

Neo Performance Materials Inc.

Initial Public Offering of Common Shares

Term Sheet

November 9, 2017

~~An amended and restated preliminary~~ A final prospectus containing important information relating to the securities described in this document has been filed with the securities regulatory authorities in each of the provinces and territories of Canada. A copy of the ~~preliminary~~ final prospectus, and any amendment, is required to be delivered with this document. ~~The amended and restated preliminary prospectus is still subject to completion. There will not be any sale or any acceptance of an offer to buy the securities until a receipt for the final prospectus has been issued.~~ This document does not provide full disclosure of all material facts relating to the securities offered. Investors should read ~~the preliminary prospectus, the amended and restated preliminary prospectus,~~ the final prospectus and any amendment for disclosure of those facts, especially risk factors relating to the securities offered, before making an investment decision.

The securities offered hereby have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act"), or the securities laws of any state of the United States and may not be offered, sold or delivered, directly or indirectly, in the United States (as such term is defined in Regulation S under the U.S. Securities Act) or to, or for the account or benefit of, U.S. persons (as defined in the U.S. Securities Act), except pursuant to an exemption from the registration requirements of the U.S. Securities Act and applicable state securities laws.

Capitalized terms used but not otherwise defined herein shall have the respective meaning ascribed thereto in the amended and restated preliminary prospectus. All references to "\$" or "dollars" in this document are to Canadian dollars, unless indicated otherwise.

- Issuer:** Neo Performance Materials Inc. (the "Company").
- Selling Shareholder:** OCM Neo Holdings (Cayman), L.P.
- Offering:** ~~Approximately 13.6 million to 15.8 million~~ 11,115,000 Common Shares of the Company on a secondary basis (12,782,250 Common Shares, if the over-allotment option is exercised in full).
- Offering Price:** ~~\$19.00 to \$22.00~~ 18.00 per Common Share.
- Offering Size:** ~~Approximately \$300 million.~~ 200,070,000.
- Over-Allotment Option:** The Selling Shareholder has granted the Underwriters an option (the "Over-Allotment Option"), exercisable in whole or in part, at any one time for a period of 30 days after Closing, to purchase from the Selling Shareholder, on a pro rata basis, up to an additional ~~[-]~~ 1,667,250 Common Shares (15% of the Offering) at the Offering Price to cover over-allotments, if any, and for market stabilization purposes.
- Shares Outstanding:** Immediately following the completion of the Arrangement, an aggregate of 39,878,384 Common Shares will be issued and outstanding, excluding Common Shares that may be issued upon exercise of outstanding options, warrants or other convertible securities issued by the Company.
- Use Of Proceeds:** The Company will not receive any proceeds from the Offering or from any exercise of the Over-Allotment Option. The net proceeds of the Offering and from the exercise, if any, of the Over-Allotment Option will be payable to the Selling Shareholder.
- Retained Interest:** Upon completion of the Offering (but without giving effect to the exercise of the Over-Allotment Option), ~~based on the midpoint of the estimated price range as set forth above,~~ the Selling Shareholder will, directly and indirectly, own or control an aggregate of approximately ~~23.4 million~~ 26,881,100 Common Shares, representing approximately ~~59~~ 67.4% of the issued and outstanding Common Shares (~~approximately 21.2 million~~ 25,213,850 Common Shares, representing approximately ~~53~~ 63.2% of the issued and outstanding Common Shares, if the Over-Allotment is exercised in full).



RBC Capital Markets

Neo Performance Materials Inc.

Initial Public Offering of Common Shares

Term Sheet

November 9, 2017

An entity managed by an affiliate of the Selling Shareholder has indicated an interest in purchasing Offered Shares at the Offering Price, in an amount not to exceed 1,000,000 Common Shares. Any shares offered to such affiliated entity will be based on an allocation of a portion of the Underwriters' over-allocation position. The Underwriters may determine to sell more, less or no Offered Shares to such affiliated entity of the Selling Shareholder. If such affiliated entity purchases all of such Offered Shares for which it has expressed an indication of interest, the Selling Shareholder and its affiliates would then, directly and indirectly, own or control an aggregate of up to 27,881,100 of the issued and outstanding Common Shares (assuming the Over-Allotment Option was not exercised), representing approximately 69.9% of the issued and outstanding Common Shares (assuming the Over-Allotment Option was not exercised).

- Lock-Up Agreements:** Each of the Company, the Company's executive officers and directors and certain shareholders (including the Selling Shareholder) will agree that he, she or it will not, directly or indirectly, without the written agreement of the Underwriters, such agreement not to be unreasonably withheld, 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 Common 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 Common Shares, or agree or publicly announce any intention to do any of the foregoing during the period beginning as of the date of the (final) long-form prospectus and ending 180 days after the Closing Date, subject to certain limited exceptions.
- Dividend Policy:** The Company intends to adopt a dividend policy, which is anticipated to be effective 90 days after the Closing Date, pursuant to which it will pay cash dividends on the Common Shares to shareholders of the Company as of each dividend record date, targeted to be the last day of each calendar quarter. The Company anticipates that the dividend on the Common Shares will be \$0.095 per Common Share per quarter (\$0.38 per Common Share per fiscal year).
- Form of Offering:** Marketed initial public offering by way of a long-form prospectus filed in all the provinces and territories of Canada. Private placement into the United States to "qualified institutional buyers" via Rule 144A under the U.S. Securities Act of 1933 and internationally as permitted.
- Listing:** The Company has applied to have the Common Shares listed on the Toronto Stock Exchange under the symbol "NEO". Listing is subject to approval by the Toronto Stock Exchange and fulfillment of all its initial listing requirements and conditions.
- Eligibility:** The Common Shares will be eligible for RRSPs, RRIFs, RESPs, RDSPs and TFSA's.
- Bookrunners:** Scotiabank and RBC Capital Markets.



RBC Capital Markets

Neo Performance Materials Inc.
Initial Public Offering of Common Shares

Term Sheet

November ~~9~~, 30, 2017

Commission: 5.50%.

Pricing Date: ~~Expected the week of~~ November ~~27~~, 30, 2017.

Closing Date: Expected ~~the week of~~ December ~~4~~, 8, 2017.



RBC Capital Markets

Document comparison by Workshare 9.5 on Thursday, November 30, 2017
3:13:41 PM

Input:	
Document 1 ID	file:///I:\N\Neo Performance Materials Inc_N1449\175476_Project Sweden\Documents\IPO\Marketing Materials\Term Sheet\Neo Materials IPO - Term Sheet - Nov 8 2017 v2.docx
Description	Neo Materials IPO - Term Sheet - Nov 8 2017 v2
Document 2 ID	file:///I:\N\Neo Performance Materials Inc_N1449\175476_Project Sweden\Documents\IPO\Marketing Materials\Term Sheet\Neo Performance IPO - Term Sheet - English - 11.28.2017 - \$200.070 @ 18.00 v.3.docx
Description	Neo Performance IPO - Term Sheet - English - 11.28.2017 - \$200.070 @ 18.00 v.3
Rendering set	Standard

Legend:	
Insertion	
Deletion	
Moved from	
Moved to	
Style change	
Format change	
Moved-deletion	
Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

Statistics:	
	Count
Insertions	15
Deletions	19

Moved from	0
Moved to	0
Style change	0
Format changed	0
Total changes	34