



NEWS

Neo Performance Materials Reports Third Quarter 2018 Results

Q3 2018 Highlights

(unless other noted, all financial amounts in this news release are expressed in U.S. dollars)

- \$114.2 million in revenue
- Net income of \$8.8 million, or \$0.22 per share
- Adjusted Net Income⁽¹⁾ of \$8.7 million, or \$0.22 per share
- Adjusted EBITDA⁽¹⁾ of \$16.7 million
- Revenue, net income, operating income, EBITDA⁽¹⁾ and Adjusted EBITDA⁽¹⁾ are all higher year-to-date over the comparable nine-month period of 2017
- Quarter-end closes with \$69.3 million cash on hand after paying a \$2.9 million dividend. In the nine months ended September 30, 2018, Neo paid \$8.9 million in dividends to its shareholders.
- A quarterly dividend of Cdn\$0.095 per common share was declared on November 13, 2018 for shareholders of record at December 20, 2018.

TORONTO, Canada, November 14, 2018 – Neo Performance Materials Inc. ("**Neo**", the "**Company**") (TSX:**NEO**), a global leader in the innovation and manufacturing of rare earth and rare metal-based functional materials, today released third quarter 2018 financial results. The financial statements and the management's discussion and analysis ("**MD&A**") of these results can be viewed on Neo's web site at www.neomaterials.com and on SEDAR at www.sedar.com.

HIGHLIGHTS OF Q3 2018 CONSOLIDATED PERFORMANCE

In the third quarter of 2018, Neo generated \$114.2 million in revenue, a slight decrease of 1.9% over Q3 2017. Net income totaled \$8.8 million, or \$0.22 per share. Adjusted Net Income⁽¹⁾ totaled \$8.7 million, or \$0.22 per share. Adjusted EBITDA⁽¹⁾ decreased 0.8% to \$16.7 million, from \$16.9 million in Q3 2017.

For the nine months ended September 30, 2018, consolidated revenue was \$344.8 million, compared to \$324.7 million for the same period in the prior year; an increase of \$20.1 million or 6.2%. Net income totaled \$36.8 million, or \$0.92 per share, compared to \$27.1 million, or \$0.67 per share, in the comparable period of 2017. Adjusted Net Income totaled \$31.4 million, or \$0.78 per share. Adjusted EBITDA increased 3.0% to \$53.9 million, from \$52.3 million in the nine months ended September 30, 2017. Revenue and Adjusted EBITDA were \$434.2 million and \$67.9 million, respectively, for the full year ended December 31, 2017.

⁽¹⁾Neo reports non-IFRS measures such as "Adjusted Net Income", "Adjusted Earnings per Share", "Adjusted EBITDA", "Adjusted EBITDA Margin" and "EBITDA". Please see information on this and other non-IFRS measures in the "Non-IFRS Measures" section of this new release and in the MD&A, available on Neo's website at www.neomaterials.com and on SEDAR at www.sedar.com.

As of September 30, 2018, Neo reported cash and cash equivalents of \$69.3 million, compared to \$96.8 million as at December 31, 2017. The change in cash resulted from an increase in working capital associated with higher raw material inventory purchases, higher inventory in the auto-catalyst supply chain, increased inventory costs, and by certain cash costs related to the completion of the Initial Public Offering in December 2017. Neo has approximately \$27.1 million available under its credit facilities with nominal amounts drawn. In addition, Neo paid \$8.9 million in dividends to its shareholders in the nine months ended September 30, 2018.

"Growth trends in multiple sectors continued to drive demand across Neo's product portfolio," said Geoff Bedford, Neo's President and CEO. "Through the first nine months of 2018, we saw year-over-year growth in both our Magnequench and Rare Metals segments. In our Chemicals and Oxides segment we saw a return to prior-year run rate levels and an end to expedited freight cost in our auto-catalyst business. This helped to partially mitigate lower volumes and margins in our rare earth separation business in the quarter."

SELECTED FINANCIAL RESULTS

TABLE 1: Selected Consolidated Results				
	Q-over-Q Comparison		YTD-over-YTD Comparison	
	Q3 2018	Q3 2017	Q3 2018	Q3 2017
Volume (tonnes)	3,649	3,956	10,644	11,596
(\$000s)				
Revenue	\$114,216	\$116,421	\$344,834	\$324,717
Operating income ⁽¹⁾	\$10,890	\$11,423	\$36,664	\$30,109
EBITDA ⁽²⁾	\$16,677	\$16,829	\$58,332	\$46,974
Adjusted EBITDA ⁽²⁾	\$16,732	\$16,865	\$53,878	\$52,303
Adjusted EBITDA % ⁽²⁾	14.6%	14.5%	15.6%	16.1%

⁽¹⁾In accordance with IFRS 3 - Business Combinations and on completion of the reorganization in September 2016, Neo recorded the acquisition of its inventory at fair value. See details in Acquisition of Inventory at Fair Value section of this news release and in the MD&A.

⁽²⁾Neo reports non-IFRS measures such as "Adjusted Net Income", "Adjusted Earnings per Share", "Adjusted EBITDA", "Adjusted EBITDA Margin" and "EBITDA". Please see information on this and other non-IFRS measures in the "Non-IFRS Measures" section of this news release and in the MD&A.

MAGNEQUENCH SEGMENT RESULTS

Magnequench continued to see growth in many of its end market applications, including traction motors for hybrid and electric vehicles and micro-motors for vehicles, factory automation, appliances and other motor applications. In the three-month and nine-month periods of 2018, revenue, operating income, EBITDA and Adjusted EBITDA were all higher in the Magnequench segment than in the corresponding periods of 2017, while volumes were marginally lower. In the three and nine months ended September 30, 2018, Adjusted EBITDA is up 23.9% and 19.3%, respectively, compared to the prior year, as Magnequench continues to positively grow earnings through its highly engineered value-add products that meet exacting specifications and drive efficiency in customer applications.

	<i>Q-over-Q Comparison</i>		<i>YTD-over-YTD Comparison</i>	
	Q3 2018	Q3 2017	Q3 2018	Q3 2017
Volume (tonnes)	1,601	1,681	4,682	4,766
(\$000s)				
Revenue	\$54,539	\$54,053	\$166,502	\$143,774
Operating income ⁽¹⁾	\$10,514	\$8,385	\$35,287	\$28,155
EBITDA ⁽²⁾	\$12,265	\$10,074	\$40,854	\$33,505
Adjusted EBITDA ⁽²⁾	\$12,549	\$10,126	\$41,432	\$34,721

⁽¹⁾In accordance with IFRS 3 - Business Combinations and on completion of the reorganization in September 2016, Neo recorded the acquisition of its inventory at fair value. See details in Acquisition of Inventory at Fair Value section of this news release and in the MD&A.

⁽²⁾Neo reports non-IFRS measures such as "Adjusted Net Income", "Adjusted Earnings per Share", "Adjusted EBITDA", "Adjusted EBITDA Margin" and "EBITDA". Please see information on this and other non-IFRS measures in the "Non-IFRS Measures" section of this news release and in the MD&A.

CHEMICALS AND OXIDES ("C&O") SEGMENT RESULTS

Auto-catalyst production and profitability showed strong improvement in the third quarter compared to earlier in the year, and premium freight charges the Company was bearing as a result of production process upgrades in late 2017 substantially ended in the second quarter of the year, totaling \$4.2 million year to date. Strong growth was seen for Neo's three-way vehicle catalyst products, which helped to offset a general market slowdown in demand for diesel catalyst products. The rare earth separation business recorded weaker results this quarter compared to the prior year and the first half of 2018 mainly due to the impact of certain spot purchases and the timing of product mix and production campaigns.

	<i>Q-over-Q Comparison</i>		<i>YTD-over-YTD Comparison</i>	
	Q3 2018	Q3 2017	Q3 2018	Q3 2017
Volume (tonnes)	1,985	2,265	5,768	6,733
(\$000s)				
Revenue	\$41,361	\$50,246	\$123,215	\$134,678
Operating income ⁽¹⁾	\$3,908	\$6,689	\$9,833	\$15,887
EBITDA ⁽²⁾	\$4,995	\$8,572	\$13,209	\$19,778
Adjusted EBITDA ⁽²⁾	\$5,214	\$8,256	\$13,914	\$22,935

⁽¹⁾In accordance with IFRS 3 - Business Combinations and on completion of the reorganization in September 2016, Neo recorded the acquisition of its inventory at fair value. See details in Acquisition of Inventory at Fair Value section of this news release and in the MD&A.

⁽²⁾Neo reports non-IFRS measures such as "Adjusted Net Income", "Adjusted Earnings per Share", "Adjusted EBITDA", "Adjusted EBITDA Margin" and "EBITDA". Please see information on this and other non-IFRS measures in the "Non-IFRS Measures" section of this news release and in the MD&A.

RARE METALS SEGMENT RESULTS

The Rare Metals segment continued to see higher performance and growth trends in the tantalum, niobium and gallium segments. These gains were offset somewhat by lower customer demand for the segment's hafnium-based products. Volume and revenue increased by 46.1% and 33.2%, respectively, in the third quarter of 2018 as compared to Q3 of 2017, driven largely by the segment's higher production capacity in the Silmet facility and because of higher product pricing. For the nine-month period of 2018, volume, revenue, operating income, EBITDA and Adjusted EBITDA were all higher than in the corresponding period of 2017.

TABLE 4: Selected Rare Metals Results				
	Q-over-Q Comparison		YTD-over-YTD Comparison	
	Q3 2018	Q3 2017	Q3 2018	Q3 2017
Volume (tonnes)	149	102	423	324
(\$000s)				
Revenue	\$22,388	\$16,807	\$66,480	\$56,287
Operating income ⁽¹⁾	\$501	\$527	\$4,140	\$3,215
EBITDA ⁽²⁾	\$1,710	\$2,053	\$7,803	\$7,206
Adjusted EBITDA ⁽²⁾	\$1,784	\$1,996	\$8,052	\$7,172

⁽¹⁾In accordance with IFRS 3 - Business Combinations and on completion of the reorganization in September 2016, Neo recorded the acquisition of its inventory at fair value. See details in Acquisition of Inventory at Fair Value section of this news release and in the MD&A.

⁽²⁾Neo reports non-IFRS measures such as "Adjusted Net Income", "Adjusted Earnings per Share", "Adjusted EBITDA", "Adjusted EBITDA Margin" and "EBITDA". Please see information on this and other non-IFRS measures in the "Non-IFRS Measures" section of this news release and in the MD&A.

CONFERENCE CALL ON WEDNESDAY, NOVEMBER 14, 2018 AT 10 AM EASTERN

Management will host a teleconference call on Wednesday, November 14, 2018 at 10:00 a.m. (Eastern Time) to discuss the third quarter 2018 results. Interested parties may access the teleconference by calling (647) 427-7450 (local) or (888) 231-8191 (toll-free long distance) or by visiting <https://www.newswire.ca/webcasts>. A recording of the teleconference may be accessed by calling (416) 849-0833 (local) or (855) 859-2056 (toll-free long distance), and entering pass code 6339408# until December 12, 2018 or by visiting <https://www.newswire.ca/webcasts>.

NON-IFRS MEASURES

This news release refers to certain non-IFRS financial measures such as "Adjusted Net Income", "EBITDA", "Adjusted EBITDA", and "Adjusted EBITDA Margin". These measures are not recognized measures under IFRS, do not have a standardized meaning prescribed by IFRS, and may not be comparable to similar measures presented by other companies. Rather, these measures are provided as additional information to complement IFRS financial measures by providing further understanding of Neo's results of operations from management's perspective. Neo's definitions of non-IFRS measures used in this news release may not be the same as the definitions for such measures used by other companies in their reporting. Non-IFRS measures have limitations as analytical tools and should not be considered in isolation nor as a substitute for analysis of Neo's financial information reported under IFRS. Neo uses non-IFRS financial measures to provide investors with supplemental measures of its base-line operating performance and to eliminate items that have less bearing on operating performance or operating conditions and thus highlight trends in its core business that may not otherwise be apparent when relying solely on IFRS financial measures. Neo believes that securities analysts, investors and other interested parties frequently use non-IFRS financial measures in the evaluation of issuers. Neo's management also uses non-IFRS financial measures in order to facilitate operating performance comparisons from period to period. For the operating segments, Neo also uses "OIBDA" and "Adjusted OIBDA", which reconciles to operating income. Neo uses Adjusted OIBDA and Adjusted EBITDA interchangeably as the use of adjustments in each measure provides the same calculated outcome of operating performance. For definitions of how Neo defines such financial measures, please see the "Non-IFRS Financial Measures" section of Neo's management's discussion and analysis filing for the nine months ended September 30, 2018, available on Neo's web site at www.neomaterials.com and on SEDAR at www.sedar.com.

ACQUISITION OF INVENTORY AT FAIR VALUE

In accordance with IFRS 3 - Business Combinations, and on completion of the Reorganization, Neo recorded the acquisition of its inventory at fair value, which included a mark-up for profit of \$27,062. A portion of this inventory was sold in the three and nine months ended September 30, 2017 and impacted costs of sales by \$(531) and \$2,912, respectively. The mark-up has not been added back to operating income in the calculation of operating income. For the three months ended September 30, 2017, the \$(531) consists of Magnequench nil, C&O \$(418) and Rare Metals \$(113). For the nine months ended September 30, 2017, the \$2,912 consists of Magnequench \$868, C&O \$2,463 and Rare Metals \$(419). There is no impact to operating income in 2018. For a full description, please refer to Neo's MD&A for the nine months ended September 30, 2018, available on Neo's website www.neomaterials.com and on SEDAR at www.sedar.com.

TABLE 5: CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(\$000s)	September 30, 2018	December 31, 2017
ASSETS		
Current		
Cash and cash equivalents	\$ 69,336	\$ 96,805
Restricted cash.....	1,695	1,529
Accounts receivable	53,932	46,766
Inventories	133,596	104,534
Income taxes receivable	494	661
Other current assets	24,237	13,955
Total current assets	283,290	264,250
Property, plant and equipment	85,407	88,392
Intangible assets	67,709	72,769
Goodwill.....	99,295	101,893
Investments.....	7,896	8,633
Deferred tax assets.....	1,595	1,406
Other non-current assets	687	1,150
Total non-current assets	262,589	274,243
Total assets	\$ 545,879	\$ 538,493
LIABILITIES AND EQUITY		
Current		
Bank advances and other short-term debt.....	\$ 12	\$ 181
Accounts payable and other accrued charges	63,541	72,250
Income taxes payable	7,591	6,319
Other current liabilities.....	2,147	2,704
Total current liabilities	73,291	81,454
Employee benefits	2,199	2,437
Derivative liability.....	8,555	9,842
Provisions.....	4,706	4,665
Deferred tax liabilities	18,569	20,206
Other non-current liabilities	994	642
Total non-current liabilities	35,023	37,792
Total liabilities	108,314	119,246
Non-controlling interest.....	4,742	5,831
Equity attributable to equity holders of Neo Performance Materials Inc.	432,823	413,416
Total equity	437,565	419,247
Total liabilities and equity	\$ 545,879	\$ 538,493

See accompanying notes to this table in Neo's Interim Condensed Consolidated Financial Statements for the Nine Months Ended September 30, 2018, available on Neo's website at www.neomaterials.com and on SEDAR at www.sedar.com.

TABLE 6: CONDENSED CONSOLIDATED RESULTS OF OPERATIONS

Comparison of the three and nine months ended September 30, 2018 to the three and nine months ended September 30, 2017:

(\$000s)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Revenue	\$ 114,216	\$ 116,421	\$ 344,834	\$ 324,717
Costs of sales				
Costs excluding depreciation and amortization	82,607	79,511	242,661	221,504
Depreciation and amortization.....	2,404	2,678	7,389	7,610
Gross profit	29,205	34,232	94,784	95,603
Expenses				
Selling, general and administrative.....	10,991	15,271	36,050	42,397
Stock-based compensation	1,478	860	3,658	5,841
Depreciation and amortization.....	1,658	2,435	5,262	5,831
Research and development	4,188	4,243	13,150	11,425
	18,315	22,809	58,120	65,494
Operating income	10,890	11,423	36,664	30,109
Other income (loss)	1,859	(284)	9,937	2,765
Finance income, net.....	128	155	1,594	180
Foreign exchange loss	(249)	(42)	(183)	(565)
Income from operations before income taxes and equity income (loss) of associates	12,628	11,252	48,012	32,489
Income tax expense	(3,975)	(2,587)	(10,517)	(6,654)
Income from operations before equity income (loss) of associates	8,653	8,665	37,495	25,835
Equity income (loss) of associates (net of income tax).....	115	619	(737)	1,224
Net income	\$ 8,768	\$ 9,284	\$ 36,758	\$ 27,059
Attributable to:				
Equity holders of Neo Performance Materials Inc.	\$ 8,669	\$ 9,051	\$ 36,510	\$ 26,523
Non-controlling interest.....	99	233	248	536
	\$ 8,768	\$ 9,284	\$ 36,758	\$ 27,059
Earnings per share attributable to equity holders of Neo Performance Materials Inc.:				
Basic	\$ 0.22	\$ 0.23	\$ 0.92	\$ 0.67
Diluted.....	\$ 0.21	\$ 0.22	\$ 0.90	\$ 0.66

See Management's Discussion and Analysis for the Nine Months Ended September 30, 2018, available on Neo's website at www.neomaterials.com and on SEDAR at www.sedar.com.

TABLE 7: RECONCILIATION OF NET INCOME TO EBITDA, ADJUSTED EBITDA AND FREE CASH FLOW

(\$000s)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Net income	\$ 8,768	\$ 9,284	\$ 36,758	\$ 27,059
Add back (deduct):				
Finance income, net.....	(128)	(155)	(1,594)	(180)
Income tax expense	3,975	2,587	10,517	6,654
Depreciation and amortization included in costs of sales ...	2,404	2,678	7,389	7,610
Depreciation and amortization.....	1,658	2,435	5,262	5,831
EBITDA	16,677	16,829	58,332	46,974
Adjustments to EBITDA:				
Equity (income) loss in associates	(115)	(619)	737	(1,224)
Other (income) loss ⁽¹⁾	(1,859)	284	(9,937)	(2,765)
Foreign exchange loss ⁽²⁾	249	42	183	565
Stock and value-based compensation expense ⁽³⁾	1,780	860	4,563	5,841
Acquired inventory fair value release ⁽⁴⁾	—	(531)	—	2,912
Adjusted EBITDA	\$ 16,732	\$ 16,865	\$ 53,878	\$ 52,303
<i>Adjusted EBITDA Margins</i>	<i>14.6%</i>	<i>14.5%</i>	<i>15.6%</i>	<i>16.1%</i>
Less:				
Capital expenditures	2,517	3,169	8,751	7,472
Free Cash Flow	14,215	13,696	45,127	44,831
<i>Free Cash Flow Conversion</i> ⁽⁵⁾	<i>85.0%</i>	<i>81.2%</i>	<i>83.8%</i>	<i>85.7%</i>

Notes:

- (1) Represents other income (expenses) resulting from non-operational related activities. Other income primarily relating to costs and insurance recoveries as a result of the fire at the Silmet facility and other costs that are non-recurring and have less bearing on Neo's operating performance. These costs and recoveries are not indicative of Neo's ongoing activities.
- (2) Represents unrealized and realized foreign exchange losses (gains) that include non-cash adjustments in translating foreign denominated monetary assets and liabilities.
- (3) Represents stock and value-based compensation expense in respect of the Legacy Plan adopted upon the completion of the reorganization (please refer to the MD&A dated March 9, 2018), the LTIP which replaces the Legacy Plan after IPO, and the long-term value bonus plan, which has similar vesting criteria to the stock-based plan and is settled in cash for non-executives and non-North Americans where implementation of a share settlement plan would have been prohibitively expensive in terms of administration and compliance. The value-based compensation expense of \$302 and \$905 are included in selling, general, and administration expenses for the three and nine months ended September 30, 2018, respectively, and \$nil for both three and nine months ended September 30, 2017, respectively. Neo has removed both the stock and value-based compensation expense from EBITDA to provide comparability with historic periods and to treat it consistently with the stock-based awards that they are intended to replace.
- (4) In accordance with IFRS 3 Business Combinations and on completion of the reorganization, Neo recorded the acquisition of its inventory at fair value, which included a mark-up for profit of \$27,062. A portion of this inventory was sold in the three and nine months ended September 30, 2017 and had a \$(531) and \$2,912 impact, respectively, on net income. Neo has removed this from net income to provide a measure of operating performance without the non-cash, non-operational accounting change to the inventory and to provide comparability with historic periods.
- (5) Calculated as Free Cash Flow divided by Adjusted EBITDA.

TABLE 8: RECONCILIATION OF NET INCOME TO ADJUSTED NET INCOME

(\$000s)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Net income	\$ 8,768	\$ 9,284	\$ 36,758	\$ 27,059
Adjustments to net income:				
Foreign exchange (gain) loss ⁽¹⁾	249	42	183	565
Stock and value-based compensation expense ⁽²⁾	1,780	860	4,563	5,841
Acquired inventory fair value release ⁽³⁾	—	(531)	—	2,912
Non-recurring items included in other income ⁽⁴⁾	(1,726)	—	(9,591)	(3,607)
Tax impact of the above items.....	(402)	(499)	(487)	(721)
Adjusted net income	\$ 8,669	\$ 9,156	\$ 31,426	\$ 32,049
Attributable to:				
Equity holders of Neo Performance Materials Inc.....	8,570	8,854	31,178	31,444
Non-controlling interest.....	99	302	248	605
Weighted average number of common shares outstanding:				
Basic.....	39,815,098	39,810,336	39,879,120	39,748,984
Diluted.....	40,371,620	40,305,960	40,440,416	40,199,728
Adjusted earnings per share ⁽⁵⁾ attributable to equity shareholders of Neo Performance Materials Inc.:				
Basic.....	\$ 0.22	\$ 0.22	\$ 0.78	\$ 0.79
Diluted.....	\$ 0.21	\$ 0.22	\$ 0.77	\$ 0.78

Notes:

- (1) Represents unrealized and realized foreign exchange losses (gains) that include non-cash adjustments in translating foreign denominated monetary assets and liabilities.
- (2) Represents stock and value-based compensation expense in respect of the Legacy Plan adopted upon the completion of the reorganization (please refer to the MD&A dated March 9, 2018), the LTIP which replaces the Legacy Plan after IPO, and the long-term value bonus plan, which has similar vesting criteria to the stock-based plan and is settled in cash for non-executives and non-North Americans where implementation of a share settlement plan would have been prohibitively expensive in terms of administration and compliance. The value-based compensation expense of \$302 and \$905 are included in selling, general, and administration expenses for the three and nine months ended September 30, 2018, respectively, and \$nil for both three and nine months ended September 30, 2017, respectively. Neo has removed both the stock and value-based compensation expense from net income to provide comparability with historic periods and to treat it consistently with the stock-based awards that they are intended to replace.
- (3) In accordance with IFRS 3 Business Combinations and on completion of the reorganization, Neo recorded the acquisition of its inventory at fair value, which included a mark-up for profit of \$27,062. A portion of this inventory was sold in the three and nine months ended September 30, 2017 and had a \$(531) and \$2,912 impact, respectively, on net income. Neo has removed this from net income to provide a measure of operating performance without the non-cash, non-operational accounting change to the inventory and to provide comparability with historic periods.
- (4) Represents insurance proceeds on claims associated with the 2015 fire at the Silmet facility and other non-recurring transactions. Neo has removed these from net income to provide comparability with historic periods.
- (5) Neo reports non-IFRS measures such as "Adjusted Net Income", "Adjusted Earnings per Share", "Adjusted EBITDA", "Adjusted EBITDA Margin" and "EBITDA". Please see information on this and other non-IFRS measures in the "Non-IFRS Measures" section of this new release and in the MD&A, available on Neo's website www.neomaterials.com and on SEDAR at www.sedar.com.

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 Neo is organized along three segments: Magnequench, Chemicals & Oxides and Rare Metals. Neo is headquartered in Toronto, Ontario, Canada; with corporate offices in Greenwood Village, Colorado, US; and Beijing, China. Neo 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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Cautionary Statements Regarding Forward Looking Statements

This news release contains "forward-looking information" within the meaning of applicable securities laws in Canada. Forward-looking information may relate to future events or future performance of Neo. All statements in this release, other than statements of historical facts, with respect to Neo's objectives and goals, as well as statements with respect to its beliefs, plans, objectives, expectations, anticipations, estimates, and intentions, are forward-looking information. Specific forward-looking statements in this discussion include, but are not limited to: expectations regarding certain of Neo's future results and information, including, among other things, revenue, expenses, sales growth, capital expenditures, and operations; statements with respect to expected use of cash balances; continuation of prudent management of working capital; source of funds for ongoing business requirements and capital investments; expectations regarding sufficiency of the allowance for uncollectible accounts and inventory provisions; analysis regarding sensitivity of the business to changes in exchange rates; impact of recently adopted accounting pronouncements; risk factors relating to intellectual property protection and intellectual property litigation; and, expectations concerning any remediation efforts to Neo's design of its internal controls over financial reporting and disclosure controls and procedures. Often, but not always, forward-looking information can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "continues", "forecasts", "projects", "predicts", "intends", "anticipates" or "believes", or variations of, or the negatives of, such words and phrases, or state that certain actions, events or results "may", "could", "would", "should", "might" or "will" be taken, occur or be achieved. This information involves known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking information. Neo believes the expectations reflected in such forward-looking information are reasonable but no assurance can be given that these expectations will prove to be correct and such forward-looking information included in this discussion and analysis should not be unduly relied upon. For more information on Neo, investors should review Neo's continuous disclosure filings that are available under Neo's profile at www.sedar.com.