distribution
MCP Iberia SA	(1)	100.00	Spain	Distribution
China Industrial Resources Co Ltd.	(4)	100.00	China	Marketing
China Industrial Resources (Guixi) Co. Ltd.	(6)	80.0	China	Marketing
Atlumin Energy Inc.	(1)	92.2	USA	Production and distribution
Atlumin Energy GmbH	(5)	92.2	Germany	Distribution
Minor Metals Recovery Limited	(4)	100.00	Hong Kong	Holding
Mining & Chemical Products Peru	(1)	100.00	Peru	Trading
Laos Industrial Resources	(7)	100.00	Laos	Production

(1) MCP Group SA holds the interests directly. (2) The interest is held through MCP Aramayo Limited. (3) The interests are held through MCP Metals and Chemicals Limited. (4) The interests are held through MCP (Asia) Ltd. (5) The interest is held through Atlumin Energy Inc. (6) The interest is held through China Industrial Resources Co Ltd. (7) The interest is held through Minor Metals Recovery Limited.

For all the fully-consolidated companies, the percentage of voting rights is identical to the percentage of interest.

1.2. EQUITY ACCOUNTED INVESTEEES

The companies accounted for using the equity method are three joint ventures in which the Group owned 50%.

The Group holds 50% of the capital of Ingal Stade GmbH, a company based in Germany that is primarily engaged in extracting gallium.

The Group holds 50% of the capital of Etain Soudure SA, a company based in France that produces alloys, most of which are tin-based.

The Group holds a 50% interest in the capital of MCP Crystal Ltd., a holding company based in Hong Kong.

The Group's share in the assets, liabilities, revenues and expenses of these entities is as follows:

	2010	2009
Revenues	9,662	4,690
Expenses	(8,116)	(4,070)
Income before income taxes	1,546	620
Assets	4,594	3,298
Liabilities	(2,606)	(1,970)
Capital	1,988	1,328
Value of interests	1,988	1,328

The carrying amount of the interests is as follows:

	2010	2009
As at January 1	1,328	847
Dividends received	(600)	
Share of net income	1,262	481
Other	2	
Total	1,988	1,328
Goodwill		
As at December 31	1,988	1,328

1.3. CHANGES TO SCOPE OF CONSOLIDATION

The primary changes in the scope of consolidation in fiscal 2010 were as follows:

- Merger with Sidech SA and Sidmet SA through Sidech SA absorbing Sidmet SA. This merger had no impact on the Group's consolidated accounts. The two companies were wholly owned by the Group before the merger.
- Reduction in the Group's interest in Atlumin Energy Inc. and Atlumin Energy GmbH to 92.21% through the granting of shares to management. The dilutive impact of this transaction is not significant.

2. TRANSLATION OF FINANCIAL STATEMENTS DENOMINATED IN FOREIGN CURRENCIES

The following exchange rates were used to translate the accounts of the Group's companies denominated in foreign currencies:

	Closing Rates		Average Rates	
	2010	2009	2010	2009
GBP (£)	€1.1618	€1.1260	€1.1643	€1.1215
USD (\$)	€0.7484	€0.6942	€0.7531	€0.7170
CNY (*)	€0.1134	€0.1017	€0.1111	€0.1048
PEN	€0.2660	€0.2435	€0.2674	€0.2420

3. SALES

	2010	2009
European Union	151,666	77,053
Rest of Europe	4,190	10,038
North America	70,771	46,860
South America	10,509	4,878
Asia	100,863	44,256
Other	5,175	2,585

Total	343,174	185,670
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4. OTHER OPERATING REVENUES AND EXPENSES

	2010	2009
<i>Other operating revenues</i>		
Rentals	72	176
Commissions and other similar revenues	923	1,213
Gain on sale of property, plant and equipment	491	285
Total	1,486	1,674
<i>Other operating expenses</i>		
Losses on contracts and penalties	(23)	(341)
Taxes	(1,456)	(123)
Other	(53)	(193)
Total	(1,532)	(657)

Taxes in an amount of €1.1 million came from Chinese taxes on merchandise exportations.

5. OPERATING EXPENSES

	2010	2009
Raw materials	256,272	135,651
Cost of production	9,299	7,287
Cost of sales	265,571	142,938
Selling and distribution expenses	2,767	2,045
Transportation due to sales	4,285	3,154
Research and development	898	625
Rentals	1,254	716
Other external expenses	9,316	5,289
Miscellaneous goods and services	18,520	11,829
Employees: number of full-time equivalents		
Production	245	187
Sales and distribution	66	74
Research and development	25	7
Administration	70	80
Total	405	348

Increased activity had an impact on all operating expense items, since they often have variable components. The increase in research and development and rental expenses was related to the development of the Group's Atlumin subsidiary.

6. FINANCE COSTS AND INCOME

	2010	2009
Interest paid	(2,534)	(1,804)
Foreign currency and translation differences	(12,198)	(5,923)
Losses on derivative instruments	(4,381)	(3,036)
Other finance costs	(346)	(282)
Finance costs	(19,459)	(11,045)
Interest received	148	266
Foreign currency and translation differences	12,536	4,914
Profits on derivative instruments	884	1,793
Other finance income	40	168
Finance income	13,608	7,139

Although very large in terms of their absolute value, foreign currency translation adjustments tend to cancel each other out through their favourable and unfavourable impacts. Foreign currency translation adjustments were due to the size of the Group's transactions in foreign currencies and, in particular, in U.S. dollars.

Profits and losses on derivative instruments concern mainly forward contracts on metals.

7. INCOME TAX EXPENSE

	2010	2009
Income taxes	8,303	2,247
Deferred income taxes	(1,419)	(855)
Income taxes for the year	6,884	1,392
Adjustment for prior years — tax expense	20	187
Adjustment for prior years — deferred income taxes	(638)	(597)
Tax expense in the income statement	6,266	982

Reconciliation of the income tax expense

	2010	2009
Notional income taxes at a rate of 33.99%	8,861	2,750
Differences in the taxation rate compared to the Belgian rate of 33.99%	(1,750)	(377)
Untaxed revenues	(435)	(506)
Non-deductible expenses	274	65
Use of tax losses	(190)	(801)
Other	125	261
Income taxes for the year	6,884	1,392

8. GOODWILL

Goodwill results from unassigned consolidating differences resulting from the 2007 merger of Sidech SA, the acquiring company as per IFRS 3, and the former MCP Group.

An impairment test is performed each year using a WACC of 17%.

A net value of €8,623,000 (equal to the depreciable cost) has remained unchanged over the last two years following these tests, which provide sufficient support for the net carrying amount.

9. INTANGIBLE ASSETS

	Development Expenses	Patents and Trademarks	Other Property, Plant and Equipment	TOTAL
Acquisition cost				
As at January 1	9	91	128	228
Acquisitions		130	181	311
Transfers	(9)		206	197
Translation adjustment		–	5	5
As at December 31	–	221	520	741
Amortization				
As at January 1	–	(30)	(89)	(118)
Amortization for the year	–	(19)	(22)	(41)
Transfers			(185)	(185)
Translation adjustment	–	–	(5)	(5)
As at December 31	–	(49)	(300)	(349)
Net carrying amount as at 31/12/2009	–	172	220	392
Net carrying amount as at 01/01/2009	9	61	40	110

	Development Expenses	Patents and Trademarks	Other Property, Plant and Equipment	TOTAL
Acquisition cost				
As at January 1	–	221	520	741
Acquisitions		94	477	571
Transfers	–		(97)	(97)
Translation adjustment		–	5	5
As at December 31	–	315	905	1,220
Amortization				
As at January 1	–	(49)	(300)	(349)
Amortization for the year	–	(48)	(88)	(136)
Transfers			97	97
Translation adjustment	–	–	(5)	(5)
As at December 31	–	(97)	(296)	(393)
Net carrying amount as at 31/12/2010	–	218	609	827
Net carrying amount as at 01/01/2010	–	172	220	392

“Other” includes expenses related to the Reach legislation, which had a €458,000 impact on the acquisitions amount as at December 31, 2010.

All the intangible assets have finite useful lives, over which the assets are amortized.

10. PROPERTY, PLANT AND EQUIPMENT

	Land and Buildings	Plant Assets	Furniture and Automotive Equipment	TOTAL
Acquisition cost				
As at January 1	18,638	26,653	3,097	48,388
Acquisitions	859	1,871	487	3,217
Disposals and retirements		(22)	(149)	(171)
Translation adjustment	61	65	8	134
Other transactions and transfers	(98)	35	(253)	(316)
As at December 31	19,460	28,602	3,190	51,252
Amortization				
As at January 1	(9,617)	(19,300)	(2,448)	(31,365)
Amortization for the year	573	(1,356)	(207)	(2,136)
Cancelled following disposals and retirements		19	106	125
Translation adjustment	(775)	(111)	(35)	629
Other transactions and transfers	67	(33)	184	218
As at December 31	(9,348)	(20,781)	(2,400)	(32,529)
Net carrying amount as at 31/12/2009	10,112	7,821	790	18,723
Net carrying amount as at 01/01/2009	9,021	7,353	649	17,023

	Land and Buildings	Plant Assets	Furniture and Automotive Equipment	TOTAL
Acquisition cost				
As at January 1	19,460	28,602	3,191	51,252
Acquisitions	687	5,180	421	6,288
Disposals and retirements	–	(46)	(119)	(165)
Translation adjustment	401	356	80	837
Other transactions and transfers	–	–	(19)	(19)
As at December 31	20,548	34,092	3,554	58,193
Amortization				
As at January 1	(9,348)	(20,781)	(2,400)	(32,529)
Amortization for the year	(537)	(1,676)	(229)	(2,442)
Cancelled following disposals and retirements		19	111	130
Translation adjustment	(85)	(133)	(46)	(264)
Other transactions and transfers		14		14
As at December 31	(9,970)	(22,557)	(2,564)	(35,091)
Net carrying amount as at 31/12/2010	10,578	11,535	989	23,102
Net carrying amount as at 01/01/2010	10,111	7,821	792	18,723

Investments made during the year include €1.9 million for the Atlumin Energy, Inc. subsidiary, which is developing targets for the solar market.

11. OTHER NON-CURRENT ASSETS

The Group holds other non-current assets, which consist essentially of guarantees paid in cash. They are recognized at their notional amounts.

12. INVENTORIES

	2010	2009
Raw materials and indirect materials	41,965	27,271
Work in progress	5,770	6,781
Finished products	87,275	45,695
Total	135,010	79,747

The increase in the value of inventories was due to an increase in the value of metals and sales growth. This led to an increase in the quantities of inventories held in order to ensure a rotation of similar inventories.

As at December 31, 2010, reductions in inventory values were €2,972,000 (€2,014,000 as at December 31, 2009).

All metals over 99% pure are considered finished products.

13. TRADE AND OTHER RECEIVABLES

	2010	2009
Trade receivables	43,947	35,060
Reduction in the value of trade receivables	(271)	(230)
Employee benefits and VAT	2,661	1,200
Income taxes recoverable	368	1,019
Accruals	643	1,497
Other receivables	4,286	3,319
Total	51,634	41,865

Trade receivables do not bear interest. An exposure to foreign exchange risk and an aging schedule are provided in Note 22.3. Given their characteristics, the fair value and the carrying amount of trade receivables are not significantly different.

14. SHARE CAPITAL

During fiscal 2010, 1,527,775 warrants were exercised, resulting in the issuance of 1,527,775 new shares. As a result, share capital increased by €1,527,775. The difference between this increase in capital and the total amount of warrants exercised, €122,222, was allocated to a tied-up account called "Share premium".

The amount of share capital and the number of shares was unchanged in 2009.

As at December 31, 2010, the shareholders of MCP Group were represented by 73,583,578 shares, distributed as follows:

FLORINVEST SA	42.05%
HERESFORD Ltd.	30.20%
METALSCORP SCRL	21.13%
S. R. I.W.	5.97%
Other	0.65%
Total	100.00%

No dividend distributions have been proposed for fiscal 2010.

15. NET DEBT

	2010	2009
<i>Current</i>		
Current portion of long-term debt	2,202	2,222
Overdrafts and short-term debt	63,795	42,388
	<u>65,997</u>	<u>44,610</u>
<i>Non-current</i>		
Bank loans	4,205	3,617
Other	6,305	3,331
	10,510	6,948
Total financial debt	76,507	51,558
Short-term deposits	(132)	(5,399)
Cash equivalents	(10,793)	(5,255)
Cash	(10,925)	(10,654)
Net indebtedness	65,582	40,904

The available securities do not generally bear interest. Short-term deposits are made for periods varying from one day to one month based on needs for immediate liquidity, and these deposits generate interest at the short-term rate.

The overdrafts and short-term financial debts feature variable rates. The long-term debts have fixed rates and mature in or before 2015. The fixed-rate non-bank loans (€6,305,000) are repayable in two to seven years.

The market value of fixed-rate borrowings, bearing interest at an average rate of 4.68%, is not significantly different from their carrying amount.

The non-bank debts are advances from shareholders (see Note 24) and a loan from the pension fund of the German subsidiary (see Note 20).

The following table presents an analysis of debt by currency:

	EUR	USD	Other
2009			
Total debt	15,025	27,448	9,085
Average interest rate	3.34%	2.54%	
2010			
Total debt	27,180	33,766	15,561
Average interest rate	3.70%	2.20%	4.50%

As at December 31, 2010, there were no debts expressed in dollars, which explains the lower interest rate. The other currencies were the pound sterling and the Chinese yuan.

Finally, guarantees were given on bank debts. Detailed information may be found in Note 21.

16. PENSIONS AND SIMILAR BENEFITS

	Defined Benefit Plan	Other Plans	TOTAL
As at January 1, 2010	6,545	881	7,426
Provision	287	15	302
Reversal	(295)	(295)	(590)
Other transactions		(67)	(67)
As at December 31, 2010	6,537	668	7,205

Defined benefit plan

Detailed information on this provision for the pension plan at the German subsidiary is provided in Note 20. This defined benefit plan is closed.

Defined contribution plan

Defined contribution pension plans are plans for which the Company pays defined contributions to a separate entity in accordance with the provisions of the plan.

The Group has no additional obligations besides the payment of contributions. The contributions paid for these plans were €406,000 and €285,000 in 2010 and 2009, respectively. These plans are mainly offered by the Group's Belgian, British and U.S. companies.

17. PROVISIONS

	Environment	Other	TOTAL
As at January 1, 2010	2,310	1,500	3,810
Allocation	1,200	842	2,042
Reversal	(374)	(688)	(1,062)
As at December 31	3,136	1,654	4,790
Current	1,000	1,204	2,204
Non-current	2,136	450	2,586

Other provisions include provisions with respect to guarantees, disputes over prices and provisions following the departure of employees and members of management.

18. DEFERRED INCOME TAXES

Deferred income taxes are calculated on all temporary differences using the local tax rates applicable to each subsidiary. Deferred income tax assets and liabilities are offset when they are generated in the same tax jurisdiction.

	Assets		Liabilities		Net	
	2010	2009	2010	2009	2010	2009
Pension plan assets	887	1,006			887	1,006
Current assets	1,427	1,239	(282)	(140)	1,145	1,099
Property, plant and equipment			(1,076)	(1,120)	(1,076)	(1,120)
Provisions	497	168	(751)	(150)	(254)	18
Tax losses	2,358	–			2,358	–
Deferred income tax assets (liabilities)	5,169	2,413	(2,109)	(1,410)	3,060	1,003

All deferred income tax transactions were recognized in profit or loss.

These same amounts are found in assets and liabilities on the balance sheet.

Furthermore, an amount of €740,000 was not recorded as deferred income taxes. This amount is related to the tax losses in a Belgian entity and a Chinese entity for which there was no sufficient evidence as of today that tax losses could be recovered on future taxable income.

19. TRADE AND OTHER DEBTS

	2010	2009
Trade debts	29,337	10,602
Other debts	7,253	2,216
Tax debts	2,004	1,286
Total	38,594	14,104

Trade debts are paid according to terms that vary between immediate payment (on presentation of invoices and delivery slips) and within 60 days. The increase in trade debts was due to increased purchases made by the Group of raw materials (metal prices were higher than in 2009).

The tax debts essentially represent unpaid income taxes for fiscal 2010.

Other debts include employee benefits and VAT payable.

An aging schedule of trade debts is provided in item 22.5.

Given their characteristics of short-term operating debts, their fair value is not significantly different from their carrying amount.

20. DEFINED BENEFIT PENSIONS

The Group's German subsidiary has a defined benefit pension plan. This plan is partially funded. Part of this fund's assets consists of a €1,849,000 loan to a legal entity (HEK GmbH, a wholly owned subsidiary of MCP Group). An actuary recalculates the value of the plan each year based on the assumptions mentioned above (see "IFRS accounting principles"). The results of this revaluation were as follows:

	2010	2009
Balance Sheet		
Current value of plan's obligations	9,394	8,966
Market value of plan's assets	(2,576)	(2,406)
Current value of unfunded obligations	6,818	6,560
Unrecognized actuarial loss	(281)	(15)
Net debt on Balance Sheet	6,537	6,545
Income Statement		
Costs of services rendered	52	74
Finance costs	519	518
Less: expected return on plan assets	(103)	(89)
Total expense in Income Statement	468	503

The changes in debt on the Balance Sheet were as follows:

	2010	2009
Beginning of year	6,545	6,508
Total expense included in Income Statement	468	503
Payments	(476)	(466)
End of year	6,537	6,545

The changes in assets and gross obligations for the year were as follows:

	2010	2009
Value of assets, beginning of year	2,406	2,229
Actual return on plan's assets	103	89
Other	67	88
Value of assets, end of period	2,576	2,406
	2010	2009
Defined benefit obligations, beginning of year	8,966	8,640
Cost of services rendered	52	74
Finance costs	519	518
Other	(143)	(266)
Defined benefit obligations, end of year	9,394	8,966

21. OFF-BALANCE SHEET COMMITMENTS

Commitments under operating leases were as follows:

	2010	2009
Less than one year	114	128
Between 2 and 5 years	222	176
Greater than 5 years	20	30

Bank guarantees were granted to the Wallonne Region as part of required repair work in an amount of €2.4 million.

As at December 31, 2010, the Group had issued letters of guarantee for the bank credits of its subsidiaries in a total amount of €38.9 million (€15.6 million as at December 31, 2009). In addition to these letters, bank credits were guaranteed by all the assets of the borrowing companies (inventories, receivables, property, plant and equipment, etc.).

The Group has no unrecognized liabilities.

The Group also entered into commitments to sell and purchase metals at firm prices. The conditions of these contracts did not require recognizing provisions for below break-even contracts.

With respect to current sales commitments, the Group generally has the quantities in inventory on the closing date.

22. RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

MCP Group is exposed to various risks in all its activities. These risks include changing metal prices and exchange rates, certain commercial conditions linked to the market and interest rates, as well as credit risks and liquidity risks. Under a policy designed to limit the effects of factors that it cannot control, the Group uses financial instruments to cover or mitigate the risks.

22.1. Currency risks

MCP Group has entities whose transactions are not carried out exclusively in the local reference currency. When the income statements and balance sheets of these entities are consolidated into the Group's accounts, translations of these amounts are exposed to changes in the value of local currencies against the euro. These currencies are mainly the U.S. dollar, the pound sterling and the Chinese yuan. MCP Group does not cover this risk.

Most of the Group's exposure results from the fact that metal prices are set in U.S. dollars.

Currency exposures

As at December 31, 2009	Trade Receivables	Cash	Trade Debts	Financial Debts	Balance, Receivables (+), Debts (-)
EUR	151	–	(35)	(360)	(244)
USD	10,693	2,212	(2,312)	(13,596)	(3,003)
GBP	6	2	–	–	8

As at December 31, 2010	Trade Receivables	Cash	Trade Debts	Financial Debts	Balance, Receivables (+), Debts (-)
EUR	286	80	(131)	–	235
USD	16,257	2,737	(21,187)	(18,571)	(20,494)
GBP	16	3	–	–	19

An appreciation/depreciation of 10% of the euro at its year-end rate against all of the currencies used by the Group would have resulted in a positive/negative impact of €2,024,000 as at December 31, 2010 (€324,000 as at December 31, 2009).

The increased exposure to dollars resulted from a general increase in Group activities, metal prices and purchases in general, since most are denominated in dollars.

22.2. Risks associated with metal prices

The Group is exposed to risks related to metal prices and its metal inventories. This risk stems from the market value of metals, which may fall below the carrying amounts for these inventories. The Group does not generally cover this risk, except through some fair value hedges for certain metal inventories.

The Group is also exposed to transaction risks related to metal prices. Most of the metals-related transactions use global metal market references such as the London Metal Exchange. Due to the time required to convert purchased materials into products and sell these products, the volatility of the reference metal prices may create differences between the prices paid for the metals used and the prices received. As a result, there is a transaction risk on all price changes between the time raw materials are purchased and the resulting products are sold.

The Group has a policy under which it does not cover transaction risks for minor metals such as bismuth. On the other hand, for transactions involving the base metals (copper, lead, tin) that result from transformations, it is the Group's policy to reduce the risks with forward contracts. The impact of hedges is recognized in profit or loss. Major impacts were recorded for copper (\$2,408,000 unfavourable), lead (\$552,000 favourable) and tin (\$720,000 unfavourable).

As at December 31, 2010, the total notional amount of open forward contracts and their fair value were €2,503,000 and €121,000 unfavourable, respectively.

The Group uses fair value hedges for silver metal, since the contracts and batches are more specific and specifically identifiable. Silver contracts realized during the year were subject to a \$2,257,000 finance cost in 2010 following the physical sale of hedged batches.

As at December 31, 2010, the Group had open contracts in a total nominal amount of € 2,678,000. The negative fair value of hedging contracts covering batches in inventory was €1,000,000 as at December 31, 2010. The value of the inventories associated with these contracts is adjusted on the basis of changes in the risk covered.

For purposes of comparison, the total notional amount of open contracts as at December 31, 2009 was €18,139,000.

The fair value of derivative instruments is presented under the headings "Other receivables" and "Other current debt" in the balance sheet.

22.3. Credit risk

Credit risk is the risk of not receiving payment from any counterparty following the sale of products or loan transactions on metals. Management of this risk is decentralized in each of the entities. Locally, beyond their knowledge of their clients, the entities have implemented credit policies based on requests for credit limits, approval procedures, exposure monitoring and recall procedures in the event of late payments.

In general, credit risk is not covered by credit insurance.

The Group does not have a significant concentration of credit risk since this risk is distributed across a large number of clients and counterparties in the world.

The trade receivables for which the terms have been renegotiated are not significant. The Group does not hold guarantees or other forms of credit enhancement on its receivables.

Aging of Trade Receivables

	2010	2009
Not yet due	19,258	12,984
Past due 0 – 120 days	24,443	20,284
Past due 121 – 365 days	92	1 581
Past due for over one year	154	211
Write-down	(271)	(230)
Total	43,676	34,830

22.4. Interest rate risk

The Group is exposed to changes in interest rates through its financial debts. As part of managing its finance costs, the Group covers part of its exposure to interest rate risks by entering into interest rate swaps (IRSs).

As at December 31, 2010, the amounts covered by the parent company were US\$10 million (quarterly IRS at 1.69% until August 2015) and €7.5 million (quarterly IRS at 1.77% until August 2015). These contracts were entered into in August 2010. The positive fair value of these contracts as at December 31, 2010, €230,000, was recognized in financial profit or loss since the Group had not opted for hedge accounting. The impact on the Balance Sheet is included in “Other receivables”.

A 1% increase, on an average annual basis, in uncovered debt at various rates represents an additional expense of approximately €480,000.

22.5 Liquidity risk

See Note 15 for information on the Group’s net indebtedness. The Group has lines of credit to guarantee the required liquidity and financial flexibility.

Aging of Trade Debts

	2010	2009
Not yet due	17,009	3,828
Past due 0 - 120 days	12,273	6,743
Past due 121 - 365 days	28	3
Past due for over one year	27	28
Write-down	—	—
Total	29,337	10,602

23. FAIR VALUE AND CARRYING AMOUNTS

In order to reflect the materiality of the data used to measure fair value, the Group separates valuations according to a three-level hierarchy:

- Level 1: Quoted (unadjusted) prices are available for identical assets and liabilities
- Level 2: Data other than Level 1 listed prices are observable for the asset or liability, either directly (through prices) or indirectly (data derived from prices)
- Level 3: Data on the asset or liability that are not based on observable market data (unobservable data).

For the Group, all financial assets and liabilities are measured at Level 1 except for items “Trade receivables,” “Other receivables,” “Trade debts” and “Other debts,” which are measured at Level 2.

24. RELATED PARTIES

Transactions between the Company and its subsidiaries, which are related parties for the Company, were eliminated upon consolidation and are not covered by this note.

Detailed information on transactions between the Company and other related parties are discussed below.

Relationships with the related parties are mainly trade relationships (merchandise, paid services, etc.). The following relationships with related parties were accounted for in income and financial position in 2010 and 2009.

	Étain Soudures	Ingal Stade	MCP Crystal
2010			
Sales	293	—	5,261
Purchases	681	4,160	6,515
Dividends received	600	—	—
2009			
Sales	151	—	—
Purchases	11	2,154	—
Dividends received	—	—	—
December 31, 2010	Étain Soudures	Ingal Stade	MCP Crystal
Trade receivables	—	—	139
Other receivables	—	1,500	—
Trade debts	—	116	152
December 31, 2009			
Trade receivables	6	—	—
Other receivables	—	1,500	—
Trade debts	5	302	—

The Group acts as a supplier of cadmium to Floridienne Chimie, in which the Floridienne Group, a significant shareholder in MCP Group, has a majority interest. These supplies were made in an amount of €6.9 million in 2010. Other, less significant transactions represented an amount of €262,000 in 2009. As at December 31, 2010, an amount of €0.5 million remained open (compared with €0.2 million as at December 31, 2009).

Furthermore, a subsidiary of the Group also made purchases from Floridienne Chimie in a total amount of €1.1 million in 2010. An amount of €0.5 million was open as at December 31, 2010. No transaction was recorded in 2009.

The Group contracted debts with shareholders with significant influence in an amount of €4,456,000 as at December 31, 2010, compared with €1,851,000 as at December 31, 2009.

The Group did not issue any off-balance sheet guarantees or commitments to related parties. Sales and purchase transactions with these related parties were completed under the Group’s usual terms and conditions.

25. MANAGEMENT COMPENSATION

The compensation paid to the Group's directors and officers, physical and legal persons, fees and base salaries in 2010 as well as the variable compensation for fiscal 2010 (paid in 2011) was €2,957,000, compared to €2,561,000 one year earlier. No other benefits were granted.

26. SUBSEQUENT EVENTS

Concerning significant events since the end of the year, it should be noted that a sale agreement was signed on February 26, 2011. Under the terms of the agreement, the shareholders of MCP Group SA will sell all their securities to the Canadian company 5N Plus Inc., while remaining shareholders in the entity. The transaction should be finalized early in the second quarter of 2011 and will create a major player in specialty metals as well as an important platform for growth. We do not expect any negative impact for MPC Group, its employees, partners, clients, suppliers, financial intermediaries, etc. once closer ties are established with 5N Plus Inc.

27. AUDITORS' FEES

The following fees were paid to the joint auditors in fiscal 2010:

	By the Auditors	By the Auditors' Network
As part of the audit of MCP Group SA		
Fees as defined in section 134§1 of the <i>Code des sociétés</i>	24	—
In other engagements		
Parent company		
- Other attest engagements	4	—
- Tax advisory engagements	—	—
- Other engagements	—	—
Subsidiaries:		
- Audit	18	6
- Other attest engagements	9	—
- Tax advisory engagements	—	—
- Other engagements	—	—

Mazars Réviseurs d'entreprises SCRL
Jean-Louis Prignon Réviseur d'entreprises SCPRL

Brussels, April 1st, 2011

Auditors' report on reconciliation to Canadian GAAP

To the Board of Directors of MCP Group SA

On March 19, 2011, we reported on the consolidated balance sheet of MCP Group SA (the "Group") as at December 31, 2010 and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended which are included in the short form prospectus. In connection with our audit of the aforementioned consolidated financial statements, we also have audited the related supplemental note entitled "Reconciliation to Canadian GAAP" included in the short form prospectus. This supplemental note is the responsibility of the Company's management. Our responsibility is to express an opinion on this supplemental note based on our audit. In our opinion, such supplemental note, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

The Joint auditors

Mazars Réviseurs d'Entreprises
Independent Auditors

Jean-Louis Prignon Réviseur d'Entreprises
Independent Auditors

Represented by

Represented by

(signed) Philippe GOSSART

(signed) Jean-Louis PRIGNON

Jean-Louis Prignon Réviseur d'entreprises ScPRL

Liège, April 1st, 2011

Auditors' report on reconciliation to Canadian GAAP

To the Board of Directors of MCP Group SA

On May 12, 2010, we reported on the consolidated balance sheet of MCP Group SA (the "Group") as at December 31, 2009 and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended which are included in the short form prospectus. In connection with our audit of the aforementioned consolidated financial statements, we also have audited the related supplemental note entitled "Reconciliation to Canadian GAAP" included in the short form prospectus. This supplemental note is the responsibility of the Company's management. Our responsibility is to express an opinion on this supplemental note based on our audit. In our opinion, such supplemental note, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

The auditor

**ScPRL Jean-Louis Prignon
Réviseur d'entreprises
Represented by**

**(signed) Jean-Louis PRIGNON
Partner**

RECONCILIATION TO CANADIAN GAAP
Consolidated statement of comprehensive income
2010 CAD GAAP vs. IFRS Bridge
(In thousands of Euros)

	IFRS	Adjustment for joint ventures Note 1	Minority interest Note 2	CDN GAAP
Operating income	344,660	4,425		349,085
Sales	343,174	4,424		347,598
Other operating income	1,486	1		1,487
Operating expenses	(312,741)	(3,016)	120	(315,637)
Cost of sales	(265,571)	(2,490)		(268,061)
Raw materials	(256,272)	(1,793)		(258,065)
Production costs	(9,299)	(697)		(9,996)
Miscellaneous goods and services	(18,520)	(181)		(18,701)
Payroll costs	(22,111)	(230)		(22,341)
Depreciation, amortization and provisions	(5,007)	(90)		(5,097)
Depreciation and amortization	(2,578)	(90)		(2,668)
Provisions	(691)	-		(691)
Write-downs	(1,738)	-		(1,738)
Other operating expenses	(1,532)	(25)	120	(1,437)
Operating profit	31,919	1,409	120	33,448
FINANCE INCOME	13,608	285		13,893
Interest	148	1		149
Other	13,460	284		13,744
FINANCE COSTS	(19,459)	(113)		(19,572)
Interest	(2,534)	(55)		(2,589)
Other	(16,925)	(58)		(16,983)
Income from equity investees, net	1,262	(1,262)		0
Profit before tax	27,330	319	120	27,769
Income tax expense	(6,266)	(320)	-	(6,586)
Consolidated profit	21,064	(0)	120	21,184

Consolidated balance sheet as at December 31, 2010
2010 CAD GAAP vs. IFRS Bridge
(In thousands of Euros)

NON CURRENT ASSETS	IFRS	Adjustment for joint ventures Note 1	Minority Interest Note 2	Deferred tax Note 3	CDN GAAP
Goodwill	8,623	-			8,623
Intangible assets	827	99			926
Property, plant and equipment	23,102	629			23,731
Equity accounted investees	1,988	(1 988)			-
Other non-current assets	681	304			985
Deferred tax assets	5,169	7		(1,341)	3,835
	40,390	(950)	-	(1,341)	38,099
CURRENT ASSETS					
Inventories	135,010	1,542			136,552
Trade receivables	43,676	919			44,595
Other receivables	7,590	(666)			6,924
Cash and cash equivalents	10,925	976			11,901
Current tax assets	368				368
Deferred tax assets				1,341	1,341
	197,569	2,771	-	1,341	201,681
TOTAL ASSETS	237,959	1,822	-	-	239,781
EQUITY AND LIABILITIES					
EQUITY					
Share capital	73,584				73,584
Share premium	122				122
Reserves	35,156		(246)		34,910
Group shareholders' equity	108,862	-	(246)	-	108,616
Non-controlling interests	(108)		108		-
Total Equity	108,754	-	(138)	-	108,616
NON-CURRENT LIABILITIES					
Long-term debt	10,510	10			10,520
Pensions and similar employee obligations	7,205	-			7,205
Provisions	2,586	55			2,641
Deferred tax liabilities	2,109	10			2,119
Minority interest			138		138
	22,410	75	138	-	22,623
CURRENT LIABILITIES					
Trade payables	29,337	539			29,876
Provisions	2,204	191			2,395
Tax liability	2,004	254			2,258
Financial debt	65,997	763			66,760
Other current debt	7,253				7,253
	106,795	1,747	-	-	108,542
TOTAL EQUITY AND LIABILITIES	237,959	1,822	-	-	239,781

Note 1:

Under IFRS, jointly-controlled entities may be accounted for either by proportionate consolidation or using the equity method. MCP chose the equity method. Under Canadian GAAP a jointly-controlled entity should be accounted using the proportionate consolidation.

Note 2:

Under IFRS, Minority interest should be presented as part of the shareholders equity. Under Canadian GAAP, minority interest should be presented separately but not as part of the shareholders equity.

Under IFRS, Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interest even if this causes the non-controlling interests to be in a deficit position.

Under Canadian GAAP, losses in a subsidiary may create a debit balance in non-controlling interests only if the non-controlling interest has an obligation to fund the losses.

Note 3:

Under IFRS, deferred tax assets and liabilities must be classified as non-current. Under Canadian GAAP, deferred taxes are classified as current and non-current, based on the classification of the underlying assets or liabilities to which they relate or, if there is no underlying recognised asset or liability, based on the expected reversal of the temporary difference or based on the expected timing of realisation.

RECONCILIATION TO CANADIAN GAAP
Consolidated statement of comprehensive income
2009 CAD GAAP vs. IFRS Bridge
(In thousands of Euros)

	IFRS	Adjustment for joint ventures Note 1	CDN, GAAP
Operating income	187,344	3,322	190,666
Sales	185,670	3,312	188,982
Other operating income	1,674	10	1,684
Operating expenses	(175,348)	(2,619)	(177,967)
Cost of sales	(142,938)	(1,826)	(144,764)
Raw materials	(135,651)	(1,643)	(137,294)
Production costs	(7,287)	(183)	(7,470)
Miscellaneous goods and services	(11,829)	(119)	(11,948)
Payroll costs	(18,511)	(592)	(19,103)
Depreciation, amortization and provision	(1,413)	(61)	(1,474)
Depreciation and amortization	(2,262)	(58)	(2,320)
Provisions	866	(3)	863
Write-down	(17)	-	(17)
Other operating expenses	(657)	(21)	(678)
Operating profit	11,996	704	12,700
FINANCE INCOME	7,139	23	7,162
Interest	265	5	270
Other	6,874	18	6,892
FINANCE COSTS	(11,045)	(106)	(11,151)
Interest	(1,804)	(106)	(1,910)
Other	(9,241)	-	(9,241)
Income from equity investees, net	481	(481)	-
Profit before tax	8,571	139	8,710
Income tax expense	(982)	(139)	(1,121)
Profit after tax	7,589	-	7,589
Consolidated profit			

Consolidated balance sheet as at December 31, 2009
2009 CAD GAAP vs. IFRS Bridge
(In thousands of Euros)

NON CURRENT ASSETS	IFRS	Adjustment for joint ventures Note 1	Minority Interest Note 2	Deferred tax Note 3	CDN GAAP
Goodwill	8,623	-			8,623
Intangible assets	392	12			404
Property, plant and equipment	18,723	307			19,030
Equity accounted investees	1,328	(1,328)			-
Other non-current assets	1,781				1,781
Deferred tax assets	2,413			(1,237)	1,176
	33,260	(1,010)	-	(1,237)	31,014
CURRENT ASSETS					
Inventories	79,747	1,125			80,872
Trade receivables	33,836	910			34,746
Other receivables	8,029	7			8,036
Cash and cash equivalents	10,654	939			11,593
Deferred tax assets	-			1,237	1,237
	132,266	2,981	-	1,237	136,484
TOTAL ASSETS	165,526	1,971	-	-	167,497
EQUITY AND LIABILITIES					
EQUITY					
Share capital	72,056				72,056
Reserves	15,097				15,097
Group shareholders' equity	87,153	-			87,153
Non-controlling interests	64		(64)		-
Total Equity	87,217	-	(64)	-	87,153
NON-CURRENT LIABILITIES					
Long-term debt	6,948	746			7,694
Pension and similar employee obligations	7,426	-			7,426
Provisions	1,830	36			1,866
Deferred tax liabilities	1,410	10			1,420
Minority interest	-		64		64
	17,614	792	64	-	18,470
CURRENT LIABILITIES					
Trade payables	10,602	279			10,881
Provisions	1,980				1,980
Other current debt	2,217	67			2,284
Tax liability	1,286	84			1,370
Financial debt	44,610	750			45,360
	60,695	1,179	-	-	61,874
TOTAL EQUITY AND LIABILITIES	165,526	1,971	-	-	167,497

Note 1:

Under IFRS, jointly-controlled entities may be accounted for either by proportionate consolidation or using the equity method. MCP chose the equity method. Under Canadian GAAP a jointly-controlled entity should be accounted using the proportionate consolidation.

Note 2:

Under IFRS, Minority interest should be presented as part of the shareholders equity. Under Canadian GAAP, minority interest should be presented separately but not as part of the shareholders equity.

Note 3:

Under Canadian GAAP, Future income tax should be classified current or non-current based on the underlying items it relates. Under IFRS, all future tax should be classified as non-current.

SCHEDULE B
UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS
OF 5N PLUS INC.

5N PLUS INC.
UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF INCOME
Year ended May 31, 2010 for 5N Plus Inc. and year ended June 30, 2010 for MCP (note 1)

(in thousands, except per share amounts)	5N Plus CAD	MCP Euro	MCP CAD	Adjustments to Canadian GAAP CAD (note 5b)	Pro forma adjustments CAD	Notes	Pro forma consolidated statements of income CAD
Sales	70,763	274,552	370,645	4,804	—		446,212
Cost of sales	38,911	222,621	300,539	1,989	—		341,439
Gross margin	31,852	51,931	70,106	2,815	—	5f)	104,773
Expenses							
Selling and administrative	7,068	23,496	31,720	1,244	—		40,032
Depreciation and write down of property, plant and equipment	2,545	2,304	3,110	85	—	5f)	5,740
Amortization of intangible assets	188	80	108	—	5,552	5e)	5,848
Research and development	1,858	—	—	—	—		1,858
Foreign exchange (gains) losses and results on derivative instruments	(1,184)	(1,763)	(2,380)	(24)	—		(3,588)
Financial	186	2,024	2,732	141	5,151	5c), 5d), 5h)	8,210
Interest income	(464)	(65)	(88)	(18)	—		(570)
	10,197	26,076	35,202	1,428	10,703		57,530
	21,655	25,855	34,904	1,387	(10,703)		47,243
Earnings from companies subject to significant influence	—	907	1,224	(1,224)	—		(0)
Earnings before the following	21,655	26,762	36,128	163	(10,703)		47,243
Income taxes	6,512	5,915	7,986	163	(3,119)	5c), 5d), 5e), 5g), 5h)	11,542
	6,512	5,915	7,986	163	(3,119)		11,542
Net earnings from continuing operations	15,143	20,847	28,142	(0)	(7,584)		35,701
Net loss from discontinued operations	(495)	—	—	—	—		(495)
Net earnings	14,648	20,847	28,142	(0)	(7,584)		35,206
Earnings per share from continuing operations (Notes 5i) and 5j))							
Continuing operations - basic	\$0.33						\$0.52
Net earnings - basic	\$0.33						\$0.51
Continuing operations - diluted	\$0.32						\$0.51
Net earnings -basic	\$0.32						\$0.51

Note 1: Has been reconstructed from the books and records of MCP

5N PLUS INC.
UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF INCOME
Six-month period ended November 30, 2010 for 5N Plus Inc. and six-month period ended December 31, 2010 for MCP (Note 1)

(in thousands, except per share amounts)	5N Plus	MCP	MCP	Adjustments to Canadian GAAP	Pro forma adjustments	Notes	Pro forma financial statements
	CAD	Euro	CAD	CAD	CAD		
				(note 4b)			
Sales	38,438	178,514	240,994	4,743			284,175
Cost of sales	21,224	152,709	206,157	3,036			230,417
Gross margin	17,214	25,805	34,837	1,707	-	4f)	53,758
Expenses							
Selling and administrative	4,134	10,434	14,086	147	-		18,367
Depreciation and write down of property, plant and equipment	1,270	1,305	1,762	85	-	4f)	3,117
Amortization of intangible assets	130	86	116	-	2,775	4e)	3,021
Research and development	1,457			-			1,457
Foreign exchange (gains) losses and results on derivative instruments	(858)	6,017	8,123	-	-		7,265
Financial	192	1,897	2,562	90	2,576	4c), 4d), 4h)	5,420
Interest income	(377)	(332)	(449)	(2)	-		(828)
	5,948	19,407	26,200	320	5,351		37,819
	11,266	6,398	8,637	1,387	(5,351)		15,939
Earnings from companies subject to Equity method	-	764	1,032	(1,032)	-		-
Earnings before the following	11,266	7,162	9,669	355	(5,351)		15,939
						4c), 4d), 4e), 4g), 4h)	
Income taxes	3,214	386	521	404	(1,559)		2,580
Net earnings	8,052	6,776	9,148	(49)	(3,792)		13,359
Earnings per share from continuing operations (Notes 4i) and 4j))							
Continuing operations - basic	\$0.18						\$0.19
Net earnings - basic	\$0.17						\$0.19
Continuing operations - diluted	\$0.18						\$0.19
Net earnings -basic	\$0.17						\$0.19

Note 1: Has been reconstructed from the books and records of MCP

5N PLUS INC.
UNAUDITED PRO FORMA CONSOLIDATED BALANCE SHEET
November 30, 2010

December 31, 2010							
(in thousands)	5N Plus (unaudited)	MCP Group SA	MCP Group SA	Adjustments from IFRS to CDN GAAP	Pro forma adjustments	Notes	Pro forma consolidated balance sheet
	CAD	Euro	CAD (note 3)	CAD (note 3b)	CAD		CAD
Asset							
Current asset							
Cash and cash equivalents	54,749	10,925	14,749	1,318	(26,170)	3e)	44,646
Temporary investment	2,000	—	—	—	—		2,000
Account receivable	6,679	50,623	68,341	1,245	—		76,265
Inventories	36,341	135,010	182,264	2,133	—	3(g)	220,738
Prepaid expenses and deposits	2,417	643	868	12	—		3,297
Derivative financial instruments	74	—	—	—	—		74
Income taxes recoverable	670	368	497	97	—		1,264
Future income taxes	292	—	—	1,341	—		1,633
	103,222	197,569	266,719	6,146	(26,170)		349,917
Property, plant and equipment	34,586	23,102	31,188	849	—		66,623
Intangible assets	1,670	827	1,117	133	80,257	3e)	83,177
Goodwill	4,455	8,623	11,641	—	103,678	3e)	119,774
Future income taxes	2,013	5,169	6,978	(1,334)	1,611	3a)	9,268
Convertible debenture	3,175	—	—	—	—		3,175
Investment in company subject to significant influence	—	1,988	2,684	(2,684)	—		-
Other assets	78	681	920	411	375	3d)	1,784
	149,199	237,959	321,247	3,521	159,751		633,718
Liabilities							
Current liabilities							
Bank indebtedness and short-term debt	—	71,048	95,916	1,031	—		96,947
Accounts payable and accrued liabilities	7,148	31,541	42,580	887	—		50,615
Current portion of long-term debt	573	2,202	2,973	—	—		3,546
Future income taxes	263	—	—	—	—		263
Income taxes payable	—	2,004	2,705	343	—		3,048
	7,984	106,795	144,174	2,261	—		154,419
Long-term debt	4,051	10,509	14,188	1,025	—		19,265
Promissory note and holdback	—	—	—	—	83,537	3e)	83,537
Deferred revenues	483	—	—	—	—		483
Pension benefits and long-term provision	—	9,791	13,218	221	—		13,439
Future income taxes	2,306	2,109	2,848	14	23,275	3e), 3f)	28,442
	14,824	129,204	174,428	3,521	106,812		299,585
Minority interest	—	(108)	(146)	246	—		100
Shareholders' Equity							
Share capital and share premium	83,427	73,706	99,503	—	100,255	3c), 3e), 3a)	283,185
Contributed surplus	1,414	—	—	—	—	3c)	1,414
Accumulated other comprehensive loss	(2,966)	(1,064)	(1,436)	—	1,436	3c)	(2,966)
Retained earnings	52,500	36,221	48,898	(246)	(48,752)	3c)	52,400
	134,375	108,863	146,965	(246)	52,939		334,033
	149,199	237,959	321,247	3,521	159,751		633,718

NOTES TO THE PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS

(unaudited)

(in thousands of dollars, except per share, common shares and subscription receipt amounts)

1. PROPOSED ACQUISITION OF MCP GROUP SA

On February 28, 2011, 5N Plus Inc. (“**5N Plus**” or the “**Corporation**”) announced that it had entered into an acquisition agreement with the shareholders of MCP Group SA (“**MCP**”) to acquire all of the outstanding shares of MCP (the “**Proposed Acquisition**”). Pursuant to the Acquisition Agreement, the shares of MCP will be purchased for a cash consideration of €105,794 (approximately CAD\$142,821), a promissory note and holdback to the sellers of €61,879 (approximately CAD\$83,537) and 11,377,797 common shares of the Corporation to be issued to the vendors (conversion into Canadian dollars using Euro/CAD exchange rate of 1.35).

The Corporation will finance the €105,793 cash consideration of the Proposed Acquisition with a combination of the issuance of subscription receipts contemplated by the prospectus (the “**Financing**”) and its cash on hand. The new credit facilities of CAD\$50,000 committed by the Lead Underwriter will replace 5N Plus’ CAD\$17,500 existing revolving credit facility, which is currently undrawn. 5N Plus will also assume MCP’s non-recourse debt financings. The €61,879 promissory note and holdback to the vendors will be payable over a three-year period after closing.

Headquartered in Belgium, MCP is a private company created in September 2007 following a merger between MCP Aramayo Ltd. and Sidech S.A., two worldwide specialty metal players. Today, MCP is the world’s leading producer and distributor of specialty metals and their chemicals, including bismuth, indium, gallium, selenium and tellurium. MCP’s products are used in a variety of products, mainly related to electronic, pharmaceutical and industrial applications. It employs approximately 400 people in its nine production sites and 15 commercial offices across Europe, Asia and the United States.

2. BASIS OF PRESENTATION

The accompanying unaudited *pro forma* consolidated financial statements of 5N Plus have been prepared by management of the Corporation to give effect to the Proposed Acquisition, the Financing and new credit facility. In management’s opinion, these unaudited *pro forma* consolidated financial statements include all material adjustments necessary for a fair presentation in accordance with Canadian generally accepted accounting principles (“**GAAP**”).

The unaudited *pro forma* consolidated balance sheet as at November 30, 2010 has been prepared from the unaudited interim consolidated balance sheet of 5N Plus as at November 30, 2010, the audited consolidated balance sheet of MCP as at December 31, 2010 and the *pro forma* assumptions and adjustments, as set out in Note 3.

The constructed unaudited *pro forma* consolidated statement of income for the six months ended November 30, 2010 has been prepared from the unaudited interim consolidated statement of income of 5N Plus for the six months ended November 30, 2010, the unaudited interim consolidated statement of income of MCP for the six months ended December 31, 2010 and the *pro forma* assumptions and adjustments and other adjustments, as set out in Note 4.

The constructed unaudited *pro forma* consolidated statement of income for the year ended May 31, 2010 has been prepared from the audited consolidated statement of income of 5N Plus for the year ended May 31, 2010, the unaudited consolidated statement of income of MCP for the twelve months ended June 30, 2010, and the *pro forma* assumptions and GAAP adjustments, as set out in Note 5.

For the purpose of this unaudited *pro forma* consolidated financial statements, as MCP is considered to be a self-sustaining operation, the foreign exchange gain and loss on translation of MCP’s consolidated financial statements are presented under “Accumulated other comprehensive income” which have no impact on the consolidated statements of income.

The unaudited *pro forma* consolidated financial statements are not necessarily indicative of the operating results or financial condition that would have been achieved if the proposed Acquisition had been completed on the dates or for the periods presented, nor do they purport or project the results of operations or financial position of the combined entities for any future period or as of any future date.

The pro forma adjustments and purchase price allocation have been determined from information available to the management of the Corporation at this time. Accordingly, the purchase price allocation is subject to material changes.

3. **UNAUDITED PRO FORMA CONSOLIDATED BALANCE SHEET AND ASSUMPTIONS AS AT NOVEMBER 30, 2010**

The unaudited *pro forma* consolidated balance sheet gives effect to the Proposed Acquisition and the Financing as if they had occurred on November 30, 2010 and takes the balance sheet of MCP as of December 31, 2010 as a reference for the purchase price allocation. The balance sheet of MCP has been translated into Canadian dollars for convenience using the Euro/CAD exchange rate of 1.35:

- (a) On March 21, 2011, 5N Plus announced a short form prospectus offering of 13,590,000 subscription receipts (the “**Subscription Receipts**”), each of which will entitle the holder thereof to automatically receive, upon closing of the Proposed Acquisition, one common share of the Corporation. The Subscription Receipts will have a purchase price of CAD\$9.20 each for aggregate gross proceeds of CAD\$125,028. The total proceeds to 5N Plus will be CAD\$119,527 net of an underwriting fee and other transaction costs of approximately CAD\$5,500. The increase to share capital will be CAD\$121,138 after adjustment for future income taxes of CAD\$1,611. 5N Plus has granted the underwriters an over-allotment option to purchase up to an additional 2,038,500 Subscription Receipts at a purchase price of CAD\$9.20 per Subscription Receipt, representing maximum additional gross proceeds of CAD\$18,754. The unaudited *pro forma* consolidated balance sheet assumes the over-allotment option will not be exercised.
- (b) For the *pro forma* purposes, under Canadian GAAP jointly-controlled entities should be accounted using the proportionate consolidation. Under IFRS, jointly-controlled entities may be accounted for either by proportionate consolidation or using the equity method. MCP chose the equity method. Under IFRS, minority interest should be presented as part of the shareholders’ equity. Under Canadian GAAP, minority interest should be presented separately but not as part of the shareholders’ equity. Under IFRS, losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interest even if this causes the non-controlling interests to be in a deficit position. Under Canadian GAAP, losses in a subsidiary may create a debit balance in non-controlling interests only if the non-controlling interest has an obligation to fund the losses. Under IFRS, deferred tax assets and liabilities must be classified as non-current. Under Canadian GAAP, deferred taxes are classified as current and non-current, based on the classification of the underlying assets or liabilities to which they relate or, if there is no underlying recognised asset or liability, based on the expected reversal of the temporary difference or based on the expected timing of realisation.
- (c) The unaudited *pro forma* consolidated balance sheet requires the elimination of the MCP historical cost accounts for share capital, contributed surplus, accumulated other comprehensive loss and retained earnings.
- (d) On February 26, 2011, 5N entered into a commitment letter with a Canadian bank to establish a CAD\$50,000 senior secured revolving credit facility. The revolving credit facility is available for general corporate purposes at a cost of 68.75 basis points per year for an annual cost of CAD\$344. The revolving credit facility is not presented in the unaudited *pro forma* consolidated balance sheet since the cash consideration of the Proposed Acquisition will be entirely provided by the Financing and cash on hand. Transaction costs of CAD\$375 related to the revolving credit facility will be added to other assets and amortized over the life of the revolving facility, which is 24 months.
- (e) The following table reflects the effect of MCP’s purchase price allocation: Cost of Proposed Acquisition: Cash consideration: CAD\$142,821 (€105,794), Promissory note and holdback to Sellers: CAD\$83,537 (€61,879) and common shares of 5N Plus: 11,377,797 common shares at CAD\$6.91 per share for total consideration of CAD\$78,621. Transaction costs are estimated at \$2,500. Total consideration: CAD\$307,479. The price of \$6.91 per share was established by taking the average market price of 5N Plus shares for three days before and after the announcement minus a 20% discount to reflect the lock-up period on these shares.

Net assets acquired at estimated fair value	
Cash and cash equivalents	CAD\$16,066
Accounts receivable	69,586
Inventories	184,397
Prepaid expenses and other assets	2,211
Income taxes recoverable	594
Property plant and equipment	32,037
Intangible assets (includes fair value increment on Proposed Acquisition of CAD\$80,257)	81,507
Goodwill	115,319
Future income tax assets	6,985
Accounts payable and accrued liabilities	(43,467)
Bank indebtedness	(96,947)
Income tax payable	(3,048)
Long-term debt	(18,186)
Accrued pension obligation and other long term liabilities	(13,439)
Future income tax liabilities (includes CAD\$23,275 related to fair value increments)	(26,136)
	CAD\$307,479

The above represents management's preliminary assessment of the total consideration, net assets acquired and liabilities assumed. The allocation of the purchase price will be finalized after the values of consideration, assets and liabilities have been definitively determined. Accordingly, the above allocation is subject to change and such change may be material, such as on inventory, goodwill and intangible assets. No fair value increment on the inventory has been recorded in this *pro forma*. We expect having material increment on the inventories in the final assessment of the net assets acquired and liabilities assumed.

- (f) The future income tax liability recorded in conjunction with the fair value of the intangible assets as a result of the purchase price allocation for the Proposed Acquisition (Note 3(e)) is CAD\$23,278 and was based on an estimated effective tax rate of approximately 29.0%. In addition, there has been no future income tax balance recognized in respect of the various deferred transaction costs other than those capitalized as a component of share capital. It is assumed that the transaction costs related to the revolving credit facility will be treated consistently for tax and accounting purposes.

4. **UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF INCOME AND ASSUMPTIONS FOR THE SIX MONTHS ENDED NOVEMBER 30, 2010**

The unaudited *pro forma* consolidated statement of income for the six months ended November 30, 2010 has been prepared assuming that the Proposed Acquisition and the Financing described in Note 1 were completed on June 1, 2010, using the following assumptions:

- (a) The *pro forma* consolidated statement of income has been established using the six months ended November 30, 2010 for 5N Plus with the six months ended December 31, 2010 for MCP. The six months ended December 31, 2010 for MCP have been translated into Canadian dollars using the Euro/CAD exchange rate of 1.35.
- (b) For the *pro forma* purposes, under Canadian GAAP jointly-controlled entities should be accounted using the proportionate consolidation. Under IFRS, jointly-controlled entities may be accounted for either by proportionate consolidation or using the equity method. MCP chose the equity method. Under IFRS, losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interest even if this causes the non-controlling interests to be in a deficit position. Under Canadian GAAP, losses in a subsidiary may create a debit balance in non-controlling interests only if the non-controlling interest has an obligation to fund the losses.
- (c) The CAD\$50,000 revolving credit facility bears interest at bankers' acceptance rate plus 3.0% and will contain a two-year revolving maturity, extendible annually at the lending institution's discretion. The revolving credit facility will be undrawn. Assuming standby fees of 68.75 bps, total stand-by fees to maintain this credit facility for the six months ended November 30, 2010 would be CAD\$172 on the undrawn balance of CAD\$50,000. The associated income tax recovery for the six-months ended November 30, 2010 is CAD\$50.
- (d) The €61,879 of promissory note and holdback bear interest at a rate of the Interest rate Swap three years plus 3%. Assuming an interest rate of 5.53%, the additional interest expenses for the six months ended

November 30, 2010 would be CAD\$2,310. The associated income tax recovery for the six months ended November 30, 2010 is CAD\$676.

- (e) The amortization expense has been adjusted to record the additional amortization of intangible assets acquired as a result of the Proposed Acquisition purchase price allocation (Note 3(e)). The intangible assets are being amortized in the amount of CAD\$2,776 for the six months ended November 30, 2010 based on the following amortization periods:

- (i) Non-competition agreements – 5 years
- (ii) Customer relationships – 15 years

The associated income tax recovery for the six months ended November 30, 2010 is CAD\$805.

- (f) No fair value increment on property, plant and equipment is being recorded for the six month ended November 30, 2010. Therefore, depreciation expense has not been adjusted. No fair value increment on the inventory has been recorded in this *pro forma*. Therefore, there is no reversal of this increment in the *pro forma*. We expect having material increment on the inventory in the final assessment of the net assets acquired and liabilities assumed
- (g) Adjustments to the provision for income taxes reflect the changes to taxable income subsequent to the Proposed Acquisition and Financing, assuming an effective tax rate of approximately 28.5%.
- (h) Total amortization of the deferred financing costs related to the revolving credit facility for the six months ended November 30, 2010 is CAD\$94, assuming the deferred financing costs are amortized over the initial term of the revolving credit facility of two years.

The associated income tax recovery for the six months ended November 30, 2010 is CAD\$27

- (i) The basic net earnings per 5N Plus common share has been calculated based on the following basic weighted average number of 5N Plus common shares outstanding adjusted as follows:

5N Plus basic weighted average number of shares outstanding for the six months ended November 30, 2010:	45,715,678
Adjustment for subscription receipts issued and converted to common shares (Note 3(a))	13,590,000
Adjustment for common shares issued to sellers	11,377,797
	70,683,475

- (j) The diluted net earnings per 5N Plus common share have been calculated based on the following diluted weighted average number of 5N Plus common shares outstanding adjusted as follows:

5N Plus diluted weighted average number of common shares outstanding for the six months ended November 30, 2010	46,149,288
Adjustment for subscription receipts issued and converted to common shares (Note 3(a))	13,590,000
Adjustment for common shares issued to sellers	11,377,797
	71,117,085

5. UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF INCOME AND ASSUMPTIONS FOR THE YEAR ENDED MAY 31, 2010

The unaudited *pro forma* consolidated statement of income for the year ended May 31, 2010 has been prepared assuming that the Proposed Acquisition and the Financing were completed on June 1, 2009, using the following assumptions:

- (a) The *pro forma* consolidated statement of income has been established using the year ended May 31, 2010 for 5N Plus with the year ended June 30, 2010 for MCP. The year ended June 30, 2010 for MCP has been translated into Canadian dollars using the Euro/CAD exchange rate of 1.35.
- (b) For the *pro forma* purposes, under Canadian GAAP jointly-controlled entities should be accounted using the proportionate consolidation. Under IFRS, jointly-controlled entities may be accounted for either by proportionate consolidation or using the equity method. MCP chose the equity method. Under IFRS, losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interest

even if this causes the non-controlling interests to be in a deficit position. Under Canadian GAAP, losses in a subsidiary may create a debit balance in non-controlling interests only if the non-controlling interest has an obligation to fund the losses.

- (c) The CAD\$50,000 revolving credit facility bears interest at bankers' acceptance rate plus 3.0% and will contain a two-year revolving maturity, extendible annually at the lending institution's discretion. The revolving credit facility will be undrawn. Assuming standby fees of 68.75 bps, total stand-by fees to maintain this credit facility for the year ended May 31, 2010 would be CAD\$344 on the undrawn balance of CAD\$50,000. The associated current income tax recovery for the year ended May 31, 2010 is CAD\$101.
- (d) The 61,879 Euro of promissory note and holdback bear interest at a rate of the Interest rate Swap three years plus 3%. Assuming an interest rate of 5.53%, the additional interest expenses for the year ended May 31, 2010 would be CAD\$4,620. The associated current income tax recovery for the year ended May 31, 2010 is CAD\$1,353.
- (e) The amortization expense has been adjusted to record the additional amortization of intangible assets acquired as a result of the Proposed Acquisition purchase price allocation (Note 3(d)). The intangible assets are being amortized in the amount of CAD\$5,551 for the year ended May 31, 2010 based on the following amortization periods:
 - (i) Non-competition agreements – 5 years
 - (ii) Customer relationships – 15 years

The associated future income tax recovery for the year ended May 31, 2010 is CAD\$1,610.

- (f) No fair value increment on property, plant and equipment is being recorded for the year ended May 31, 2010. Therefore, depreciation expense has not been adjusted. No fair value increment on the inventory has been recorded in this *pro forma*. Therefore, there is no reversal of this increment in the *pro forma*. We expect having material increment on the inventory in the final assessment of the net assets acquired and liabilities assumed
- (g) Adjustments to the provision for income taxes reflect the changes to taxable income subsequent to the Proposed Acquisition and Financing, assuming an effective tax rate of approximately 29.28%.
- (h) Total amortization of the deferred financing costs related to the revolving credit facility for the year ended May 31, 2010 is CAD\$188 assuming the deferred financing costs are amortized over the initial term of the revolving credit facility of two years.

The associated income tax recovery for the year ended May 31, 2010 is CAD\$55.

- (i) The basic net earnings per 5N Plus common share have been calculated based on the following basic weighted average number of 5N Plus common shares outstanding adjusted as follows:

5N Plus basic weighted average number of common shares outstanding for the year ended May 31, 2010	45,578,992
Adjustment for subscription receipts issued and converted to common shares	13,590,000
Adjustment for common shares issued to sellers	11,377,797
	70,546,789

- (j) The diluted net earnings per 5N Plus common share have been calculated based on the following diluted weighted average number of 5N Plus common shares outstanding adjusted as follows:

5N Plus diluted weighted average number of common shares outstanding for the year ended May 31, 2010	45,833,291
Adjustment for subscription receipts issued and converted to common shares (Note 3(a))	13,590,000
Adjustment for common shares issued to sellers	11,377,797
	70,801,088

CERTIFICATE OF THE CORPORATION

April 1, 2011

This short form prospectus, together with the documents incorporated by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Québec, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland and Labrador.

(signed) Jacques L'Écuyer
President and Chief Executive Officer

(signed) David Langlois
Chief Financial Officer

On behalf of the Board of Directors

(signed) Dennis Wood
Director

(signed) John H. Davis
Director

CERTIFICATE OF THE UNDERWRITERS

April 1, 2011

To the best of our knowledge, information and belief, this short form prospectus, together with the documents incorporated by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Québec, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland and Labrador.

NATIONAL BANK FINANCIAL INC.

per: (signed) Louis Gendron

GMP SECURITIES L.P.

per: (signed) Éric Desrosiers

CIBC WORLD MARKETS INC.

per: (signed) Paul St-Michel

TD SECURITIES INC.

per: (signed) Louis G. Véronneau

VERSANT PARTNERS INC.

per: (signed) Paul Rajchgod

CORMARK SECURITIES INC.

HSBC SECURITIES (CANADA) INC.

M PARTNERS INC.

STONECAP SECURITIES INC.

per: (signed) Mark Murnaghan

per: (signed) Luc Buisson

per: (signed) Thomas Kofman

per: (signed) Patrick Langlois