

No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. This short form prospectus constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and only by persons permitted to sell these securities in those jurisdictions.

The securities offered under this short form prospectus have not been and will not be registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act") or any state securities laws and may not be offered or sold within the United States (as defined in Regulation S under the U.S. Securities Act) unless exemptions from the registration requirements of the U.S. Securities Act and applicable state securities laws are available. This short form prospectus does not constitute an offer to sell or a solicitation or an offer to buy any of the securities offered hereby within the United States. See "Plan of Distribution".

Information has been incorporated by reference in this short form prospectus from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Corporate Secretary of Neo Performance Materials Inc., at 121 King Street West, Suite 1740, Toronto, Ontario, M5H 3T9, Telephone (416) 367-8588 and are also available electronically at www.sedar.com.

SHORT FORM PROSPECTUS

New Issue

September 13, 2022



NEO PERFORMANCE MATERIALS INC.

C\$67,500,000

4,500,000 Common Shares

This short form prospectus (the "**Prospectus**") qualifies the distribution in each of the Provinces of Canada (other than the Province of Quebec) of an aggregate of 4,500,000 common shares (the "**Offered Shares**") in the capital of Neo Performance Materials Inc. (the "**Company**" or "**Neo**"), at a price of C\$15.00 per Offered Share (the "**Offering Price**") for aggregate gross proceeds of C\$67,500,000 (the "**Offering**"). See "*Plan of Distribution*".

The Offered Shares are being offered and sold in each of the Provinces of Canada (other than the Province of Quebec) pursuant to an underwriting agreement dated September 1, 2022 (the "**Underwriting Agreement**") among the Company and Paradigm Capital Inc. (the "**Lead Underwriter**"), as lead underwriter, and a syndicate of underwriters including Canaccord Genuity Corp., Cormark Securities Inc., Raymond James Ltd. and Stifel Nicolaus Canada Inc. (collectively, with the Lead Underwriter, the "**Underwriters**").

The Offering Price and other terms of the Offering were determined by arm's length negotiation between the Company and the Lead Underwriter. See "*Plan of Distribution*".

The common shares of the Company (the "**Common Shares**") are listed and posted for trading on the Toronto Stock Exchange ("**TSX**") under the symbol "NEO". On August 25, 2022, the last trading day prior to the date that the Company entered into the engagement letter with the Lead Underwriter with respect to the Offering, the closing price of the Common Shares on the TSX was C\$14.87. On September 12, 2022, the last trading day prior to the date of this Prospectus, the closing price of the Common Shares on the TSX was C\$14.24. The TSX has conditionally approved the listing of the Offered Shares on the TSX. Such listing is subject to the Company fulfilling all of the listing requirements of the TSX on or before November 30, 2022.

Offering Price: C\$15.00 per Common Share

	Price to Public ⁽¹⁾	Underwriters' Commission ⁽²⁾	Net Proceeds to the Company ⁽³⁾
Per Offered Share	C\$15.00	C\$0.75	C\$14.25
Total Offering ⁽⁴⁾⁽⁵⁾	C\$67,500,000	C\$3,375,000	C\$64,125,000

Notes:

- (1) The price of the Offered Shares was determined by negotiation among the Company and the Lead Underwriter.
- (2) The Underwriters will receive a cash commission equal to 5% of the gross proceeds of the Offering (the "**Underwriters' Commission**"), payable on the Closing Date by the Company. See "*Plan of Distribution*".
- (3) This amount represents the net proceeds to the Company after deducting the aggregate Underwriters' Commission for the Offering but before deducting the expenses of the Offering, including the reasonable fees and disbursements, plus applicable taxes, of legal counsel to the Company and the Underwriters associated with the Offering, which the Company has agreed to pay, estimated to be C\$800,000. See "*Plan of Distribution*" and "*Use of Proceeds*".
- (4) The Company has granted to the Underwriters an option (the "**Over-Allotment Option**") to purchase additional Common Shares representing up to 15% of the number of Offered Shares sold under the Offering (the "**Additional Shares**") at the Offering Price exercisable at the Underwriters' sole option and without obligation, in whole or in part, at any time up to 30 days after the closing of the Offering, to cover over-allotments, if any, and for market stabilization purposes. If the Over-Allotment Option is exercised in full, the "Price to Public", "Underwriters' Commission" and "Net Proceeds to the Company" will be C\$77,625,000, C\$3,881,250 and C\$73,743,750, respectively. This Prospectus qualifies the distribution of the Over-Allotment Option and the distribution of any Additional Shares pursuant to the exercise of the Over-Allotment Option. Unless the context otherwise requires, references herein to the "**Offering**" and "**Offered Shares**" also include the Additional Shares. A purchaser who acquires Offered Shares forming part of the Underwriters' over-allocation position acquires those securities under this Prospectus, regardless of whether such over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or through secondary market purchases. See "*Plan of Distribution*".
- (5) Assuming no exercise of the Over-Allotment Option.

Underwriters' Position	Maximum Number of Common Shares Available	Exercise Period	Exercise Price
Over-Allotment Option	675,000 Additional Shares	Up to 30 days after the closing of the Offering	C\$15.00 per Additional Share

The Underwriters, as principals, conditionally offer the Offered Shares, subject to prior sale, if, as and when issued by the Company and accepted by the Underwriters, in accordance with the terms and conditions contained in the Underwriting Agreement, and subject to the approval of certain legal matters on behalf of the Company by Fogler, Rubinoff LLP and on behalf of the Underwriters by Bennett Jones LLP. **The Underwriters may offer the Offered Shares at a lower price than stated above. See "*Plan of Distribution*".**

Subscriptions will be received by the Underwriters subject to rejection or allotment in whole or in part and the Underwriters reserve the right to close the subscription books at any time without notice. It is expected that the closing of the Offering will take place on or about September 16, 2022 or on such other date as the Company and the Underwriters may mutually agree (the "**Closing Date**"). The Underwriters are obligated to take up and pay for all of the Offered Shares offered hereby (other than the Additional Shares to be purchased on exercise of the Over-Allotment Option) if any of those Offered Shares are purchased under the Underwriting Agreement. The Offered Shares offered hereby are to be taken up by the Underwriters, if at all, on or before a date not later than 42 days after the date of the receipt for the final Prospectus relating to the Offering. See "*Plan of Distribution*".

Global certificates or an instant deposit through the non-certificated inventory system representing the Offered Shares will be issued and deposited with CDS Clearing and Depositary Services Inc. ("**CDS**"). A subscriber who purchases Offered Shares will receive only a customer confirmation from the registered dealer who is a CDS participant from or through whom Offered Shares are purchased. Physical certificates evidencing Offered Shares will not be issued except in limited circumstances and unless a request for a certificate is made to the Company.

An investment in the Offered Shares should be considered highly speculative. There is no guarantee that an investment in the Company will earn any positive return in the short or long-term. An investment in the Offered Shares is appropriate only for investors who have the capacity to absorb a loss of some or all of their investment. There are certain risk factors associated with an investment in the Offered Shares. In reviewing this Prospectus, an investor should carefully consider the matters described under the headings "*Cautionary Statement Regarding Forward-Looking Information*" and "*Risk Factors*" and in the Company's AIF for the year ended December 31, 2021 and dated as of March 9, 2022 and other filings incorporated herein by reference.

Investors should rely only on the information contained in this Prospectus and the documents incorporated by reference. The Company has not authorized anyone to provide investors with different information. The Company is not offering the Offered Shares in any jurisdiction in which the Offering is not permitted. Investors should not assume that the information contained in this Prospectus is accurate as of any date other than the date of this Prospectus. The Company does not undertake to update the information contained or incorporated by reference herein, except as required by applicable securities laws.

A number of directors and officers of the Company, namely Eric Noyrez, Edgar Lee, Yadin Rozov, Zhe Zhao, Kevin D. Morris, Jeffrey R. Hogan, Frank Timmerman and Gregory K. Kroll reside outside of Canada. In addition, the promoter is organized outside of Canada. Brook Hinchman and Jordan Mikes, Managing Directors of the promoter reside outside of Canada. The foregoing individuals and the promoter have appointed Fogler, Rubinoff LLP, legal counsel to the Company, at its office at 77 King Street West, Suite 3000, Toronto, Ontario, as agent for service of process in Canada. Purchasers are advised that it may not be possible for investors to enforce judgments obtained in Canada against any person or company that is incorporated, continued or otherwise organized under the laws of a foreign jurisdiction or resides outside of Canada, even if such person or company has appointed an agent for service of process.

Potential investors are advised to consult their own legal counsel and other professional advisors in order to assess income tax, legal and other aspects of this investment based upon their own personal circumstances.

The Company's registered and head office is located at 121 King Street West, Suite 1740, Toronto, Ontario M5H 3T9.

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CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

This Prospectus 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 the Company. All statements other than statements of historical fact are forward-looking information. 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. The Company 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 Prospectus should not be unduly relied upon. This information speaks only as of the date of this Prospectus or as of the date or dates specified in such statements.

In particular, this Prospectus and the documents incorporated by reference contain forward-looking information pertaining to, but not limited to, the following:

- the Offering Price, size, the completion, expenses and timing of the closing of the Offering;
- the execution of agreements entered into in connection with the Offering by the Company;
- the Company's expectations regarding certain of its future results and information, including, among others, revenues, expenses, sales growth, capital expenditures, operations and use of future cash flow;
- expectations regarding industry trends, overall market growth rates and the Company's future growth rates, plans and strategies;
- general business and economic conditions;
- new and emerging markets;
- competition and changes in the competitive landscape;
- projections of market prices and costs;
- ability to maintain profitability;
- the Company's goal of creating shareholder value; and
- the plans, costs, and timing for future business prospects, including the costs and potential impact of complying with existing and proposed laws and regulations.

Such forward-looking information is based on a number of assumptions that may prove to be incorrect. In addition to any other assumptions identified in this Prospectus, assumptions have been made regarding, among other things:

- the ability of the Company to generate cash flow from operations and obtain necessary financing on acceptable terms;
- the ability of the Company to maintain relationships with current and new clients and partners;
- currency, exchange and interest rates;
- general economic, financial market, regulatory and political conditions in which the Company operates;
- the impact of increasing competition;
- the continuity of existing business relationships;
- anticipated and unanticipated costs;

- the ability of the Company and its partners to hire and retain qualified staff and services in a timely and cost effective manner;
- the ability of the Company to enter into contracts with target companies;
- the Company's ability to maintain adequate internal control over financial reporting and disclosure controls and procedures;
- the ability to complete announced transactions; and
- the ability to obtain all necessary regulatory approvals.

Actual results could differ materially from those anticipated in such forward-looking information as a result of the risk factors set forth below and elsewhere in this Prospectus including those listed under "*Risk Factors*" and discussed in the AIF incorporated by reference herein, which include:

- use of proceeds;
- additional financing;
- volatility of the price of the Common Shares;
- supplies of raw materials;
- customer supply chain issues;
- risks relating to other geopolitical factors such as the current conflict in Ukraine, including risks associated with procuring new raw materials from various regions of the world, including Russia;
- risks relating to the COVID-19 pandemic;
- risks associated with the planned relocation of Neo's production facility in Zibo such as the inability to successfully design and build the new plant in compliance with applicable regulatory standards and necessary customer specifications;
- ability to maintain obligations under the Credit Facility and other debt;
- the dividend policy of the Company and the payment of such dividends;
- financial reporting and other public company requirements;
- difficulty in enforcing judgments;
- forward-looking information;
- significant shareholder(s) of the Company;
- future sales of Common Shares;
- dilution;
- quarterly operating results may vary;
- Board discretion;
- analyst reports;
- international operations;
- intellectual property protection;
- intellectual property litigation;
- currency risk;
- expiry of joint venture agreements;
- changes in China's regulation of the rare earths industry;
- risks relating to unauthorized use of corporate chops of the Company's subsidiaries in China;

- emerging markets considerations;
- customer dependence;
- general economic conditions;
- competition;
- uncertainty regarding Chinese withholding tax and indirect transfers of Chinese enterprises by non-Chinese residents;
- environmental liability exposure;
- fluctuations in demand for, and prices of, rare earth products;
- product recalls;
- rapid technological change;
- changes in tax laws;
- risks of operations and insurance;
- additional financing requirements;
- inability to effectively manage Company growth;
- potential for incurring unexpected costs or liabilities as a result of acquisitions;
- land use rights;
- dependence on good relations with employees;
- reliance on key personnel;
- information technology and cybersecurity; and
- the other factors discussed under "*Risk Factors*" and the documents incorporated herein by reference.

Readers are cautioned that the foregoing lists of factors are not exhaustive. Should one or more of these risks and uncertainties materialize, or should the Company's estimates or underlying assumptions prove incorrect, actual results, performance or achievements may vary materially from those described in forward-looking statements. The Company cannot guarantee future results, levels of activity, performance, or achievements. Moreover, the Company does not assume responsibility for the outcome of the forward-looking information. Accordingly, readers are advised not to place undue reliance on forward-looking information.

The forward-looking statements contained in this Prospectus are expressly qualified by this cautionary statement. The Company does not undertake any obligation to publicly update or revise any forward-looking information except as expressly required by applicable securities laws. If the Company does update one or more forward-looking statements, no inference should be drawn that it will make additional updates with respect to those or other forward-looking statements.

ELIGIBILITY FOR INVESTMENT

In the opinion of Fogler, Rubinoff LLP, counsel for the Company, and Bennett Jones LLP, counsel for the Underwriters, based on the provisions of the *Income Tax Act* (Canada) and the regulations thereunder (collectively, the "**Tax Act**") in force as of the date hereof, provided that the Offered Shares are listed on a "designated stock exchange" as defined in the Tax Act (which currently includes the TSX) or the Company is a "public corporation" as defined in the Tax Act, the Offered Shares will be qualified investments under the current provisions of the Tax Act for trusts governed by registered retirement savings plans (each a "**RRSP**"), registered education savings plans (each a "**RESP**"), registered retirement income funds (each a "**RRIF**"), registered disability savings plans (each a "**RDSP**"), tax-free savings accounts (each a "**TFSA**", and together with a RRSP, RESP, RRIF and RDSP, and collectively, the "**Registered Plans**"), and deferred profit sharing plans, all within the meaning of the Tax Act.

Notwithstanding the foregoing, if the Offered Shares held by a Registered Plan are "prohibited investments" for purposes of the Tax Act, the "controlling individual" of such Registered Plan (within the meaning of the Tax Act for the purposes of these rules) will be subject to a penalty tax as set out in the Tax Act. The Offered Shares will generally be a "prohibited investment" if the controlling individual: (i) does not deal at arm's length with the Company for purposes of the Tax Act; or (ii) has a "significant interest" (within the meaning of the Tax Act for the purposes of these rules) in the Company. Notwithstanding the foregoing, the Offered Shares will not be a prohibited investment if such securities are "excluded property" (as defined in the Tax Act for purposes of these rules) for the particular Registered Plan. **Holders who intend to hold Offered Shares in a Registered Plan should consult their own tax advisors in this regard.**

IMPORTANT NOTICE ABOUT THE INFORMATION IN THIS PROSPECTUS

General Advisory

You should rely only on the information contained in this Prospectus (including the documents incorporated herein by reference). The Company and the Underwriters have not authorized anyone to provide you with different or additional information. The Company is not and the Underwriters are not making an offer of the Offered Shares in any jurisdiction where the offer is not permitted by law. If anyone provides you with any different or inconsistent information, you should not rely on it. You should not assume that the information contained in this Prospectus is accurate as of any date other than the date on the front of this Prospectus. The Company does not undertake to update the information contained or incorporated by reference herein, except as required by applicable securities laws.

All capitalized terms not otherwise defined herein have the meaning ascribed to such terms under the heading "*Glossary of Terms*".

CURRENCY EXCHANGE RATES

The Company's financial statements and financial information are presented in United States dollars. All references to "US\$" in this Prospectus, unless otherwise indicated, refer to United States dollars (or U.S. dollars) and Canadian dollars are referred to as "C\$". On September 12, 2022, the closing exchange rate for United States dollars reported by the Bank of Canada was US\$1.00 = C\$1.2980 (C\$1.00 = US\$0.7704).

DOCUMENTS INCORPORATED BY REFERENCE

The following documents filed with the securities commission or similar regulatory authority in each of the Provinces of Canada (other than the Province of Quebec) are available at www.sedar.com and are specifically incorporated by reference into, and form an integral part of, this Prospectus:

- the annual information form of the Company for the financial year ended December 31, 2021 dated March 9, 2022 (the "**AIF**");
- the audited consolidated financial statements of the Company and the notes thereto as at December 31, 2021 and 2020 and for the years then ended, together with the auditors' report thereon;
- the management's discussion and analysis of the Company as at and for the year ended December 31, 2021;
- the unaudited interim condensed consolidated financial statements of the Company and the notes thereto for the three and six months ended June 30, 2022 and 2021 (the "**Interim Financial Statements**");
- the management's discussion and analysis for the three and six months ended June 30, 2022 (the "**Interim MD&A**");

- the management information circular of the Company dated May 16, 2022 distributed in connection with the Company's annual and special meeting of shareholders held on June 28, 2022;
- the material change report dated August 17, 2022 regarding the Credit Facility. See "*Recent Developments – Zibo Relocation*";
- the material change report dated August 26, 2022 regarding the Offering; and
- the "template version" of the indicative term sheet for the Offering dated August 26, 2022 (the "**Marketing Materials**").

Material change reports (other than confidential reports), business acquisition reports, annual financial statements, interim financial statements, the associated management's discussion and analysis of the Company and all other documents of the type referred to in section 11.1 of Form 44-101F1 of National Instrument 44-101 – *Short Form Prospectus Distributions* to be incorporated by reference in a short form prospectus, filed by the Company with a securities commission or similar regulatory authority in Canada after the date of this Prospectus and before completion of the distribution of the Offered Shares, will be deemed to be incorporated by reference into this Prospectus. The documents incorporated or deemed to be incorporated herein by reference contain meaningful and material information relating to the Company and readers should review all information contained in this Prospectus and the documents incorporated or deemed to be incorporated by reference herein.

Any statement contained in a document incorporated or deemed to be incorporated by reference herein will be deemed to be modified or superseded for the purposes of this Prospectus to the extent that a statement contained in this Prospectus or in any subsequently filed document that also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. Any statement so modified or superseded will not constitute a part of this Prospectus, except as so modified or superseded. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the statement or document that it modifies or supersedes. The making of such a modifying or superseding statement will not be deemed an admission for any purpose that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made.

Copies of the documents incorporated herein by reference may also be obtained on request without charge from the Corporate Secretary of Neo Performance Materials Inc., 121 King Street West, Suite 1740, Toronto, Ontario, M5H 3T9; Telephone (416) 367-8588.

MARKETING MATERIALS

The Marketing Materials are not part of this Prospectus to the extent that the contents of the Marketing Materials have been modified or superseded by a statement contained in this Prospectus or any amendment. Any template version of "marketing materials" (as defined in National Instrument 41-101 – General Prospectus Requirements) filed after the date of this Prospectus and before the termination of the distribution under the Offering (including any amendments to, or an amended version of, the Marketing Materials) is deemed to be incorporated by reference herein. The Marketing Materials are available on SEDAR under the Company's profile.

THE COMPANY

Name and Incorporation

Neo was incorporated under the *Business Corporations Act* (Ontario) on September 12, 2017. Neo's registered and head office is located at 121 King Street West, Suite 1740, Toronto, Ontario M5H 3T9. On November 30, 2017, Neo completed the Arrangement with Neo Cayman, whereby Neo Cayman became a wholly-owned subsidiary of the Company. On December 8, 2017, Neo completed an initial public offering by way of a secondary offering pursuant to which OCM Neo Holdings (Cayman), L.P., an affiliate of Oaktree, sold Common Shares to the public and the Common Shares were listed on the TSX.

As of the date hereof, there are 40,681,902 Common Shares issued and outstanding and no preferred shares issued and outstanding.

Description of the Business

Overview of the Business

Neo manufactures the building blocks of many modern technologies that enhance efficiency and sustainability. The Company's advanced industrial materials – magnetic powders and magnets, specialty chemicals, metals, and alloys – are critical to the performance of many everyday products and emerging technologies. Neo's products help to deliver the technologies of tomorrow to consumers today.

Neo has a global platform that includes 10 manufacturing facilities located in China, the United States, Germany, Estonia, Canada, Thailand and South Korea, and one dedicated R&D centre in Singapore. Since 1994, Neo has leveraged its processing expertise to innovate and grow into a leading manufacturer of advanced industrial materials for specialty end markets, establishing the #1 global market position for powders used in bonded and hot-deformed, fully dense NdFeB or neo magnets, a top three global market position in auto emission control catalysts, a leading global producer of GaCl₃ for LEDs and growth opportunities into end markets such as wastewater treatment and superalloys for aerospace, sintered magnets for traction motors for EV and HEVs and other applications.

Neo's unique technical expertise and strategic geographic presence has allowed Neo to become an industry leader in key markets with a proven, consistent product offering. This, combined with long-term collaborative customer relationships, creates significant barriers to entry.

Neo's products are used in numerous end use applications including micro motors, traction motors, auto catalysts, water emission-controls, healthcare (such as medical imaging), aerospace, clean energy technologies (such as HEVs and EVs), consumer electronics (such as smartphones and tablets), fibre optics, HDDs and a number of other applications.



Neo's business is organized into three operating business segments (Magnequench, C&O and Rare Metals) as well as a corporate segment. Each segment is run on a standalone basis under the leadership of a business segment head. These segments are responsible for their own production, R&D, sales and marketing and raw materials procurement. The segments benefit from common ownership as a result of Neo's global platform, options for raw material sourcing, opportunities to share intellectual property and best practices, and the ability to cross-sell to certain customers.

Magnequench

The Magnequench segment manufactures bonded NdFeB powders and bonded permanent magnets. With over thirty years of manufacturing experience, Magnequench is the world leader in the production of magnetic powders used in bonded and hot-deformed fully dense neo magnets. These powders are formed through Magnequench's market-leading technology related to the development, processing and manufacturing of magnetic powders. Magnequench uses a proprietary process to manufacture Magnequench Powders using a blend of various inputs. These powders are used in the production of bonded permanent magnets that are components in automotive motors, micro motors, traction motors, sensors and other applications requiring high levels of magnetic strength, improved performance, and reduced size and weight.

Magnequench also produces bonded magnets (Magnequench Magnets) made from its various Magnequench powder grades, which are used in applications substantially similar to those listed above. Magnequench Magnets are produced by combining Magnequench powders with a binder to form a compound, then compaction pressing, curing and coating the compound into a final magnet shape.

Chemicals & Oxides

The C&O segment manufactures and distributes a broad range of advanced industrial materials that have become an indispensable part of modern life. Neo's world-class processing and advanced materials manufacturing capabilities enable Neo to meet increasingly demanding specifications from manufacturers that need custom engineered materials. Applications from these products include auto catalysts, consumer electronics, petroleum refining, hybrid and electric vehicles and municipal and industrial wastewater treatment.

Rare Metals

The Rare Metals segment sources, produces, reclaims, refines and markets high-value rare metals and their compounds. These products include both high temperature metals (tantalum, niobium, hafnium and rhenium) and electronic metals (gallium and indium). Applications for products made by this segment primarily include

semiconductor chips, superalloys for jet engines, medical imaging, wireless technologies and LED lighting. Other applications include their use in flat panel displays, solar, steel additives, batteries and electronics applications.

Corporate

Neo's head office is in Toronto, Ontario, Canada, with additional corporate offices in Greenwood Village, Colorado, U.S., Singapore and Beijing, China. The functions of this group include finance, administration, information technology, accounting and legal.

Neo Business Segment Overview

				Corporate
Principal Activity	<ul style="list-style-type: none"> • Producer of magnetic powders for bonded and hot deformed fully dense NdFeB magnets 	<ul style="list-style-type: none"> • Separator and processor of critical minerals concentrate into advanced industrial materials 	<ul style="list-style-type: none"> • Producer, reclaimer, refiner and marketer of high-value rare metals and their compounds 	<ul style="list-style-type: none"> • Finance, administration, information technology, accounting and legal
Products	<ul style="list-style-type: none"> • Magnetic powders (Magnequench Powders) • Magnets (Magnequench Magnets) 	<ul style="list-style-type: none"> • Advanced industrial materials 	<ul style="list-style-type: none"> • Rare metals such as tantalum, niobium, gallium, hafnium, rhenium and indium 	
Applications	<ul style="list-style-type: none"> • Automotive motors • Traction motors • Micro motors • Sensors 	<ul style="list-style-type: none"> • Auto catalysts • Consumer electronics • Magnets • Wastewater treatment 	<ul style="list-style-type: none"> • Superalloys for jet engines • Medical imaging • Wireless technologies • LED lighting • Semiconductors / Integrated circuits 	
Facilities	<ul style="list-style-type: none"> • Tianjin, China • Korat, Thailand • Chuzhou, China 	<ul style="list-style-type: none"> • Zibo, China • Sillamäe, Estonia • Jiangyin, China 	<ul style="list-style-type: none"> • Sillamäe, Estonia • Hyeongok, South Korea • Sagard, Germany • Peterborough, ON Canada • Quapaw, OK, U.S. 	<ul style="list-style-type: none"> • Toronto, Canada head office • Regional corporate offices

Recent Developments

In May 2022, Neo announced the publication of its inaugural Sustainability Report which provides information to shareholders, customers, industry partners, employees and other stakeholders on the Company's environmental, social and governance performance in 2021. The report also launches a formal reporting process that helps to

explain and document Neo's ongoing efforts to product the advanced materials that help the world transition to a more sustainable and less carbon-centric future.

In August 2022, the directors appointed Yadin Rozov and Zhe Zhao as directors of the Company to fill the vacancies resulting from the resignation of Brook Hinchman and Gregory Share.

In August 2022, the Company announced that it had signed an agreement (the "**License Acquisition Agreement**") whereby it would acquire a license to explore a mineral resource in Greenland (the Sarfartoq Carbonatite Complex) from Hudson Resources Inc. ("**Hudson**"). The Company, through a majority-owned special purpose entity, intends to explore and develop the property. The completion of the sale of the license contemplated by the License Acquisition Agreement is subject to various conditions, including applicable regulatory and governmental approvals, which are expected to take approximately six months to obtain. The Company does not view this transaction as material to the Company and as such, has not obtained a recent technical report (as defined in National Instrument 43-101 – *Standards of Disclosure for Mineral Projects*) in regards to the property. The Company cautions readers not to rely on information about the property in the Company's or Hudson's continuous disclosure documents filed on www.sedar.com.

In August 2022, the Company, as borrower, entered into a loan agreement with Export Development Canada ("**EDC**") for a term loan of up to US\$75 million (the "**Credit Facility**"), to be advanced in three tranches of US\$25 million, to finance the relocation, expansion and sustainability upgrades to the NAMCO plant. The Credit Facility matures in August 2027, with principal payments beginning in August 2024. The outstanding principal carries an interest rate equal to the secured overnight financing rate, as administered by the Federal Reserve Bank of New York, plus an applicable margin. A number of the Company's subsidiaries provided a guarantee and/or security in favour of EDC pursuant to the Credit Facility. As of the date hereof, the Company has not drawn down any principal under the Credit Facility.

Zibo Relocation

In February 2018, ZAMR received notice from Zibo City, China of a new zoning plan being implemented in order to protect ground water resources in the area. The notice indicated that all industrial enterprises in the area of ZAMR's production facility would be required to relocate. At that time, ZAMR commenced discussions with the local government to discuss alternatives to relocation, including the implementation of additional water treatment protocols, as well as the terms and timing of the planned relocation. The government commissioned the construction of a new industrial park in the area designated for the relocation.

In March 2022, the Company acquired land use rights in the industrial park through NAMCO, an indirect Chinese joint venture entity with the same ownership structure as ZAMR, at an aggregate cost of approximately US\$4 million. See "*Risk Factors – Land Use Rights in China*".

At the end of January 2021, the Company completed the transfer of the business carried out by ZAMR, other than the rare earth separation business, into NAMCO, while the rare earth separation business carried out by ZAMR remains in ZAMR. Since the downstream processing and utilization of separated rare earths such as mixed oxide and magnetic materials are not regulated activities in China, management of the Company felt that it was beneficial to have the value-added mixed oxides business of NAMCO carried on by a different legal entity than the rare earth separation business of ZAMR.

NAMCO has engaged a consultant and an engineering firm to design a new production facility to be constructed in the new industrial park. NAMCO has commenced site preparation and completed construction of the construction office and storage facilities for equipment and materials. Current estimates of the cost of construction of the new plant and the relocation of the rare earth based mixed oxide business of NAMCO, total approximately US\$75 million (including the land use rights). The Company expects to fund this planned relocation project with a combination of cash on hand and from operations and existing credit facilities (including the Credit Facility). The Company expects that the planned relocation of operations to the new custom-built facility will maximize sales opportunities to customers and markets around the world, and will allow the Company to maintain and deepen relationships with significant customers. The new plant facility is expected to allow NAMCO to capitalize on operational efficiencies, significantly elevate the Company's sustainability practices in China, including upgrading

access to modern water treatment infrastructure, and at the same time decrease solvent extraction and chloride discharge processes, as well as provide a safer working environment for employees.

In order to ensure a smooth transition for the Company's customers when production is shifted to the new NAMCO facility, the Company is implementing appropriate steps to ensure continuity of supply to customers, including building up finished goods inventory. Despite the Company's efforts to minimize disruption, there is a risk that the transition of production from the Zibo plant could adversely affect the Company's production output from the new NAMCO plant. In addition, since the tender process for the new plant's construction is in progress and not yet finalized, the aggregate actual costs ultimately incurred by the Company for the design and building of the new plant may exceed current estimates, possibly by a material amount, which could have a material adverse impact on the Company's ability to secure adequate financing for the new facility on terms acceptable to the Company as well as having a material adverse impact on the financial condition and results of operations of the Company. See "*Risk Factors*".

COVID -19 Developments

The Company operates in numerous regions of the world, each of which has been impacted by the novel coronavirus and its variants ("**COVID-19**") to differing degrees and for differing time frames. The impacts of COVID-19 on economic activity and on Neo's results were most pronounced in the second and third quarters of 2020. Neo operates in numerous regions of the world, through complex global supply chains which were each impacted differently and on varying timelines. Throughout 2020, Neo's sales were negatively impacted by customers shutting down operations, cancelling orders, delaying orders and other changes due to customer's managing inventory levels. Neo's internal operations were also affected with shutdowns or slowdowns in production at Neo's manufacturing plants in China, Estonia, the United States and Canada, each to varying degrees or for varying timeframes. Although it is not practical to specifically quantify, Neo believes that the COVID-19 pandemic was the largest contributing factor to the decline in sales and performance in 2020.

In response to the COVID-19 pandemic and in addition to the existing robust health and safety policies already instituted at Neo, Neo established additional protocols and provided employees training on Neo's COVID-19 policies and procedures. Neo implemented temperature screen and health checks upon entry to all facilities and redesigned workspaces and workflows to enable better physical distancing, where possible and appropriate. In addition, numerous other activities, such as travel, were curtailed to support lowering the risk of transmission and certain other activities were curtailed to control cost and working capital in light of lower demand.

Although much of the global economic system has been returning to normalized levels in the periods since 2020, there continues to be challenges and hurdles impacting various regions and over different time frames. These challenges include recent spikes of COVID-19 in 2022 (particularly impacting flow of people and production in Asia), continued availability challenges and cost increases in global shipping, and the decreased availability of semiconductors used by the automotive and other industries.

The Company continues to assess the global situation and its impact on its workforce, sales outlooks and operating conditions going forward, including certain remote working conditions. It is uncertain, given the state of additional variants and the introduction of numerous vaccines, how COVID-19 will impact global economic activity and the Company's results going forward.

The Company may, in the future, seek to raise additional capital or debt and this activity may be affected by the impacts of COVID-19 but it is not possible to determine the potential impact of this at this time. It remains uncertain how long the COVID-19 virus will continue to affect Neo and economic activity in general. For further details, see the Interim MD&A incorporated by reference in this Prospectus. See "*Risk Factors*".

Potential Impact of Ongoing Conflict with Russia in Ukraine

The actions of Russian military forces in Ukraine have escalated tensions between Russia and Ukraine, the European Union, North Atlantic Treaty Organization, United Kingdom, the United States, Canada and other countries. Several countries, including Canada, have recently imposed a series of new sanctions targeting Russia, two

separatist pro-Russian regions in Ukraine and certain individuals, banks and corporations that are seen as allies to the administration in Russia. For the C&O business unit, Neo's Silmet facility sources the majority of its rare earth feedstock from a Russian supplier. Silmet's Rare Metals business unit sources feed material from non-Russian sources and is largely unaffected. The Company's joint venture in Germany, Buss & Buss, sources a small amount of its tantalum scrap from a recycled source in the Baltic states which may receive some stock from Russia. As at the date hereof; however, the Company has not had significant issues securing raw material. Neo has restricted sales going to Russian and certain other customers where Neo believes other customers have connections to Russia.

The Company has engaged an advisory firm and legal counsel with expertise in global sanctions to advise and guide the Company in complying with such sanctions. These advisors assist Neo with screening customers and other counterparties to ensure the Company is complying with various designated persons lists. In addition, Neo's advisors have analyzed each of the source materials that the Company purchases as input and Neo's products with respect to their source and destination. The Company is not currently aware of any import bans or controls relating to the supply of rare earth feedstocks for any of its production facilities; however, Neo is continuing its efforts to diversify the source of its feedstocks across its business divisions and is in the process of evaluating and qualifying such sources of raw materials.

The cost of rare earth feedstock is the largest cost of the Silmet C&O business unit. The cost of the rare earth feedstock is generally tied to the market prices of the finished products. Over the last year, market prices for finished goods has increased substantially, as has the cost of the feedstock. More recently, rare earth oxide prices have declined leading to lower rare earth feedstock costs, including the cost paid to Silmet's Russian supplier. These changes are generally unrelated to sanctions and are tied to global prices of rare earth oxides. Other production inputs have also increased modestly through the year largely related to general supply chain challenges and global inflationary pressures. The cost of energy has increased in recent periods and the Company believes this is partially related to the impact of sanctions. Ancillary supplies, including re-agents, have increased related to the Company's suppliers also managing increasing energy costs and general inflationary increases. More recently, rare earth oxide prices have declined, which is resulting on lower feedstock costs, including feedstock Silmet's Russian supplier.

The Company continues to develop additional sources for raw material, including new sources going into Silmet. However, at present production levels, alternative sources would not be sufficient to replace the existing Russian feedstock. Until alternative sources can supply enough additional material, a significant reduction or suspension of Silmet's Russian feedstock source would result in Silmet's rare earth separation operations decreasing capacity significantly, which, in turn, could have a material impact on the Company's results of operations and financial results.

The C&O business unit, as a whole, could continue to serve all of its auto-catalyst customers, water treatment customers as well as many of its customers who currently purchase separated rare earths from C&O's China-based facilities. Other business units, including Magnequench and Rare Metals, would remain largely unaffected by the loss of the Russian feedstock.

Neo continues to monitor the impact of these sanctions on its business. Neo currently expects, but cannot be certain, that these sanctions will not materially affect its access to the inputs it needs to operate.

The removal of Russian banks from the SWIFT messaging system has made it more difficult for Neo to pay its Russian suppliers (who are not currently restricted by sanctions) and Neo continues to work with global banks to facilitate these allowable payments. Neo cannot be assured that viable payment pathways will exist in the future, as financial institutions limit their business with Russian clients out of caution.

Counter-measures taken by Russia, and any further sanctions imposed by various countries and governments, could have negative impacts on regional and global financial markets and economic conditions. The situation is continually changing and Neo cannot be certain on the extent of the conflict and the related government actions will impact Neo's material sourcing or global markets in the future. See "*Risk Factors*".

CONSOLIDATED CAPITALIZATION

The following table sets forth the consolidated capitalization of the Company as at the dates indicated, adjusted to give effect to the Offering, on the share and loan capital of the Company since June 30, 2022, the date of the Company's Interim Financial Statements. This table should be read in conjunction with the Company's Interim Financial Statements and Interim MD&A in respect of those statements, which are incorporated by reference in this Prospectus.

	As at June 30, 2022 (US\$)	Pro-Forma as at June 30, 2022 after giving effect to the Offering (assuming no exercise of the Over-Allotment Option) (US\$)	Pro-Forma as at June 30, 2022 after giving effect to the Offering (assuming full exercise of the Over-Allotment Option) (US\$)
Cash	66,158,202	115,300,682 ⁽¹⁾	122,756,179 ⁽²⁾
Total Debt	16,468,560	16,468,560	16,468,560
Equity			
Common Shares ⁽³⁾	392,666,596	441,809,076 ⁽¹⁾	449,273,573 ⁽²⁾
Options ⁽³⁾	11,179,356	11,179,356	11,179,356
RSUs ⁽³⁾	830,951	830,951	830,951
PSUs ⁽³⁾	2,076,702	2,076,702	2,076,702
Total Equity Capitalization	406,753,605	455,896,085	463,360,582

Notes:

- (1) This number reflects the net proceeds of the Offering, assuming no exercise of the Over-Allotment Option (after deducting expenses of the Offering) which are expected to be C\$63,325,000 (US\$49,142,480 based on the closing exchange rate for United States dollars reported by the Bank of Canada on June 30, 2022 of C\$1.00 = US\$0.7760).
- (2) This number reflects the net proceeds of the Offering, assuming full exercise of the Over-Allotment Option (after deducting expenses of the Offering) which are expected to be C\$72,943,750 (US\$56,606,977 based on the closing exchange rate for United States dollars reported by the Bank of Canada on June 30, 2022 of C\$1.00 = US\$0.7760).
- (3) Equity capitalization reflects the number of equity instruments (Common Shares, Options, RSUs, PSUs) outstanding as of June 30, 2022 multiplied by the closing share price on June 30, 2022 converted into US dollars at the closing exchange rate reported by the Bank of Canada on June 30, 2022 of C\$1.00 = US\$0.7760.

USE OF PROCEEDS

The net proceeds to the Company from the Offering after deducting the Underwriters' Commission of C\$3,375,000 are estimated to be C\$64,125,000 (before deducting the expenses of the Offering (estimated to be C\$800,000)). If the Over-Allotment Option is exercised in full, the Underwriters' Commission is expected to be C\$3,881,250 and the net proceeds to the Company after deducting the Underwriters' Commission is expected to be C\$73,743,750.

The principal reasons for the sale of the Offered Shares under the Offering are to increase the Company's capitalization and financial flexibility. The Company intends to use the net proceeds from the Offering to strengthen its financial position and allow it to pursue its growth strategies, which may include: funding ongoing operations; increasing nameplate capacity at the Silmet plant in Estonia; design and development of a greenfield sintered magnet plant, including recycling capabilities, in Europe; design and development of a greenfield metal alloy plant in Europe and other general corporate purposes. The Company may also use a portion of the net proceeds of the Offering to expand its current business through acquisitions or development of, or investments in, other complementary businesses, products or technologies. Other than the License Acquisition Agreement (which the Company expects to fund out of existing cash resources), the Company does not currently have any agreements or commitments with respect to any acquisitions or investments. Each of the potential projects set out above are still in the investigations stage. No final budgets have been established, the Board has not yet approved any of these projects, nor has any material spending occurred to date on any of these projects. The Company continues to have discussions with governments, customers and other partners to evaluate the needs and potential participation (by

way of funding or other forms of partnering) with the Company in order to establish the feasibility of any of the projects mentioned above.

As a result of the Company's current market position in recent periods and the fact that the Company operates in a dynamic market, the Company does not believe it can provide the approximate amounts of the net proceeds that will be allocated to any of these purposes with certainty, any one of which may use the full amount of net proceeds of the Offering. While the Company initially anticipates that the net proceeds from the Offering will be allocated to implementing the Company's growth strategies in Europe, the Company may use the net proceeds to complete potential acquisitions or development of, or investments in, other complementary businesses, products or technologies, and for working capital and general corporate purposes. The allocation of the net proceeds of the Offering to any one or more of these initiatives will depend on market conditions, competitive factors and additional financing needs, as they may evolve over time. As such, the Company has not specifically allocated the net proceeds of the Offering amongst these purposes as at the date of this Prospectus.

Much of the proceeds of the treasury offering completed in November 2021 (the "**November Offering**") remain with the Company, except to the extent that they have been used for working capital purposes (which has increased approximately US\$75 million on a year to date basis, mainly resulting from the increase in rare earth prices).

These initiatives, taken together, could potentially exceed the net proceeds of both the November Offering and the Offering and more capital may be required to complete any or all of such potential projects. As a consequence, the Company cannot specifically allocate the net proceeds from the November Offering nor the current Offering to any of these projects individually as budgets are under development. The Company is working towards establishing budgets on some of these initiatives in the first half of 2023.

Pending their use, the Company intends to invest the net proceeds from the Offering in short-term, investment grade, interest bearing instruments or hold them as cash. While the Company currently anticipates that it will use the net proceeds of the Offering as set forth above, the Company may use the net proceeds differently, after giving consideration to the Company's strategy relative to business, operations and market conditions, as well as other factors described under "*Risk Factors*".

Business Objectives

The Company is the world's only company that operates dual supply chains inside and outside of China for rare earth separation and rare earth advanced materials, and the Silmet facility is the only operating commercial rare earth separation facility in Europe. With appropriate financing commitments from one or more European Union governments, the Company anticipates expanding the nameplate separation capacity of the Silmet plant and potentially commencing the planning, development and construction of a new metal alloy manufacturing plant and/or a sintered magnet plant in Europe. The Company has had preliminary discussions with the governments of the European Union along with a member state concerning the possible location of such a manufacturing plant, and the possibility of obtaining government financial assistance for the construction of any such plant. The Company's growth initiatives in Europe are in the preliminary stages and are dependent upon securing sufficient funding from local European governments on acceptable terms, as well being subject to general market and economic conditions as the decision-making process progresses. The Company expects that the net proceeds of the Offering (and those of the November Offering to the extent not used for working capital) would bolster the cash position on Neo's balance sheet and as a result improve the chances of the project moving forward and receiving favourable financial support from the applicable European Union governments. At this point, there can be no assurance that any of the European growth strategies will be approved by the Board, or that the Company would be able to secure sufficient funding from local European governments or other sources on acceptable terms. In addition, if any or all of these initiatives did move forward, there can be no assurance that doing so would not have a negative impact on the operations or financial results of the Company. See "*Risk Factors*".

The net proceeds of the Offering will be used to strengthen the Company's balance sheet with a view to increasing the financial flexibility to selectively pursue strategic acquisitions that provide product portfolio expansion, targeting companies or assets that would benefit from the Company's scale, global reach, high quality customer relationships, cost competitive facilities and product development skills and know-how. The Company actively monitors and intends to pursue, through strategic partnerships and/or selective acquisition of assets or businesses, appropriate acquisition opportunities focused on expanding the Company's product lines and/or complementary businesses as

well as developing new technologies or processing strategies. The Company approaches acquisitions with a view to strategic fit and long-term shareholder value creation. In addition, the acquisition strategy of the Company focuses on revenue and margin growth, and providing meaningful commercial synergies. While the Company is continually assessing various potential acquisitions, the Company does not currently have any agreements or commitments with respect to any acquisitions or investments. See "Risk Factors".

PLAN OF DISTRIBUTION

This Prospectus qualifies the distribution of the Offered Shares. Pursuant to the Underwriting Agreement, the Company has agreed to sell and the Underwriters have severally (and not jointly, nor jointly and severally) agreed to purchase, on the Closing Date, an aggregate of 4,500,000 Offered Shares (5,175,000 Offered Shares, if the Over-Allotment Option is exercised in full) at a price of C\$15.00 per Offered Share, payable in cash to the Company against delivery of the Offered Shares for aggregate gross proceeds of C\$67,500,000 to the Company (C\$77,625,000, if the Over-Allotment Option is exercised in full).

Closing is expected to occur on or about September 16, 2022, or such later date as the Company and the Underwriters may mutually agree, however the Offered Shares are to be taken up by the Underwriters, if at all, on or before 42 days following the date of the receipt for this Prospectus, at the Offering Price payable in cash to the Company against delivery of the Offered Shares. The Offering Price of the Offered Shares offered under the Offering was determined by arm's length negotiation between the Company and the Lead Underwriter. The TSX has conditionally approved the listing of the Offered Shares on the TSX. Such listing is subject to the Company fulfilling all of the listing requirements of the TSX.

The Company has agreed to pay a cash fee to the Underwriters in an amount calculated as 5% of the gross cash proceeds realized under the Offering. The aggregate estimated fee will be C\$3,375,000 (C\$3,881,250 if the Over-Allotment Option is exercised in full). The Underwriters' Commission is payable on the Closing Date. The Company has agreed to reimburse the Underwriters for their reasonable expenses in connection with the Offering. The Underwriting Agreement also provides that the Company will indemnify the Underwriters, their respective affiliates and subsidiaries and each of their respective directors, officers, employees, partners, agents and shareholders and each other person, if any, controlling an Underwriter or any of its subsidiaries against certain liabilities, claims, actions, complaints, losses, costs, fines, penalties, taxes, interest, damages and expenses in connection with the Offering.

The obligations of the Underwriters are several and not joint or joint and several, are subject to certain closing conditions, and may be terminated at their discretion on the basis of their assessment of the state of the financial markets and may also be terminated upon the occurrence of certain stated events. If an Underwriter fails to purchase the Offered Shares which it has agreed to purchase, the remaining Underwriters may terminate their obligation to purchase their allotment of Offered Shares, or may, but are not obligated to, purchase the Offered Shares not purchased by the Underwriter or Underwriters that fail to purchase; provided, however, that if the aggregate number of Offered Shares not so purchased is not more than 10% of the Offered Shares agreed to be purchased by the Underwriters, then each of the other Underwriters shall be obliged to purchase severally the Offered Shares not taken up, on a *pro rata* basis or in such other proportions as they may agree among themselves. The Underwriters are not required to take up and pay for the Additional Shares covered by the Over-Allotment Option described below.

The Offering is subject to a number of conditions, including receipt and acceptance of the Offered Shares by the Underwriters and the Underwriters' right to reject orders in whole or in part and compliance with industry-standard closing conditions. Under the terms of the Underwriting Agreement, an Underwriter may, at its discretion, terminate its obligations under the Underwriting Agreement prior to closing upon the occurrence of certain events, including "material change out", "disaster out", and "regulatory out" clauses, and may also be terminated upon the occurrence of certain stated events, including any breach by the Company of any material condition of the Underwriting Agreement.

The Underwriters propose to offer the Offered Shares initially at the Offering Price. After the Underwriters have made a reasonable effort to sell all of the Offered Shares offered by this Prospectus at such price, the initially stated Offering Price may be decreased, and further changed from time to time, to an amount not greater than such initially

stated price, and the compensation realized by the Underwriters will be decreased by the amount that the aggregate price paid by purchasers for the Offered Shares is less than the gross proceeds paid by the Underwriters to the Company for the Offered Shares. Any such reduction in price will not affect the proceeds received by the Company.

In connection with the Offering, certain of the Underwriters or other securities dealers may distribute this Prospectus electronically.

The Offering is being made in each of the Provinces of Canada (other than the Province of Quebec) through those Underwriters or their affiliates who are registered to offer the Offered Shares for sale in such provinces and such other registered dealers as may be designated by the Underwriters. Subject to applicable law and the provisions of the Underwriting Agreement, the Underwriters may offer the Offered Shares outside of Canada.

Subscriptions for Offered Shares will be received subject to rejection or allotment in whole or in part and the Underwriters reserve the right to close the subscription books at any time without notice. Offered Shares sold pursuant to the Offering will be registered in the name of CDS and electronically deposited with CDS on the Closing Date using the non-certificated inventory system. Purchasers of Offered Shares will receive only a customer confirmation from the Underwriters or other registered dealer who is a CDS participant and from or through whom a beneficial interest in the Offered Shares is acquired. Physical certificates evidencing Offered Shares will not be issued except in limited circumstances and unless a request for a certificate is made to the Company.

In addition, in accordance with rules and policy statements of certain Canadian securities regulators, the Underwriters may not, at any time during the period of distribution, bid for or purchase Offered Shares. The foregoing restriction is, however, subject to exceptions where the bid or purchase is not made for the purpose of creating actual or apparent active trading in, or raising the price of, the Offered Shares. These exceptions include a bid or purchase permitted under the by-laws and rules of applicable regulatory authorities and the applicable stock exchange, including the Universal Market Integrity Rules for Canadian Marketplaces, relating to market stabilization and passive market making activities and a bid or purchase made for and on behalf of a customer where the order was not solicited during the period of distribution.

As a result of these activities, the price of the Offered Shares may be higher than the price that otherwise might exist in the open market. If these activities are commenced, they may be discontinued by the Underwriters at any time. The Underwriters may carry out these transactions on any stock exchange on which the Offered Shares are listed, in the over-the-counter market, or otherwise.

Over-Allotment Option

The Company has granted to the Underwriters the Over-Allotment Option, exercisable at the Underwriters' sole discretion, in whole or in part, from time to time, for a period of 30 days after the Closing Date, to purchase from the Company up to an additional 675,000 Common Shares at the Offering Price and on the same terms as set forth above, for the purpose of covering over-allocations, if any, made by the Underwriters in connection with the Offering and for market stabilization purposes. The Company has agreed to pay the Underwriters the same Underwriters' Commission for each Additional Share purchased from it on exercise of the Over-Allotment Option. If the Over-Allotment Option is exercised in full, the total "Price to Public", "Underwriters' Commission" and "Net Proceeds to the Company" (before deducting the expenses of the Offering) will be C\$77,625,000, C\$3,881,250 and C\$73,743,750, respectively. This Prospectus also qualifies the grant of the Over-Allotment Option and the distribution of the Additional Shares to be delivered upon the exercise of the Over-Allotment Option. A purchaser who acquires Offered Shares forming part of the Over-Allotment Option acquires such Offered Shares under this Prospectus, regardless of whether the over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases.

Expenses Related to the Offering

It is estimated that the total expenses of the Offering, not including the Underwriters' Commission, will be approximately C\$800,000. In addition, the Company may incur additional fees, not anticipated to be material, to certain third parties in connection with the Offering.

Restrictions on Securities Distributions and Lock-Up Arrangements

Pursuant to the Underwriting Agreement, the Company agrees that it will not issue, announce any issue or agree to issue any Common Shares or securities convertible, exercisable or exchangeable into Common Shares, except (i) under existing director, employee or consultant stock option, bonus or purchase plans, (ii) as a result of the exercise of currently outstanding Common Share purchase warrants or Options; or (iii) in connection with the bona fide acquisition by the Company of the shares or assets of other corporations or entities, during the period beginning as of the date of this Prospectus and ending 90 days after the Closing Date, without the written agreement of the Underwriters, such agreement not to be unreasonably withheld.

Pursuant to the Underwriting Agreement, the Company shall use commercially reasonable efforts to cause its executive officer and directors to execute an undertaking (in a form reasonably satisfactory to the Underwriters) in favour of the Underwriters that such executive officer or director will not, for a period commencing on the Closing Date and ending 90 days following the Closing Date, directly or indirectly, offer, sell, contract to sell, lend, swap, or enter into any agreement to transfer the economic consequences of, or otherwise dispose of or deal with, or publicly announce any intention to offer, sell, contract to sell, grant or sell any option to purchase, hypothecate, pledge, transfer, assign, purchase any option or contract to sell, lend, swap or enter into any agreement to transfer the economic consequences of, or otherwise dispose of or deal with, whether through the facilities of a stock exchange, by private placement or otherwise, any common shares or other securities of the Company convertible into, exchangeable for or exercisable to acquire, shares, directly or indirectly, except if (i) the prior written consent of the Lead Underwriter is obtained, such consent not to be unreasonably withheld or delayed; (ii) there occurs a take-over bid, arrangement or similar transaction involving the acquisition of the Company; or (iii) pursuant to the exercise of Options, warrants or other convertible securities existing as of the date of the Underwriting Agreement.

U.S. Sales

The Offered Shares have not and will not be registered under the U.S. Securities Act or any state securities laws and, subject to certain exemptions therefrom, may not be offered, sold or delivered, directly or indirectly, within the United States. The Underwriters have agreed that they will not offer, sell or deliver, directly or indirectly, the Offered Shares within the United States except to "qualified institutional buyers" (as defined in Rule 144A under the U.S. Securities Act) pursuant to the exemption from registration provided by Rule 144A under the U.S. Securities Act.

This Prospectus does not constitute an offer to sell or a solicitation of an offer to buy any of the Offered Shares in the United States. In addition, until 40 days after the commencement of the Offering, an offer or sale of the Common Shares within the United States by any dealer (whether or not participating in the Offering) may violate the registration requirements of the U.S. Securities Act if such offer or sale is made otherwise than in accordance with an exemption from registration under the U.S. Securities Act.

The Offered Shares sold to, or for the account or benefit of, persons in the United States will be "restricted securities" within the meaning of Rule 144(a)(3) under the U.S. Securities Act and may only be offered, sold, pledged or otherwise transferred pursuant to certain exemptions for the registration requirements of the U.S. Securities Act and any applicable state securities laws.

DESCRIPTION OF SECURITIES BEING DISTRIBUTED

Common Shares

The Company's authorized capital consists of an unlimited number of Common Shares without par value. As at the date of this Prospectus, there are 40,681,902 Common Shares issued and outstanding. For a further description of the Common Shares, see the section entitled "*Description of Share Capital – Common Shares*" in the AIF.

PRIOR SALES

The following table summarizes details of the securities issued by the Company during the twelve-month period prior to the date of this Prospectus.

Date of Issuance	Security	Issue / Sale / Exercise Price per Security	Number of Securities
March 28, 2022	Options	C\$16.49	153,155
March 28, 2022	RSUs	nil	38,820
March 28, 2022	PSUs	nil	97,000
January 5, 2022	Common Shares ⁽¹⁾	US\$9.37	12,000
January 4, 2022	Common Shares ⁽¹⁾	US\$9.37	1,000
December 31, 2021	Common Shares ⁽¹⁾	US\$9.37	1,000
December 24, 2021	Common Shares ⁽¹⁾	US\$9.37	1,000
December 23, 2021	Common Shares ⁽¹⁾	US\$9.37	1,000
December 13, 2021	Common Shares ⁽¹⁾	US\$9.37	1,000
December 3, 2021	Common Shares ⁽¹⁾	US\$9.37	2,000
November 16, 2021	Common Shares ⁽²⁾	C\$19.25	2,598,000
October 5, 2021	Common Shares ⁽¹⁾	US\$9.37	80,000
September 13, 2021	Common Shares ⁽³⁾	nil	14,944
September 9, 2021	Common Shares ⁽¹⁾	US\$9.37	1,000
September 8, 2021	Common Shares ⁽¹⁾	US\$9.37	2,000
September 1, 2021	Options	C\$19.36	186,550
September 1, 2021	PSUs	nil	47,270
September 1, 2021	RSUs	nil	118,155
August 30, 2021	Common Shares ⁽¹⁾	US\$9.37	27,004
August 27, 2021	Common Shares ⁽¹⁾	US\$9.37	3,000
August 26, 2021	Common Shares ⁽¹⁾	US\$9.37	2,000
August 25, 2021	Common Shares ⁽¹⁾	US\$9.37	4,004
August 19, 2021	Common Shares ⁽¹⁾	US\$9.37	60,004
August 18, 2021	Common Shares ⁽¹⁾	US\$9.37	2,004

Notes:

- (1) Common Shares issued pursuant to the exercise of Options.
- (2) Common Shares issued pursuant to a short form prospectus offering.
- (3) Common Shares issued pursuant to the vesting of RSUs and PSUs.

TRADING PRICE AND VOLUME

The following table sets out trading information for the Common Shares for the periods indicated as reported by the TSX as of September 1, 2022 and for the preceding twelve-month period.

Period	High (C\$/share)	Low (C\$/share)	Volume
2021			
September	20.61	16.40	2,039,132
October	21.89	17.28	3,000,133
November	22.85	18.16	3,273,119
December	22.04	18.64	1,342,923
2022			
January	20.35	16.40	1,405,816
February	18.91	15.54	1,130,454
March	17.29	13.77	2,183,845
April	16.07	12.13	2,181,613
May	14.33	10.48	3,164,402
June	13.94	11.15	1,682,632
July	14.69	11.05	1,129,076
August	17.20	12.32	2,624,722
September 1 – 12	14.55	13.55	652,751

CEASE TRADE ORDERS, BANKRUPTCIES, PENALTIES OR SANCTIONS*Cease Trade Orders*

Other than as set out below, no director or executive officer of the Company is, as at the date of this Prospectus, or was within the 10 years before the date of this Prospectus, a director, chief executive officer or chief financial officer of any company (including the Company), that:

- (a) was subject to an order that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer, or
- (b) was subject to an order that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

For the purposes of the preceding disclosure, an "order" means: (i) a cease trade order; (ii) an order similar to a cease trade order; or (iii) an order that denied the relevant company access to any exemption under securities legislation, that was in effect for more than 30 days.

Each of Constantine Karayannopoulos, Kevin Morris, Jeff Hogan, Greg Kroll and Frank Timmerman were officers or directors of Molycorp, the predecessor company to the Company when Molycorp's common shares were cease

traded and delisted from the New York Stock Exchange in connection with the Reorganization. See "*Corporate Structure – Corporate History*" in the AIF.

Bankruptcies

Other than as set out below, no director or executive officer of the Company, or a shareholder holding a sufficient number of securities of Neo to affect materially the control of the Company:

- (c) is, at the date of this Prospectus, or has been within the 10 years before the date of this Prospectus, a director or executive officer of any company (including the Company) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets, or
- (d) has, within the 10 years before the date of this this Prospectus, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold assets of the director, executive officer or shareholder.

Each of Constantine Karayannopoulos, Kevin Morris, Jeff Hogan, Greg Kroll and Frank Timmerman were directors or officers of Molycorp, the predecessor company to the Company, when Molycorp underwent the Reorganization. See "*Corporate Structure – Corporate History*" in the AIF.

Edgar Lee was an officer of Oaktree Capital Management L.P. ("**Oaktree CM**") until December 2020. A principal focus of Oaktree CM's investing activities is in the debt of financially stressed or distressed companies and to take an active role in the bankruptcy process, often emerging with equity of the reorganized company. While Oaktree CM does not generally become a control person of, or join the board of such companies until after it has emerged from bankruptcy, Oaktree CM may sign a restructuring support agreement or make arrangements with other creditors during the bankruptcy process.

Penalties and Sanctions

Other than as set out below, no director or executive officer of the Company, or a shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company, has been subject to:

- (a) any penalty or sanction imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- (b) any other penalty or sanction imposed by a court or regulatory body that would likely be considered important to a reasonable investor making an investment decision.

PROMOTER

During the two years immediately preceding the date of this Prospectus, the promoter of the Company has been as follows:

Shareholder Name	Number of Common Shares Beneficially Owned Immediately Prior to the Offering ⁽¹⁾	Number of Common Shares Beneficially Owned after giving effect to the Offering ⁽¹⁾	Assuming Completion of the Offering ⁽¹⁾	
			% of Common Shares (assuming no exercise of the Over-Allotment Option)	% of Common Shares (assuming full exercise of the Over-Allotment Option)
Oaktree Capital Management, L.P.	9,878,155	9,878,155	21.86%	19.62%

Notes:

- (1) To the knowledge of the Company, owned beneficially. Oaktree Capital Management, L.P. is the manager of various funds and accounts within Oaktree's Strategic Credit and Credit Opportunities strategies, which beneficially owns OPPS NPM S.a.r.l. See "*Risk Factors – Significant Shareholder*".

RISK FACTORS

An investment in the Offered Shares is speculative and subject to risks and uncertainties. The occurrence of any one or more of these risks or uncertainties could have a material adverse effect on the value of any investment in the Company and the business, prospects, financial position, financial condition or operating results of the Company. Additional risks and uncertainties not presently known to the Company or that the Company currently deems immaterial may also impair the Company's business operations.

Prospective investors should carefully consider all information contained in this Prospectus, including all documents incorporated by reference, and in particular should give special consideration to the risk factors under the section titled "*Risk Factors*" in the AIF, which is incorporated by reference in this Prospectus and which may be accessed under the Company's SEDAR profile at www.sedar.com, and the information contained in the section entitled "*Cautionary Statement Regarding Forward-Looking Information*". Additionally, purchasers should consider the risk factors set forth below.

The risks and uncertainties described or incorporated by reference in this Prospectus are not the only ones the Company may face. Additional risks and uncertainties that the Company is unaware of, or that the Company currently considers not to be material, may also become important factors that affect the Company. If any such risks actually occur, the Company's business, financial condition or results of operations could be materially adversely affected, with the result that the trading price of the Common Shares could decline and investors could lose all or part of their investment.

Risks Associated with the Offering

Use of Proceeds

The Company currently intends to allocate the net proceeds received from the Offering as described under "*Use of Proceeds*" in this Prospectus. However, management of the Company will have discretion in the actual application of the net proceeds and may elect to allocate proceeds differently from as described under "*Use of Proceeds*" if it is believed it would be in the best interests of the Company to do so as circumstances change. The failure by management of the Company to apply these funds effectively could have a material adverse effect on the Company's business, operating results and financial condition.

Additional Financing

Depending on its ability to achieve its goals, the Company may need to raise further equity and/or debt financing to fund the completion of its European growth initiatives, the Zibo relocation project and other corporate developments. The success and the pricing of any such equity and/or debt financing will be dependent upon the prevailing market conditions at that time. If additional capital is raised by an issue of securities, this may have the effect of diluting shareholders' interests in the Company. Any debt financing, if available, may involve financial covenants which limit the Company's operations. If the Company requires additional capital and is unable to obtain

it, there may be a possibility that it will not be able to complete the full deployment of its solutions and the full implementation of its business plan, which could have a materially adverse effect on its business, operating results and financial condition.

Risks Associated with the Common Shares

Volatility of Price of Common Shares

The market price of the Common Shares is subject to significant fluctuations in response to various factors, including, but not limited to, variations in the operating results of the Company and its subsidiaries, divergence in financial results from analysts' expectations, changes in earnings estimates by stock market analysts, changes in the business prospects for the Company and its subsidiaries, general economic conditions, legislative or regulatory changes, and other events and factors outside of the Company's control.

In addition, the stock markets from time to time have experienced significant price and volume fluctuations that have particularly affected the market prices of equity securities of many companies and that often have been unrelated to the operating performance of such companies. These broad market fluctuations may adversely affect the market price of the Common Shares. There can be no assurance that the holders or purchasers of the Common Shares will be able to sell their shares at prices equal to or greater than their cost. As well, general economic and political conditions could adversely affect the market price for the Common Shares.

Dividends

The declaration and payment of future dividends will be at the discretion of the Board and may become subject to restrictions under any credit facilities that may be entered into by the Company and may be affected by various other factors, including, but not limited to, the Company's earnings, financial condition and legal or contractual restrictions. There can be no assurance that the Company will be in a position to pay dividends at the same rate (or at all) in the future.

Moreover, as the Company is a holding company for its operating subsidiaries and does not have any significant operations of its own, dividends or other distributions from its subsidiaries are the Company's principal sources of cash to fund its obligations, including the payment of dividends, if declared. There are or may be statutory, contractual, tax or other limitations on the ability of the Company's subsidiaries to make distributions to the Company. If the cash the Company receives from its subsidiaries pursuant to such distributions is insufficient, or if the subsidiaries are unable to make such distributions, the Company may be required to raise cash through the incurrence of debt, the issuance of additional equity or the sale of assets to fund its obligations. However, there can be no assurance that the Company would be able to raise cash by any of these means in a timely manner or on terms that are favourable to the Company.

Difficulty in Enforcement of Judgments

The Company is a holding company, with many of its subsidiaries and the majority of its assets located outside of Canada. Accordingly, it may be difficult for investors to enforce within Canada any judgments obtained against the Company, including judgments predicated upon the civil liability provisions of applicable Canadian securities laws. Consequently, investors may be effectively prevented from pursuing remedies against the Company under Canadian securities laws or otherwise.

The Company has subsidiaries incorporated in Cayman Islands, China, Estonia, Germany, Barbados, South Korea, Thailand, Japan and certain U.S. states. Certain directors and officers reside outside of Canada and substantially all of the assets of these persons are located outside of Canada. It may not be possible for shareholders to effect service of process against the Company's directors and officers who are not resident in Canada. In the event a judgment is obtained in a Canadian court against one or more of the Company's directors or officers for violations of Canadian securities laws or otherwise, it may not be possible to enforce such judgment against those directors and officers not resident in Canada. Additionally, it may be difficult for an investor, or any other person or entity, to assert Canadian securities law claims or otherwise in original actions instituted in the jurisdictions where the Company's subsidiaries

are located. Courts in these jurisdictions may refuse to hear a claim based on a violation of Canadian securities laws or otherwise on the grounds that such jurisdiction is not the most appropriate forum to bring such a claim. Even if a foreign court agrees to hear a claim, it may determine that the local law, and not Canadian law, is applicable to the claim. If Canadian law is found to be applicable, the content of applicable Canadian law must be proven as a fact, which can be a time-consuming and costly process. Certain matters of procedure will also be governed by foreign law.

Significant Shareholder

OPPS NPM S.a.r.l. ("**Oaktree**") hold significant voting power in the Company, and its interests may conflict with or differ from the interests of the other shareholders. As of the date of this Prospectus, Oaktree holds approximately 24.28% of the issued and outstanding Common Shares and following the completion of the Offering, Oaktree is expected to hold approximately 21.86% of the issued and outstanding Common Shares assuming the Over-Allotment Option is not exercised, and 21.54% of the issued and outstanding Common Shares if the Over-Allotment Option is exercised in full. Accordingly, the interests of Oaktree may not be the same as those of the Company's other shareholders, and conflicts of interest may arise from time to time that may be resolved in a manner detrimental to the Company or the Company's minority shareholders. The Company understands that Oaktree and Hastings Technology Metals Limited ("**Hastings**") have entered into an agreement pursuant to which Oaktree has agreed to sell an aggregate of 8,974,127 Common Shares to Hastings (the "**Share Sale**"), subject to certain conditions including approval of the shareholders of Hastings in connection with the proposed share purchase. Following the completion of the Offering and the Share Sale (which is expected to close in October 2022), Hastings is expected to hold approximately 19.86% of the issued and outstanding Common Shares assuming the Over-Allotment Option is not exercised, and 19.56% of the issued and outstanding Common Shares if the Over-Allotment Option is exercised in full. Following the completion of the Offering and the Share Sale, Oaktree is expected to hold an aggregate of 904,028 Common Shares, representing approximately 2.00% of the issued and outstanding Common Shares assuming the Over-Allotment Option is not exercised, and 1.97% of the issued and outstanding Common Shares if the Over-Allotment Option is exercised in full.

As long as Oaktree or Hastings, as the case may be (a "**Significant Shareholder**"), continues to directly or indirectly own a significant amount of the voting power of the Company, it may be able to strongly influence or effectively control the business decisions of Neo. Because a Significant Shareholder may have interests that are different from those of the other shareholders of the Company, it may exercise its voting and other rights in a manner that may be adverse to the interests of such other shareholders.

In addition, this concentration of ownership could have the effect of delaying or preventing a change in control or otherwise discouraging a potential acquiror from attempting to obtain control of the Company, which could cause the market price of the Common Shares to decline or prevent shareholders from realizing a premium over the market price for their Common Shares.

Future Sales of Common Shares

Sales of a substantial number of Common Shares in the public market, or the perception that large sales could occur, could depress the market price of the Common Shares.

Subject to certain contractual limitations, and compliance with applicable securities and exchange laws and regulations, certain officers and directors who are shareholders of the Company will be free to sell their Common Shares. However, for a period of 90 days, such shareholders have agreed, subject to certain exceptions, in respect of any securities of the Company held directly or indirectly, not to offer or sell, agree to offer or sell, or enter into agreement to offer or sell any Common Shares or other securities of the Company or securities convertible into, exchangeable for, or offered exercisable to acquire any securities of the Company. In addition, the Common Shares reserved for future issuance under the Stock Option Plan and the Legacy Plan will become eligible for sale in the public market in the future, subject to certain legal and contractual limitations. If these additional Common Shares are sold, or if it is perceived that they will be sold, in the public market, the price of the Common Shares could decline substantially.

In the future, the Company may issue additional securities to raise capital. The Company may also acquire interests in other companies by using a combination of cash and Common Shares or just Common Shares. The Company may also issue securities convertible into Common Shares. Any of these events may dilute a shareholder's ownership interest in the Company and have an adverse impact on the price of the Common Shares. In addition, sales of a substantial amount of the Common Shares in the public market, or the perception that these sales may occur, could reduce the market price of Common Shares. This could also impair the Company's ability to raise additional capital through the sale of the Company's securities.

Tax Risk of the Offering

Prospective investors should be aware that the purchase, holding or disposition of the Offered Shares may have tax consequences both in Canada and in the United States. Prospective investors should consult with their own independent tax advisor.

Risks Associated with the Business of the Company

Macroeconomic, Geopolitical and Other Challenges and Uncertainties Globally Could Have a Negative Impact on Neo's Businesses and Results of Operations

In addition to the significant macroeconomic challenges posed by the on-going COVID-19 pandemic (see the COVID-19-related risk factor below), Neo has experienced, and could experience in the future, negative impacts to its businesses and results of operations as a result of other macroeconomic, geopolitical and other challenges, uncertainties and volatility. For example, the recent action of Russian military forces in Ukraine has escalated tensions between Russia and the U.S., NATO, the EU, the U.K, Canada and other countries. The U.S., the EU, the UK, Canada and several other countries have recently imposed a series of new sanctions targeting Russia, two separatist pro-Russian regions in Ukraine, and certain individuals, banks, and corporations that are seen as allies to the administration of Russian president Vladimir Putin and expanded controls on exports to Russia. These measures are intended to impair Russia's ability to finance its expenditures and limit its access to products or technology that support its military capabilities.

The Silmet facility sources the majority of its rare earth feedstock from a Russian supplier. Buss & Buss sources a small amount of its tantalum scrap from a recycled source in the Baltic States which may receive from stock from Russia. The Company has engaged an advisory firm and legal counsel with expertise in global sanctions to advise and guide the Company in complying with such sanctions. These advisors assist Neo with screening customers and other counterparties to ensure the Company is complying with various designated persons lists. In addition, Neo's advisors have analyzed each of the source materials that the Company purchases as input and Neo's products with respect to their source and destination. The Company is not currently aware of any import bans or controls relating to the supply of rare earth feedstocks for any of its production facilities; however, Neo is continuing its efforts to diversify the source of its feedstocks across its business divisions and is in the process of evaluating and qualifying such sources of raw materials.

As the Silmet facility sources the majority of its rare earth feedstock from a Russian supplier, an interruption or suspension of such supply would like result in a reduction or discontinuation of production of certain of Neo's products at the Silmet facility. Such a reduction or suspension of its feedstock source could have a material impact on the Company's results of operations and financial results. Management currently expects, but cannot be certain, that these sanctions will not materially affect its access to the inputs it needs to operate. The removal of Russian banks from the SWIFT messaging system may make it more difficult for the Company to pay its Russian suppliers. Moreover, counter-measures taken by Russia, and any further sanctions imposed by the various countries and governments, could have negative impacts on regional and global financial markets and economic conditions and consequently, the Company's operations and financial results.

Supplies of Raw Materials

Neo is exposed to the volatility in the prices of raw materials because it does not generally have long-term supply contracts. Neo also has exposure to certain geo-political risks that could affect the supply of raw materials. Neo's

operations in Estonia, for example, currently source most of its feedstock from North America, South America, Europe and Russia. Economic or political sanctions imposed on certain countries in these regions could adversely impact Neo's access to its supplies of feedstock. In addition, with respect to the sources of raw material for JAMR, ZAMR and NAMCO, the Chinese government is actively monitoring and regulating critical minerals mining operations. In some cases, it is shutting down or curtailing illegal or environmentally damaging mining activities. This could have an adverse impact on critical minerals raw material supply. Although Neo believes there is an adequate supply of critical minerals feedstock for its processing facilities, there is no assurance that the prices of such critical minerals feedstock will not rise dramatically, in which case the increased cost of production may have a material adverse effect on the profit margins of Neo. Such rises in the prices of critical minerals feedstock may be offset by increasing the prices of Neo's critical minerals related products, however, there is no assurance that the market will bear such price increases and even if the market will bear such increases, the Magnequench segment will have an increased cost of production since critical minerals are a primary raw material. In addition, if market prices for the C&O segment's critical minerals and zirconium products decline, there is no assurance that raw material prices will decline sufficiently or in tandem to offset the decline in selling prices. The above could have a material effect on Neo's profit margins. Neo is also dependent on being able to secure an adequate supply of gallium, indium, or rhenium bearing scrap at economic prices to maintain and grow its recycling business in the Rare Metals segment.

Customers' Supply Chain Issues

The Company's customers' products are highly dependent on their suppliers to deliver raw materials and components in accordance with a production schedule and a shortage of raw materials or key components can disrupt the Company and the customer's production of products. The Company's customers' products contain components they source globally from suppliers, who in turn, source components from their suppliers. If there is a shortage of a key components in the supply chain, and the component cannot be sourced from an alternate supplier, the shortage may disrupt the production schedule, which could impact the demand for the Company's products. For example, the automotive industry continues to face a significant shortage of semiconductors, which has a complex supply chain with long lead time required to increase production and capacity. The shortage is due in large part to strong cross-industry demand, which has presented some of the Company's customers challenges and production disruptions, which in turn affects the demand for Neo's products. A shortage of key components or raw materials as a result of disruptions in the supply chain, capacity constraints, competition for such items, or otherwise can cause a significant disruption to Neo's production schedule and may have a substantial adverse impact on Neo's financial condition or results of operations.

Risks Related to Legal Proceedings Concerning Intellectual Property

From time to time, Neo and its subsidiaries are subject to litigation claims arising in the ordinary course of business, most of which involve alleged violations of the intellectual property rights of others. Neo manufactures and sells many products that use scientific formulations and processes, and its competitors may from time to time allege that they hold a patent on such formulations or processes that Neo has infringed. Neo generally believes that it has meritorious defenses to the actions that have been brought against it and vigorously pursues the defense of each such action, including but not limited to initiating legal proceedings to revoke or invalidate the patents Neo is alleged to have infringed. However, litigation outcomes are inherently unpredictable and may be even harder to predict for patent litigation, since patents are issued separately by each country or applicable jurisdiction with different standards for infringement or invalidation, as well as differing levels of damages, including as a result of the number of customers and level of activity of Neo in a given country or jurisdiction. Note 11.2 – *Legal Contingencies* in the Interim Financial Statements sets out a summary of the intellectual property proceedings which involve the Company and/or one of its subsidiaries.

If many or most of the proceedings initiated against Neo in respect of the patents held by others are finally determined in a manner adverse to Neo, there can be no assurance that such determinations would not have a material adverse effect upon Neo or upon its operations, cash flows, prospects or financial condition, and in some countries (or jurisdictions), management expects that an injunction or other remedy imposed for infringement will be materially adverse to Neo. It is not possible at this time to predict with any degree of certainty the impact upon Neo's operations in the event of such final adverse determinations. If injunctions were granted against it, Neo would be prohibited from manufacturing and distributing certain products in those jurisdictions subject to those injunctive

orders. Neo could, in such event, re-establish its manufacturing capability for such products in jurisdictions not prohibited by any such orders, and thus would expect to encounter interruptions in its manufacturing of such products and in its ability to distribute such products to customers in jurisdictions not subject to such orders. The litigation proceedings described in the Interim Financial Statements and this section affect certain products manufactured by Neo's C&O segment for use in auto catalysts. These products include multiple formulations sold in multiple jurisdictions to a number of different customers. These claims; however, do not affect all of the products manufactured by Neo's C&O segment for use in auto catalysts, nor do these claims pertain to all markets where such products are sold. Neo is not currently restricted with respect to the manufacture or distribution of any of its products as a result of ongoing litigation in such a way that would have a material impact on its financial condition or results of operations. However, in the event of final adverse determinations, Neo expects to take all available actions to mitigate the impacts of such rulings, including, but not limited to, continuing to pursue invalidation of the applicable patent (if not already decided), appealing the adverse rulings, obtaining licensing rights and finding new customer outlets. The geographically diverse nature of Neo's operations and that of certain of its customers potentially provides Neo with a measure of flexibility to manufacture the same products in certain other jurisdictions and continue to supply certain of its customers with the same products in certain other jurisdictions. Neo also has the ability to work with customers to develop new products that may have a lower risk of potentially falling within the scope of existing patent claims. See also "*Risk Factors – Risks Related to Intellectual Property Protection*" and "*Risk Factors – Intellectual Property Litigation*" in the AIF.

Emerging Market Considerations

The Company and its predecessors have operated as a global group of companies for over 25 years with a consistent and experienced executive management group and have developed and maintained close working relationships with local employees, management and bankers in order to develop and maintain control systems regarding asset management (including with respect to bank accounts).

The Company's operating entities in emerging jurisdictions are governed in accordance with applicable local laws and entity-wide governance principles. The directors of the Company's operating entities in emerging jurisdictions are generally comprised of a majority of senior management employees and where required by local laws, local residents, who are generally longstanding local management level employees, or local corporate counsel. The articles of association and joint venture agreements of certain entities specify how officers and directors are appointed, elected and removed. See "*Risk Factors – Risks Relating to Unauthorized Use of Corporate Chops of Neo's Subsidiaries in China*" in the AIF.

Neo has control over cash flows by ensuring that regular cash reports are reviewed by executive management and accounting personnel. Further, Neo implemented the use of a global banking platform with its global bank to monitor the movement of cash of its entities on a daily basis. Banking for the Company's significant operating subsidiaries is now active on this platform with access controls being administered at the head office level. Under the oversight of the Company's Executive Vice President and Chief Financial Officer, administration (including user access, types and amounts of cash movement, and daily limits) of these accounts is jointly administered by the Vice President, Taxation and Treasurer and the Vice President, Administration. The global banking platform provides additional controls to the organization's global bank accounts; however, at the current time, these accounts are not solely managed at the Company's head office.

The minute books, corporate records and corporate seals of these entities are maintained locally, with copies of material agreements, financial information and other material information and documents maintained at the Company's head office in Toronto, Ontario. In certain circumstances, corporate seals are maintained at the local entity level with appropriate security measures in place to safeguard such seals.

Each of the Company's executive officers and a number of its directors has experience as an executive officer and/or director of entities operating in the jurisdictions in which the Company operates. Each such person has been involved with the Company and/or its predecessor entities as an officer and/or director.

The Company provides new directors and officers with ongoing information sessions with senior executives in order to learn about the business of the Company, its financial situation, strategic planning, governance practices, local business customs and significant differences in legal regulatory structures. In addition, the Company regularly

retains local counsel to provide specific advice with respect to local laws and regulations and maintains strong relationships with local ministries and regulatory bodies as well as Canadian embassies. Neo has employees that are charged with education and compliance with legal and regulatory issues in the jurisdictions in which it operates. Officers of the Company regularly visit foreign operations and meet with local managers. Moving forward, the Company intends for independent directors and other directors to visit the principal business operations with local management at least once every two years.

A number of the Company's operating entities are subject to national, state and local laws and regulations in the jurisdictions in which they operate. The Company maintains open communications with such regulatory bodies and, where applicable, retains local counsel to provide advice with respect to new or evolving regulatory regimes.

The Company has operated in emerging jurisdictions for over 25 years and has experienced management that is sensitive to local business practices and customs. In addition, the Company has experienced local managers who are familiar with local practices and keep executive management apprised.

Translation services are provided in the Company's global locations to ensure clear communications between local management and executives, senior management and other employees. In addition, certain of the Company's executive team have proficiencies in certain of the languages used in these jurisdictions. Generally, local counsel in international jurisdictions function in English as well as the local language and, where necessary, professional translators are employed to translate corporate policies, health and safety regulations and legal documents.

COVID-19 Pandemic

The outbreak of COVID-19, has spread across the globe and is impacting worldwide economic activity. Conditions surrounding the COVID-19 continue to evolve and government authorities have implemented emergency measures to mitigate the spread of the virus. The outbreak and the related mitigation measures may have an adverse impact on global economic conditions as well as on the Company's business activities. The extent to which the coronavirus may continue to impact, or have a future impact on, the Company's business activities will depend on future developments, such as the continued geographic spread of the disease, the duration of the outbreak, travel restrictions, business disruptions, and the effectiveness of actions taken in Canada, the United States of America and other countries to contain and treat the disease. These events are highly uncertain and, as such, the Company cannot determine their financial impact at this time. The Company may face future disruption to operations, supply chain and/or production delays, travel and trade restrictions. The impact on economic activity in affected countries or regions can be expected and can be difficult to quantify. Such pandemics or diseases represent a serious threat to maintaining a skilled workforce and could be a major health-care challenge for the Company. There can be no assurance that the Company's personnel will not be impacted by these pandemics. In addition, the COVID-19 pandemic has created a dramatic slowdown in the global economy. The duration of the COVID-19 outbreak and the resultant travel restrictions, physical distancing, government response actions, business closures and business disruptions, may have an impact on the Company's operations and access to capital. There can be no assurance that the Company will not be impacted in the future by adverse consequences on global financial markets that may be brought about by the continuing COVID-19 pandemic which may reduce resource prices, share prices and financial liquidity and thereby severely limit the financing capital available to the Company. See "*Recent Developments – COVID-19 Developments*" in this Prospectus.

The Company's Failure to Manage its Growth Effectively Could Harm its Business and Results of Operations

The Company's growth has placed and may continue to place significant demands on its management and its operational and financial infrastructure. As its operations grow in size, scope and complexity and as the Company identifies and pursues new opportunities, the Company may need to increase in scale its infrastructure (financial, management, informational, personnel and otherwise). In addition, the Company will need to continue to build on and effectively deploy its corporate development and marketing assets as well as access sufficient new capital, as may be required, and additional supplies of raw materials. The expansion of its infrastructure will require the Company to commit financial, operational and technical resources in advance of an increase in the volume of business, with no assurance that the volume of business will increase. There can be no assurance the Company will be able to respond adequately or quickly enough to the changing demands that material expansion will impose on management, team members and existing infrastructure, and changes to the Company's operating structure may

result in increased costs or inefficiencies that it cannot anticipate. Changes as the Company grows may have a negative impact on the Company's operations, and cost increases resulting from the Company's inability to effectively manage its growth could adversely impact its profitability. In addition, continued growth could also strain the Company's ability to maintain reliable service levels for its clients, develop and approve its operational, financial and management controls, enhance its reporting systems and procedures and recruit, train and retain highly-skilled personnel. The Company places great importance on its culture, which the Company believes has been an important contributor to its success. As the Company grows, it may have difficulty maintaining its culture or adapting it sufficiently to meet the changing needs of its operations. Among other important factors, the Company's culture depends on its ability to attract, retain and motivate employees. The Company's failure to foster and maintain its corporate culture could also harm its business and results of operations. Failure to effectively manage growth could result in difficulty or delays in servicing clients, declines in quality or client satisfaction, increases in costs, difficulties in introducing new products or applications or other operational difficulties, and any of these difficulties could adversely impact the Company's business performance and results of operations.

Potential for Incurring Unexpected Costs or Liabilities as a Result of Acquisitions

The Company may in the future pursue strategic acquisitions that it believes would expand its product offerings and capabilities or complement its business. While management has considerable experience in making such acquisitions and integrating them, any such acquisition that the Company makes will be accompanied by the risks commonly encountered in acquisitions of businesses. The process of integrating acquired businesses, products or technologies may create unforeseen operating difficulties and expenditures. The Company may have difficulty integrating and assimilating the operations and personnel of any acquired companies, realizing anticipated synergies and maximizing the financial and strategic position of the combined enterprise. The Company may incur costs necessary to reorganize, expand or otherwise modify existing operations to meet future production needs, and may also incur closure and carrying costs for portions of properties, for which it has no operational uses. The Company may also have difficulty maintaining uniform standards, policies and controls across the organization. The process of integrating acquired businesses may also result in a diversion of management's attention and cause an interruption of, or loss of momentum in, its activities.

Additionally, any acquisition that the Company makes may result in the assumption of material liabilities. Businesses and properties the Company acquires may be in an unexpected condition and may subject the Company to increased costs and liabilities, including environmental liabilities. The costs and liabilities associated with known risks may be greater than expected, and the Company may assume unknown liabilities, either of which could have a material adverse effect on its business, financial condition and results of operations. Foreign acquisitions involve risks in addition to those mentioned above, including those related to integration of operations across different cultures and languages, currency risks and the particular economic, political and regulatory risks associated with specific countries. As a result of these risks, the anticipated benefits of these acquisitions may not be fully realized, if at all, and the acquisitions could have a material adverse effect on the business, financial condition and results of operations of the Company.

Ability to Maintain Obligations Under Credit Facility and Other Debt

The Company has entered into certain credit facilities, including the Credit Facility, and may, from time to time, enter into other arrangements to borrow money in order to fund its operations and expansion plans, and such arrangements may include covenants that have restrictive obligations in terms of payment provisions or that restrict its business in some way. Events may occur in the future, including events out of the Company's control, that would cause the Company to fail to satisfy its obligations under the credit facilities or other debt instruments. In such circumstances, any amounts drawn under the Company's debt agreements may become due and payable before the agreed maturity date and the Company may not have the financial resources to repay such amounts when due. The credit facilities are secured by all of the Company's property. If the Company were to default on its obligations under the credit facilities or other secured debt instruments in the future, the lender(s) under such debt instruments could enforce their security and seize all or significant portions of the Company's assets.

AUDITORS, TRANSFER AGENT AND REGISTRAR

The auditors of the Company are KPMG LLP, Chartered Professional Accountants, Toronto, Ontario. KPMG LLP is independent of the Company in accordance with the Rules of Professional Conduct of the Chartered Professional Accountants of Ontario.

The transfer agent and registrar for the Common Shares is Computershare Trust Company of Canada at its principal offices in Toronto, Ontario.

AGENT FOR SERVICE OF PROCESS

Eric Noyrez, Edgar Lee, Yadin Rozov, Zhe Zhao, Kevin D. Morris, Jeffrey R. Hogan, Frank Timmerman and Gregory K. Kroll reside outside of Canada. In addition, the promoter is organized outside of Canada. Brook Hinchman and Jordan Mikes, Managing Directors of the promoter reside outside of Canada. The foregoing individuals and the promoter have appointed Fogler, Rubinoff LLP, legal counsel to the Company, at its office at 77 King Street West, Suite 3000, Toronto, Ontario, as agent for service of process in Canada. Purchasers are advised that it may not be possible for investors to enforce judgments obtained in Canada against any person or company that is incorporated, continued or otherwise organized under the laws of a foreign jurisdiction or resides outside of Canada, even if such person or company has appointed an agent for service of process. See "*Risk Factors*".

LEGAL MATTERS

Certain legal matters in connection with this Offering will be passed upon by Fogler, Rubinoff LLP, on behalf of the Company and by Bennett Jones LLP, on behalf of the Underwriters. As at the date hereof, the partners and associates of Fogler, Rubinoff LLP, as a group, and the partners and associates of Bennett Jones LLP, as a group, each beneficially own, directly or indirectly, less than one percent of the outstanding Common Shares of the Company.

PURCHASERS' STATUTORY RIGHTS

Securities legislation in certain provinces of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. In some jurisdictions, the securities legislation further provides a purchaser with remedies for rescission or revisions to the price or damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission, revisions to the price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's jurisdiction of residence. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's jurisdiction of residence for the particulars of these rights or consult with a legal advisor.

GLOSSARY OF TERMS

"**Arrangement**" means the Cayman Islands scheme of arrangement involving Neo Cayman, the shareholders of Neo Cayman and the Company pursuant to which the Company acquired all of the outstanding ordinary shares of Neo Cayman in exchange for an aggregate of 39,878,383 Common Shares and following which Neo Cayman became a wholly-owned subsidiary of the Company and after which the Company carried on the business of Neo Cayman as such business was carried on immediately prior to the Arrangement;

"**auto catalyst**" means automotive emission-control catalyst;

"**Board**" means the board of directors of Neo, as constituted from time to time;

"**catalyst**" means a substance that increases the rate of a chemical reaction without being consumed itself;

"**China**" means the People's Republic of China;

"**C&O**" means the Chemicals & Oxides division of Neo's business;

"**EV**" means electric vehicle;

"**GaCl₃**" means gallium trichloride;

"**HDD**" means hard disk drive;

"**HEV**" means hybrid electric vehicle;

"**JAMR**" means Jiangyin Jiahua Advanced Material Resources Co., Ltd., a Chinese joint venture in which the Company holds a 95% interest;

"**LED**" means light-emitting diode;

"**Legacy Plan**" means the management incentive plan adopted by the board of directors of Neo Cayman on August 31, 2016, and pursuant to which certain RSUs, PSUs and legacy Options were issued;

"**Magnequench**" means the Magnequench division of Neo's business;

"**Magnequench Magnets**" means bonded permanent magnets produced by Magnequench;

"**Magnequench Powders**" means magnetic powders produced by Magnequench;

"**Molycorp**" means Molycorp, Inc.;

"**NAMCO**" means Neo Jia Hua Advanced Materials (Zibo) Co. Ltd., a Chinese joint venture in which the Company holds a 98% interest;

"**NdFeB**" means neodymium-iron-boron;

"**Neo Cayman**" means Neo Cayman Holdings Ltd., a company organized under the laws of the Cayman Islands and following the completion of the Arrangement became a wholly-owned subsidiary of Neo;

"**Options**" means stock options exercisable into Common Shares, issued pursuant to the Legacy Plan and the Stock Option Plan;

"**PSU**" means performance share unit;

"**Rare Metals**" means the Rare Metals division of Neo's business;

"**R&D**" means research and development;

"**Reorganization**" means the reorganization of the business of Molycorp under Chapter 11 of Title 11 of the United States Bankruptcy Code – see "*Corporate Structure – The Reorganization*" in the AIF;

"**RSU**" means restricted share unit;

"**Stock Option Plan**" means the 7% rolling stock option plan of the Company adopted by the Board on October 13, 2017 ;

"**TSX**" means the Toronto Stock Exchange;

"**United States**" or "**U.S.**" means the United States of America, its territories and possessions, any state of the United States and the District of Columbia;

"**U.S. Securities Act**" means the *United States Securities Act of 1933*, as amended; and

"**ZAMR**" means Zibo Jiahua Advanced Material Resources Co., Ltd., the Chinese joint venture company in which the Company holds a 98% interest.

CERTIFICATE OF THE COMPANY

Dated: September 13, 2022

This short form prospectus, together with the documents incorporated by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation of each of the Provinces of Canada (other than the Province of Quebec).

(signed) "Constantine E. Karayannopoulos"
Chief Executive Officer

(signed) "Rahim Suleman"
Chief Financial Officer

On Behalf of the Board of Directors

(signed) "Claire M.C. Kennedy"
Director

(signed) "Edgar Lee"
Director

CERTIFICATE OF THE PROMOTER

Dated: September 13, 2022

This short form prospectus, together with the documents incorporated by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation of each of the Provinces of Canada (other than the Province of Quebec).

Oaktree Capital Management, L.P.

(signed) "Brook Hinchman"
Managing Director

(signed) "Jordan Mikes"
Managing Director

CERTIFICATE OF THE UNDERWRITERS

Dated: September 13, 2022

To the best of our knowledge, information and belief, this short form prospectus, together with the documents incorporated by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation of each of the Provinces of Canada (other than the Province of Quebec).

PARADIGM CAPITAL INC.

(signed) "David Roland"
Chief Executive Officer

CANACCORD GENUITY CORP.

(signed) "Michael Kogan"
Managing Director

CORMARK SECURITIES INC.

(signed) "Alfred Avanessy"
Managing Director,
Head of Investment Banking

RAYMOND JAMES LTD.

(signed) "Jimmy Leung"
Managing Director, Head of Sustainability
Investment Banking

STIFEL NICOLAUS CANADA INC.

(signed) "Harris Fricker"
President