

## China's Patent Re-Examination Board of SIPO Rules in Favour of Neo Performance Materials in Invalidating Patent Claims of Rhodia Operations

**Neo to seek permission from the Court to appeal UK Business and Property Courts Decision and Will Continue to Develop Innovative Pollution Control Technologies with its Customers**

**TORONTO, Canada**, April 23, 2018 – Neo Performance Materials Inc. and Zibo Jiahua Advanced Material Resources Co., Ltd (collectively “Neo”, “the **Company**”) (TSX:NEO), a global leader in the innovation and manufacturing of rare earth and rare metal-based functional materials, is pleased to report that the Patent Reexamination Board (“PRB”) of the State Intellectual Property Office of China (“SIPO”) has ruled in favour of Neo by invalidating all claims associated with patent ZL 03817110.4, held by Rhodia Operations S.A.S, an affiliate of Brussels-based Solvay (“Rhodia”). In light of the favourable ruling by the PRB, Neo intends to seek a stay of Rhodia’s pending lawsuit alleging infringement of patent ZL 03817110.4 before the Shandong Zibo Intermediate People’s Court.

The invalidated patent relates to certain vehicle emissions catalyst products, which Neo produces to help vehicle manufacturers and consumers reduce emissions from vehicle exhaust systems. The demand in China for vehicle catalyst products is large and continues to grow significantly.

The patent invalidation by the PRB, which is subject to Rhodia’s right of appeal, is one of five challenges filed by Neo before the PRB on automotive vehicle catalyst patents claimed by Rhodia and Daiichi Kigenso Kagaku Kogyo Co. (“DKKK”). Neo also is seeking revocation of European Patent 1527018, which is the European equivalent to Chinese Patent ZL 03817110.4. A decision by the European Patent Office on Neo’s challenge to 1527018 is expected later this year.

In response to the PRB ruling, Neo’s President and CEO, Geoff Bedford issued the following statement: “Neo is very pleased with the PRB’s decision, and it further reinforces the SIPO’s ongoing commitment to both uphold valid intellectual property rights and to strike down patent claims that are invalid. Neo is proud to serve our customers in the increasingly important Chinese market and around the world with our innovative rare-earth-based vehicle emissions catalyst products, which are helping vehicle manufacturers in China and elsewhere meet increasingly stringent air pollution standards.”

In a separate development on April 23, the UK Business and Property Courts upheld a claim of patent infringement against Neo by Anan Kasei Co., Ltd and Rhodia pertaining to European Patent 1435338. Neo intends to seek permission from the Court to appeal the decision. UK sales of Neo products affected by the lawsuit have been relatively insignificant, and the Company expects no future material impacts to sales as a result of the decision. In the near term, Neo expects to continue to sell its products into patent-free jurisdictions and will continue to work with customers to reallocate their demand accordingly. The Company will continue to defend its auto catalyst products, and its customers’ ability to access those products, in other jurisdictions. Most important, Neo will continue to develop unique, next-generation products, often in partnership with its customers, that can help to avoid alleged patent infringement in the future.

“We very much appreciate the continuing support we are receiving from our customers, who clearly want us in the market and who know that having multiple suppliers of these materials is a benefit not only to them, but also to their customers, end-use consumers, and our global environment,” added Mr. Bedford.

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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](http://www.neomaterials.com).

### **Cautionary Note Regarding Forward-Looking Information**

This press release includes forward-looking information. Each statement containing forward-looking information contained in this press release is subject to risks and uncertainties that could cause actual results to differ materially from those expressed or implied by such statement, including, without limitation, risks identified under the heading “Risk Factors” in our Annual Information Form for the fiscal year ended December 31, 2017 and filed with the securities commissions or similar securities regulatory authorities in each of the provinces and territories of Canada. We caution investor not to rely on the forward-looking information contained in this press release when making an investment decision in our securities. The forward-looking information in this press release speak only as of the date of this release, and we undertake no obligation to update or revise any of these statements.

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