

Neo to Appeal German Lower Court Decision on Vehicle Emissions Catalyst Material and Will Continue To Develop Innovative Pollution Control Technologies With Its Customers

- Impact of recent German lower court decision is limited to sales of only one class of Neo's vehicle emissions catalyst products and only sales of those products into one country (Germany); other markets free of patent restrictions are available for this material.
- Neo's lawsuit to invalidate the Solvay patent upon which this ruling is based is scheduled for trial in Germany in January 2019.
- German courts have invalidated several claims associated with Solvay patents on other vehicle emissions catalysts.
- Neo will continue to prosecute actions to invalidate patents that should not have been granted so that customers benefit from multiple suppliers of pollution control materials.

TORONTO, Canada, December 21, 2017 – Neo Chemicals & Oxides (Europe) Ltd., an affiliate of Neo Performance Materials Inc. ("**Neo**", the "**Company**") (TSX:NEO), which distributes rare earth- and rare metal-based functional materials, said today that it would appeal a German lower court's decision regarding Neo's innovative rare-earth-based vehicle emissions catalyst products, which helps vehicle manufacturers meet increasingly stringent air pollution standards in markets around the world.

Neo will appeal a December 19, 2017 decision by the Mannheim Regional Court that Neo's vehicle emissions catalyst products infringe on a patent (EP 1435338) held by Anan Kasei, Co. Ltd., an affiliate of Brussels-based Solvay. The ruling's expected impact is limited to sales of one class of Neo vehicle emissions catalyst products now sold to customers in Germany. The Company has been selling this product commercially in Germany since 2014 and in 2017, these sales represented less than 2% of consolidated sales. The Company sells other vehicle emission catalyst products in Germany, and a variety of patent-free markets outside of Germany are available for the products that were the subject of the German court's ruling. Neo's lawsuit to invalidate EP 1435338 in Germany, which was filed in June 2016, is scheduled for trial in January 2019.

Neo has been engaged in litigation in Germany to invalidate claims on multiple Solvay patents on other vehicle emissions catalysts. The German Federal Patent Court has invalidated several claims associated with these patents in

first instance for which Neo had previously been found to infringe by courts dealing with infringement. These decisions are not yet final. For example:

- On 27 September 2016, the German Federal Patent Court in Munich invalidated Solvay's product composition claims in EP 0 605 274, which relates to mixed rare earth oxides used in auto catalysts. This case is currently on appeal before the Federal Supreme Court.

Consequently, upon Neo's request, the Higher Regional Court decided to stay the enforcement of the first instance judgment of infringement. Furthermore, the appeal proceedings on infringement are stayed pending a final decision on the validity of EP 0 605 274 by the German Federal Supreme Court.

- On October 11, 2016, the German Federal Patent Court issued a ruling that significantly limited the scope of Solvay's patent claim on product composition in EP 0735984, which also relates to mixed rare earth oxide catalysts. As a result of this ruling, a substantial amount of Neo product sales that were alleged by Solvay to have infringed upon EP 0735984 no longer fell under the scope of the narrowed patent claim. This case is currently on appeal before the Federal Supreme Court.
- On October 25, 2016, the German Federal Patent Court again partially invalidated another Solvay patent claim on product composition in EP 0 863 846 which related to mixed rare earth oxides. This case is currently on appeal before the Federal Supreme Court.

The respective infringement proceedings are currently also pending on appeal.

Neo's highly effective ceric oxide product is helping automakers minimize nitrogen oxides (NOx) and other harmful emissions from vehicles. The Company reiterated that it will continue its ongoing vehicle catalyst material development efforts, often done in partnership with its customers, given the increasing urgency to reduce global vehicle emissions and help automakers meet tighter vehicle emissions requirements.

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About Neo Performance Materials

Neo Performance Materials is a global leader in the innovation and manufacturing of rare earth- and rare metal-based functional materials, which are essential inputs to high technology, high growth, future-facing industries. The business of the Company is organized along three segments: Magnequench, Chemicals & Oxides and Rare Metals. The Company is headquartered in Toronto, Ontario, Canada; with corporate offices in Greenwood Village, Colorado, US; and Beijing, China. The Company operates globally with sales and production across 10 countries, being Japan, China, Thailand, Estonia, Singapore, Germany, United Kingdom, Canada, United States, and South Korea. For more information, please visit www.neomaterials.com.

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