

Early Warning Report
Form 62-103F1
Required Disclosure under the Early Warning Requirements

Item 1 – Security and Reporting Issuer

1.1 State the designation of securities to which this report relates and the name and address of the head office of the issuer of the securities.

This report relates to common shares ("**Shares**") of Neo Performance Materials Inc. (the "**Issuer**").

The Issuer's head office address is as follows:

121 King Street West, Suite 1740
Toronto, Ontario
M5H 3T9

1.2 State the name of the market in which the transaction or other occurrence that triggered the requirement to file this report took place.

Please see item 2.2 below.

Item 2 – Identity of the Acquiror

2.1 State the name and address of the acquirer.

Oaktree Capital Management, L.P. ("**Oaktree**")
333 S. Grand Ave., 28th Floor
Los Angeles, California
90071

Oaktree is a limited partnership formed under the laws of the State of Delaware. Its principal business is to act as an alternative asset manager.

2.2 State the date of the transaction or other occurrence that triggered the requirement to file this report and briefly describe the transaction or other occurrence.

On December 8, 2017, the Issuer completed an initial public offering (the "**Offering**") effected by way of a secondary offering of an aggregate of 11,115,000 Shares by OCM Neo Holdings (Cayman), L.P. ("**OCM**"), an affiliate of Oaktree, at a price of \$18.00 per Share for aggregate gross proceeds of \$200,070,000. For more information on the Offering, please see the prospectus of the Issuer dated November 30, 2017, which has been filed under its issuer profile on SEDAR.

2.3 State the name of any joint actors.

Not applicable.

Item 3 – Interest in Securities of the Reporting Issuer

3.1 State the designation and number or principal amount of securities acquired or disposed of that triggered the requirement to file this report and the change in the acquiror's security holding percentage in the class of securities.

Pursuant to the Offering, OCM sold an aggregate of 11,115,000 Shares, representing approximately 29.3% of the issued and outstanding Shares. Immediately prior to the Offering, OCM held 37,996,100 Shares, representing 95.3% of the issued and outstanding Shares.

In connection with the Offering, OPPS NPM II SARL ("**OPPS**"), an entity managed by an affiliate of OCM and Oaktree, acquired 435,555 Shares, representing approximately 1.1% of the issued and outstanding Shares. Immediately following the Offering, Oaktree, together with OPPS, held an aggregate of 27,316,655 Shares, representing approximately 68.5% of the issued and outstanding Shares.

Accordingly, OCM's net disposition of 10,679,445 Shares, after taking into account OPPS's purchase of 435,555 Shares, represents a net decrease in OCM's holdings from 95.3% to approximately 68.5% of the issued and outstanding Shares following completion of the Offering.

3.2 State whether the acquirer acquired or disposed ownership of, or acquired or ceased to have control over, the securities that triggered the requirement to file this report.

Oaktree disposed of beneficial ownership of, and ceased to have control over, a net of 10,679,445 Shares.

3.3 If the transaction involved a securities lending arrangement, state that fact.

Not applicable.

3.4 State the designation and number or principal amount of securities and the acquiror's security holding percentage in the class of securities, immediately before and after the transaction or other occurrence that triggered the requirement to file this report.

Immediately prior to completion of the Offering, Oaktree held 37,996,100 Shares, representing 95.3% of the issued and outstanding Shares. Immediately following the Offering, Oaktree held an aggregate of 27,316,655 Shares, representing approximately 68.5% of the issued and outstanding Shares.

- 3.5 State the designation and number or principal amount of securities and the acquiror's security holding percentage in the class of securities referred to in Item 3.4 over which (a) the acquirer, either alone or together with any joint actors, has ownership and control, (b) the acquirer, either alone or together with any joint actors, has ownership but control is held by persons or companies other than the acquirer of any joint actor, and (c) the acquirer, either alone or together with joint actors, has exclusive or shared control but not ownership.**

See item 3.4.

- 3.6 If the acquirer or any of its joint actors has an interest in, or right or obligation associated with, a related financial instrument involving a security of the class of securities in respect of which disclosure is required under this item, describe the material terms of the related financial instrument and its impact on the acquiror's securityholdings.**

Not applicable.

- 3.7 If the acquiror or any of its joint actors is a party to a securities lending arrangement involving a security of the class of securities in respect of which disclosure is required under this item, describe the material terms of the arrangement including the duration of the arrangement, the number or principal amount of securities involved and any right to recall the securities or identical securities that have been transferred or lent under the arrangement. State if the securities lending arrangement is subject to the exception provided in section 5.7 of NI 62-104.**

Not applicable.

- 3.8 If the acquiror or any of its joint actors is a party to an agreement, arrangement or understanding that has the effect of altering, directly or indirectly, the acquiror's economic exposure to the security of the class of securities to which this report relates, describe the material terms of the agreement, arrangement or understanding.**

Not applicable.

Item 4 – Consideration Paid

- 4.1 State the value, in Canadian dollars, of any consideration paid or received per security and in total.**

See item 4.2 below.

- 4.2 In the case of a transaction or other occurrence that did not take place on a stock exchange or other market that represents a published market for the securities, including an issuance from treasury, disclose the nature and value, in Canadian dollars, of the consideration paid or received by the acquirer.**

Oaktree disposed of the Shares at a price of \$18.00 per Share for an aggregate gross purchase price of \$200,070,000 (including the sale to OPPS).

4.3 If the securities were acquired or disposed of other than by purchase or sale, describe the method of acquisition or disposition.

Not applicable.

Item 5 – Purpose of the Transaction

State the purpose or purposes of the acquiror and any joint actors for the acquisition or disposition of securities of the reporting issuer. Describe any plans or future intentions which the acquiror and any joint actors may have which relate to or would result in any of the following:

- (a) the acquisition of additional securities of the reporting issuer, or the disposition of securities of the reporting issuer;**
- (b) a corporate transaction, such as a merger, reorganization or liquidation, involving the reporting issuer or any of its subsidiaries;**
- (c) a sale or transfer of a material amount of the assets of the reporting issuer or any of its subsidiaries;**
- (d) a change in the board of directors or management of the reporting issuer, including any plans or intentions to change the number or term of directors or to fill any existing vacancy on the board;**
- (e) a material change in the present capitalization or dividend policy of the reporting issuer;**
- (f) a material change in the reporting issuer's business or corporate structure;**
- (g) a change in the reporting issuer's charter, bylaws or similar instruments or another action which might impede the acquisition of control of the reporting issuer by any person or company; a class of securities of the reporting issuer being delisted from, or ceasing to be authorized to be quoted on, a marketplace;**
- (h) the issuer ceasing to be a reporting issuer in any jurisdiction of Canada;**
- (i) a solicitation of proxies from securityholders;**
- (j) an action similar to any of those enumerated above.**

Oaktree disposed of the Shares in the ordinary course of Oaktree's business operations (and OPPS purchased Shares in connection with an internal reorganization of Oaktree's holdings of the Issuer.) Oaktree intends to hold its Shares for investment purposes. Oaktree does not have any current plans or intentions that relate to, or would result in, the items listed in (a) through (k) above, but may from time to time, depending on market and other conditions, acquire additional Shares or dispose of Shares through market transactions, private agreement or otherwise.

Item 6 – Agreements, Arrangements, Commitments or Understandings With Respect to Securities of the Reporting Issuer

Describe the material terms of any agreements, arrangements, commitments or understandings between the acquiror and a joint actor and among those persons and any person with respect to securities of the class of securities to which this report relates, including but not limited to the transfer or the voting of any of the securities, finder's fees, joint ventures, loan or option arrangements, guarantees of profits, division of profits or loss, or the giving or withholding of proxies. Include such information for any of the securities that are pledged or otherwise subject to a contingency, the occurrence of which would give another person voting power or investment power over such securities, except that disclosure of standard default and similar provisions contained in loan agreements need not be included.

Pursuant to the underwriting agreement entered into in connection with the Offering, OCM, among others, has agreed not, directly or indirectly, without the written agreement of the underwriters, such agreement not to be unreasonably withheld, to offer or sell or grant any option, warrant or other right to purchase or agree to issue or sell or otherwise lend, transfer, assign or dispose of any Shares or enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the Shares, or agree or publicly announce any intention to do any of the foregoing during the period beginning as of the date of the prospectus, November 30, 2017, and ending 180 days after the closing date of the Offering.

Item 7 – Change in Material Fact

If applicable, describe any change in a material fact set out in a previous report filed by the acquiror under the early warning requirements or Part 4 in respect of the reporting issuer's securities.

Not applicable.

Item 8 – Exemption

If the acquiror relies on an exemption from requirements in securities legislation applicable to formal bids for the transaction, state the exemption being relied on and describe the facts supporting that reliance.

Not applicable.

Item 9 – Certification

The acquiror must certify that the information in this report is true and complete in every respect. In the case of an agent, the certification is based on the agent’s best knowledge, information and belief but the acquiror is still responsible for ensuring that the information filed by the agent is true and complete. This report must be signed by each person on whose behalf the report is filed or his or her authorized representative. It is an offence to submit information that, in a material respect and at the time and in the light of the circumstances in which it is submitted, is misleading or untrue.

Certificate

I, as the acquiror, certify, or I, as the agent filing this report on behalf of an acquiror, certify to the best of my knowledge, information and belief, that the statements made in this report are true and complete in every respect.

DATED this 8th day of December, 2017.

OAKTREE CAPITAL MANAGEMENT, L.P.

By: (Signed) "Emily Stephens"
Name: Emily Stephens
Title: Managing Director

By: (Signed) "Nicholas Basso"
Name: Nicholas Basso
Title: Senior Vice President