

**FORM 51-102F3**  
**MATERIAL CHANGE REPORT**

**ITEM 1. Name and Address of Company**

Neo Performance Materials Inc.  
121 King St West, Suite 1740  
Toronto, Ontario M5H 3T9

**ITEM 2. Date of Material Change**

November 4, 2024

**ITEM 3. News Releases**

A press release in the form of Schedule "A" attached hereto was disseminated on November 4, 2024 via CNW Group news service and subsequently filed on the System for Electronic Document Analysis and Retrieval+ ([www.sedarplus.ca](http://www.sedarplus.ca)).

**ITEM 4. Summary of Material Change**

Neo Performance Materials Inc. ("**Neo**", the "**Company**") (TSX: [NEO](#)) has entered into a loan agreement (the "**Loan Agreement**") with Export Development Canada ("**EDC**") for a term loan of up to US\$50 million (the "**Credit Facility**") to finance the on-going construction of the sintered magnets facility in Narva, Estonia (the "**Project**").

Neo will use the Credit Facility to advance its new sintered magnets manufacturing facility in Narva, Estonia, which is expected to be completed in 2025. Strategically located near Neo's existing rare earth separation plant, Phase One of the new facility's operations is expected to produce 2,000 metric tons per year, with plans for future growth. Sintered magnets are critical to fast-forwarding the green transition. They are used in applications such as traction motors for electric vehicles and generators for wind turbines.

**ITEM 5. Full Description of Material Change**

5.1 Full Description of Material Change

See Schedule "A" attached hereto.

5.2 Disclosure for Restructuring Transactions

Not applicable.

**ITEM 6. Reliance on subsection 7.1(2) of National Instrument 51-102**

This report is not being filed on a confidential basis.

**ITEM 7. Omitted Information**

No information has been omitted from this report.

**ITEM 8. Executive Officer**

The following officer of the Offeror may be contacted for further information:

Alexander Caldwell

Vice President, Administration and Corporate Secretary

[inquiries@neomaterials.com](mailto:inquiries@neomaterials.com)

**ITEM 9. Date of Report**

This report is dated this 4<sup>th</sup> day of November, 2024.

## SCHEDULE "A"



### **Neo Secures US\$50 million Credit Facility for Sintered Magnets Facility in Europe**

- Export Development Canada credit facility to support the construction and commissioning of Neo's new sintered magnets facility in Europe
- Phase One construction of the manufacturing facility is proceeding on time and on budget and is expected to have a production capacity of 2,000 metric tons per year

**TORONTO, Nov. 4, 2024 /CNW/** - Neo Performance Materials Inc. ("**Neo**" or the "**Company**") (TSX: NEO) is pleased to announce it has entered into a loan agreement ("**Loan Agreement**") with Export Development Canada ("**EDC**") for a term loan of up to US\$50 million (the "**Credit Facility**") to finance the on-going construction of the sintered magnets facility in Narva, Estonia (the "**Project**").

#### **Highlights of the Credit Facility:**

- The Credit Facility of up to US\$50 million will be advanced in two tranches of US \$25 million and will mature five years from the date hereof.
- Principal repayment will begin two years from the date hereof.
- The outstanding principal amount 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.
- Several of the Company's subsidiaries, including the entity that owns the Project, are expected to provide guarantees and/or security in favour of EDC pursuant to the Loan Agreement.

Neo will use the Credit Facility to advance its new sintered magnets manufacturing facility in Narva, Estonia, which is expected to be completed in 2025. Strategically located near Neo's existing rare earth separation plant, Phase One of the new facility's operations is expected to produce 2,000 metric tons per year, with plans for future growth. Sintered magnets are critical to fast-forwarding the green transition. They are used in applications such as traction motors for electric vehicles and generators for wind turbines.

Initiated in 2023, the construction is progressing on time and on budget, with an estimated cost of US\$75 million. The facility has obtained significant support, including a grant of up to US\$20 million (€18.7 million) from the European Union's Just Transition Fund ("JTF") in 2022. As of the first half of 2024, Neo has capitalized US\$24.9 million since the project's inception. The remaining estimated cost of US\$50.1 million (prior to the JTF grant) is anticipated to be spent through the end of 2024 and into 2025.

"Neo is pleased to have EDC's support to advance our new sintered magnets manufacturing facility. Strategically located in Estonia to support the mid-to-downstream integration with our Silmet rare earth separation facility, this manufacturing facility will be Neo's first to produce made-in-EU rare earth magnets for electric vehicle traction motors. It will service the growing demand for localized, parallel supply chains, shaping the future of EV manufacturing in Europe and North America," said Rahim Suleman, Neo's President and Chief Executive Officer.

### ***Cautionary Statements Regarding Forward-Looking Statements***

*This news release may contain "forward-looking information" within the meaning of applicable Canadian securities legislation. Generally, but not always, forward-looking information and statements can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates", or "believes" or the negative connotation thereof or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved" or the negative connotation thereof. Specific forward-looking statements in this news release include, but are not limited to, construction and commissioning of the Project, budgets, expenditures, and costs associated with the completion of the Project, issues relating to timing of product qualification, and matters relating thereto. In making the forward-looking information in this news release, the Company has applied certain factors and assumptions based on its current beliefs and assumptions made by and information currently available to the Company. Although the Company considers these assumptions to be reasonable based on information currently available to it, they may prove to be incorrect, and the forward-looking information in this release is subject to numerous risks, uncertainties, and other factors that may cause future results to differ materially from those expressed or implied in such forward-looking information. There are many risk factors associated with the completion of the Credit Agreement, security agreements and the Project. Several factors could cause actual results to differ materially from those anticipated by the Company, including but not limited to the risks and uncertainties inherent in the nature of the construction and commissioning of a manufacturing facility, including the failure to obtain necessary regulatory approvals*

*or to otherwise complying with applicable building permits, risks relating to qualification of products, risks of a material adverse change the Company's assets or revenues, or risks of unknown liabilities that may arise.*

*Readers are cautioned not to place undue reliance on forward-looking information. The Company does not intend and expressly disclaims any intention or obligation to update or revise any forward-looking information, whether as a result of new information, future events, or otherwise, except as required by law. For more information on Neo, investors should review Neo's continuous disclosure filings, which are available under Neo's profile at [www.sedarplus.ca](http://www.sedarplus.ca).*

### **About Neo Performance Materials**

Neo is fast-forwarding the green energy transition by manufacturing the building blocks of many modern technologies that enhance efficiency and sustainability. Neo'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's business is organized into three divisions: Magnequench, Chemicals & Oxides, and Rare Metals. Neo is headquartered in Toronto, Ontario, Canada, with corporate offices in Greenwood Village, Colorado, United States; Singapore; and Beijing, China. Neo has a global platform that includes 10 manufacturing facilities in China, the United States, Germany, Canada, Estonia, Thailand and the United Kingdom, and one dedicated research and development centre in Singapore. For more information, please visit [www.neomaterials.com](http://www.neomaterials.com).

### **For further information: Information Contacts:**

Ali Mahdavi, SVP, Corporate Development & Capital Markets, (416) 962-3300, email: [a.mahdavi@neomaterials.com](mailto:a.mahdavi@neomaterials.com); George Gretes, Communications & Media, (416) 367-8588, ext. 7331, email: [media@neomaterials.com](mailto:media@neomaterials.com); Website: [www.neomaterials.com](http://www.neomaterials.com)