



Neo Performance Materials Inc.

Annual Information Form

MARCH 19, 2026



TABLE OF CONTENTS

	Page
FORWARD-LOOKING INFORMATION	2
CURRENCY EXCHANGE RATES	4
CORPORATE STRUCTURE	4
OVERVIEW OF THE BUSINESS	5
GENERAL DEVELOPMENT OF THE BUSINESS	7
BUSINESS OF NEO	15
DIVIDEND POLICY	30
DESCRIPTION OF SHARE CAPITAL	30
MARKET FOR SECURITIES	32
DIRECTORS AND EXECUTIVE OFFICERS	33
AUDIT COMMITTEE DISCLOSURE	39
RISK FACTORS	42
LEGAL PROCEEDINGS AND REGULATORY ACTIONS	66
INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS	66
AUDITORS, TRANSFER AGENT AND REGISTRAR	67
MATERIAL CONTRACTS	67
INTERESTS OF EXPERTS	67
ADDITIONAL INFORMATION	67
SCHEDULE "A"	68
GLOSSARY OF TERMS	72

Neo Performance Materials Inc. (the "**Company**") was incorporated under the OBCA on September 12, 2017 and is listed on the Toronto Stock Exchange (the "**TSX**") under the ticker symbol "NEO" and quoted on the OTCQX under symbol "NOPMF". Neo's registered and head office is located at 121 King Street West, Suite 1740, Toronto, Ontario M5H 3T9. Unless otherwise noted or the context indicates otherwise, "**Neo**" refers to Neo Performance Materials Inc. and includes the businesses carried on by its direct and indirect subsidiaries. A glossary of terms is included at the end of this AIF.

FORWARD-LOOKING INFORMATION

This annual information form ("**AIF**") contains "forward-looking information" within the meaning of applicable securities laws in Canada. Forward-looking information may relate to future events or future performance of Neo. All statements in this AIF, other than statements of historical facts, with respect to Neo's objectives and goals, as well as statements with respect to its beliefs, plans, objectives, expectations, anticipations, estimates, and intentions are forward-looking information. Specific forward-looking information in this AIF include, but are not limited to: expectations regarding certain of Neo's future results and information, including, among other things, revenue, expenses, growth prospects, capital expenditures, and operations; risk factors relating to national or international economies, geopolitical risk and other risks present in the jurisdictions in which Neo, its customers, its suppliers, and/or its logistics partners operate; statements with respect to current and future market trends that may directly or indirectly impact sales and revenue of Neo, including but not limited to the price of rare earth elements; expected use of cash balances; continuation of prudent management of working capital; source of funds for ongoing business requirements and capital investments; expectations regarding sufficiency of the allowance for uncollectible accounts and inventory provisions; analysis regarding sensitivity of the business to changes in exchange rates and changes in rare earth prices; impact of recently adopted accounting pronouncements; risk factors relating to intellectual property protection and intellectual property litigation; expectations regarding demand for products and applications; expectations regarding growth of superalloy and superconductor materials; anticipated commercial launch of Neo's new European Permanent Magnet facility and related commercial production estimates, forecasted budget, commissioning and costs associated with the facility; Neo's requalified product portfolio, including the NAMCO product portfolio; expectations regarding tariffs and export restrictions; securing new automotive customer agreements for permanent magnet and emissions control facilities; expectations concerning the continued growth of Magnequench's European Permanent Magnet facility and improvements in operations. Often, but not always, forward-looking information can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "continues", "forecasts", "projects", "predicts", "intends", "anticipates" or "believes", or variations of, or the negatives of, such words and phrases, or state that certain actions, events or results "may", "could", "would", "should", "might" or "will" be taken, occur or be achieved. This information involves known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking information. Neo believes the expectations reflected in such forward-looking information are reasonable, but no assurance can be given that these expectations will prove to be correct and such forward-looking information included in this AIF should not be unduly relied upon.

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 AIF, including, but not limited to, risk factors relating to:

- global economic conditions;
- fluctuations in demand for, and prices of, critical minerals input;
- supply of raw materials;
- international operations;

- macroeconomic, geopolitical and other challenges and uncertainties;
- export controls and trade restrictions;
- customer dependence;
- competition;
- ability to maintain obligations under the EDC Facilities and other debt;
- environmental liability exposure;
- product recalls;
- ability to capitalize on increased production capacity;
- construction and development risks;
- liquidity and additional financing requirements;
- intellectual property protection;
- intellectual property litigation;
- customers' supply chain issues;
- changes in China's regulation of the rare earth industry;
- tariffs;
- management of joint venture relationships;
- currency risk;
- unauthorized use of corporate chops of Neo's subsidiaries in China;
- emerging market considerations;
- uncertainty regarding Chinese withholding tax on indirect transfers;
- rapid technological change and new product development;
- change in tax laws;
- operations and insurance;
- Neo's failure to manage its growth effectively;
- global pandemic;
- transaction risks regarding acquisitions or divestitures;
- potential for incurring unexpected liabilities as a result of an acquisition;
- environmental, social and governance;
- land use rights in China;
- dependence on good relations with employees;
- reliance on key personnel;
- information technology and cybersecurity;
- volatility of the price of Common Shares;
- the dividend policy of Neo;
- financial reporting and other public company requirements;
- forward-looking information;
- difficulty in enforcing judgments;
- future sales of Common Shares;
- dilution;
- quarterly operating results varying from quarter to quarter;
- board discretion;
- analyst reports; and
- the other factors discussed under "*Risk Factors*".

Readers are cautioned that the foregoing lists of factors are not exhaustive. Should one or more of these risks and uncertainties materialize, or should Neo's estimates or underlying assumptions prove incorrect, actual

results, performance or achievements may vary materially from those described in forward-looking statements. Neo cannot guarantee future results, levels of activity, performance, or achievements. Moreover, Neo 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 AIF are expressly qualified by this cautionary statement. Neo does not undertake any obligation to publicly update or revise any forward-looking information except as expressly required by applicable securities laws.

CURRENCY EXCHANGE RATES

Unless otherwise indicated, all dollar amounts in this AIF are presented in United States dollars. All references to "\$" or "US\$" in this AIF, unless otherwise indicated, refer to United States dollars (or U.S. dollars) and Canadian dollars are referred to as "C\$".

CORPORATE STRUCTURE

Corporate History

Neo traces its origins to AMR Technologies Inc. ("**AMR**"), which began operating in China in 1994 after acquiring majority interests in two joint ventures in China (JAMR and ZAMR) and was listed on the TSX in 1995. In 2005, AMR completed the acquisition of Magnequench, Inc. combining the critical minerals processing business of AMR and the magnetic powder production businesses of Magnequench, Inc., which had been designing and manufacturing magnetic powder since 1985. AMR subsequently changed its name to Neo Materials Inc. ("**NEM**"). In 2012, NEM was acquired by Molycorp, Inc. and in 2016 completed a Chapter 11 organizational restructuring whereby Molycorp settled its debt owing to Oaktree Capital Management L.P. ("**Oaktree**") in exchange for equity interests in Neo Cayman. The Company was incorporated in September 2017 and in November 2017, the Company and Neo Cayman completed the Arrangement, 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. The effect of the Arrangement was that Neo Cayman became a wholly-owned subsidiary of the Company, which now carries on the business of Neo Cayman as carried on immediately prior to the Arrangement.

The Initial Public Offering and Securities Offerings

In December 2017, Neo completed the initial public offering whereby Oaktree sold an aggregate of 11,115,000 Common Shares to the public and Neo listed the Common Shares on the TSX under the ticker symbol "NEO". Following the initial public offering, Oaktree sold its Common Shares to the public in a series of secondary offerings. In November 2021, Neo completed a treasury and secondary offering of Common Shares whereby the Company issued and sold an aggregate of 2,598,000 Common Shares to the public and Oaktree sold an additional 2,631,000 Common Shares to the public. In September 2022, Neo completed a bought deal financing of an aggregate of 4,506,734 Common Shares issued from treasury.

On October 14, 2022, a subsidiary of Hastings Technology Metal Limited ("**Hastings**") purchased an aggregate of 8,974,127 Common Shares from Oaktree, representing approximately 19.87% of the then outstanding Common Shares. On February 20, 2025, Wyloo Consolidated Investments Pty Ltd. ("**Wyloo**") purchased an aggregate of 8,350,311 Common Shares from Hastings, representing approximately 19.9% of the then outstanding Common Shares. On October 9, 2025, Wyloo sold an aggregate of 8,275,311 Common Shares through the facilities of the TSX. As of the date of this AIF, no shareholder holds more than 10% of the Common Shares.

Intercompany Relationships

As at December 31, 2025, Neo's principal subsidiaries and their respective jurisdictions of formation are set out in the following chart. The Company's remaining subsidiaries and partnerships each account for (i) less than 10% of the Company's consolidated assets as at December 31, 2025 and (ii) less than 10% of the Company's consolidated revenues for the year ended December 31, 2025. In aggregate, Neo's subsidiaries and partnerships not listed below did not exceed 20% of the Company's total consolidated assets or total consolidated revenues as at and for the year ended December 31, 2025.

	Place of business	Entity type	Economic interest	Jurisdiction of Incorporation
Buss & Buss Spezialmetalle GmbH	Germany	Subsidiary	50.04%	Germany
Magnequench (Korat) Co., Ltd.	Thailand	Subsidiary	100%	Thailand
Magnequench (Tianjin) Company Limited	China	Subsidiary	100%	China
Neo Jia Hua Advanced Materials (Zibo) Co., Ltd.	China	Subsidiary	98%	China
Neo Performance Materials (Singapore) Pte. Ltd.	Singapore	Subsidiary	100%	Singapore
NPM Narva OÜ	Estonia	Subsidiary	100%	Estonia
NPM Silmet OÜ	Estonia	Subsidiary	100%	Estonia
SG Technologies Limited	United Kingdom	Subsidiary	90%	England

OVERVIEW OF THE BUSINESS

Overview of the Business

Neo is an advanced materials science, engineering and manufacturing company, with a focus on rare earth magnetism and other critical materials for the net-zero transition. 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 has a global platform that includes nine manufacturing facilities located in Canada, China, Estonia, Germany, Thailand and the United Kingdom and one dedicated R&D centre in Singapore. Since 1994, Neo and its predecessors have leveraged its processing expertise to innovate and grow into a major manufacturer of advanced industrial materials for specialty end markets, establishing its leadership in magnetic powders used in bonded and hot-deformed, fully dense NdFeB magnets, a leading global market position in emission control catalysts and creating growth opportunities into end markets such as wastewater treatment and one of the only gallium recyclers and refiners in North America. Neo is bringing online an industrial-scale sintered rare earth magnet facility in Europe, making Neo a strategic provider outside of China to supply the EV traction motor market.

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. 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 administration, R&D, finance, accounting, information technology, and legal.

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 is a leading commercial partner to some of the world's leading customers in the automotive, manufacturing, semiconductor, advanced electronic, and specialty chemical industries. As a result, Neo is well positioned in markets that are forecasting robust, long-term growth driven by multiple global macro trends including vehicle electrification, industrial automation, consumer electronics, energy efficient lighting, air and water pollution control, and super-alloys. Neo is a vertically integrated rare earth magnetics company with separations, metal making and magnet making capabilities serving global customers. Magnequench is a leader in bonded magnet powder production and C&O holds a leading position in the emission control catalyst market and Rare Metals is a top recycler of hafnium and the one of the only gallium recyclers and refiners in North America. Neo is bringing online an industrial-scale sintered rare earth magnet facility in Europe, making Neo a strategic provider outside of China ready to supply the growing EV and traction motor markets.

Neo Business Segment Overview

				Corporate
Principal Activity	• Producer of magnetic powders and magnets	• Mid-stream rare earth separator and processor • Producer of advanced mixed rare earth oxides	• Producer, reclaimer and refiner of high-value rare metals and their compounds	• Finance, administration, information technology, accounting and legal
Products	• Magnetic powders (Magnequench Powders) • Bonded and sintered magnets • Soft magnetic components	• Mixed oxides for emissions control catalysts • Water treatment products • Other rare earth based advanced materials	• Rare metals such as tantalum, niobium, gallium, hafnium, rhenium and indium	



Corporate

Applications

- Automotive motors
- Traction motors
- Micro motors
- Sensors
- Fuel injectors
- AI data centres
- Emission control catalysts
- Consumer electronics
- Magnetic materials
- Wastewater treatment
- Electronic components
- Fire retardants (under development)
- Superalloys for jet engines
- Super conductive wires
- Power switching semiconductors
- Magnets
- Thermal interface materials
- LED lighting
- Recycled solar
- Catalysts

Facilities

- Tianjin, China
- Korat, Thailand
- Chuzhou, China
- Essex, UK
- Narva, Estonia
- Zibo, China
- Sillamäe, Estonia
- Sillamäe, Estonia
- Sagard, Germany
- Peterborough, ON Canada
- Toronto, Canada head office
- Regional corporate offices

GENERAL DEVELOPMENT OF THE BUSINESS

Summarized below are significant developments that have occurred in our business segments during the last three financial years. These events include growth, innovation, acquisitions, retirement of assets, dispositions, corporate changes, and other events or conditions that have influenced the general development of the Company's business. See the "*Business of Neo*" section of this AIF.

Three Year History

Corporate

Rahim Suleman was appointed President and Chief Executive Officer of the Company effective July 7, 2023 following the retirement of Constantine Karayannopoulos. Jonathan Baksh was appointed Executive Vice President and Chief Financial Officer of Neo, effective June 19, 2023.

On June 14, 2023, the Company announced its intention to commence a normal course issuer bid between June 19, 2023 and June 18, 2024 for up to 3,585,011 Common Shares through the facilities of the TSX and entered into an automatic share purchase plan with its designated broker to allow for purchases of Common Shares. The Company purchased the maximum number of Common Shares under the normal course issuer bid.

On October 25, 2023, Neo announced the appointment of Hua Du to the Board and on November 1, 2023, Neo announced the appointment of Mohamad El-Mahmoud as Executive Vice President, Rare Metals.

On May 1, 2024, the Company announced the retirement of Jeff Hogan, Executive Vice President, Chemicals & Oxides effective September 30, 2024. Following Mr. Hogan's retirement, Mohamad El-Mahmoud was appointed Executive Vice President, Chemicals and Oxides & Rare Metals.

On July 22, 2024, Neo appointed Dr. John McGarva to the Board as an independent director and as a member of the Audit Committee. The Company also announced the resignation of Yadin Rozov from the Board as of the same date.

On June 14, 2024, Neo announced the formation of a Special Committee of independent directors to lead a comprehensive strategic review process to consider opportunities to maximize shareholder value. While the strategic review process progresses, in parallel, management has continued to optimize the business, including divestment of non-core assets and improvements to operational performance.

On November 1, 2024, the Company, as borrower, entered into a loan agreement with EDC for a term loan of up to US\$50 million (the "**EDC MQPM Facility**"), advanced in two tranches of US\$25 million (both of which were drawn), to finance the construction of the state-of-the-art rare earth permanent magnet plant in Narva, Estonia (the "**European Permanent Magnet plant**"). The EDC MQPM Facility matures in November 2029, with principal payments beginning in November 2026. The Company and number of the Company's subsidiaries provided a guarantee and/or security in favour of EDC pursuant to the EDC MQPM Facility.

On February 20, 2025, Wyloo purchased an aggregate of 8,350,311 Common Shares from Hastings, representing approximately 19.9% of the then outstanding Common Shares. On October 9, 2025, Wyloo sold an aggregate of 8,275,311 Common Shares through the facilities of the TSX.

On May 22, 2025, the Company announced that the Board, on the advice of the Special Committee in independent directors, had determined to accelerate the execution of Neo's strategic plan with a focus on building upon Neo's long-standing leadership in rare earth magnetism and critical materials, and conclude the strategic review process that was commenced in June 2024.

On June 6, 2025, the Company announced its intention to commence a normal course issuer bid between June 11, 2025 and June 10, 2026 for up to 3,297,296 Common Shares through the facilities of the TSX and entered into an automatic share purchase plan with its designated broker to allow for purchases of Common Shares. To date, the Company has purchased an aggregate of 386,068 Common Shares for cancellation under this normal course issuer bid.

On June 26, 2025, at the annual general meeting of shareholders, shareholders elected Jonathan Evans and Paul Mascarenas to the board of directors following the retirement of Claire Kennedy and John McGarva.

Magnequench

On April 18, 2023, the Company announced that it had acquired a controlling interest in SG Technologies Group Limited ("**SGTec**"), one of Europe's leading, advanced, speciality manufacturers of rare-earth based and other high-performance magnets for industrial and commercial markets.

On July 7, 2023, Neo announced that it had broken ground on construction of the first rare earth magnet manufacturing facility in Europe designed to produce specialized rare earth permanent magnets for use in electric vehicles, wind turbines, and other clean energy technologies.

On August 6, 2024, Neo announced that the European Permanent Magnet facility won the supply of sintered rare earth magnets to a leading European Tier 1 supplier of EV traction motors.

On April 28, 2025, Neo announced that its new European Permanent Magnet facility in Estonia had shipped sintered magnet samples for a Tier 1 traction motor customer meeting specific magnetic properties. This milestone marks a significant step forward in Neo's commitment to providing high performance materials for the EV market.

On July 9, 2025, Neo announced that it has been awarded the supply contract for a new platform of permanent rare earth magnets with a prominent European Tier 1 supplier of electric vehicle ("EV") traction motors to a major OEM. Both the Tier 1 and OEM represent new additions to Neo's growing customer base. This new commercial partnership further strengthens Neo's reputation as a preferred supplier to multiple automotive clients.

In September 2025, Neo held the grand opening of the European Permanent Magnet facility. Completed in 500 days, the European Permanent Magnet facility is already producing and shipping qualification sample magnets to meet contract obligations for automotive platforms it has been awarded and for numerous upcoming programs.

On September 19, 2025, Neo announced the extension of its strategic partnership with Robert Bosch GmbH ("**Bosch**") through a multi-year Memorandum of Understanding. This agreement reserves annual magnet production capacity for Bosch, ensuring a stable supply chain and fostering localized production through competition and innovation.

On March 2, 2026, Neo and Cyclic Materials Inc. ("**Cyclic**") announced the signing of a non-binding memorandum of understanding to collaborate on the development of a circular, resilient, and traceable rare earth value chain for magnetic materials supporting the global energy transition. The collaboration is focused on establishing a closed-loop, trans-Atlantic supply chain that enables Cyclic's recycling of magnet production scrap and end-of-life magnet-bearing materials, with Cyclic's recovered rare earth elements reintegrated into Neo's alloy and magnet manufacturing. This supports Neo's production sites in Europe, aligning with the EU Critical Raw Materials Act objectives to increase rare earth processing and recycling capacity for rare earth magnetics.

Rare Earth Magnet Plant in Europe

Neo invested in a new venture to manufacture and distribute rare earth magnets in Europe. These magnets are critical to many future facing applications, such as traction motors for electric vehicles and generators for wind turbines. Magnet production, rare earth supply chain security, and diversification of supply are considered critical elements to all OEM's strategies on electric vehicles. In September 2025, Neo announced the grand opening of the European Permanent Magnet facility.

The state-of-the-art facility continues to advance through its planned ramp-up and achieved key operational milestones, including the production of its one-millionth magnet in February 2026. The facility is producing and shipping qualification sample magnets in support of awarded automotive platforms which remain on track to achieve start of commercial productions in 2026. The European Permanent Magnet facility is expected to position Neo as Europe's largest domestic sintered magnet supplier and a solution for customers seeking geographic diversity in their supply and compliance with the European Union's Critical Raw Materials Act.

Strategically located near Neo's Silmet rare earth separation facility, Neo's European Permanent Magnet facility in Narva, Estonia will meet demand for clean energy technologies, including electric vehicle motors and offshore wind turbines. Phase 1a has an initial capacity of 2,000 mT per year, with potential expansion to cumulatively

5,000 mT annually. The overall strategy includes considerations for rare earth supply, manufacturing and technical capabilities, competitiveness, customer commitments and funding sources (both company funded and government supported).

Neo has been awarded a grant from the Government of Estonia under Europe's Just Transition Fund ("JTF") for eligible project costs. The terms of the JTF grant reflect a grant rate of 23% based on eligible project costs resulting in a grant amount of approximately €14.8 million. As of December 31, 2025, Neo has received an aggregate of \$8.4 million from the JTF grant. The terms of the award are guided by the Government of Estonia's regulations on general conditions for granting and using funds from the operational program of the EU cohesion and internal security policy funds for the period 2021-2027 and related regulations, and include factors such as total eligible costs incurred and employment created. The grant to Neo is the first such award to any critical materials company in the EU under the JTF program.

To assist with the funding of the new manufacturing facility, in November 2024, Neo entered into the EDC MQPM Facility. As of December 31, 2025, \$50 million principal amount was outstanding on the facility.

See *"Risk Factors - Rapid Technology Change and Product Development"* and *"Risk Factors – Ability to Capitalize on Increased Production Capacity."*

Chemical & Oxides

In September 2024, Neo announced the grand opening of its new state-of-the-art environmental emission catalyst facility, NAMCO. The newly built manufacturing facility is equipped with advanced infrastructure, transportation, and wastewater treatment capabilities and will benefit from an improved manufacturing layout, automation, and environmental management systems. The relocation and modernization of the new NAMCO facility enables Neo to continue to service global automotive supply chains to comply with stricter emissions requirements across hybrid vehicle and internal combustion engine platforms. Neo's initial budget for the expansion, relocation, upgrade and modernization of the NAMCO production facility was \$75.0 million. With the project construction complete and remaining expenditures tied to final commissioning milestone payments and exterior works, the current estimated project spend is approximately \$68.0 million (\$7.0 million below budget).

To assist with the funding of the new manufacturing facility, in August 2022, Neo, as borrower, entered into a loan agreement with Export Development Canada ("EDC") for a term loan of up to US\$75 million (the "**EDC NAMCO Facility**"), to be advanced in three tranches of US\$25 million (US\$50 million on which was drawn), to finance the relocation, expansion and sustainability upgrades to the NAMCO plant. The EDC NAMCO Facility matures in August 2027, with principal payments beginning in August 2024. The Company and number of the Company's subsidiaries provided a guarantee and/or security in favour of EDC pursuant to the EDC NAMCO Facility. As of December 31, 2025, a total of \$50.0 million had been drawn against this facility. Neo does not anticipate drawing the final \$25.0 million tranche. As at December 31, 2025, \$40.0 million of principal remained outstanding.

Sale of C&O China Rare Earth Separation Facilities

Within Neo, the C&O rare earth separation business consumes significant working capital, is most exposed to rare earth price volatility, and drives the highest level of earnings volatility for the Company. Neo has taken significant steps to address these challenges and reshape its portfolio of assets, including, in March 2025, completing the previously announced sale of its 86% equity interest in its JAMR heavy rare earth separation facility located in Jiangyin, China for a purchase price of approximately RMB 182.7 million (\$25.0 million). The buyer, an affiliate of Shenghe Resources Holding Co., Ltd ("**Shenghe**") purchased the 86% equity interest, with Neo retaining a 9%

equity interest, with a local member of the management team retaining his existing 5% equity interest. The deal included a five year distribution agreement for Neo to be the exclusive seller of JAMR premium heavy rare earth products outside of China. As part of the transaction with Shenghe, Neo has also sold 88% of the equity interest in its ZAMR light rare earth separation facility located in Zibo, China for approximately RMB 26.4 million (\$3.6 million) in purchase proceeds, with Neo retaining a 10% equity interest.

Heavy Rare Earth Demonstration Line at Silmet

During 2025 and into early 2026, Neo continued to make steady progress on its heavy rare earth separation demonstration line at its Silmet facility in Estonia, achieving key construction, commissioning, and operational milestones. The line is running on a continuous basis as part of its planned commissioning and ramp-up activities. Production milestones are expected to be achieved in 2026, with the facility producing pre-cursor dysprosium and terbium to support the ramp-up of Neo's European Permanent Magnet facility, as well as other customers and end-markets. The demonstration line represents an important step toward establishing localized heavy rare earth processing capability in Europe and serves as a precursor to a potential future commercial-scale expansion, positioning Neo to significantly enhance its production capabilities. Given that lack of commercial-scale heavy rare earth separation capacity outside of China and an acute need for localized capabilities given the shifting geopolitical landscape, Neo will be positioned to meet growing market demands for these essential rare earth elements, given the Company's direct rare earth separation experience and established operational base in Europe.

Settlement of IP Litigation

In March 2025, Neo's wholly-owned subsidiaries, Neo Chemicals & Oxides (Europe) Ltd., NPM Silmet OÜ and NPM C&O Europe OÜ (collectively, "**C&O Europe**"), settled, in cash, the legal dispute with Rhodia Opérations S.A.S ("**Rhodia**", a wholly-owned subsidiary of the Solvay Group) with respect to European patent #1435338 for €10.3 million, plus procedural interest of €1.3 million totaling €11.6 million (\$12.5 million). On December 31, 2025, C&O Europe entered into a settlement agreement with Rhodia to resolve the outstanding litigation related to the German designation of the following European Patents: EP 0 735 984 B1; EP 0 605 274 B1; EP 0 863 846 B1; EP 0 955 267 B1; EP 1 527 018 B1; EP 2 007 682 B1; EP 2 523 907 B1; EP 1 435 338 B1 ; and EP 3 009 403 B1 (the Estonian designation is also included). Under the terms of the agreement, Neo made an aggregate cash payment of €7.1 million to Rhodia in the first quarter of 2026. All parties have agreed to a mutual release of claims and to withdraw outstanding court proceedings related to these patents. All of the patents subject to the settlement, other than EP '682, have expired. As a result, Neo does not expect the settlement to limit the Company's ongoing sales of its current emissions control catalyst products.

Rare Metals

On December 15, 2023, Neo announced that the Rare Metals operations at its Silmet plant in Estonia shifted its focus away from midstream towards downstream operations which is expected to diversify feedstock supply, reduce working capital requirements and reduce volatility by lowering inventory volumes and holding times. Silmet shifted further downstream in its value-add operation, by halting the energy-intensive hydrometallurgical processing of niobium and tantalum-bearing ores and products are now derived from oxides and recycled materials.

Sale of Rare Metals Quapaw, Oklahoma Facility

On December 31, 2024, Rare Metals announced that it had completed the sale of its 80% equity interest in Neo Rare Metals (Oklahoma) LLC, the entity that owns its Quapaw, Oklahoma facility. The facility produces gallium trichloride used in LED lighting, lithium batteries, integrated circuit chips, and capacitors. The co-founder and current General Manager of the facility purchased Quapaw for an aggregate cash purchase price of US\$1.5 million. This action enabled the Rare Metals business unit to simplify its manufacturing footprint while focusing its efforts on core end-markets and products. The transaction includes a seven-year agreement for Quapaw to buy gallium from Neo's recycling facility in Peterborough, Ontario, as well as for the processing and transfer of gallium scrap to Neo's Peterborough recycling facility.

Impact of Geopolitical and Trade Developments

Potential Impact of China Export Restrictions

As Neo navigates through a complex geopolitical landscape, the Company remains vigilant in monitoring and adapting to evolving global trade regulations. The Government of China has announced a series of export restrictions on critical materials, which present both opportunities and challenges for Neo's operations, as well as increasing export restrictions on products shipped to certain jurisdictions. Neo is well-positioned to manage these changes, leveraging its globally diversified supply chain to capture opportunities and mitigate adverse impacts. Notable Chinese export restrictions impacting Neo include:

- ***Gallium Products*** — Since 2023, the Government of China has introduced a series of escalating export controls impacting critical materials, including gallium, a key product for the semiconductor industry. These measures include export control restrictions and, for a period, an export ban on gallium to the United States, which was subsequently lifted in October 2025. Exports from China have declined from historical levels as market participants undergo a licensing and approval process to export gallium. This has resulted in a bifurcation of pricing between China and the rest of the world. Neo's Peterborough facility is well positioned to benefit from this dynamic as one of the only North American recyclers of gallium.
- ***Rare Earth Magnet Technologies*** — In late 2023, China adopted revisions to the Catalogue of Technologies Prohibited or Restricted from Exporting, to add rare earth magnet technology, expanding the previous restrictions on extraction and separation technologies. These export restrictions are anticipated to create incremental barriers for new companies attempting to enter the rare earth magnet industry outside of China. On October 9, 2025, China broadened rare-earth magnet related export controls to include consumable materials, equipment, technology, and extra-territorial licensing for products containing China-originating rare earths content or made with Chinese rare earth technology. In order to stem the flow of dual-use applications of rare earth magnetism, the government of China requires robust evidence from end users to ensure that the application is strictly civilian. On October 29, 2025, a bilateral meeting between U.S. and Chinese leaders resulted in a one-year postponement of the export control measures announced on October 9, 2025; however, previously implemented restrictions remain in effect.
- ***Heavy Rare Earth Products*** — In connection with escalating trade tensions with the U.S., in April 2025, the Government of China announced an export control on specific heavy rare earth elements and related downstream material, including heavy-rare-earth-bearing permanent magnets. On October 9, 2025, China expanded its export restrictions to include additional heavy rare earth elements. Following a bilateral meeting with U.S. leaders on October 29, 2025, China postponed these expanded restrictions by

one year; however, the restrictions implemented in April 2025 remain in effect. Neo's C&O business exports heavy rare-earth-containing specialty oxides to customers primarily in Japan and Europe from its minority-owned venture in China. These exports contain gadolinium, terbium, dysprosium and yttrium, all of which are subject to export controls. The Government of China requires strict end-user certification for all dual-use heavy rare earth exports and, in some cases, the exports to certain jurisdictions may be precluded. Neo has implemented a compliance method to meet these additional documentation requirements, despite supplying only civilian applications. The Company continues to comply with all applicable regulations, and has filed the necessary applications for exports of its products. Neo's Magnequench division is largely unaffected by restrictions on heavy rare earths, as its bonded magnetic products typically do not contain these heavy rare earth elements. There is a moderate long-term risk regarding access to heavy rare earths outside of China to support the European Permanent Magnet facility; however, the Company has been executing strategies to mitigate this risk well ahead of export restrictions, including developing relationships with upstream mines that have heavy rare earths in their feed and through development of Neo's own heavy rare earth separation line. In addition, these restrictions present an opportunity for the Magnequench business, which currently offers the only heavy rare earth free bonded powder for traction motor applications. At present, certain mixed oxide products for emission catalysts contain small amounts of heavy rare earths (mainly yttrium) and have not faced any export disruption from China, as these products are not considered dual-use products.

Potential Impact from Global Tariffs

The United States has implemented a range of global tariffs impacting supply chains, and several other countries have responded with retaliatory tariff measures, contributing to increased uncertainty in global trade flows as negotiations around tariff agreements continue. Management assesses the recent tariff developments through two key lenses: (i) Neo's comparative advantage from relative tariffs under current tariff regimes, and (ii) existing and potential domestic production capabilities in regions implementing elevated trade barriers. The geographic distribution of Neo's asset base, combined with its established midstream and downstream capabilities, and long-standing commercial relationships, enhances its ability to capture market share in this environment. Recently, the US Supreme Court ruled that certain tariffs levied under U.S. *International Emergency Economic Powers Act* were not authorized. In 2025, notable U.S. tariffs impacting Neo included:

- *Rare Metals Hafnium Products* — Most of Rare Metals' hafnium products are produced in Europe and sold into the U.S., and hafnium represented approximately half of Neo's imports into the U.S. in 2025. The tariffs levied by the U.S. on hafnium imports from China were significantly higher than those on imports from Europe. This disparity creates a competitive advantage for Neo, as the U.S. has minimal production capacities for hafnium. Neo's midstream hafnium products from Europe are crucial in filling this gap, ensuring a steady supply to U.S. customers and maintaining market stability.
- *C&O Emission Catalyst Products* — A portion of C&O's emission catalyst products are produced in China and sold into the United States and have been subject to tariffs for approximately seven years. Although there is moderate risk given escalating tariffs, Neo remains well-positioned as the products are globally qualified, key competition is primarily in China, and Neo is positioned to provide customers an alternative production location for selected products in Europe.
- *Magnequench Powder and Magnet Products* — The Magnequench business does not have material sales from China to the U.S., as the majority of the US-based customers are supplied by Magnequench's Korat facility. Additionally, Magnequench's new European Permanent Magnet facility offers a relative advantage over Chinese imports, particularly for customers in the automotive sector.

- *Rare Earth Separated Products (Including Export Controlled Heavy Rare Earths)* — The C&O business exports minimal rare earth separated products from China to the United States. Consequently, the recent tariffs imposed on these materials have not had a direct impact on Neo’s operations.

Neo continues to maintain a comparative advantage under current tariff conditions, and management does not anticipate that the current tariff regime will have a material direct, short-term impact on Neo’s outlook, particularly due to the smaller volume and specific characteristics of products sold from China to the U.S. However, Neo acknowledges that its products are integrated into other downstream products that are globally distributed, including those imported into the U.S. As a result, Neo is unable to predict the impact of tariffs or restrictions on these downstream products, nor can it foresee the potential effects of an economic slowdown. The Company remains focused on monitoring international trade developments, ensuring regulatory compliance, evaluating risks, and capturing emerging opportunities.

Legislative and Trade Policy Tailwinds in Europe

With global operations and sales, Neo closely monitors the evolving landscape of industrial policy, which directly impacts its operational, commercial, and strategic decisions across multiple end markets. Policy changes announced or implemented since 2024, including sourcing requirements in the United States, Europe, and China, present both challenges and opportunities, including European regulations aimed at reducing dependency on a single foreign supplier for key materials. Notable policy announcements include:

- *Carbon-Border Adjustment Mechanisms (“CBAM”)*—In December 2025, the European Union introduced new environmental footprint reporting requirements for imported critical raw materials under the CBAM. These requirements are expected to strengthen the competitive position of Neo’s European production assets relative to magnets and other downstream products imported from non-European jurisdictions.
- *RESourceEU* — In December 2025, the European Commission announced its intention to advance a legislative and regulatory package referred to as “**RESourceEU**”, intended to support additional public funding for critical raw materials investments and establish mechanisms for strategic stockpiling and demand aggregation to promote feedstock diversification and supply security.
- *Industrial Accelerator Act* — In January 2026, the European Commission published draft legislation for the Industrial Accelerator Act, which introduces non-price criteria in public procurement frameworks, such as offshore wind developments, and government electric vehicle fleets, favouring domestic supply chains. In parallel, the European Union and India reached a landmark free trade agreement, creating the world's largest free trade zone and expanding the addressable market for electric vehicle manufacturers and critical raw materials producers within it.

Sourcing and Rare Earth Supply Strategy

Neo is among the most geographically diverse rare earth value-add companies in the world. Neo’s C&O business has rare earth separation capacity and the Magnequench business has magnetic powder, magnets and magnetic assemblies manufacturing capabilities in Europe and Asia, both inside and outside of China. In addition, Neo’s Rare Metals business maintains a global network of recycled scrap metal suppliers supporting its product portfolio. Neo is committed to maintaining sourcing strategies tailored to its business units and end markets which meet its global customers’ growing demands for geographically diverse sources, while ensuring material comes exclusively from licensed suppliers that comply with environmental and labour regulations.

In addition, Neo continues to evolve its supply and sourcing strategy to proactively manage risk amidst shifting market dynamics. As part of this strategy, the Company has taken strategic inventory positions in certain products and geographies to mitigate supply chain volatility and support uninterrupted customer delivery. During 2025, these actions led to an increase in overall inventory levels which have more than offset the operationally focused inventory reduction efforts underway across the business. This approach reinforces Neo's commitment to balancing operational efficiency and risk management, while ensuring stability and responsiveness for its customers.

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, the North Atlantic Treaty Organization, United Kingdom, the United States, Canada and other countries. Several countries have imposed a series of 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. Only the Silmet facility sources of its rare earth feedstock from a Russian supplier and through the date of this AIF, there has been no significant impact on Neo's operations.

With the assistance of external advisors with expertise in global sanctions, Neo continues to monitor the impact of these sanctions on its business including purchases and sales to entities that may have connections to Russia. In addition, Neo's advisors have analyzed each of the source materials that Neo purchases as input and Neo's products with respect to their source and destination. Neo is not currently aware of any import bans or controls relating to the supply of rare earth feedstocks for any of its production facilities.

Neo continues to monitor the impact of 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 supplier (who is 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 of the extent of the conflict and related government actions will impact Neo's material sourcing or global markets in the future.

See also "*Risk Factors - Macroeconomic, Geopolitical and Other Challenges and Uncertainties*".

BUSINESS OF NEO

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. The following table identifies each revenue-generating segment's contribution to revenue as at December 31, 2024 and 2025 (before eliminations):

	2025 Revenue	2024 Revenues
Magnequench	42%	37%
Chemicals and Oxides	28%	30%
Rare Metals	30%	33%

For further information on our segment earnings and assets see the audited consolidated financial statements for the year ended December 31, 2025.

Magnequench Segment

Overview

The Magnequench segment manufactures NdFeB bonded powders, bonded permanent magnets and sintered 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 NdFeB magnets. More recently, Magnequench has entered the sintered magnet manufacturing market with the addition of its European Permanent Magnet facility.

In April 2023, Magnequench acquired a 90% equity stake in SGTec, a leading European manufacturer of high-performance, rare earth-based magnets and soft magnetic components. This acquisition not only strengthens Magnequench's presence in the European market, but also complements its Korat's facility powder supply. This strategic acquisition establishes a diversified supply chain for bonded magnets, extending beyond China.

The construction of Magnequench's state-of-the-art rare earth European Permanent Magnet manufacturing facility in Narva, Estonia was completed in 2025. The European Permanent Magnet facility is designed to produce specialized rare earth permanent magnets for use in electric vehicles, wind turbines, and other clean technologies. Key milestones of 2025 included shipment of the first magnet samples to traction motor customer in April 2025, awarding of another traction motor contract with a Tier-1 and OEM European customer in July 2025, signing of a multi-year memorandum of understanding with Bosch to foster a strategic partnership for high performance magnets in September 2025, and the official grand opening ceremony in September 2025.

The European Permanent Magnet facility positions Magnequench as a critical player in the European market for specialized magnets used in electrified vehicles and clean energy technologies. With an initial production capacity of 2,000 mT/year, and the potential to expand to 5,000 mT/year, this facility is expected to significantly expand Magnequench's production capabilities.

Located near Neo's rare earth separation plant in Sillamäe, Estonia, the European Permanent Magnet facility will benefit from a streamlined supply of high-purity magnetic rare earth oxides. The overall strategy includes considerations for rare earth supply, manufacturing and technical capabilities, competitiveness, customer commitments and funding sources (both company funded and government supported). This pioneering approach in Europe not only enhances Magnequench's production efficiency but also aligns with the European Union's carbon neutrality goals by supporting technologies that reduce carbon emissions and increase energy efficiency.

Products

Magnequench Powder

Magnequench Powders are produced using Magnequench's market-leading technology for the development, processing and manufacturing of magnetic powders. Magnequench uses a proprietary process to manufacture Magnequench Powder using a blend of various inputs. These powders are used in the production of bonded permanent magnets that are components in automotive motors, pumps, micro motors, traction motors, sensors and other applications requiring high magnetic strength, improved performance and reduced size and weight.

Neodymium and/or praseodymium metal are the primary raw materials in Magnequench Powders. They are alloyed with iron and boron prior to being processed into a metal powder, which serves as the precursor to bonded and hot-deformed NdFeB magnets. Other elements (such as zirconium or cobalt) are sometimes added to the alloy in small quantities to achieve certain characteristics.

During the powder manufacturing process, molten NdFeB is quenched via propulsion onto a cold surface, rapidly cooling the material and locking in the atomic configuration in a process known as melt spinning or jet casting. The material is then coarse ground and formed into a magnet using compression molding, injection molding, hot deformation, extruding or calendaring. After the desired shape has been achieved the resultant metal is then magnetized.

Magnequench produces over 30 grades of Magnequench Powders, each with specific magnetic properties and performance characteristics to meet the needs of its customers. The powders cover a wide range of magnetic properties which have become the industry standard. Magnequench is continuously improving the magnetic characteristics of its powder to meet the ever-evolving technical demands of its customers.

Magnets produced using Magnequench Powders increase efficiency and enable reductions in the size and weight of motors relative to iron-based ferrite magnets, which are the most common permanent magnet material. These magnets also allow for net shape pressing, which provides greater flexibility to form a wide variety of shapes and sizes without further processing. These factors make magnets utilizing Magnequench Powders better suited for applications that require small sizes or complex shapes.

Magnequench is also focused on developing grades of powder tailored for certain applications by improving the powder's physical or mechanical properties, such as thermal stability. Superior thermal stability is particularly important for magnets subjected to higher than room temperature environments. Such materials maintain their magnetic properties in these relatively high temperatures (such as under the hood of a car) and are also ideal for automotive applications, an area identified by Magnequench as a potential growth opportunity.

Bonded Magnets

Bonded magnets consist of magnetic powder combined with a binding agent, which allows it to be formed into a variety of shapes without further processing. By contrast, hot deformed magnets do not require a binding agent and are instead heated and pressed to form different sizes and shapes.

Magnequench works closely with motor and sensor manufacturers to design bonded magnets into a broad range of applications which require various magnetic and mechanical properties. Magnequench magnets use newly developed and/or optimized Magnequench Powders in order to ensure the greatest value is provided to its customers.

Soft Magnetic Components

Soft magnetic composite component products are advanced powder-metallurgy magnetic materials designed for high-efficiency electromagnetic devices such as solenoids, injectors, armatures, electric motor cores, high speed linear actuators and automotive systems. SGTec produces components using proprietary ultra high density moulding and heat treatment. These processes may be followed by grinding, machining and deburring, some of which may required further annealing depending on the degree of secondary operations. Magnequench manufactures soft magnetic components at its Essex facility. These components are cutting-edge material technology that employ coated iron particles to achieve multi-dimensional magnetic properties in parts used for electric drive motors and rapid-action solenoids.

Sintered Magnets

In addition, Neo produces NdFeB sintered magnets which are high-performance magnets created by pressing, sintering, and magnetizing alloy powders. The production process typically involves alloy melting, strip casting, hydrogen decrepitation, jet milling, magnetic field alignment pressing, sintering, and heat treatment. This process produces magnets with a highly oriented microstructure, resulting in strong magnetic anisotropy and superior magnetic performance. Additional processes such as grain boundary diffusion, machining and coating are commonly applied to further optimize performance, dimensional precision and corrosion resistance. Sintered magnets offer the highest magnetic strength, coercivity, and maximum energy product which are typically used for demanding applications like electric vehicle motors, wind turbines, and robotics.

Magnequench's facility in Estonia is a state-of-the-art sintered permanent magnet production plant strategically located in proximity to Neo's Silmet rare earth separation facility. The facility represents a major step in building a European industrial supply chain for rare earth permanent magnet, to serve key technology sectors such as EV, wind energy and industrial automation.

Applications

Magnequench's products are ultimately incorporated into a wide range of end-market applications. In the automotive industry, these include components such as power steering motors and sensors, seat adjustment motors, trunk motors, LiDAR systems, traction motors, fuel and water pumps, valves and steering position sensors. Magnequench products are also integral for computer and office equipment (i.e. AI data centres, HDD and multifunction printers), as well as home appliances (i.e. vacuum cleaners, hairdryers, fans, refrigerators and air conditioners), residential heating and cooling circulation systems, consumer electronics (i.e. smartphones) and industrial applications (i.e. factory automation robotics).

For example, NdFeB magnets are used in traction motors in hybrid and pure electric vehicles. They allow for greater energy efficiency by improving the precision of motor operations in automotive electronic power steering and improving the torque density of motors used in various automotive pump systems. NdFeB magnets also reduce overall vehicle weight, while the smaller motors allow for increased functionality and comfort within the passenger compartment.

The combination of magnetism and manufacturability of bonded NdFeB magnets creates potential uses that cannot be economically achieved by other types of permanent magnets, an aspect that is expected to drive future growth.

Customers

Longstanding customer relationships position Magnequench to identify future uses for its products and capitalize on these trends by utilizing Neo's global sales force and R&D capabilities. In 2025, Magnequench's top 10 customers accounted for over 61% of total segment's sales, with the largest customer accounting for approximately 21%.

Sales and Marketing

Magnequench maintains a local sales force presence in all major geographic areas in which Neo operates in order to serve regional supply chains. All of the frontline sales managers have technical backgrounds which ensures immediate response to customers' technical enquiries.

The sales group demonstrates the benefits of Neo's products to customers and helps develop solutions for magnet makers and magnet users. This group is paired with a highly skilled applications team that leads technical marketing efforts.

Competition

Magnequench manufactures magnetic powders and bonded and sintered NdFeB magnets. Magnequench does not manufacture hot deformed magnets but does supply Magnequench Powder to third party manufacturers. Hot deformed magnets compete directly with sintered magnets, which are the most common form of NdFeB magnet. Bonded magnets primarily compete with ferrite magnets. The market for bonded magnets is, in part, a result of end applications' requirements to improve performance, while also reducing size and weight. For example, ferrite magnets are used in the majority of automotive seat motors. However, as automobile manufacturers increase the functionality of car seats, the number of motors in the seat proliferates, and smaller motors are often preferred to larger ferrite-based motors. Sintered magnets, on the other hand, have higher magnetic properties and are found in applications without size or shape constraints. Sintered magnets, which compete directly with hot deformed magnets, are used in applications such as HEV traction motors and wind turbines.

According to management estimates, Magnequench's market share is approximately 35% to 40% market share in the bonded NdFeB market, including 75% to 80% of outside of China demand. Magnequench Powders primarily compete with Jiangwu Rare Metals New Material Co. Ltd., Beijing Sanjili New Materials Co. Ltd., Chengdu Galaxy Magnets Co., Ltd. and Baotou Kerui Micro Magnetism New Materials Co., Ltd. Magnequench's bonded magnets, in addition to competing with other magnetic materials, competes with companies like Chengdu Galaxy Magnets Co., Ltd., Zhejiang Innovo Magnetism Co. Ltd. and Yunsheng Magnet Device Technologies Ltd. Magnequench's sintered magnets compete with Shin-Etsu Chemical Co. Ltd., Proterial Ltd., TDK Corporation, Vaccumschmelze and StarGroup.

Research and Development

Magnequench has industry-leading R&D facilities, enabling continued technical advancement as well as the expansion of the use of NdFeB magnets in new end applications. The R&D group is comprised of a materials science team, a polymer development team, an applications technology team and a magnet process development team.

Magnequench focuses on rapid innovation of new compositions of its Magnequench Powders by leveraging its materials science and polymer development teams in Singapore, Narva, Estonia, Tianjin, China and Korat, Thailand. These teams design new powders and alloys to meet specific market needs, typically by modifying alloy compositions to alter the magnetic or mechanical properties of the powder and magnet. Rapid sampling of new possible Magnequench Powder grades is conducted in Singapore on a lab scale and then transferred to the production facilities in China and Thailand. These teams also lead the efforts to improve the understanding of fundamental Magnequench rapid quenching technology and then push the boundaries of the NdFeB alloy system. The polymer development team optimizes the compounding process of metal powders with specialized plastic binders to enhance the mechanical strength and thermal resistance of the resulting magnets, allowing them to operate reliably in harsher environments without the risk of structural breakage or magnetic degradation. Simultaneously, materials science teams in Singapore and Estonia are advancing in-house sintered magnet technology, building a robust foundation of technical know-how. During 2025, Magnequench revamped and extended its R&D facilities in Singapore to further support its in-house research on sintered magnet technology.

The application technology team partners with motor manufacturers and systems designers to co-develop high-performance bonded NdFeB solutions tailored to evolving market requirements. Working closely with micro-motor OEMs, the team supports next-generation platform development by optimizing magnetic circuit design, improving power density and energy efficiency, reducing weight and cost, and enhancing manufacturability. The applications technology team interacts closely with the materials science and magnet business teams to enable new applications for bonded NdFeB magnets. The cooperation between the R&D teams ensures that the latest Magnequench material, polymer, and magnet design developments are "designed in" at the beginning of the motor design phase. Beyond material selection, the team enables differentiated motor performance across fast-growing segments—such as robotics, EV auxiliaries, data-center cooling, smart devices, and industrial automation—helping customers accelerate time-to-market and unlock new application opportunities through bonded NdFeB technologies.

Magnequench's magnet team develops and optimizes magnet designs to ensure their manufacturability and cost-performance. The magnet team previously concentrated on producing and providing magnet samples to prove the concepts of the designs developed by the applications technology team and motor manufacturers, thereby linking the various Magnequench R&D teams with the motor customers. This team is now part of the larger Magnequench Magnet effort, bringing its application knowledge and Magnequench Powder expertise to hasten the development of the magnet business. This team is also responsible for continuing to identify and develop new manufacturing technologies and other magnet making process improvements.

In parallel, the sintered NdFeB R&D team advances next-generation high-performance magnet platforms focused on higher temperature capability, reduced heavy rare earth dependency, improved corrosion resistance, and cost-optimized formulations to support traction motors, wind systems, robotics, and other demanding applications.

Sourcing of Raw Materials

Magnequench's Tianjin facility sources its Nd and Pr raw materials primarily from Chinese critical minerals processors, while its Korat, Thailand operation sources material from Silmet and third parties outside China. The main material sourced from Silmet is neodymium oxide. This oxide must be converted into metal form before it can be utilized by Magnequench. The conversion process is outsourced to a related third party pursuant to a toll processing agreement with GQD Special Material (Thailand) Co. Ltd., a Thai joint venture in which Neo owns a 20% interest, which operates a production facility in Rayong, Thailand. At the Tianjin facility, much of the raw material that goes into the production of Magnequench Powders is stored at its facilities on a consignment basis and purchased as consumed.

From a supply chain perspective, Magnequench benefits from several competitive advantages that help contribute to its market leading position in bonded and hot deformed NdFeB magnets. Magnequench's longstanding relationships with its key suppliers in China, as well as its alternative source of supply through internal procurement and from outside of China, provide it with a balanced supply chain. Magnequench also has the ability to source its supply from C&O. Customers value the security provided by this ability to source material from both inside and outside of China. In addition, the consignment agreements at Tianjin allow Magnequench to maintain a highly efficient supply chain, and volatility of input costs is managed through pricing mechanisms that allow Magnequench to pass input costs on to customers with short lag times.

The Magnequench Magnet business uses rare earth materials as its primary raw material input.

Production Facilities

	Tianjin	Korat	Chuzhou	Essex	Estonia
Location	• Tianjin, China	• Korat, Thailand	• Chuzhou, China	• Essex, UK	• Narva, Estonia
Type	• NdFeB Powder manufacturing	• NdFeB Powder manufacturing	• NdFeB bonded magnet manufacturing	• NdFeB Magnet and soft magnetic component manufacturing	• NdFeB sintered magnet manufacturing
Products	• NdFeB powders and magnets	• NdFeB powders	• NdFeB Magnets	• NdFeB Magnets and soft magnetic components	• NdFeB magnets
Nameplate Capacity					
Powder (mT)	• 7,200	• 1,800			
Magnets (mT)	• 400		• 1,000	• 400	• 2,000
Magnets (million pieces)	• 18		• 180	• 60	• 150
Primary Applications	• Automotive • HDD • Factory automation	• Automotive • HDD	• Consumer electronics • Automotive • AI data centres	• Consumer electronics • Automotive	• Automotive • Wind power
Neo Ownership	• 100%	• 100%	• 100%	• 90%	• 100%

Chemicals and Oxides Segment

Overview

The C&O segment manufactures and distributes a broad range of advanced industrial materials that have become an indispensable part of modern life. The C&O segment is comprised of three businesses, the production of specialty chemicals and advanced industrial materials for use in emission control catalysts, the separation and processing of rare earth minerals into advanced industrial minerals and wastewater treatment.

Neo's world-class midstream separation process and advanced materials manufacturing capabilities enable the Company to meet increasingly demanding specifications from manufacturers requiring custom engineered materials. From Neo's NAMCO and Silmet production facilities in Zibo, China and Sillamäe, Estonia, Neo produces advanced industrial materials for use in emission control catalysts, stationary catalysts, petroleum refining and other chemical catalysts, magnets, hybrid and electrified vehicles, water treatment, consumer electronics, and several other applications.

Products

Neo manufactures the building blocks of many modern technologies that enhance energy efficiency and sustainability. Neo's advanced industrial materials are critical to the performance of many everyday products and emerging technologies. These include environmental emission-control catalysts for automobiles and light-duty vehicles, magnetics, crude oil refining, advanced and consumer electronics (including smartphones), high efficiency lighting, high-precision lenses and optics, superalloys, engineered ceramic, lithium-ion batteries and many others.

Neo also produces specialty chemicals used in wastewater treatment systems. Neo's proprietary wastewater treatment product is a high-performance, water-soluble coagulant that has a very strong attraction to phosphorus. Neo's wastewater treatment products generate less chemical sludge than other coagulants and are comprised of a non-hazardous solutions that do not stain or discolour facility structures or degrade existing equipment in comparison to the current treatment methods used in most facilities.

Applications

Neo's products in the C&O segment are used in a wide array of applications including catalysts, magnets, phosphors, glass, ceramics, electronics, energy storage and others (including wastewater treatment).

Emission Control Catalysts

Neo's products are used to improve the long-term catalytic activity of auto emission catalysts. Catalytic functionality is provided by a mixture of PGM and a washcoat that usually includes alumina, barium, certain critical minerals, cerium, other rare earths, zirconia and other elements of various forms. The system is under continuous development in order to provide for enhanced performance as well as reduced use of PGMs. The largest markets for emission control catalysts are North America, Europe and Japan, China, India, Thailand and the rest of the world is growing due to increasingly stringent environmental standards and performance demands.

Magnetism

Neo's products are used in both sintered and bonded NdFeB magnet applications. Neo can take advantage of the vertical integration of its business model and manufactures certain material inputs to sell to the Magnequench segment in addition to third party customers.

Glass and Ceramics (Electronics)

High purity lanthanum is used in glass formulations for photography, security video cameras, photocopiers, eyeglasses and high-precision lenses. Lanthanum gives certain desirable properties to glass, including a high refractive index and a high degree of transparency and light transmission.

Dysprosium and yttrium are used in electronic applications including multilayer ceramic capacitors ("MLCCs") and semiconductor manufacturing. Dysprosium acts as a rare-earth dopant in barium titanate dielectric ceramics used in MLCCs, while yttrium, typically in the form of yttrium oxide, is used in plasma-resistant ceramic coatings for semiconductor etching equipment and in yttrium aluminum garnet laser crystals used in semiconductor processing.

Medical Imaging

Gadolinium plays a critical role as a contrast agent in medical imaging.

Water Treatment

Neo Water Treatment provides advanced rare-earth-based coagulants, formulated with cerium and lanthanum, for industrial and municipal wastewater treatment applications. Performance is enabled through advanced materials and chemical solutions that facilitate contaminant removal, safeguarding sensitive waterways, impurity control, and process optimization across a range of water-quality challenges. Neo offers proprietary and application-specific water-treatment solutions that enable customers to meet tightening environmental regulations while improving sustainability and operating efficiency. These solutions are under continuous development to enhance performance and address evolving regulatory and customer requirements. The core market is the United States, with accelerated growth in Europe, Mexico, Canada and other regions driven by stricter water-quality standards, industrial expansion, and increasing demand for sustainable water infrastructure.

Customers

C&O derives significant value from its longstanding customer relationships and experience built over the last three decades. Its R&D activities have played an important role in building these relationships and are important to C&O's client acquisition and retention strategy. As a result of close collaboration with customers, C&O enjoys preferred supplier status on competitive new business and contract renewals.

In 2025, C&O's top 10 customers accounted for approximately 59% of the total C&O segment's sales, with the largest customer accounting for approximately 20%.

Sales and Marketing

The C&O sales organization consists of 16 people located across three continents in order to support customers on a local level. The primary sales activities are deployed on a regional basis while certain large multinational customers are managed globally. The sales team members report to a sales director who has responsibility for the segment's global sales.

The majority of members of the sales team focus exclusively on sales for the C&O business segment while the remainder also provide support for the Rare Metals or Magnequench segments. This integration allows for continuity of customer coverage across all three business segments. The customer service function and sales and inventory management are co-located in the sales offices in North America, China, Estonia, Japan, Germany and South Korea. Each local sales office has customer service support staff to facilitate customer orders.

Competition

Neo has made significant investments in state-of-the-art analytical, quality and process control systems and procedures to differentiate itself from its competitors. A key competitive advantage that Neo has over its competitors is its extensive global marketing and technical support team, which are indispensable in terms of Neo's relationships with its customers. These operations provide development and applications technology support for customers' current and future requirements, resulting in market leading products and services. Neo's unique positioning provides competitive advantages over competitors by allowing for superior products and services while abiding by a high standard of corporate governance.

Neo competes with companies that operate in both the specialty chemical and advanced industrial materials markets.

In advanced industrial materials markets, Neo currently competes in the emission control catalyst segment with Rhodia S.A. ("**Rhodia**", a division of Solvay S.A.), Magnesium Elektron Ltd. (a division of the Luxfer Group) and Daiichi Kigenso Kagaku Kogyo Co. Ltd. ("**DKKK**") and in other high value applications with ShinEtsu Chemicals Co., Rhodia and DKKK. Neo has installed emission control catalyst capabilities at its Silmet facility for continued product growth in Europe. In the specialty chemicals markets, Neo competes primarily with two state-owned enterprises in China as well as with Rhodia and Lynas Corporation Ltd.

Research and Development

Neo conducts the majority of its R&D internally. It collaborates with key customers who evaluate the materials for compliance to their specifications. Collaboration with selected research and educational institutions further augments Neo's R&D capabilities. The vast majority of products are designed with specific client requirements in mind.

Commercialization of these materials vary by product, product line and target market based on the client's qualification requirements and process. The timing of commercialization can be shortened or lengthened depending on the degree of customization and the applications involved. For example, commercialization in emission control catalyst applications can take up to four to five years. Neo's established relationships and product qualifications have positioned C&O among the technology leaders in the critical minerals sector. These relationships are a barrier to entry for new competitors who must build relationships and go through extensive qualification periods in order to be competitive.

Neo's R&D centres work closely with customers and research institutions on applied research and novel product developments which, upon customer acceptance, are transferred to full production at Neo's manufacturing facilities. The C&O R&D tasks are distributed among 35 scientists in three global locations: Zibo, China, Singapore and Sillamäe, Estonia. Application support is provided by region, expertise and market location. The NAMCO and Silmet R&D groups are attached to their respective production facilities, and in addition to applied research, they employ their expertise to product scale-up, process development and continuous improvement.

The Singapore and Estonia groups are both involved with customer applications and materials innovation. With the large growth and innovative product development in the European emission control catalyst sector, the Estonian facility is involved in the development of specialty chemicals and advanced industrial materials for the emission control catalyst market. Similarly, growth in the Asian emission control catalyst and electronics applications markets are supported out of Singapore.

Sourcing of Raw Materials

The raw materials required for C&O are critical minerals that are obtained from China and non-China sources. The material inputs needed by C&O can be purchased from a number of suppliers in Australia (via Malaysia), United States, Myanmar, Russia and China.

Production Facilities

	NAMCO	Silmet
Location	Zibo, China	Sillamäe, Estonia
Type	Producer of advanced mixed rare earth oxides	- Mid-stream rare earth separation - Producer of advanced mixed rare earth oxides
Products	Specialty chemicals used in the production of emission control catalysts, magnetic materials, glass formulations, water treatment and electronic components including MLCCs and fire retardants (under development)	
Nameplate Capacity (mT)	6,500	3,200
Primary Applications	Emission control catalysts	Various
Neo Ownership	98%	100%

The C&O business segment also operates sales and R&D offices through several subsidiaries.

Rare Metals Segment

Overview

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). Materials produced within this business unit are used across a range of advanced applications, including speciality alloys, semiconductors, alternative energy technologies and high-performance magnets.

The Rare Metals segment has three production facilities in Canada, Estonia and Germany.

Products

The rare metal-based products Neo produces include tantalum, niobium, gallium, hafnium, rhenium and indium. Rare Metals are physically and chemically different from rare earths. Unlike rare earths, rare metals are diverse and share few overarching similarities. These products are used in a broad range of end markets including aerospace, integrated circuits, superconductors, LED lighting, medical imaging and mobile communication, among others.

Applications

Neo's high-temperature metals (tantalum, niobium, hafnium and rhenium) are used in superalloys for turbine blades, enabling advanced engines to operate at higher temperatures with improved combustion efficiency. These performance characteristics support enhanced fuel efficiency and reduced carbon emissions in aerospace and industrial gas turbine applications. Additional alloy applications include superconducting materials used in medical imaging systems (MRI), wind turbines and high-energy physics applications such as particle accelerators, as well as thermal interface materials used to dissipate heat in high-performance electronics, including AI data centre infrastructure.

Neo's electronic metals (gallium and indium) are essential materials used in semiconductor devices and alternative energy technologies. These metals serve as key building blocks in compound semiconductor materials used in radio frequency devices for mobile communications, transistors for power switching and logic applications, and optoelectronic devices that enable high-speed data transmission critical to the development of AI data centres. Neo's electronic metals are also used in the production of photovoltaic technologies and certain battery applications.

Gallium is also used as a dopant in high-performance rare-earth magnets, where it improves coercivity, thermal stability and microstructural control, supporting reliable operation in electric vehicles, wind turbines and advanced industrial motors.

Customers

In 2025, the Rare Metals segment's top 10 customers accounted for approximately 76% of the total segment's sales, with the largest customer accounting for approximately 30%.

Sales and Marketing

Sales in this segment are handled by a dedicated team of eight local salespeople, with most members of the sales group having over 15 years of relevant industry experience.

As the closest market participants, Rare Metals' sales professionals also have responsibility for sourcing raw materials. This dual-role allows the Rare Metals segment to manage the impact of pricing volatilities across all markets. The Rare Metals segment sources its materials conflict-free from Africa, South America and Asia.

Competition

Hafnium

As a recycler of hafnium materials and a producer of hafnium-nickel alloy, Neo occupies a distinctive position within the hafnium market. Competition mainly comes from primary hafnium producers. The global supply landscape for primary hafnium is limited. Three Chinese companies—CNNC, Baoti SNZ, and Nanjing Youtian—are estimated to represent about 40% of global primary capacity. Chinese exports declined approximately 19% year-over-year to roughly 25mT in 2025, and this tightening availability, combined with rising demand for high-temperature alloys, has supported record-high prices in non-China markets. In the United States, ATI and Western Zirconium together accounted for more than one-third of apparent global supply in 2025, while other notable suppliers include Framatome in France and Chepetsky in Russia, the latter primarily serving domestic demand.

Tantalum

The tantalum market is mainly comprised of large, global companies that have a high degree of downstream vertical integration (i.e. processing and fabrication). However, these competitors do not mine raw materials, and thus source their key inputs from the same markets as Neo. Major competitors in the tantalum market include Ningxia Orient Group Co Ltd., Ulba, a Kazatomprom Company, JX Metals Corporation and Ximei.

Niobium

A major competitor in the niobium market is Companhia Brasileira de Metalurgia e Mineração, a privately held Brazilian company that is a leading niobium producer and the sole company present in all niobium market

segments (including the ferro-niobium, superalloy and superconductive segments). Other major competitors to Neo in the niobium market include Ningxia Orient Group Co Ltd., Ximei, ULBA and ATI Speciality Alloys and Components.

Gallium

In the high purity gallium market, China has traditionally sustained three to four competitors for global sales. However, the current geopolitical climate has shifted the landscape, and now only one Chinese company, Zhuzhou Keneng New Materials Co., Ltd., is actively exporting high purity gallium.

Outside of China, the competition for market share in high purity gallium production includes companies such as RASA Industries Ltd., DOWA Electronic Materials Co., Ltd., Indium Corp., CMK Ltd., and Vital Pure Metal Solution GmbH. Additionally, RASA Industries Ltd., DOWA Electronic Materials Co., Ltd., CMK Ltd. and Vital Pure Metal Solution GmbH are also key players competing for raw materials supplying the gallium recycling sector.

Research and Development

The dedicated Rare Metals R&D group at Silmet consists of five scientists, engineers and technicians who focus on the introduction of new feed materials and the development of rare metal oxides and superalloys additives. The group has historically focused on production, support and continuous process improvements, but has more recently transitioned to developing value-added products, as well as cost reduction improvements.

The Rare Metals segment also conducts R&D at their facility in Peterborough, Ontario. This group has seven scientists, engineers and technicians who focus on the production and recycling of minor metals such as gallium, as well as indium and other electronic metals. This dedicated group works on technology and new product development, as well as process improvement and plant support. This group also does pre-development work for new flowsheets and is responsible for project management of new technological opportunities worldwide.

Sourcing of Raw Materials

The Rare Metals segment sources raw materials for its high-temperature metals from suppliers located in Africa, South America and Asia, with sourcing conducted in accordance with conflict-free standards. Neo has maintained conflict-free certification from the Responsible Business Alliance (formerly the Electronic Industry Citizenship Coalition) annually since 2014, providing assurance to Neo's customers that its products do not contain "conflict minerals" originating from the Democratic Republic of Congo or adjoining countries.

Through its global operating footprint and established supply chains, Neo is well positioned to collect gallium- and indium-containing scrap materials globally and consolidate these feedstocks into its recycling operations. This global access to secondary materials strengthens Neo's ability to support circular economy initiatives with customers and partners across the semiconductor and electronics supply chains, while promoting resource efficiency and reducing reliance on primary raw material sources.

Production Facilities

	Silmet	Buss & Buss	Peterborough
Location	• Sillamäe, Estonia	• Sagard, Germany	• Peterborough, Ontario
Type	• Refinery	• Recycling and alloy production	• Recycling • Upgrading Chemicals
Products	• Nb • Ta	• Ta • Re (metal & salt) • Hf compounds	• Ga • In • Ga(NO ₃)
Nameplate Capacity (mT)	• Ta: 50 • Nb: 250	• Ta: 40 • Re (metal): 4 • Hf: 20-25	• Ga /In: 25-35 Ga(NO ₃) ₃ : >10
Primary Applications	• Superalloys • Superconductive wires • High-energy physics	• Superalloys	• Power switching semi-conductors • Magnets • Thermal interface materials • LED lighting • Recycled solar • Catalyst
Neo Ownership	• 100%	• 50.04%	• 100%

Corporate Segment

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

Environmental

Neo's operations are subject to numerous detailed and increasingly stringent international, national, federal, provincial, state and local environmental laws, regulations and permits affecting the processing industry, including those pertaining to environmental permitting and licensing, air quality, greenhouse gas, water usage, wastewater, pollution, waste management, handling and disposal of radioactive materials and waste and groundwater quality and availability.

The Silmet facility operates under an Integrated Environmental Permit ("IEP") that regulates its air emissions, solid and hazardous wastes, water, and wastewater. The IEP is issued for an indefinite period and is reviewed if Silmet expands its operations. Historically, Silmet held several radiation practice licences related to its production of tantalum and niobium. Silmet no longer processes feedstock that contains naturally occurring radioactive materials ("NORM") but does produce tantalum and niobium using alternative feedstocks that it is permitted to process. See "*Risk Factors – Environmental Liability Exposure*".

NAMCO is subject to Chinese national and local environmental protection laws, regulations and permits, which currently impose a graduated schedule of fees for the discharge of waste substances, require the payment of fines for discharges exceeding prescribed standards, and provide for the closure of any facility that fails to comply with

orders requiring it to cease or remedy certain activities causing environmental damage. NAMCO holds a pollutant discharge permit that must be renewed every five years. NAMCO achieves a minimal wastewater discharge through an extensive treatment protocol that includes stripping equipment to produce ammonia water for reuse, and through MVR equipment to produce by-product sodium nitrate for sale. The resulting solution is further processed by a third party contractor if it does not meet the discharge requirements under the permit.

Air Pollution Control

The IEP issued to Silmet regulates air emissions from the facility. Neo's operations in China, Canada and Thailand are also subject to the air emission laws, regulations and permits of those countries.

Hazardous and Radioactive Substances and Wastes

Neo generates and manages solid and hazardous wastes, which are governed by the IEP. The storage and disposal of low-level radioactive wastes at the Silmet facility are governed by the Radioactive Practice Licenses referenced above. The Silmet facility was constructed in 1948 and has since been used for, among other industrial purposes, the processing of uranium ore and alum shale. In addition, the long history of industrial operations at Silmet may have caused soil, surface water and groundwater contamination at and around the facility. Radioactive materials are present at the Silmet facility and Neo incurs costs to manage and dispose of such materials.

As part of the recycling of gallium and indium scrap into salable metal, waste material is generated during the leaching process. Neo has adequate procedures in place to ensure that these wastes are appropriately contained and disposed of. Neo's Canadian operations in Ontario are subject to federal, provincial, and local regulation and must periodically submit documentation to validate the waste disposal process throughout the year.

Other Environmental Laws

Neo is required to comply with numerous other international, national, federal, provincial, state and local environmental laws, regulations and permits in addition to those previously discussed. These additional laws include various Estonian, Chinese, Canadian, Thai, U.S. and European requirements.

Employment Matters

Neo, its subsidiaries and joint ventures had an aggregate of approximately 1,524 full-time employees worldwide as of December 31, 2025 (as compared to 1,773 as at December 31, 2024), including both corporate and plant level employees. As at December 31, 2025, there were 947 full-time employees at Magnequench, 341 at C&O, 197 at Rare Metals and 39 at Corporate.

Legal Representatives in China

Pursuant to the Company Law of China, all Chinese businesses must have a legal representative who, according to Article 38 of the General Principles of Civil Law of China, "is the responsible person who acts on behalf of the legal person in exercising its functions and powers". The legal representative may take whatever actions are necessary for, among other things: (i) the general administration of the company (including the appointment and termination of any officer or employee); (ii) the consummation of legal transaction; or (iii) the allocation or acquisition of assets. The role of supervisor is to oversee the business and financial affairs of the applicable entity as well as supervising senior officers in performance of their duties. The applicable Chinese law, the articles of association and applicable shareholder agreements (or joint venture agreements, as applicable) specify how

officers, directors and supervisors are appointed, elected and removed (being effected by resolution of the Board or the decision of the shareholders of a particular entity, as the case may be), similar to the process set out in Canadian corporate statutes.

Greg Kroll is the legal representative of Magnequench (Tianjin) Company Limited ("MQTJ"), Magnequench International Trading (Tianjin) Co., Ltd. ("MQTJ2") and Magnequench Magnetics (Chu Zhou) Co., Ltd. ("MQCZ"); Michael Zhao, Financial Director of Magnequench, is the legal representative of Neo Performance Materials (Beijing) Co., Ltd. ("Neo Beijing") and Jeff Hogan is the legal representative of NAMCO. Martin Sun, Chief Representative, is the supervisor of NAMCO and Neo Beijing; Andy Zhang, Director of Engineering and Technology of Magnequench in China, is the supervisor of MQTJ; He Feng, MMS Director, R&D of Magnequench, is the supervisor of MQTJ2; and Emily Liu, Deputy Financial Director of Magnequench, is the supervisor of MQCZ. To mitigate against the risk that Neo may have difficulty terminating the legal representative for a particular entity, or the Chinese Subsidiaries losing effective control of its assets, each of the legal representatives and supervisors for Neo's material operating subsidiaries in China (being NAMCO, MQTJ and MQTJ2) has signed and affixed the applicable Company Chop on an undated termination letter removing him or her as the legal representative, or supervisor, as applicable, which letter is being kept with Neo's corporate records at the Toronto offices of its legal counsel, Fogler, Rubinoff LLP. See *"Risk Factors – If the authorized users of our corporate chops fail to fulfill their responsibilities or misappropriate or misuse these corporate instruments, our business and operations could be materially and adversely affected"* for a description of the risks associated with the chops of Neo's subsidiaries in China.

Occupational Health and Safety

Neo actively promotes compliance with government requirements, international health, safety, and environmental management standards (ISO-14001 and ISO 45001) and internal company standards that are developed when local standards are not found to be adequate. Safety and environmental management standards are certified by external consultants and a formal, internal auditing system exists to promote compliance. Neo's incident rates indicate that Neo's performance is significantly better than the industry averages for comparable industries in the United States.

DIVIDEND POLICY

Neo has adopted a dividend policy, subject to the solvency restrictions in the OBCA, pursuant to which it anticipates, subject to applicable corporate and securities laws, paying cash dividends on the Common Shares to shareholders of Neo as of each dividend record date, targeted to be the last day of each calendar quarter. Since the second quarter of 2019, the quarterly dividend has been C\$0.10 per Common Share.

DESCRIPTION OF SHARE CAPITAL

The following is a description of the material terms of the Common Shares and the Preferred Shares. The following description may not be complete and is subject to, and qualified entirely by reference to, the terms and provisions of Neo's articles of incorporation.

Common Shares

Neo's authorized capital consists of an unlimited number of Common Shares without par value. The holders of the Common Shares are entitled to receive notice of and to attend and vote at all meetings of the shareholders of Neo and each Common Share confers the right to one vote in person or by proxy at all meetings of the

shareholders of Neo. The holders of the Common Shares, subject to the prior rights, if any, of any other class of shares of Neo, are entitled to receive such dividends in any financial year as the Board may by resolution determine. In the event of the liquidation, dissolution or winding-up of Neo, whether voluntary or involuntary, the holders of the Common Shares are entitled to receive, subject to the prior rights, if any, of the holders of any other class of shares of Neo, the remaining property and assets of Neo. As at the date of this AIF, there are 41,598,853 Common Shares issued and outstanding.

Preferred Shares

The Board has the authority, without action by Neo's shareholders, to designate and issue an unlimited number of Preferred Shares in one or more series and to designate the rights, preferences and privileges of each series. The Preferred Shares of each series will rank on par with the Preferred Shares of every other series and, if so designated by the Board, will be entitled to preference over the Common Shares with respect to payment of dividends and distribution of any assets in the event of Neo's liquidation, dissolution or winding-up. Where Neo does not pay cumulative dividends in full with respect to a series of its Preferred Shares, the shares of all series of the Preferred Shares will participate rateably with respect to the accumulated dividends in accordance with the amounts that would be payable on those shares if all the accumulated dividends were paid in full.

The issuance of Preferred Shares and the terms selected by the Board could decrease the amount of earnings and assets available for distribution to holders of the Common Shares and/or adversely affect the rights and powers, including the voting rights, of the holders of the Common Shares without any further vote or action by the shareholders. Any series of Preferred Shares issued by the Board will have priority over the Common Shares in terms of dividend or liquidation rights or both. The issuance of Preferred Shares, or the issuance of rights to purchase Preferred Shares, could make it more difficult for a third party to acquire a majority of Neo's outstanding voting shares and thereby have the effect of delaying, deferring or preventing a change of control of Neo or an unsolicited acquisition proposal, and could make the removal of management more difficult. Additionally, the issuance of Preferred Shares may have the effect of decreasing the market price of the Common Shares. Neo has no current intention to issue any Preferred Shares.

Rights Plan

Effective June 8, 2023 (the "**Effective Date**"), the Company adopted the Rights Plan.

The Rights Plan aims to require that take-over bids be made to all shareholders and to prevent a potential acquirer from entering into lock-up agreements with existing shareholders prior to launching a take-over bid, except for permitted lock-up agreements as specified in the Rights Plan. The Rights Plan encourages fair treatment of all shareholders by providing shareholders with an equal opportunity to participate in a take-over bid. The Rights Plan encourages a potential acquirer to proceed by way of a take-over bid permitted by the Rights Plan (a "**Permitted Bid**"), which requires the take-over bid to satisfy certain minimum standards designed to promote fairness, or with the concurrence of the Board.

Pursuant to the Rights Plan, one right (a "**Right**") attached to each Common Share on the Effective Date. The Rights will separate from the Common Shares and will be exercisable ten trading days (the "**Separation Time**") after a person has acquired, or commences a take-over bid to acquire, 20% or more of the Common Shares, other than by a Permitted Bid. Each Right entitles the registered holder thereof to purchase from the Company one Common Share at an exercise price equal to five times the market price of a Common Share determined as at the Separation Time (the "**Exercise Price**").

The acquisition by any person (an "**Acquiring Person**") of 20% or more of the Common Shares, other than pursuant to certain exceptions in the Rights Plan, is referred to as a "**Flip-in Event**". Any Rights held by an Acquiring Person will become void upon the occurrence of a Flip-in Event. Ten trading days after the occurrence of the Flip-in Event, each Right (other than those held by the Acquiring Person) will entitle the registered holder to receive from the Company, upon payment of the Exercise Price, Common Shares having an aggregate market value equal to twice the Exercise Price. If a take-over bid is structured as a Permitted Bid, a Flip-in Event will not occur and the Rights will not become exercisable.

Until the occurrence of a Flip-in Event as to which the Board has not issued a waiver, the Board may elect to redeem all but not less than all of the then outstanding Rights at a redemption price of \$0.000001 (subject to adjustment) per Right.

The Rights Plan will expire at the close of business on the date of the Company's 2026 annual meeting unless the continuation of the Rights Plan for an additional three-year period is approved by the Independent Shareholders (as defined in the Rights Plan) at that meeting. The forgoing summary does not purport to be complete and is subject to, and qualified in its entirety by reference to, the actual provisions of the Rights Plan, the full text of which is available online on the Company's SEDAR+ profile located at sedarplus.ca.

MARKET FOR SECURITIES

Trading Price and Volume

The Common Shares are listed for trading on the TSX under the symbol "NEO".

The following table sets forth, for the calendar periods indicated, the high and low sale prices and composite volume of trading of the outstanding Common Shares as reported on the TSX.

Period	High (C\$/share)	Low (C\$/share)	Volume
2025			
December	17.69	15.31	3,723,279
November	18.50	15.95	3,994,586
October	23.45	17.70	10,997,240
September	20.58	16.36	4,084,569
August	18.04	15.04	4,962,022
July	17.25	14.03	5,157,114
June	15.31	9.16	5,711,099
May	11.83	9.11	3,073,747
April	11.39	7.26	3,350,321
March	9.60	6.94	1,831,163
February	8.85	7.58	878,206
January	9.42	7.37	1,609,693

Prior Sales

The following table summarizes details of the Common Shares or securities convertible or exercisable into Common Shares issued by Neo during the year ended December 31, 2025:

Date of Issuance	Security	Issue / Sale / Exercise Price per Security	Number of Securities
March 28, 2025	Common Shares ⁽¹⁾	Nil	53,035
June 9, 2025	RSUs	Nil	228,340
June 9, 2025	PSUs	Nil	554,795
June 9, 2025	Common Shares ⁽²⁾	Nil	72,420
August 8, 2025	Common Shares ⁽³⁾	C\$12.94	88,002

Notes:

- (1) Common Shares issued pursuant to the vesting of RSUs.
(2) Common Shares issued pursuant to the vesting of PSUs.
(3) Common Shares issued pursuant to the exercise of Legacy Options.

DIRECTORS AND EXECUTIVE OFFICERS

The articles of incorporation of Neo provide that the number of directors should not be fewer than three and no more than 15. Each director holds office until the close of the next annual general meeting of Neo, or until his or her successor is duly elected or appointed, unless his or her office is earlier vacated. The Board currently consists of seven directors.

Name, Occupation and Security Holding

The following table provides the names of the directors and executive officers, their principal residence, respective positions and offices held with Neo, their principal occupations for the past five years and the date they were appointed as an executive officer and/or or a director of Neo, or a subsidiary of Neo, as applicable:

Directors

Name, Principal Residence and Position Held	Principal Occupation for the Past Five Years	Director or Officer Since
Edgar Lee ⁽³⁾⁽⁷⁾ Hunts Point, Washington, U.S. <i>Chair of the Board</i> <i>Independent Director</i>	Mr. Lee is the Chair of the Board of Directors of the Company and has been a director of Neo since October 2017, and prior to which he was a director of Neo Cayman from August 31, 2016. He is the Co-Founder and Managing Member of Sagent Group, a private investment firm. He has over 20 years of finance, mergers and acquisition and capital markets experience. Previously, Mr. Lee founded and was the portfolio manager of Oaktree's \$6 billion Strategic Credit strategy. He was also the CEO and CIO of three corporate and specialty finance companies including Oaktree Specialty Lending and Oaktree Strategic Income Corporations. Before joining Oaktree, Mr. Lee worked within the Investment Banking divisions at UBS Investment Bank in Los Angeles and Lehman Brothers, where he was responsible for advising clients on equity and debt financings and mergers and acquisitions. He received a B.A. degree in economics from Swarthmore College and his master's degree from Harvard University.	<i>Company:</i> October 2017 <i>Neo Cayman:</i> August 2016

Name, Principal Residence and Position Held	Principal Occupation for the Past Five Years	Director or Officer Since
Eric Noyrez ⁽³⁾⁽⁶⁾ Bidart, France <i>Lead Independent Director</i>	Mr. Noyrez has been an independent and Lead Director of Neo since October 2017, and prior to which he was an independent director of Neo C&O from August 31, 2016. Since October 2018, he has served as the Chief Executive Officer of, and later as an advisor to, Serra Verde Rare Earths, a company aiming at developing and producing a rare earths concentrate. Since 2014, he acted as a board member and advisor for various entities. From February 2010 to June 2014, he served successive roles from Chief Operating Officer to Director and Chief Executive Officer at Lynas Corporation, an integrated rare earth mining and separation company. Prior to Lynas, he served as President of the SILCEA division of Rhodia (named Solvay S.A. now) and before 2000, spent 11 years in different business leadership roles at Shell. Eric started his career as an automotive designer at Peugeot-Citroën. He holds a Master's Degree in Engineering (Meng) from École des Mines de Douai, France.	<i>Company:</i> October 2017 <i>Neo Cayman:</i> August 2016
Rahim Suleman ⁽⁵⁾ Toronto, Ontario, Canada <i>President, Chief Executive Officer and Director</i>	Mr. Suleman was appointed the President and Chief Executive Officer of Neo on July 7, 2023. Prior to which, he was the President and Interim Chief Financial Officer of Neo since January 1, 2023. Previously, he was the Executive Vice President and Chief Financial Officer of Neo from September 2017, and was the Executive Vice President and Chief Financial Officer of Neo Cayman from January 2017. Previously, Mr. Suleman was Chief Financial Officer at Stackpole International from 2010. From 2009 to 2010, he was Global Finance Manager with GE Digital Energy Protection and Control. Mr. Suleman is a Canadian Chartered Public Accountant holding a Masters of Accountancy and a Bachelor of Arts in Accountancy from the University of Waterloo.	<i>Company:</i> September 2017 <i>Neo Cayman:</i> January 2017
G. Gail Edwards ⁽²⁾⁽⁸⁾ Toronto, Ontario, Canada <i>Independent Director</i>	Gail Edwards has been a director of Neo since June 2019. She is a C-suite financial and real estate executive who is currently a director of Amica Senior Lifestyles, based in Toronto and Chair of the Audit Committee, as well as a director and Audit Committee Chair of Victory Holdco LLP, based in New York and is a director and Chair of the Audit Committee of PODS, based in Clearwater FL. Ms. Edwards is also a member of the Real Estate Advisory Committee (REAC) for OP Trust, which manages one of Canada's largest pension funds, and a member of the REAC of the New York State Common Retirement Fund which manages funds in excess of US\$250 billion. Ms. Edwards has held executive management positions with the Minto Group, JH Investments Inc., a New York based real estate developer, a NYSE listed entertainment company, a U.S. based global food service and hospitality company and a Canadian banking institution. Ms. Edwards has her ICD.D designation and is a Canadian Chartered Public Accountant holding a Bachelor of Science degree in Mathematics from the University of Western Ontario.	<i>Company:</i> June 2019

Name, Principal Residence and Position Held	Principal Occupation for the Past Five Years	Director or Officer Since
Hua Du ⁽¹⁾⁽⁵⁾ Kowloon, Hong Kong <i>Independent Director</i>	Hua Du has over 25 years of executive experience in a number of industries operating in Asian and global markets leading change in business models, overseeing plant construction, defining strategic plans and developing leadership teams. Mr. Du was the Chief Executive Officer of a biotech-based animal nutrition business, with offices and operations across eight Asian countries from September 2021 to November 2025. Previously, Mr. Du served for 11 years as President of Global Business Units and Executive Committee member at a leading global chemicals and materials company, including manufacturing and distribution of value-added rare earth products. There, he led several global business units with revenues of EUR 5 billion, more than 10,000 employees, and technologies covering a wide range of end markets. Before that, he worked at a specialty chemicals manufacturer for 13 years, driving growth in Asia for its Electronic Materials Group. Mr. Du graduated from Peking University in China and holds a Doctor of Philosophy (Ph.D.) in organic chemistry from the University of Illinois Urbana-Champaign.	<i>Company:</i> October 2023
Jonathan Evans ⁽⁴⁾⁽⁵⁾ Atlanta, Georgia <i>Independent Director</i>	Jonathan Evans is the President and Chief Executive Officer and director of Lithium Americas Corp. since October 2023. He was a director of Lithium Americas Corp. (now known as Lithium Americas (Argentina) Corp.), the predecessor corporation to Lithium Americas Corp. from June 2017 to October 2023, and served as its President from August of 2018 and as Chief Executive Officer from May 2019 to October 2023. Mr. Evans has 30 years of operations and general management experience across businesses of various sizes and industry applications. Previously, he served as Vice President and General Manager for the Lithium Division at FMC Corporation (USA), and as the Chief Operating Officer of DiversiTech Corporation, a portfolio company of the private equity group, Permira. Mr. Evans has also held executive management roles at Arysta LifeScience, AMRI Corporation and General Electric. After earning a Bachelor of Science degree in mechanical engineering from Clarkson University, Mr. Evans served in the United States Army as an Armor/Cavalry officer. He subsequently earned a MSc from Rensselaer Polytechnic Institute.	<i>Company:</i> June 2025
Paul Mascarenas ⁽¹⁾⁽⁷⁾ Traverse City, Michigan <i>Independent Director</i>	Paul Mascarenas is a Venture Partner with Fontinalis Partners and sits on the boards of directors for a number of multi-national public companies, including United States Steel Corporation, ON Semiconductor and The Shyft Group. In addition, Mr. Mascarenas has served on the audit committees of United States Steel Corporation, Borg Warner and Mentor Graphics. Previously, Mr. Mascarenas was a Corporate Vice President and Chief Technical Officer of Ford Motor Company. Over the course of his career, Mr. Mascarenas has amassed extensive knowledge in business, strategic planning, product development and manufacturing operations, with assignments in the United Kingdom, Germany and the United States. Mr. Mascarenas has also held a number of other advisory roles including the British American Business Council, Magna International, Oak Ridge	<i>Company:</i> June 2025

**Name, Principal
Residence and
Position Held**

Principal Occupation for the Past Five Years

**Director or
Officer Since**

National Laboratory and the SAE China International Advisory Committee. Mr. Mascarenas holds a Mechanical Engineering degree from King's College, University of London in England and an honorary doctorate degree from Chongqing University in China. In addition he has completed several executive education programs. In December 2014, he was awarded an OBE by Her Majesty Queen Elizabeth II, in recognition of his services to the automotive industry.

Notes:

- (1) Member of the Audit Committee
- (2) Chair and Member of the Audit Committee
- (3) Member of the Compensation and Human Resources Committee
- (4) Chair and Member of the Compensation and Human Resources Committee
- (5) Member of the HESS Committee
- (6) Chair and Member of the HESS Committee
- (7) Member of the Corporate Governance and Nominating Committee
- (8) Chair and Member of the Corporate Governance and Nominating Committee

Executive Officers

**Name, Principal
Residence and
Position Held**

Principal Occupation for the Past Five Years

Officer Since

Rahim Suleman
Toronto, Ontario,
Canada
*President, Chief
Executive Officer and
Director*

Mr. Suleman was appointed the President and Chief Executive Officer of Neo on July 7, 2023. Prior to which was the President and Interim Chief Financial Officer of Neo on January 1, 2023. Previously, he was the Executive Vice President and Chief Financial Officer of Neo from September 2017, and was the Executive Vice President and Chief Financial Officer of Neo Cayman from January 2017. Previously, Mr. Suleman was Chief Financial Officer at Stackpole International from 2010. Mr. Suleman is a Canadian Chartered Public Accountant holding a Masters of Accountancy and a Bachelor of Arts in Accountancy from the University of Waterloo.

Company:
September
2017
Neo Cayman:
January 2017

Jonathan Baksh
Kleinberg, Ontario,
Canada
*Executive Vice
President and Chief
Financial Officer*

Mr. Baksh was appointed Executive Vice President and Chief Financial Officer of Neo on June 19, 2023. Mr. Baksh brings extensive experience in financial leadership within value-added manufacturing and critical supply chains, particularly in the semi-conductor and advanced materials sectors. Before joining Neo, Mr. Baksh served as Divisional CFO of Celestica's Advanced Technology Solutions (ATS) between December 2020 and June 2023, overseeing a multi-billion-dollar global business unit in the electronic manufacturing services industry. Mr. Baksh began his career in General Electric's premier Internal Audit leadership program in January 2011, where he developed a strong foundation in financial controls and risk management. Mr. Baksh holds his Chartered Professional Accountant (CPA) designation.

Company:
June 2023

Name, Principal Residence and Position Held	Principal Occupation for the Past Five Years	Officer Since
Kevin D. Morris Castle Pines, Colorado, U.S. <i>Executive Vice President and Chief Strategy Officer</i>	Mr. Morris was appointed Executive Vice President and Chief Strategy Officer on January 1, 2023. Prior to which he was Executive Vice President and Chief Operating Officer of Neo since September 2017 and the Executive Vice President and Chief Operating Officer of Neo Cayman since August 31, 2016. Previously, he held successively senior positions at Molycorp including Executive Vice President and Chief Operating Officer and Executive Vice President of Rare Metals and Administration. He joined Molycorp as Senior Vice President, Administration in November 2011. Mr. Morris holds a Bachelor of Science degree in Mechanical Engineering from Cornell University and a Juris Doctor degree from the UCLA School of Law.	<i>Company:</i> September 2017 <i>Molycorp:</i> November 2011
Gregory K. Kroll Singapore <i>Executive Vice President, Magnequench</i>	Mr. Kroll was appointed the Executive Vice President, Magnequench on January 1, 2018. Prior thereto, he was the Senior Vice President, Magnequench from January 2015. Previously, he served as Director Sales and Marketing, Magnequench from April 2010. Mr. Kroll joined Magnequench in 2000 and has served in various marketing and business development capacities with Magnequench in Singapore since 2002. Mr. Kroll holds a BA from George Washington University, and an MBA from the University of Chicago Booth School of Business.	<i>Company:</i> January 2018 <i>Magnequench:</i> April 2010
Mohamad El-Mahmoud Cologne, Germany <i>Executive Vice President, Chemical and Oxides & Rare Metals</i>	Mr. El-Mahmoud was appointed the Executive Vice President, Rare Metals on November 1, 2023 and Executive Vice President, Chemicals and Oxides on October 1, 2024. Prior to which, he was Vice President at Stackpole International until September 2023. At Stackpole, Mr. El-Mahmoud held successively senior positions including Director of Business Development and General Manager of the European Technical Center in Germany. Mr. El-Mahmoud holds a Bachelor of Science degree in Aeronautics and Space Engineering from the Aachen University of Applied Science.	<i>Company:</i> November 2023

The following table provides the names of the directors and executive officers of Neo and the number and percentage of Common Shares owned, directly or indirectly, or over which control or direction is exercised, of voting securities of Neo, as of the date hereof:

Name	Common Shares Beneficially Owned or Controlled ⁽¹⁾	% of Issued and Outstanding Common Shares
Eric Noyrez	18,715	0.04%
Rahim Suleman	315,188	0.76%
G. Gail Edwards	Nil	Nil
Edgar Lee	Nil	Nil
Hua Du	Nil	Nil
Jonathan Evans	Nil	Nil
Paul Mascarenas	15,000	0.03%
Jonathan Baksh	35,453	0.08%

Name	Common Shares Beneficially Owned or Controlled ⁽¹⁾	% of Issued and Outstanding Common Shares
Kevin Morris	125,966	0.30%
Greg Kroll	43,543	0.10%
Mohamad El-Mahmoud	6,972	0.01%

Note:

(1) This number does not include convertible securities held by such persons.

As of the date of this AIF, the directors and executive officers of Neo beneficially own, directly or indirectly, as a group, 560,837 Common Shares, representing approximately 1.34% of all outstanding voting securities of Neo.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

Cease Trade Orders

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

Kevin Morris was an officer of MolyCorp, the predecessor company to Neo when MolyCorp's common shares were cease traded and delisted from the New York Stock Exchange in connection with the Reorganization.

Bankruptcies

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

- (a) is, at the date of this AIF, or has been within the 10 years before the date of this AIF, a director or executive officer of any company (including Neo) 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 within creditors or had a receiver, receiver manager or trustee appointed to hold its assets, or
- (b) has, within the 10 years before the date of this AIF, 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.

Kevin Morris was an officer of MolyCorp, the predecessor company to Neo, when MolyCorp underwent the Reorganization.

Penalties and Sanctions

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

Conflicts of Interest

Certain of the directors and officers of Neo are also directors and officers of other companies. The directors of Neo are bound by the provisions of applicable corporate law to act honestly and in good faith with a view to the best interests of Neo and to disclose any interests, which they may have in any project or opportunity of Neo. If a conflict of interest arises at a meeting of the Board, any director in a conflict is required to disclose his or her interest and abstain from voting on such matter.

To the best of Neo's knowledge, and other than disclosed herein, there are no known existing or potential conflicts of interest among Neo, its promoters, directors and officers or other members of management as a result of their outside business interests except that certain of the directors and officers serve as directors and officers of other companies, and therefore it is possible that a conflict may arise between their duties to Neo and their duties as a director or officer of such other companies.

AUDIT COMMITTEE DISCLOSURE

Under National Instrument 52-110 – *Audit Committees*, we are required to include in this AIF the disclosure required under Form 52-110F1 with respect to the Audit Committee of the Board. The Audit Committee of Neo is responsible for its financial reporting process and the quality of its financial reporting. The Audit Committee is charged with the mandate of providing independent review and oversight of Neo's financial reporting process, the system of internal control and management of financial risks, and the audit process, including the selection, oversight and compensation of Neo's external auditors. In performing its duties, the Audit Committee maintains effective working relationships with the Board, management, and the external auditors and monitors the independence of those auditors.

The full text of the charter of Neo's Audit Committee is attached hereto as Schedule "A".

Composition of the Audit Committee

The Board members of Neo's Audit Committee are:

Name	Independent ⁽¹⁾	Financially Literate ⁽²⁾
G. Gail Edwards (Chair)	Yes	Yes
Hua Du	Yes	Yes
Paul Mascarenas	Yes	Yes

Notes:

- (1) A member of an audit committee is independent if the member has no direct or indirect material relationship with Neo, which could, in the view of the Board, reasonably interfere with the exercise of a member's independent judgment.
- (2) An individual is financially literate if he or she has the ability to read and understand a set of financial statements that present a breadth of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by Neo's financial statements.

Relevant Education and Experience

Name of Member	Relevant Experience and Qualifications
G. Gail Edwards (Chair)	Gail Edwards has been a director of Neo since June 2019 and is Chair of the Audit Committee. She is a C-suite financial and real estate executive who is currently a director of Amica Senior Lifestyles and Chair of the Audit Committee, as well as a director and Audit Committee Chair of Victory Holdco LLP, based in New York. Ms. Edwards is also a member of the Real Estate Advisory Committee (REAC) for OP Trust, which manages one of Canada's largest pension funds, and a member of the REAC of the New York State Common Retirement Fund which manages funds in excess of US\$250 billion. Ms. Edwards has held executive management positions with the Minto Group, JH Investments Inc., a New York based real estate developer, a NYSE listed entertainment company, a U.S. based global food service and hospitality company and a Canadian banking institution. Ms. Edwards has her ICD.D designation and is a Canadian Chartered Public Accountant holding a Bachelor of Science degree in Mathematics from the University of Western Ontario.
Hua Du	Hua Du has over 25 years of executive experience in a number of industries operating in Asian and global markets leading change in business models, overseeing plant construction, defining strategic plans and developing leadership teams. Mr. Du was the Chief Executive Officer of a biotech-based animal nutrition business, with offices and operations across eight Asian countries from September 2021 to November 2025. Previously, Mr. Du served for 11 years as President of Global Business Units and Executive Committee member at a leading global chemicals and materials company, including manufacturing and distribution of value-added rare earth products. There, he led several global business units with revenues of EUR 5 billion, more than 10,000 employees, and technologies covering a wide range of end markets. Before that, he worked at a specialty chemicals manufacturer for 13 years, driving growth in Asia for its Electronic Materials Group. Mr. Du graduated from Peking University in China and holds a Doctor of Philosophy (Ph.D.) in organic chemistry from the University of Illinois Urbana-Champaign.
Paul Mascarenas	Paul Mascarenas is a Venture Partner with Fontinalis Partners and sits on the boards of directors for a number of multi-national public companies, including United States Steel Corporation, ON Semiconductor and The Shyft Group. In addition, Mr. Mascarenas has served on the audit committees of United States Steel Corporation, Borg Warner and Mentor

Name of Member	Relevant Experience and Qualifications
-----------------------	---

Graphics. Previously, Mr. Mascarenas was a Corporate Vice President and Chief Technical Officer of Ford Motor Company. Over the course of his career, Mr. Mascarenas has amassed extensive knowledge in business, strategic planning, product development and manufacturing operations, with assignments in the United Kingdom, Germany and the United States. Mr. Mascarenas has also held a number of other advisory roles including the British American Business Council, Magna International, Oak Ridge National Laboratory and the SAE China International Advisory Committee. Mr. Mascarenas holds a Mechanical Engineering degree from King's College, University of London in England and an honorary doctorate degree from Chongqing University in China. In addition he has completed several executive education programs. In December 2014, he was awarded an OBE by Her Majesty Queen Elizabeth II, in recognition of his services to the automotive industry.

Audit Committee Oversight

Since the commencement of Neo's most recently completed financial year, there has not been a recommendation of the Audit Committee to nominate or compensate an external auditor which was not adopted by the Board.

Pre-Approval Policies and Procedures

In the event that Neo wishes to retain the services of its external auditors for any non-audit services, prior approval of the Audit Committee must be obtained.

Audit Fees

The aggregate fees billed by Neo's external auditor for audit fees in the last two fiscal years are approximately as follows:

Financial Year Ended	Audit Fees	Audit Related Fees	Tax Fees	All Other Fees
December 31, 2025	\$2,175,384	\$1,926	\$365,560	nil
December 31, 2024	\$2,104,312	\$1,544	\$341,167	nil

The nature of the category and description of fees is summarized below.

Audit Fees. The fees disclosed in the table above under the item "Audit Fees" represent fees billed for audit and interim review services performed in connection with Neo's consolidated financial statements.

Audit Related Fees. The fees disclosed in the table above under the item "Audit Related Fees" represent fees related to assurance, due diligence and related services not included in audit services.

Tax Fees. These fees were for tax compliance services and tax advice and planning, including transfer pricing.

Orientation and Continuing Education

New directors of Neo participate in an initial information session on Neo in the presence of its senior executive officers to learn about, among other things, the business of Neo, its financial situation and its strategic planning. In addition, new directors are furnished with appropriate documentation, providing them with information about, among other matters, the corporate governance practices of Neo, the structure of the Board and its committees, Neo's history, its commercial activities, its corporate organization, the charters of the Board and its committees, Neo's articles of incorporation and by-laws, the Code of Conduct (as defined below) and other relevant corporate policies.

Neo encourages all directors to attend continuing education programs and facilitates such continuing education of its directors by providing them with information on upcoming courses and seminars that may be relevant to their role as directors or hosting brief information sessions during Board meetings by invited external advisors. In addition, Neo's management periodically makes presentations to the directors on various topics, trends and issues related to its activities during meetings of the Board or its committees, which are intended to help the directors to constantly improve their knowledge about Neo and its business.

RISK FACTORS

In addition to other information contained in this AIF, prospective investors should carefully consider the following factors before making an investment in Common Shares. All risk factors should be considered because they could cause Neo's actual results or financial condition to differ materially from those projected in forward-looking statements contained elsewhere in this AIF. The following is not an all-inclusive listing of risks, although Neo believes these are the more material risks that Neo faces. Risks and uncertainties that are either not known to Neo or that Neo considers at this time to be immaterial or insignificant could also be detrimental to the ongoing affairs of Neo. If any of these risks occur, Neo's business, financial position, results of operations or cash flows could be materially adversely affected.

Risks Related to Business of Neo & Industry

Global Economic Conditions

The Company operates in a volatile economic environment. Current global economic conditions, which have been subject to increased volatility and contraction in credit markets, may impact the Company's access to public financing, its ability to obtain equity or debt financing on favourable terms and the valuation of the Company's securities. As a result, if unemployment, interest or inflation rates fluctuate substantially or increase to significant levels, they could have an impact on the Company's operating activities, financial position and profitability. In addition, the Company is exposed to market risk related to the current global inflationary situation, as the various environmental, social, political and economic factors had significant consequences on the world economy. The risks of recession in one or several of the countries where the Company operates are growing and could have an adverse impact on the Company's net earnings, financial position or cash flows.

The business of Neo is subject to general economic conditions. Adverse changes in general economic and market conditions could adversely impact demand for Neo's products, prices, revenue, operating costs, results of financing efforts, and the timing and extent of capital expenditures.

Fluctuations in Demand for, and Prices of, Critical Minerals Inputs

Because Neo's primary source of revenue is the sale of specialty chemicals, magnets and magnetic powders, and advanced industrial materials made from certain critical minerals, changes in demand for, and the market price of, these critical minerals could significantly affect Neo's profitability. There can be no assurance that Neo could successfully pass through any increases in the cost of raw materials to Neo's customers. These minerals and product prices fluctuate and are affected by numerous factors beyond management's control such as interest rates, exchange rates, inflation or deflation, fluctuation in the relative value of the U.S. dollar against foreign currencies on the world market, global and regional supply and demand for critical minerals and products, and the political and economic conditions of countries that produce critical minerals and products.

Demand for Neo's products is impacted by demand for downstream products incorporating critical minerals, including motors used in hybrid and electric vehicles, emission control catalysts and other clean technology products, as well as demand in the general aerospace and electronics industries. Lack of growth in these markets may adversely affect the demand for its products, which would have a material adverse effect on the business of Neo and its results of operations.

Extended periods of high commodity prices may create economic dislocations that may be destabilizing to critical minerals supply and demand and ultimately to broader markets. Strong critical mineral prices, as well as real or perceived disruptions in the supply of critical minerals, also create economic pressure to identify or create alternate technologies that ultimately could depress future long-term demand for critical minerals and products, and at the same time may incentivize development of otherwise marginal mining properties.

Supplies of Raw Materials

Neo relies on a limited number of suppliers and geographic regions for certain raw materials feedstock used in its operations. In some cases, the Company's feedstock is sourced from a small number of counterparties, specific suppliers, or particular jurisdictions, and alternative sources may not be readily available on comparable commercial, technical, or regulatory terms. This concentration increases the Company's exposure to supply disruptions, including those arising from operational failures, mine or production shutdowns, transportation constraints, labour disruptions, natural disasters, geopolitical events, trade restrictions, sanctions, changes in export controls, or shifts in government policies affecting mining, processing, or export of critical minerals.

In addition, raw materials feedstock must often meet specific technical, chemical, and quality specifications to be suitable for the Company's processing facilities or input requirements. The qualification of alternative feedstock sources can be time-consuming, costly, and subject to regulatory, environmental, or customer approval requirements, and there can be no assurance that substitute sources will be available when needed or at acceptable prices. Any interruption, reduction, or loss of supply from a concentrated source, or any delay or failure in qualifying alternative sources, could adversely affect production levels, increase operating costs, reduce margins, or require the Company to curtail or suspend certain operations.

Further, suppliers of critical minerals feedstock may themselves be subject to heightened regulatory scrutiny, environmental or social compliance requirements, or government intervention, which could restrict production or exports or otherwise limit availability. Where the Company does not have long-term supply arrangements, or where such arrangements are subject to volume, pricing, or termination risks, the Company may be more vulnerable to short-term supply imbalances and price volatility.

Any of the foregoing could have a material adverse effect on the Company's business, results of operations, financial condition, or cash flows.

Risks Associated with International Operations

Neo conducts business on an international basis, with factories, offices, and customers in multiple countries, with the attendant difficulties and risks inherent in doing business internationally, including the following:

- burdens to comply with multiple and potentially conflicting foreign laws and regulations, including export requirements, tariffs and other barriers, environmental health and safety requirements and unexpected changes in any of these laws and regulations;
- to the extent cash is held outside of North America, Neo's repatriation of such cash may be subject to the approval of foreign governments and to the potentially adverse impact of foreign and domestic tax laws as well as changes in foreign exchange or capital controls;
- political and economic instability and disruptions, including the imposition of political and economic sanctions that could adversely affect the supply of Russian-sourced feedstock used by Neo's operations in Estonia or the importation of products from China;
- disadvantages of competing against companies from countries that are not subject to Canadian laws and regulations, including the *Corruption of Foreign Public Officials Act* (Canada) ("**CFPO**");
- potentially adverse tax consequences due to overlapping or differing tax structures or changes in tax rates; and
- fluctuations in currency exchange rates.

To Neo's knowledge, it holds or has made applications for all material permits and licences and is in compliance in all materials aspects with applicable laws and regulations in the jurisdictions in which it operates. However, any of these risks could have an adverse effect on Neo's international operations by reducing the demand for its products, reducing the prices at which it can sell its products or increasing its costs, which could result in an adverse effect on the business, financial position, results of operations or cash flows of Neo or its ability to declare and pay future dividends.

In addition, Neo could be adversely affected by violations of the CFPO and similar worldwide anti-bribery laws. The CFPO and similar anti-bribery laws in other jurisdictions generally prohibit companies and their intermediaries from making improper payments to non-Canadian officials for the purpose of obtaining or retaining business. Neo's policies mandate compliance with these anti-bribery laws. Neo operates in many parts of the world that have experienced governmental corruption to some degree and, in certain circumstances, strict compliance with anti-bribery laws may conflict with local business customs and practices. There can be no assurance that Neo's internal controls and procedures will protect Neo from the reckless or criminal acts committed by employees, consultants or agents of Neo or otherwise ensure compliance with the CFPO. If Neo is found to be liable for CFPO violations or other applicable anti-bribery laws, it could incur criminal or civil penalties or other sanctions, which could have a material adverse effect on its business.

Additionally, certain customers of Neo have requested that it certify whether any "conflict minerals" (as such term is defined in Section 1502 of the *Dodd-Frank Wall Street Reform and Consumer Protection Act*) used in some of its products come from the Democratic Republic of the Congo (or an adjoining country). The Silmet facility has received certifications from the Responsible Minerals Initiative ("RMI") that its management systems and sourcing practices are in conformance with RMI's Responsible Minerals Assurance Process ("RMAP"). There can be no assurance that such RMAP Certification will be renewed in any given year.

Neo's international operations in China and Thailand are subject to a number of special risks including trade barriers, exchange controls and restrictions on currency conversion, political risks and risks of increased duties, taxes, tariffs and governmental royalties, as well as changes in laws, regulations and policies governing operations of foreign-based companies such as embargos. A change in policies by the Chinese or Thai governments could adversely affect Neo's investment in its production facilities by, among other factors, changes in laws or regulations or changes in the interpretation thereof. Despite the activity and progress in developing their legal systems, neither China nor Thailand has a system of laws as comprehensive and predictable as in Canada or the United States. Their legal systems also differ in other ways from the legal systems in Canada and the U.S. which may result in different outcomes than might be expected to occur in Canada or the U.S.

Historically China placed export quotas on the rare earths industry; such quotas were removed in December 2014. Neo remains subject to export applications and taxes in China. Further trade barriers or changes to the trade barriers to which Neo faces may adversely impact its business, financial position, results of operations or cash flow because such barriers may:

- limit Neo's inventory and result in decreased revenue;
- restrict Neo from removing product, including technology, from the respective country, resulting in decreased revenue;
- cause Neo to increase prices resulting in decreased sales quantities and revenue; or
- increase Neo's costs which would result in decreased profits for Neo.

Furthermore, if new trade barriers arise in Neo's key export markets, it may face difficulty in reallocating products to other markets on favourable terms.

Neo could be adversely affected by further changes in China's regulatory environment relating to the rare earths industry, including the imposition of new laws, regulations or policies, or changes in the interpretation thereof, which could restrict or eliminate its ability to continue to operate in China, or to export its products. The Magnequench segment and the production of certain advanced industrial materials by the C&O segment for use in emission control catalysts are subject to lesser regulation in China than the production of certain specialty chemicals. Any changes or increases to the regulation of these industries could have a material adverse effect on Neo's business. See also "*Changes in China's Regulation of the Rare Earths Industry*".

Both China and Thailand impose foreign exchange controls and restrictions on currency conversion. In order to move money in or out of China and Thailand, Neo must comply with strict rules and procedures imposed by the respective governments, including timely reporting requirements and the provision of supporting documentation to the requisite authorities in order to obtain the necessary approvals. To date, Neo has not been impeded in its ability to repatriate funds from its operations in China or Thailand, however, Neo could be adversely affected by changes in foreign exchange, capital control or other laws, regulations or policies, or changes in the interpretation thereof, which could restrict its continued ability to do so. Should there be any unexpected delays in processing these requests or any failure to receive the requisite approvals, this could adversely affect Neo's liquidity and its ability to plan for its future liquidity needs.

Political instability in either China or Thailand could have a material adverse effect on Neo. Neo has production facilities in Thailand, which in recent years has been subject to a coup d'état, political unrest, demonstrations, martial law and terrorism. Any succession crisis in the Kingdom of Thailand could cause new or increased instability and unrest. Neo also has production facilities in China, where the government exercises significant control over China's economic growth through strategically allocating resources, controlling the payment of

foreign currency-denominated obligations, setting monetary policies and providing preferential treatment to particular industries or companies. Political instability could result in changes to the laws and regulations affecting Neo and for the reasons noted above, may have a material adverse effect on Neo.

Macroeconomic, Geopolitical and Other Challenges and Uncertainties

In addition to the significant macroeconomic challenges posed by another global pandemic (see the risk factor regarding global pandemics), 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.

The Company is exposed to risks arising from global and regional macroeconomic conditions and geopolitical events that are beyond its control. Adverse changes in economic conditions—such as inflationary pressures, elevated interest rates, tightening credit markets, foreign exchange volatility, reduced liquidity, economic slowdowns or recessions, and changes in global trade patterns—could negatively affect customer demand, input costs, supply chains, access to capital, and the Company’s operating and financial performance.

In addition, geopolitical instability, including armed conflicts, political unrest, terrorism, civil disturbances, changes in government leadership, or deteriorating diplomatic relations between countries or regions, may result in increased volatility and uncertainty in global markets. Such events may lead to trade restrictions, tariffs, sanctions, export controls, investment restrictions, supply disruptions, increased energy and transportation costs, or limitations on the movement of goods, capital, or personnel. The scope and duration of such events, and the resulting governmental and regulatory responses, are difficult to predict and may evolve rapidly.

For example, 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 U.S. and other countries. Several countries have imposed a series of 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. Through to December 31, 2025, however, there has been no significant impact on Neo's operations. Neo's Silmet facility sources the majority of its rare earth feedstock from a Russian supplier. Neo has eliminated sales going to Russian and certain other customers where Neo believes such customers have connections to Russia. With the assistance of advisors, 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 supplier of rare earth materials (who is 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.

Macroeconomic and geopolitical developments may also result in sudden or sustained changes in laws, regulations, tax regimes, monetary or fiscal policies, or enforcement priorities in jurisdictions in which the Company operates or sources materials, manufactures products, or sells into end markets. Compliance with such changes may increase operating costs, require changes to business practices, disrupt operations or supply arrangements, or adversely affect profitability.

The cumulative impact of these macroeconomic and geopolitical factors, whether occurring individually or in combination, could materially and adversely affect the Company’s business, financial condition, results of operations, cash flows and prospects. The Company’s ability to anticipate, monitor and mitigate these risks may be limited, and there can be no assurance that measures taken to manage such risks will be effective.

Export Controls and Trade Restrictions

Certain of the Company's operations, joint ventures and customer relationships depend on the cross-border movement of materials, components, technologies and finished products. These activities are subject to evolving export control, customs, sanctions, licensing and end-use regulations imposed by the governments of China, and the receiving jurisdiction.

China has, in recent years, expanded and refined its export control regime with respect to strategic and dual-use materials, technologies and equipment, including rare earth elements, permanent magnets and related downstream products. These measures include enhanced licensing requirements, extraterritorial application of certain controls, and heightened end-user and end-use certification obligations.

Each importing jurisdiction maintains its own foreign exchange and foreign trade control framework, including restrictions on imports, exports and technology transfers involving sensitive or strategically important items. Changes in such export control policy, import screening, or reciprocal trade measures—whether implemented independently or in coordination with allied jurisdictions—could further limit or complicate the Company's ability, or the ability of its customers or partners, to source materials from, or sell products into, one jurisdiction from another.

Geopolitical tensions, trade disputes or policy divergence between jurisdictions could result in the imposition of new tariffs, quotas, licensing requirements, retaliatory measures or informal administrative practices that adversely affect cross-border trade. Even where the Company and its partners are able to comply with applicable laws, the increased complexity, uncertainty and administrative burden associated with export controls may increase costs, disrupt supply chains, reduce operational flexibility, delay deliveries, or impair the Company's ability to meet customer demand globally.

In addition, the interpretation and enforcement of export control regulations may vary over time and across jurisdictions and administrations, and compliance often depends on information provided by customers and downstream end users. Any failure by third parties to provide accurate or timely certifications, or any change in the classification or regulatory treatment of the Company's products, could result in shipment delays, penalties, loss of licenses, reputational harm or the suspension of affected business activities.

If any of the foregoing risks were to materialize, the Company's business, financial condition, results of operations and growth strategy could be materially adversely affected.

See also *"Risk Factors - Macroeconomic, Geopolitical and Trade-Related Risks"* and *"Risk Factors – Supplies of Raw Materials"*, *"Risk Factors – Changes in China's Regulation of the Rare Earth Industry"* and *"Risk Factors – Risks relating to Tariffs"*.

Customer Dependence

Each of Neo's three business segments supply products to a limited number of key customers. While Neo's key customers do not overlap among Neo's key business segments, the loss of a key customer could have a material adverse effect on that segment's future performance and that of Neo.

Competition

Neo believes its ability to compete successfully depends upon a number of factors, including, but not limited to: global market presence, production facilities in cost-competitive locations, product quality and performance, access to capital, and the pricing policies of its competitors. Some of Neo's competitors have financial resources, and, in some cases, operational resources and strategic advantages, which are substantially greater than those of Neo.

In addition, Neo faces risks of large OEMs or Tier 1 manufacturers building in-house manufacturing capabilities. The election by one or more of these customers to build such in-house capabilities rather than sourcing from Neo, could have a material adverse impact on our business or results of operations.

Ability to Maintain Obligations Under the EDC Facilities and Other Debt

Neo has entered into certain credit facilities, including the EDC Facilities, 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 Neo's control, that would cause Neo to fail to satisfy its obligations under the credit facilities or other debt instruments. In such circumstances, any amounts drawn under Neo's debt agreements may become due and payable before the agreed maturity date and Neo may not have the financial resources to repay such amounts when due. The Company and number of the Company's subsidiaries provided guarantees and/or security in favour of EDC pursuant to the EDC Facilities. If Neo were to default on its obligations under the EDC 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 Neo's assets.

Environmental Liability Exposure

Neo seeks to meet or exceed existing environmental legal requirements in the countries in which it operates. Present or future laws and regulations, however, may adversely affect Neo's operations. Future environmental costs may increase due to changing requirements or costs associated with developing, operating, and closing of production sites and the storage, management and disposal of hazardous materials and wastes, including radioactive materials and wastes.

Neo's C&O and Rare Metals business segments are subject to numerous and increasingly stringent international, national, federal, state, provincial and local laws, regulations and permits, including those pertaining to environmental permitting and licensing, air quality, greenhouse gas, water usage, wastewater, pollution, waste management and the handling, storage and disposal of hazardous or radioactive materials and wastes. Pursuant to certain environmental laws, regulations and permits, Neo may be subject to claims for toxic torts, natural resource damages and other liabilities, as well as for the investigation and remediation of soil, surface water, groundwater and other environmental media. Neo's failure to comply with these laws and regulations, or changes in such laws and regulations or the interpretation or enforcement thereof, and to obtain or renew any environmental permits, could have a material adverse effect on Neo's business, financial condition and results of operations.

Specifically, Neo is subject both to national and local environmental protection regulations that currently impose a graduated schedule of fees for the discharge of waste substances, require the payment of fines for discharges exceeding prescribed standards, and provide for the closure of any facility that fails to comply with orders

requiring it to cease or remedy certain activities causing environmental damage. The Silmet facility, NAMCO produce wastewater from their production processes.

As part of the recycling of gallium, indium, and rhenium scrap into saleable metal, waste material is generated during the leaching and ion exchange process. Neo has adequate procedures in place to ensure that waste generated from these processes are appropriately contained and disposed of. Neo's Canadian operations are subject to provincial laws, regulations and permits and must periodically submit documentation to validate the waste disposal process throughout the year. Neo's operations may become subject to new or additional federal and local environmental laws, regulations and regulations from time to time which may have an impact on the operations of Neo.

Neo's operations have used and currently use hazardous materials and have generated and currently generate hazardous and NORM. The Silmet facility has a long history of industrial use, including uranium ore and oil shale processing, as a result of which its operations may have impacted the environment. In addition, some of Neo's operations require the management and disposal of NORM bearing materials as well as certain permits with respect to the management and disposal of NORM bearing materials and waste. There can be no assurance that any such permits will be acquired and / or renewed which may have a material impact on the results of operations and the financial condition of the Company. See "*Description of the Business - Environmental*".

These, together with other unforeseen impacts that its operations may have on the environment, as well as human exposure to hazardous or radioactive materials or wastes associated with its operations, could have a material adverse effect on the business, reputation, results of operation and financial condition of Neo.

Product Recalls

The sale of Neo's products involves the risk of product recalls and associated product liability claims. Some of Neo's products are used in the manufacture of end-products (and, in some instances, may be considered by certain of Neo's customers integral to the manufacture of such products). Neo could face significant liability if Neo's products used, for example, in the manufacture of an automotive catalyst were determined to have contributed to a problem that led to a third- party product recall. No assurance can be given that Neo or its customers will not be subject to voluntary or government- ordered product recalls. If one of Neo's or its customers' products is the subject of a recall, Neo may incur significant costs and reputational damage and suffer loss of customers as a result. In addition, if a person brings a product liability claim or suit against one of Neo's customers, this customer may attempt to seek contribution from Neo. While Neo considers the probability of the occurrence of such an event to be low and attempts to mitigate such risk by negotiating liability limits in its customer contracts when possible, a product recall or successful product liability claim or series of claims against Neo in excess of its insurance coverage for which it is not otherwise indemnified could have an adverse effect on Neo's business, financial condition, results of operations or cash flows.

Ability to Capitalize on Increased Production Capacity

The Company has made, and may continue to make, significant investments to expand production capacity at certain of its manufacturing facilities in anticipation of increased demand, improved operating efficiencies, and enhanced competitive positioning. There can be no assurance, however, that the Company will be able to fully utilize or otherwise capitalize on such increased capacity within anticipated timeframes, or at all.

Failure to achieve sufficient production volumes or customer demand to absorb increased capacity could result from a variety of factors, including but not limited to adverse changes in market conditions, delays in customer

qualification or product approvals, shifts in customer purchasing behaviour, increased competition, pricing pressure, supply chain constraints, or broader macroeconomic conditions. In addition, the ramp-up of new or expanded capacity may take longer or cost more than expected, and the Company may encounter operational challenges, including inefficiencies, higher-than-anticipated fixed costs, or integration issues, which could further limit the economic benefits of such capacity.

If the Company is unable to effectively align production output with market demand, increased plant capacity may result in underutilized assets, reduced margins, higher unit production costs, inventory imbalances, or impairment charges. Underutilization of expanded facilities could also adversely affect the Company's ability to achieve anticipated returns on invested capital and could require the Company to take actions such as curtailing production, delaying further expansion, or restructuring operations, any of which could have a material adverse effect on the Company's business, results of operations, financial condition, or cash flows.

Construction and Development Risks

As Neo expands manufacturing capacity at its existing facilities or makes a determination to build greenfield facilities, there are a number of emerging factors that are affecting development risks that Neo faces in connection with the construction of new and/or improved facilities. Such factors may include, but are not limited to, rising construction costs and development charges, shortage of experienced labour in certain construction related trades and rising interest rates. The impact of development risk factors will be further assessed and observed in terms of broader market reactions. These factors could impact Neo's pace of development and construction of such project. As a result, there can be no assurance that the project will be developed or completed on expectations of budgets and /or timelines. Any adverse affects to budget or timelines may have an impact on how Neo manages the transition to the new facilities, including, but not limited to, maintaining existing supply of feedstocks, fulfilling customer orders or maintaining profit margins.

Liquidity and Additional Financing Requirements

The Company is exposed to liquidity risk, which is the risk that it will not be able to meet its financial obligations as they become due, including obligations arising from operating expenses, capital expenditures, debt service, lease payments and other contractual commitments. The Company's liquidity may be adversely affected by factors beyond its control, including reduced cash flows from operations, volatility in global economic or market conditions, disruptions in credit markets, increased interest rates, adverse movements in foreign exchange rates, unexpected capital requirements, or delays in collecting receivables.

Depending on its ability to achieve its goals, Neo may need to raise further equity and/or debt financing to fund the completion of its growth initiatives 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 Neo. Any debt financing, if available, may involve financial covenants which limit Neo's operations.

If the Company is unable to generate sufficient cash flows or obtain additional financing when required, it may be forced to defer or curtail capital expenditures, reduce or delay strategic initiatives, dispose of assets on unfavourable terms, renegotiate existing obligations, or take other actions that could materially adversely affect its business, financial condition, results of operations, cash flows and prospects.

Risks Related to Intellectual Property Protection

Proprietary trade secrets and unpatented know-how are very important to Neo's business. Much of the technology used in the markets in which it competes is unprotected by patents, and the commercial success of Neo will depend primarily on its ability to obtain and maintain trade secret protection and confidentiality for Neo's products and methods. To compete in these markets, Neo relies primarily on a combination of trade secret protection, non-disclosure agreements and trademarks to establish and protect proprietary intellectual property rights, including proprietary production processes that are not patented or are otherwise not subject to robust intellectual property protection.

Neo relies on trade secrets to protect certain aspects of its technology, especially where management does not believe that patent protection is appropriate or obtainable. However, trade secrets are difficult to protect. Neo's employees, consultants, contractors, outside scientific collaborators and other advisors may unintentionally or willfully disclose confidential information to competitors, and confidentiality agreements and non-disclosure agreements may not provide an adequate remedy in the event of unauthorized disclosure of confidential or proprietary information. Enforcing a claim that a third party illegally obtained and is using trade secrets is expensive and time consuming, and the outcome is unpredictable, particularly so in certain foreign jurisdictions. Moreover, competitors of Neo may independently develop equivalent knowledge, methods and know-how. Failure to obtain or maintain trade secret protection could adversely affect Neo's competitive business position.

Where appropriate, Neo intends to rely on patented products and applications, such as using certain critical minerals for emission control catalysts, water treatment and NdFeB bonded magnetic powders. Management is evaluating the current patent portfolio in order to focus its efforts on patents and patent applications that provide value to the businesses of Neo. As a result of this evaluation, Neo may abandon certain patents, decide not to pursue certain patent applications, or file new patent applications.

Neo's ability to obtain additional patents is uncertain and the legal protection afforded by these patents is limited and may not adequately protect its rights or permit it to gain or keep any competitive advantage. It is also costly to apply for and maintain patents in multiple jurisdictions. In addition, the scope and enforceability of patent claims is highly uncertain due to the complex nature of the relevant legal, scientific and factual issues. Changes in either patent laws or interpretations of patent laws may diminish the value of Neo's intellectual property or narrow the scope of its patent protection. Even if patents are issued relating to Neo's products and processes, competitors may challenge the validity of those patents. Patents also will not protect Neo's products and processes if competitors devise ways of making products without infringing such patents.

Intellectual Property Litigation

Neo's intellectual property rights and applications may be challenged, misappropriated or infringed upon by third parties, or Neo may be unable to maintain, renew or enter into new license agreements with third-party owners of intellectual property on reasonable terms. Identifying unauthorized use of Neo's intellectual property may be difficult, and proceedings to enforce or defend its intellectual property rights could result in substantial costs. The enforcement of intellectual property rights is subject to considerable uncertainty, and patent reform laws, and court decisions interpreting such laws, may create additional uncertainty around the ability to obtain and enforce patent protection for Neo's technologies. These associated challenges facing Neo are often amplified by the international scope of its operations and the differing application of intellectual property rights in various foreign jurisdictions. If Neo seeks to enforce its rights, it may also be subject to claims that its intellectual property rights are invalid or otherwise unenforceable. In addition, intellectual property may be subject to infringement or other unauthorized use. In such case, Neo's ability to protect its intellectual property rights by legal recourse or

otherwise may be limited, particularly in countries where laws or enforcement practices are undeveloped or do not recognize or protect intellectual property rights to the same extent as in North America. Unauthorized use of intellectual property rights or Neo's inability to preserve existing intellectual property rights could therefore adversely impact Neo's competitive position and results of operations. The loss of Neo's patents could also reduce the value of the related products.

In addition, the cost to litigate infringements of Neo's intellectual property, or the cost to defend it against intellectual property infringement actions by others, could be substantial.

There is a risk that Neo may infringe, or may be accused of infringing, the proprietary or intellectual property rights of third parties, including rights under patents and pending patent applications belonging to third parties. Because the patent application process can take several years to complete, and patent applications may remain unpublished for 18 months or more, there may be currently pending applications, including applications of which Neo is currently unaware, that may later result in issued patents that cover its products and processes. In addition, Neo's products and processes may unknowingly infringe existing patents. If Neo infringes, or is accused of infringing, the intellectual property rights of third parties, it may increase Neo's costs or prevent it from being able to sell its existing products or commercialize new products.

Defending the Company against third-party claims, including litigation in particular, would be costly and time consuming and would divert management's attention from the business of Neo. If third parties are successful in their claims, Neo may have to pay substantial damages or take other actions that are adverse to its business. As a result of intellectual property infringement claims, or to avoid potential claims, Neo may be:

- prohibited from, or delayed in, selling or licensing some of its products or using some of its processes unless the intellectual property holder licenses the applicable intellectual property to Neo, which it is not required to do;
- required to pay substantial damages or royalties or grant a cross license to Neo's intellectual property to another intellectual property holder;
- required to redesign a product or process so it does not infringe a third party's intellectual property, which may not be possible or could require substantial funds and time and ultimately result in an inferior product or process; or
- subject to adverse rulings from time to time that may have a material adverse effect upon Neo or upon its operations, cash flows, prospects or financial condition.

In addition, Neo could be subject to claims that its employees, consultants, advisors, and agents, or Neo, have inadvertently or otherwise used or disclosed trade secrets or other proprietary information of third parties.

Neo manufactures a wide variety of products that include multiple formulations in multiple jurisdictions sold to a number of different customers. In the event of final adverse determinations from litigation actions, Neo expects it would take all available actions to mitigate the impacts of such rulings, including but not limited to continuing to pursue invalidation of the applicable patent, 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.

Where appropriate, accruals are made in accordance with accounting standards for contingencies to provide for matters that are probable of resulting in an estimated loss. Based upon the status of cases, management's assessments of the likelihood of damages, and the advice of counsel, Neo makes accruals, as appropriate. If Neo is unable to resolve claims that may be brought against it by third parties related to their intellectual property rights on terms acceptable to Neo, in addition to paying substantial damages and royalties, it may lose valuable intellectual property rights and be precluded from offering some of its products or using some of its processes.

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 component 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. 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.

Changes in China's Regulation of the Rare Earths Industry

Neo has operations in China, which is considered to be the world's largest producer and exporter of certain critical minerals products. Nevertheless, citing environmental protection and a need to protect exhaustible natural resources, China has implemented a series of rigorous policies to manage critical minerals production and to control exports, through quotas, licenses, export applications and taxes. China continues to institute increasingly stringent environmental law, regulations and standards across its critical minerals industry, force industry consolidation, constrict critical minerals production and promote stockpiling, which, among other things, creates a general lack of certainty among critical minerals customers regarding the reliability of the future supply of such minerals. The Chinese Ministry of Industry and Information Technology, along with other relevant government departments, plays an active role in supervising and developing regulations affecting the critical minerals industry.

In December 2023, China updated its technology export regulations, which now includes restrictions on the export of technologies related to some rare earth magnetic materials, including NdFeB magnetic materials. With these recent changes, China is continuing to strengthen its position within the global rare earth industry. While we do not believe these restrictions will have a material impact on existing operations or plans to expand our business to serve our customers and targeted markets, Neo continues to work with our partners and suppliers and remains in close contact with the Chinese government to further understand and ensure compliance with the new restrictions.

There can be no assurance that Neo's operations will not be adversely affected by China's ongoing regulation of critical minerals production and exports of materials and technology.

Risks Relating to Tariffs

Neo may be subject to customs duties that could have a significant adverse impact on our operating results or, if we are able to pass on the related costs in any particular situation, would increase the cost of the related product to our customers. As a result, the future imposition of significant increases in the level of customs duties or the creation of import quotas on our products in the United States, Europe, China or in other jurisdictions, or any of

the limitations on international sales described above, could have a material adverse effect on our business, operating results, financial condition and cash flows. Import duties and tariffs vary by country and a different tariff classification for any of our products may result in higher duties or tariffs which could have an adverse impact on our operating results, potentially increase the cost of related products to our customer, and which could make it more difficult for us to conduct our business in such country.

Risks Relating to the Management of Joint Venture Relationships

Neo is a party to a number of joint venture agreements (NAMCO and Buss & Buss). The relationships with each of the joint venture partners is very important to Neo and the ongoing operations of each joint venture entity. The Company values these relationships and maintains productive relationships with each joint venture partner. Any deterioration in any of these relationships or a change in priorities of joint venture partners could have a material adverse effect on the business, results of operations, prospects and financial condition of the Company.

Currency Risk

Neo's financial results are reported in U.S. dollars, which is subject to fluctuations in respect of the currencies of the countries in which it operates. Management expects revenues to continue to be earned in a number of different currencies. Accordingly, fluctuations in the exchange rates of world currencies could have a positive or negative effect on reported results on a consolidated basis. Given the constantly changing currency exposures and the substantial volatility of currency exchange rates, Neo cannot predict the effect of exchange rate fluctuations upon its future operating results. There can be no assurance that Neo will not experience losses in the future from currency devaluations or changes in exchange rates, which could have a material adverse effect on the business, revenues, operating results and financial condition of Neo. In the event of a change in the value of the Renminbi relative to the U.S. dollar, there is no assurance, due to competitive pressure, of a corresponding change in selling prices of Neo's products. Neo exports a significant portion of its products produced in China. These exports are invoiced and paid for primarily in U.S. dollars. Neo does not hedge against the risk of revaluation of the Renminbi, the Yen or the Euro.

Risks Relating to Unauthorized Use of Corporate Chops of Neo's Subsidiaries in China

The chops of Neo's subsidiaries in China are essential to such entities' ability to enter into contracts, conduct banking activities and undertake day-to-day corporate and business activities. Each of Neo's subsidiaries in China uses five chops:

1. ***Company Chop.*** The Company Chop is used by the senior officer at each subsidiary in China and is required for the daily operations of each such entity. It represents the "signature" of each such entity on documents such as contracts, purchase orders, supply orders, customs and import/export documents or employment agreements. The use of the Company Chop alone is sufficient to bind an entity unless specifically required by a particular document to be accompanied by an authorized signature. The use of the Company Chop is logged and reviewed on a regular basis to ensure that no irregularities are evident.
2. ***Legal Representative Chop.*** The Legal Representative Chop is evidence of the Legal Representative's signature and may be substituted by the Legal Representative's actual signature. In order to bind each Chinese subsidiary, this chop must be used in conjunction with the Company Chop.
3. ***Contract Chop.*** The Contract Chop is used by the senior officer of the Chinese subsidiaries as a substitute for the Company Chop on certain ordinary course agreements with customers and suppliers within

predetermined monetary authorization limits only. The use of the Contract Chop alone is sufficient to bind an entity unless specifically required by a particular document to be accompanied by an authorized signature.

4. *Finance Chop.* The Finance Chop is used on certain banking documents by the financial controller of each of Company's subsidiaries in China. Pursuant to the policies of certain banks in China, it must be used in conjunction with an authorized signature, and both are required to access such subsidiary's bank accounts. The Finance Chop is used by the chief finance officer at the particular subsidiary.
5. *Invoice Chop.* The Invoice Chop is used by accounting managers of the Chinese subsidiaries to stamp all invoices of the particular entities and is not required to be used in conjunction with other Chops. The Invoice Chop can be replaced by the Finance Chop.

In order to maintain the physical security of these chops, each chop is stored in a secured location accessible only to authorized personnel, who are members of the senior management appointed by Neo. These subsidiaries may also adopt other measures from time to time to protect the chops. Although Neo has implemented such internal control procedures as it feels necessary to monitor the authorized personnel and the use of the chops, there is no assurance that such procedures will prevent all instances of abuse or negligence. Accordingly, if any of Neo's subsidiaries in China authorized personnel misuse or misappropriate the chops, Neo could experience significant disruption to operations until the chops are replaced.

Under Chinese law, in the event a chop is lost, stolen or misplaced, the Legal Representative will: (i) cause the company who owned the lost chop in China to publish an announcement of the loss of chops in designated newspapers; (ii) apply to the local Public Security Bureau for the carving of new chops; and (iii) carve the new chops at places designated by the Public Security Bureau. While Neo and the China subsidiaries have procedures and recourse available to remedy any misuse or misappropriation of the chops, as the chop replacement process would take approximately five business days, there can be no assurance that there would be no adverse effect on the business, results of operations or financial condition of Neo due to such disruptions. The senior officers that are authorized to use the Company Chops at Neo's operating subsidiaries in China are as follows: Wang Dong, Head of the Administration Department at NAMCO; Angie Fang, Head of the Administration Department at Magnequench (Tianjin) Co., Ltd. ("**MQTJ**") and Magnequench International Trading (Tianjin) Co., Ltd. ("**MQTJ2**"); and Dai Gengao, Head of Administration at MQCZ. Wei Changbao, Finance Controller, is authorized to use the Finance Chop at NAMCO; Liu Zhenguo, Finance Manager, is authorized to use the Finance Chop at MQTJ and MQTJ2; and Aily Yan, GL Supervisor, is authorized to use the Finance Chop at MQCZ.

Each of Neo's material operating subsidiaries in China (being MQTJ, MQTJ2, MQCZ and NAMCO) has entered into a stamp management agreement (collectively, the "**Custodian Agreements**") with licensed and internationally reputable third-party custodians. Beijing Weiheng (Tianjin) Law Firm has been engaged to act as custodian for MQTJ and MQTJ2 pursuant to Custodian Agreements dated January 1, 2026; Zibo Chen Guang accounting firm has been engaged to act as custodian for NAMCO pursuant to Custodian Agreements dated July 3, 2020; and Jiangsu Suyuan Law Firm has been engaged to act as custodian for MQCZ pursuant to a Custodian Agreement dated January 1, 2026. The custodians were selected based on a number of factors, including a recommendation from Neo's legal counsel, that each of the custodians selected is licensed by applicable government authorities on an annual basis, as well as being registered by professional organizations, and the proximity to the plant locations on Neo's operating subsidiaries. Pursuant to the Custodial Agreements, these chops will be stored in separate locked safe boxes on the premises of the subsidiary and the access code for which is in the sole possession of the respective custodian. The Custodian Agreements may only be amended by Neo and the respective custodian. Although, Neo has established a custodial process where management and the employees of Neo's material

operating subsidiaries in China do not have access to the Legal Representative Chop and the Company Chop without the Custodian being present in order to provide the same custody and safeguards as if the Company Chop and Legal Representative Chop were stored off-site, there is no assurance that such procedures will effectively prevent all instances of abuse or negligence. Accordingly, if any of our authorized personnel misuse or misappropriate our chops, we could experience significant disruption to our operations until our chops are replaced.

If, in particular, during any period Neo loses effective control of the China subsidiaries as a result of such misuse or misappropriation, the business activities and economic contribution of any such entity could be severely disrupted and Neo may not be able to recover corporate assets that are sold or transferred out of Neo's control in the event of such misappropriation and Neo may not have the financial resources to recover such assets or take appropriate legal action. Neo does generate a majority of its revenue from operations outside of China. As such, Neo expects to have the necessary financial resources to pursue the appropriate recourses to recover such corporate assets. If Neo loses effective control of the Finance Chop, the Legal Representative will promptly notify the relevant bank that the Finance Chop has been lost, misplaced or stolen and if one of the authorized signatories is implicated, that such individual is no longer an authorized signatory. In addition, Neo can assume control over the China subsidiaries' bank accounts through the combined use of the Company Chop and the Legal Representative Chop. Despite the foregoing, however, the China subsidiaries may experience temporary delays in accessing bank accounts in China. This risk is significantly mitigated by the requirement for the signatures in conjunction with the use of the Finance Chop in banking matters.

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 the Company's Subsidiaries in China*".

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 Chief Financial Officer, administration (including user access, types and amounts of cash movement, and daily limits) of these accounts are administered by the Vice President, Taxation and Treasurer. 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.

A number of the Company's executive officers and 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. The independent directors are expected 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.

Uncertainty Regarding Chinese Withholding Tax on Indirect Transfers of Chinese Enterprises by Non-Chinese Residents

Neo and its shareholders face uncertainties with respect to taxes imposed by Chinese authorities on previous and potential future indirect transfers of equity interests in enterprises resident in China or other assets attributed to a Chinese establishment of a non-Chinese company, or immovable properties located in China owned by non-Chinese companies, such as Neo's operations in China.

There is uncertainty as to the application of Bulletin 7 (Bulletin on Issues of Enterprise Income Tax on Indirect Transfers of Assets by Non-Chinese Resident Enterprises) or previous rules under Circular 698 (Notice on Strengthening Administration of Enterprise Income Tax for Share Transfers by Non-Chinese Resident Enterprises). It is not clear how it will be implemented. Bulletin 7 (and the resultant taxation) may be determined by the tax authorities to be applicable to Neo's offshore restructuring transactions or sale of the Common Shares or those of Neo's offshore subsidiaries where non-resident enterprises, being the transferors, were involved.

Rapid Technological Change and New Product Development and Qualification

Markets for Neo's products are competitive. In addition, the applications that use Neo's products are subject to rapid technological change. Neo's success will depend, in substantial part, on the timely and success introduction of new products and upgrades to existing products to comply with emerging industry standards and to address competing technological and products carried out by Neo's competitors. The research and development of technologically advanced products is a complex and uncertain process requiring high levels of innovation as well as the accurate anticipation of technological and market trends. In addition, many of Neo's products require qualification by customers. Neo may focus its resources on technologies that do not become widely accepted and are not commercially viable. In addition, products may contain defects or errors that are detected only after deployment. If Neo's products are not competitive or do not comply with customer specifications, Neo's business will suffer. Some of Neo's products are also intended to replace current technologies. Any improvements in the costs of production of current products in the market can negatively impact Neo's margins and its competitive position in the marketplace with prices for its products falling and reducing profit margins. As technologies develop, substitutes may be developed for Neo's products which may have an adverse impact on the marketability of its products. There is a risk that the replacement of Neo's products by other products may have a material adverse impact on its sales.

Changes in Tax Laws

The introduction of new tax laws, regulations or rules, or changes to, or differing interpretation of, or application of, existing tax laws, regulations or rules in Canada or any of the countries in which Neo's operations or business is located, could result in an increase in Neo's taxes, or other governmental charges, duties or impositions. In addition, Neo is eligible, from time to time, for certain tax incentives in various jurisdictions in which it operates, which are subject to change and/or expiry. No assurance can be given that new tax laws, rules or regulations will not be enacted or that existing tax laws will not be changed, interpreted or applied in a manner that could result in Neo's profits being subject to additional taxation or that could otherwise have a material adverse effect on Neo.

Risks of Operations and Insurance

Neo's production and distribution activities are subject to natural hazards and uncertainties including fires, equipment failure, and other risks that can result in personal injuries, loss of life, and property damage. Management believes that the current insurance coverage of Neo's production facilities is in line with industry practice. Neo does not maintain insurance coverage in place for patent infringement, political, or environmental risks because management believes that the premium costs for this additional coverage are in excess of the perceived exposures.

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

Neo'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 Neo identifies and pursues new opportunities, Neo may need to increase in scale its infrastructure (financial, management, informational, personnel and otherwise). In addition, Neo 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 Neo 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 Neo 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 Neo's operating structure may result in increased costs or inefficiencies that it cannot anticipate. Changes as Neo grows may have a negative impact on Neo's operations, and cost increases resulting from Neo's inability to effectively manage its growth could adversely impact its profitability. In addition, continued growth could also strain Neo'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. Neo places great importance on its culture, which Neo believes has been an important contributor to its success. As Neo grows, it may have difficulty maintaining its culture or adapting it sufficiently to meet the changing needs of its operations. Among other important factors, Neo's culture depends on its ability to attract, retain and motivate employees. Neo'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 Neo's business performance and results of operations.

Global Pandemic

The outbreak of another pandemic, such as the COVID-19 pandemic, would be expected to impact worldwide economic activity. The outbreak and the related mitigation measures of a pandemic may have an adverse impact on global economic conditions as well as on the Company's business activities. The extent to which a new or continuing pandemic would likely have a future impact on, the Company's business activities will depend on future developments, such as the 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 would be 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 such a pandemic. 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 a new or pandemic or a resurgence of the COVID-19 pandemic which may reduce resource prices, share prices and financial liquidity and thereby severely limit the financing capital available to the Company.

Transaction Risk regarding Acquisitions and Divestitures

The completion of proposed transactions involving the acquisition or divestiture of assets of Neo are subject to several conditions precedent, certain of which are outside the control of the Neo and counterparties to a particular transaction. In addition, there is no guarantee that Neo would be able to satisfy the requirements of the Toronto Stock Exchange or other regulatory requirements with respect to any particular transaction. If any of the conditions precedent are not satisfied or waived, a particular transaction may not be completed. Even if a proposed transaction is completed, there is uncertainty regarding how the market will react, the future trading prices of the Common Shares of Neo and whether a particular transaction would have a positive impact on the entities involved therein.

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

Neo 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 Neo 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. Neo 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. Neo 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. Neo 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 Neo makes may result in the assumption of material liabilities. Businesses and properties Neo acquires may be in an unexpected condition and may subject it to increased costs and liabilities, including environmental liabilities. The costs and liabilities associated with known risks may be greater than expected, and Neo 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 Neo.

Environmental, Social and Governance (ESG Considerations)

The Company could be subject to growing stakeholder expectations as it relates to ESG factors, including from investors, who are increasingly placing a greater emphasis on ESG factors when assessing investment options. Future investments made in the Company, or future partnerships or business relations made with the Company may depend on various ESG standards and failure to meet evolving standards may impact the Company's reputation and ability to access capital.

Land Use Rights in China

Generally, land use rights in China are governed by local and state laws and regulations and subject to agreement with the applicable government agency. A change in policies by Chinese governments could adversely affect Neo's ability to access its production facilities in China by, among other factors, changes in laws or regulations or changes in the interpretation thereof. Despite the activity and progress in developing its legal systems surround land use rights, China does not have a system of laws regarding land ownership and/or use as comprehensive and predictable as in Canada or the United States. Any changes to the existing land use rights that currently holds in respect of its production facilities in China may have a material adverse effect on the operations and financial results of Neo. See also "*Risks Associated with International Operations*".

There can be no assurance that land use rights will be maintained on an economically feasible basis. The timing and costs of any proposed relocation cannot be determined at this time. In addition, the total costs associated with the acquisition of the land use rights, and the design and building of the new plant may have a material impact on the financial condition and results of operations of the Company.

Dependence on Good Relations with Employees

Neo's success depends on the skills and abilities of its employees. There is keen competition for engineers and others with industry expertise. Neo's ability to hire and retain such persons is key to its operations. A shortage of skilled labour could impact on its planned internal growth or require it to use less skilled employees which could adversely affect Neo's ability to carry out its work. Further, relations with employees may be affected by changes in the scheme of labour relations that may be introduced by relevant government authorities in the jurisdictions in which Neo conducts business. Changes in such legislation or otherwise in relationships with Neo's employees may result in strikes, lockouts or other work stoppages, any of which could have a material adverse effect on the operations, results of operations and financial condition of Neo. As of December 31, 2025, 43 employees at the Silmet facilities were unionized employees. A work stoppage at the Silmet facilities could similarly have a material adverse effect on the operations, results of operations and financial condition of Neo.

Reliance on Key Personnel

Neo depends on the services of its senior management team and other key personnel. The loss of the services of any member of senior management or a key employee could have an adverse effect on Neo's business. Neo may not be able to locate, attract or employ on acceptable terms qualified replacements for senior management or other key employees if their services are no longer available. Furthermore, strategic initiatives may create time pressures and/or constraints for management. The loss of senior management unexpectedly may have a material adverse effect on the operations of Neo.

Information Technology and Cybersecurity

Neo is dependent upon information technology systems in the conduct of its operations. Neo's information technology systems are subject to disruption, damage or failure from a variety of sources, including, without limitation, fire, power loss, telecommunications failures, computer viruses and disabling devices, security breaches, cyber-attacks, natural disasters and defects in design.

Exposure of Neo's information technology systems to external threats poses a risk to the security of these systems. Such cyber-security threats include denial or services attacks, unauthorized access to information technology systems due to hacking, viruses and other causes that can result in service disruptions, system failures and disclosure, deliberate or inadvertent, of confidential business information.

Damage, disruption, or failure of one or more information technology systems may result in interruptions to Neo's operations. Systems failures could result in reputational damage to the business and cause Neo to incur significant costs and third-party liability. Various measures have been implemented to manage the risks related to Neo's information technology systems, but the business, financial position or results of operations of Neo could be adversely impacted by such interruptions.

Neo could also be adversely affected by system or network disruptions if new or upgraded information technology systems are defective, not installed properly or not properly integrated into its operations.

Although Neo has purchased insurance to cover certain losses as a result of a cybersecurity or information technology incident, there can be no assurance that such insurance coverage would apply to any particular incident or provide sufficient coverage to cover any losses associated with a particular incident.

Risks Related to the Common Shares

The holding of Common Shares involves a high degree of risk and should be undertaken only by investors whose financial resources are sufficient to enable them to assume such risks and who have no need for immediate liquidity in their investment. Common Shares should not be purchased or held by persons who cannot afford the possibility of the loss of their entire investment.

Volatility of Price of the Common Shares

The market price of the Common Shares has in the past been, and may in the future be, subject to large fluctuations which may result in losses for investors. The factors which may contribute to market price fluctuations of the Common Shares include the following: actual or anticipated fluctuations in Neo's quarterly results of operations; consequences of government action in response to public health emergencies; regulatory and political changes affecting the Company's industry generally and its business and operations; recommendations by securities research analysts; changes in the economic performance or market valuations of companies in the industry in which the Company operates; addition or departure of the Company's executive officers and other key personnel; operating and financial performance that vary from the expectations of management, securities analysts and investors; announcements of developments and other material events by the Company or its competitors; fluctuations to the costs of vital production materials and services; changes in global financial markets and global economies and general market conditions; potential conflict in eastern Europe, natural disasters, unusual weather, pandemic outbreaks, boycotts and geo-political events or acts of terrorism; news reports relating to trends, concerns, technological or competitive developments, regulatory changes and other related issues in the Company's industry or target markets.

Financial markets have recently experienced significant price and volume fluctuations that have particularly affected the market prices of equity securities of public issuers and that have, in some cases, been unrelated to the operating performance, underlying asset values or prospects of such entities. Accordingly, the market price of Common Shares may decline even if Neo's operating results, underlying asset values or prospects have not changed. Additionally, these factors, as well as other related factors, may cause decreases in asset values that are deemed to be other than temporary, which may result in impairment losses. As well, certain institutional investors may base their investment decisions on consideration of the Neo's environmental, governance and social practices and performance against such institutions' respective investment guidelines and criteria, and failure to satisfy such criteria may result in limited or no investment in the Common Shares by those institutions, which could materially adversely affect the trading price of the Common Shares. There can be no assurance that continuing fluctuations in price and volume will not occur. If such increased levels of volatility and market turmoil continue for a protracted period of time, Neo's operations and the trading price of the Common Shares may be materially adversely affected. 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.

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 Neo and may be affected by various other factors, including, but not limited to, Neo's earnings, financial condition and legal or contractual restrictions. There can be no assurance that Neo will be in a position to pay dividends at the same rate (or at all) in the future.

Moreover, as Neo 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 Neo'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 Neo's subsidiaries to make distributions to Neo. If the cash Neo receives from its subsidiaries pursuant to such distributions is insufficient, or if the subsidiaries are unable to make such distributions, Neo 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 Neo would be able to raise cash by any of these means in a timely manner or on terms that are favourable to Neo.

Financial Reporting and Other Public Company Requirements

Pursuant to being a public company, Neo is subject to reporting and other obligations under applicable Canadian securities laws and rules of any stock exchange on which the Common Shares are then-listed, including National Instrument 52-109 – *Certification of Disclosure in Issuers' Annual and Interim Filings*. These reporting and other obligations place significant demands on Neo's management, administrative, operational and accounting resources. In order to meet such requirements, Neo, among other things, has established systems, implemented financial and management controls, reporting systems and procedures and has, as necessary, hired qualified accounting and finance staff. However, if Neo is unable to accomplish any such necessary objectives in a timely and effective manner, Neo's ability to comply with its financial reporting obligations and other rules applicable to reporting issuers could be impaired. Moreover, any failure to maintain effective internal controls could cause Neo to fail to satisfy its reporting obligations or result in material misstatements in its financial statements. If Neo cannot provide reliable financial reports or prevent fraud, its reputation and operating results could be materially adversely affected which could also cause investors to lose confidence in Neo's reported financial information, which could result in a reduction in the trading price of the Common Shares.

Neo does not expect that its disclosure controls and procedures and internal controls over financial reporting will prevent all error or fraud. A control system, no matter how well-designed and implemented, can provide only reasonable, not absolute, assurance that the control system's objectives will be met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Due to the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues within an organization are detected. The inherent limitations include the realities that judgments in decision making can be faulty, and that breakdowns can occur because of simple errors or mistakes. Controls can also be circumvented by individual acts of certain persons, by collusion of two or more people or by management override of the controls. Due to the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and may not be detected in a timely manner or at all.

Forward-Looking Information

The forward-looking statements relating to, among other things, future results, performance, achievements, prospects or opportunities of Neo included in this AIF, are based on opinions, assumptions and estimates made by Neo in light of its experience and perception of historical trends, current conditions and expected future developments, as well as other factors Neo believes are appropriate and reasonable in the circumstances. However, there can be no assurance that such estimates and assumptions will prove to be correct. Actual results of Neo in the future may vary significantly from historical and estimated results and those variations may be material. There is no representation by Neo that actual results achieved by Neo in the future will be the same, in whole or in part, as those included in this AIF. See "*Forward-Looking Information*".

Difficulty in enforcement of judgments

Neo 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 Neo, including judgments predicated upon the civil liability provisions of applicable Canadian securities laws. Consequently, investors may be effectively prevented from pursuing remedies against Neo under Canadian securities laws or otherwise.

Neo has subsidiaries incorporated in Cayman Islands, China, Estonia, Germany, Barbados, South Korea, Thailand, Japan, the United Kingdom 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 Neo'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 our 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 jurisdiction where Neo'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.

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 Common Shares.

In the future, Neo may issue additional securities to raise capital. Neo may also acquire interests in other companies by using a combination of cash and Common Shares or just Common Shares. Neo may also issue securities convertible into Common Shares. Any of these events may dilute a shareholder's ownership interest in Neo 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 Neo's ability to raise additional capital through the sale of Neo's securities.

Dilution

Neo may issue additional Common Shares or Preferred Shares in the future, which may dilute a shareholder's holding in Neo. Neo's articles of incorporation permit the issuance of an unlimited number of Common Shares and an unlimited number of Preferred Shares, and shareholders will have no pre-emptive rights in connection with such further issuances. Subject to applicable law and the rules of any stock exchange upon which the Common Shares may then be listed, the directors of Neo have the discretion to determine if an issuance of Common Shares or Preferred Shares is warranted, the price at which any such issuance is effected and the other terms of issuance. Also, Neo may issue additional Common Shares upon the exercise of options or other convertible securities which will result in further dilution to shareholders.

Quarterly Operating Results May Vary

Neo's revenues and results of operations could vary significantly from quarter to quarter due to a variety of factors, many of which are outside of Neo's control. As a result, comparing Neo's results of operations on a period-to-period basis may not be meaningful. Factors that could cause Neo's quarterly results of operations to fluctuate, include, but are not limited to:

- achievement, or failure to achieve, technology or product development milestones needed to allow it to enter identified markets on a cost effective basis;
- changes in underlying critical minerals commodity prices;
- disruptions in the production process at any facility where it produces products;
- the timing, size and mix of sales to customers for its products;
- the effects of competitive pricing pressures, including decreases in average selling prices of its products;
- unanticipated expenses associated with changes in governmental regulations and environmental, health and safety standards and enforcement policies;
- departure of executives or other key management employees;
- business interruptions such as earthquakes and other natural disasters;
- its ability to integrate businesses that it may acquire;
- risks associated with litigation in which Neo may be involved from time to time, including intellectual property matters (see "*Risk Factors – Risks Related to Intellectual Property*");
- risks associated with the international aspects of its business; and
- changes in general economic, industry and market conditions, both domestically and in its foreign markets.

Due to these factors and others, the results of any quarterly or annual period may not meet management's expectations or the expectations of Neo's investors and may not be meaningful indications of future performance.

Board Discretion

Neo's Board can issue, without shareholder approval, Preferred Shares with voting and conversion rights and convertible debt that could adversely affect the voting power of the holders of Common Shares and reduce the likelihood that such holders will receive dividend payments or payments upon liquidation. Such issuance could have the effect of decreasing the market price of the Common Shares. The issuance of Preferred Shares and/or convertible debt or even the ability to issue Preferred Shares and/or convertible debt could also have the effect of delaying, deterring or preventing a change of control or other corporate action.

The Board and management have broad discretion to use cash reserves, and shareholders will be relying on their judgment regarding the application of this cash. The Board and management might not apply the cash in ways that increase the value of your investment. Until Neo uses the cash, it plans to invest it, and these investments may not yield a favourable rate of return. If Neo does not invest or apply the cash in ways that enhance shareholder value, Neo may fail to achieve expected financial results, which could cause its share price to decline.

Analyst Reports

Research analysts may publish their own quarterly projections regarding Neo's operating results. These projections may vary widely from one another and may not accurately predict the results Neo actually achieves. The trading price of the Common Shares may decline if Neo fails to meet securities research analysts' projections.

Similarly, if one or more of the analysts who covers Neo downgrades the Common Shares or publishes inaccurate or unfavourable research about its business, the Common Share price could decline. If one or more of these analysts ceases coverage of Neo or fails to publish reports regularly, the Common Share price or trading volume could decline.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

Legal Proceedings

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.

In March 2025, Neo's wholly-owned subsidiaries, Neo Chemicals & Oxides (Europe) Ltd., NPM Silmet OÜ and NPM C&O Europe OÜ, settled, in cash, the legal dispute with Rhodia (a wholly-owned subsidiary of the Solvay Group) with respect to European patent #1435338 for €10.3 million, plus procedural interest of €1.3 million totaling €11.6 million (\$12.5 million).

On December 31, 2025, Neo's wholly owned subsidiaries, Neo Chemicals & Oxides (Europe) Ltd., NPM Silmet OÜ and NPM C&O Europe OÜ entered into a settlement agreement with Rhodia to resolve the outstanding litigation related to the German designation of the following European Patents: EP 0 735 984 B1; EP 0 605 274 B1; EP 0 863 846 B1; EP 0 955 267 B1; EP 1 527 018 B1; EP 2 007 682 B1; EP 2 523 907 B1; EP 1 435 338 B1 ; and EP 3 009 403 B1 (the Estonian designation is also included). Under the terms of the agreement, Neo made an aggregate cash payment of €7.1 million to Rhodia in the first quarter of 2026. All parties have agreed to a mutual release of claims and to withdraw outstanding court proceedings related to these patents. All of the patents subject to the settlement, other than EP '682, have expired. In addition, the settlement amount is not materially different from the amount previously accrued by Neo in its financial statements. As a result, Neo does not expect the settlement to limit the Company's ongoing sales of its current emissions control catalyst products.

Regulatory Actions

There have been no penalties or sanctions imposed against Neo by a court relating to provincial and territorial securities legislation or by a securities regulatory authority since incorporation.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Except as set out elsewhere in this AIF, none of (i) Neo's directors or executive officers, (ii) the shareholders who beneficially own, control or direct, directly or indirectly, more than 10% of Neo's voting securities, or (iii) any associate or affiliate of the persons referred to in (i) and (ii), has or has had any material interest, direct or indirect, in any transaction within the three years before the date of this AIF or in any proposed transaction that has materially affected or is reasonably expected to materially affect Neo or any of its subsidiaries.

AUDITORS, TRANSFER AGENT AND REGISTRAR

Auditors

The auditors of Neo are KPMG LLP, 333 Bay Street, Suite 4600, Toronto, Ontario, Canada.

Transfer Agent and Registrar

The transfer agent and registrar of Neo is Computershare Trust Company of Canada at its principal office in Toronto, Ontario, Canada.

MATERIAL CONTRACTS

As at the date of this AIF, except for contracts made in the ordinary course of business, no material contracts have been entered into by Neo within two years prior to the date hereof and which are currently in effect, other than as set out below:

- Loan Agreement dated November 1, 2024 between Neo and Export Development Canada regarding funding for construction of the European Permanent Magnet facility;

INTERESTS OF EXPERTS

Neo has retained KPMG LLP to be the independent auditors of Neo. KPMG LLP has confirmed that they are independent of Neo in accordance with the ethical requirements that are relevant to their audit of the financial statements in Canada.

ADDITIONAL INFORMATION

Additional information relating to Neo may be found online at the Company's profile on SEDAR+ at sedarplus.ca and on Neo's website at neomaterials.com. Additional information, including directors' and officers' remuneration and indebtedness, principal holders of our securities and securities authorized for issuance under equity compensation plans, where applicable, is contained in Neo's management information circular dated May 21, 2025 prepared and filed in connection with the annual general meeting of shareholders held on June 26, 2025. Additional financial information is provided in our consolidated financial statements and Management's Discussion & Analysis for our most recently-completed financial year, all of which are filed on SEDAR+.

SCHEDULE "A"

NEO PERFORMANCE MATERIALS INC. (the "Company") MANDATE OF THE AUDIT COMMITTEE

As approved by the Board of Directors of the Company (the "**Board**") on November 7, 2017. Reviewed on May 11, 2021 without change; reviewed and amended March 13, 2024.

A. PURPOSE AND SCOPE

The Audit Committee (the "**Committee**") of the Board shall be responsible for assisting in the Board's oversight of the reliability and integrity of the accounting principles and practices, financial statements and other financial reporting and disclosure practices followed by management of the Company. The Committee shall also have oversight responsibility for: (i) the qualifications, independence and performance of the independent auditors; (ii) the establishment by management of an adequate system of internal controls; (iii) the preparation by management of quarterly and annual financial statements; and (iv) the maintenance by management of practices and processes to ensure compliance with applicable laws.

B. COMPOSITION AND MEETINGS

The Committee shall be comprised of a minimum of three directors as appointed by the Board, each of whom shall meet the criteria for independence, financial literacy and audit committee composition requirements (collectively, the "**Applicable Requirements**") of National Instrument 52-110 —*Audit Committees* ("**NI 52-110**") of the Canadian Securities Administrators, any exchange upon which securities of the Company are traded or any governmental or regulatory body exercising authority over the Company (each a "**Regulatory Body**", and collectively, the "**Regulatory Bodies**"). Members may not serve on more than three public company Audit Committees, except with the prior approval of the Board. Any such determination shall be disclosed in the Company's management information circular.

A majority of the members of the Committee shall constitute a quorum at any meeting of the Committee, but in no case shall a quorum be comprised of less than two members of the Committee, and the action of a majority of those present, after determining a quorum, shall be the act of the Committee.

The Committee shall ensure that all necessary and proper disclosures shall be made in all applicable filings with Regulatory Bodies as to composition of the Committee. Committee members may enhance their familiarity with finance and accounting by participating in education programs conducted by the Company or an outside consultant.

The members of the Committee shall be appointed by the Board at a meeting of the Board following each annual meeting of shareholders and shall serve until their successors shall be duly elected and qualified or until their earlier death, resignation or removal. The Board may fill a vacancy in the membership of the Committee and remove a member of the Committee at any time for any reason. The Board shall appoint the chair of the Committee (the "**Chair**") from the Committee members. In the absence of the Chair at a duly convened meeting, the Committee shall select a temporary substitute from among its members.

The Committee shall meet on a regularly-scheduled basis at least four times per year or more frequently as circumstances dictate. At the invitation of the Committee, members of the Company's management and others may attend Committee meetings as the Committee considers necessary or desirable. The Company's independent auditors are entitled to attend and be heard at each Committee meeting. The Committee shall meet without management present at each Committee

meeting. All independent directors may attend Committee meetings, provided that directors who are not members of the Committee shall not be entitled to vote, nor shall their attendance be counted as part of the quorum of the Committee.

The Chair, any member of the Committee, the Company's independent auditors, the Chair of the Board or the Chief Executive Officer or Chief Financial Officer may call a meeting by notifying the Company's Corporate Secretary who will notify members of the Committee. Ordinarily, meetings of the Committee should be convened with no less than five business days' notice having been given. In exceptional circumstances, the requirement for notice can be waived subject to the formal consent of no less than the number of Committee members that constitutes a quorum of the Committee or instruction by a resolution of the Board.

The Committee shall report its actions to the members of the Board and the Corporate Secretary of the Company. The Committee may appoint a Committee member or any other attendee to be the secretary of a meeting and shall keep written minutes of its meetings which shall be recorded and filed with the books and records of the Company. Minutes of each meeting will be made available to the members of the Board and the Company's auditors. The Committee shall report its decisions and recommendations to the Board promptly after each Committee meeting.

C. RESPONSIBILITIES AND DUTIES

To fulfill its responsibilities and duties the Committee shall:

1. review and assess the adequacy of this mandate annually, and recommend any proposed changes to the Board for approval;
2. review, at least annually, the performance of the independent auditor, and determine whether the auditor should be appointed or re-appointed and recommend and approve the auditor to the Board for appointment or re-appointment by the shareholders;
3. at least every five years, perform a comprehensive review of the performance of the external auditors over multiple years to provide further insight on the audit firm, its independence and application of professional standards;
4. engage in an active dialogue with the independent auditors on their independence from the Company, and where it is determined that independence no longer exists, recommend that the Board take appropriate action;
5. ensure the regular rotation of the audit engagement team members as required by law, and periodically consider whether there should be a regular rotation of the auditor;
6. review and recommend to the Board for approval, the terms of any annual audit engagement of the independent auditors, including the appropriateness of the proposed audit fees and the auditors independence with respect to the engagement of the independent auditors for any audit related services;
7. approve any non-audit services to be provided by the firm of the independent auditors to the Company in accordance with NI 52-110;
8. review and approve annually the overall scope of the independent auditors' annual audit plan;
9. periodically review the status and findings of the independent auditors' audit plan and the adequacy of internal controls established by management and, where appropriate, make recommendations or reports thereon to the Board;

10. understand the scope, principal risks and integrity of internal and external auditors' review of internal control over financial reporting, and obtain reports on significant findings and recommendations, together with management's responses;
11. annually, and at any time in response to a specific request by management or the independent auditors, meet separately with the relevant parties with respect to such matters as the effectiveness of the system of internal controls established by management, the adequacy of the financial reporting process, the quality and integrity of the financial statements, the evaluation of the performance of the independent auditor and any other matter that may be appropriate;
12. review and discuss the Company's major financial risk exposures and the steps taken to monitor and control such exposures;
13. review and make recommendations to the Board regarding, the adequacy of the Company's risk management policies and procedures with regard to identification of the Company's principal risks and implementation of appropriate systems and controls to manage such risks including an assessment of the adequacy of insurance coverage maintained by the Company;
14. periodically review the Company's policies and procedures for reviewing and approving or ratifying related-party transactions;
15. review significant accounting and reporting issues, including complex or unusual transactions and highly judgmental areas, and recent professional and regulatory pronouncements, and understand their impact on the financial statements;
16. review the quarterly and annual financial statements and corresponding management discussion and analysis, and consider whether they are complete, consistent with information known to Committee members and reflect appropriate accounting principles;
17. review and recommend to the Board for approval, where appropriate, financial information contained in any prospectuses, annual information forms, annual reports to shareholders, management proxy circulars, business acquisition reports, material change disclosures of a financial nature and similar disclosure documents prior to the public disclosure of such documents or information;
18. review significant changes in the accounting principles and other regulatory initiatives to be observed in the preparation of the accounts of the Company and its subsidiaries, or in their application, and in financial statement presentation;
19. review and, following discussion with the independent auditors (following their review of the financial statements) and management, recommend to the Board, approval of unaudited quarterly and audited annual consolidated financial statements of the Company;
20. review the Company's policies relating to the avoidance of conflicts of interest and review and approve all material payments to be made pursuant to any related party transactions involving executive officers and members of the Board, as required by any Regulatory Body;
21. cause the Chair to review and approve all expense reimbursements of the Chief Executive Officer;

22. review and monitor practices and procedures adopted by management to assure compliance with applicable laws, and, where appropriate, make recommendations or reports thereon to the Board; and
23. monitor and periodically review the Whistleblower Policy of the Company and associated procedures for:
 - the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters;
 - the confidential, anonymous submission by directors, officers and employees of the Company regarding questionable accounting or auditing matters; and
 - if applicable, any violations of applicable law, rules or regulations that relates to corporate reporting and disclosure, or violations of the Company's Code of Conduct.

D. ACCESS TO MANAGEMENT AND INDEPENDENT ADVICE

The Committee shall have unrestricted access to the Company's management and employees and to the books and records of the Company and, from time to time may hold unscheduled or regularly scheduled meetings or portions of meetings in executive session or otherwise with the Company's independent auditors, the Chief Financial Officer, the Chief Executive Officer and Corporate Secretary.

The Committee may conduct or authorize investigations into or studies of matters within the Committee's scope of responsibilities and duties as described above, and may seek, retain and terminate accounting, legal, consulting or other expert advice from a source independent of management, at the expense of the Company, with notice to either the independent lead director of the Board or the non-executive Chair of the Board or the Chief Executive Officer of the Company, as deemed appropriate by the Committee. In furtherance of the foregoing, the Committee shall have the sole authority to retain and terminate any such consultant or advisor to be used to assist in the evaluation of such matters and shall have the sole authority to approve the consultant or advisor's fees and other retention terms.

While the Committee has the responsibilities and powers set forth in this mandate, it is not the duty of the Committee to plan or conduct audits, to establish the Company's accounting and financial reporting systems, or to determine that the Company's financial statements are complete and accurate and are in accordance with generally accepted accounting principles.

GLOSSARY OF TERMS

"**AIF**" means this annual information form and any appendices, schedules or attachments hereto;

"**Arrangement**" means the Cayman Islands scheme of arrangement completed on November 30, 2017 pursuant to which Neo 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 become a wholly-owned subsidiary of Neo;

"**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 segment of Neo's business;

"**Common Shares**" means common shares in the capital of Neo;

"**Company**" or "**Neo**" means Neo Performance Materials Inc., a corporation incorporated under the OBCA, and includes the business carried on by its direct and indirect subsidiaries;

"**EDC Facilities**" means, collectively, the EDC MQPM Facility and the EDC NAMCO Facility;

"**EDC MQPM Facility**" means the US\$50 million term loan facility entered into with EDC dated November 1, 2024 to finance the construction of the European Permanent Magnet facility;

"**EDC NAMCO Facility**" means the US\$75 million term loan facility entered into with EDC dated August 22, 2022 to finance the construction of the NAMCO plant;

"**EICC**" means the Electronic Industry Citizenship Coalition;

"**EPO**" means the European Patent Office;

"**European Permanent Magnet facility**" means Magnequench's sintered magnet plant in Narva, Estonia;

"**EV**" means electric vehicles;

"**Ga**" means gallium;

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

"**HEV**" means hybrid electric vehicles;

"**Hf**" means hafnium, a chemical element;

"**ISO**" means the International Organization for Standardization, a voluntary, non-treaty federation of standards setting bodies of some 130 countries, which promotes development of standardization and related activities to facilitate international trade in goods and services;

"**JAMR**" means Jiangyin Jia Hua Advanced Material Resources Co., Ltd., a joint venture entity, in which Neo indirectly owns a 9% interest;

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

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

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

"**MLCC**" means multi-layer ceramic capacitor;

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

"**Molycorp Acquisition**" means the acquisition of NEM by Molycorp by way of plan of arrangement, which became effective on June 11, 2012;

"**MQCZ**" means Magnequench Magnetics (Chu Zhou) Co., Ltd.;

"**MQTJ**" means Magnequench (Tianjin) Co., Ltd.;

"**MQTJ2**" means Magnequench International Trading (Tianjin) Co., Ltd.;

"**mT**" means metric tonnes;

"**NAMCO**" means Neo Jia Hua Advanced Materials (Zibo) Co., Ltd.;

"**Nb**" means niobium;

"**Nd**" means neodymium, a chemical element;

"**NdPr**" means neodymium and praseodymium;

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

"**NEM**" means Neo Material Technologies Inc., the predecessor entity to Neo, which was acquired by Molycorp in the Molycorp Acquisition;

"**Neo**" or the "**Company**" means Neo Performance Materials Inc., a company organized under the laws of the OBCA, and includes the businesses carried on by its direct and indirect subsidiaries;

"**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;

"**Neo C&O**" means Neo Chemicals and Oxides, LLC, an indirect subsidiary Neo;

"**Neo C&O Europe**" means Neo Chemicals & Oxides (Europe) Ltd. (formerly Molycorp Chemicals & Oxides (Europe) Ltd.), an indirect subsidiary of Neo;

"**NORM**" means naturally occurring radioactive materials;

"**Oaktree**" means, Oaktree Capital Management L.P., the manager of OPPS NPM S.a.r.l and OPP NPM II S.a.r.l.;

"**OBCA**" means the *Business Corporations Act* (Ontario), as amended from time to time;

"**OEM**" means original equipment manufacturer;

"**PGM**" means platinum group metals, being platinum, palladium and rhodium;

"**Pr**" means praseodymium, a chemical element;

"**Preferred Shares**" means preferred shares of Neo, issuable in series;

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

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

"**Re**" means rhenium, a chemical element;

"**Reorganization**" means the reorganization of the business of Molycorp under Chapter 11 of Title 11 of the United States Bankruptcy Code originally filed in June 2015. On August 31, 2016, pursuant to the terms of the Fourth Amended Plan of Reorganization, certain of Molycorp's subsidiaries emerged from Chapter 11 protection, and Molycorp's debt was settled in exchange for equity of the reorganized business, and Molycorp was liquidated. The newly reorganized Neo business comprised essentially the original business of NEM (as it existed prior to the completion of the Molycorp Acquisition), with the addition of Molycorp's Silmet facility located in Sillamäe, Estonia. The businesses of NEM were organized under a number of direct and indirect subsidiaries held by Neo Cayman, which, following the completion of the Arrangement, is controlled by Neo. Neo Cayman emerged from the Reorganization with an improved capital structure and renewed focus on expanding its business. The NEM businesses consistently generated positive cash flow during the Reorganization process.

"**RMB**" means Renminbi, the currency of China;

"**Silmet**" means NPM Silmet OÜ, an indirect subsidiary of Neo;

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

"**U.K.**" means the United Kingdom of England, Scotland, Wales and Northern Ireland;

"**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;

"**Wyloo**" means Wyloo Consolidated Investments Pty Ltd and its affiliates; and

"**ZAMR**" means Zibo Jiahua Advanced Material Resources Co., Ltd., a joint venture entity, in which Neo indirectly owns a 10% interest.



neomaterials.com



ir@neomaterials.com

Head Office

Suite 1740, 121 King Street West
Toronto, Ontario, Canada
M5H 3T9

+1 (416) 367 8588

Executive Management

Rahim Suleman
President and Chief Executive Officer

Jonathan Baksh
Executive Vice President and
Chief Financial Officer

Kevin D. Morris
Executive Vice President and
Chief Strategy Officer

Greg Kroll
Executive Vice President,
Magnequench

Mohamad El-Mahmoud
Executive Vice President,
Chemicals & Oxides and
Rare Metals

Auditor

KPMG LLP

Investor Information

Analysts, Shareholders and those
seeking financial information should
visit neomaterials.com/investors
or contact:

Jim Fitzpatrick
Senior Vice President, Investor Relations
and Communications

ir@neomaterials.com

Registrar and Transfer Agent

Computershare Trust Company of Canada
320 Bay Street, 14th Floor
Toronto, Ontario M5H 4A6

+1 (888) 453 0330
computershare.com

Stock Exchange Listing

Common Shares of Neo are listed
on the Toronto Stock Exchange
under the trading symbol "NEO.TO"
and quoted on the OTCQX under the
trading symbol "NOPMF"