



**NOTICE OF ANNUAL GENERAL MEETING  
OF THE SHAREHOLDERS OF NEO PERFORMANCE MATERIALS INC.**

**- and -**

**MANAGEMENT INFORMATION CIRCULAR**

**FOGLER, RUBINOFF LLP  
77 KING STREET WEST, SUITE 3000  
TORONTO, ONTARIO  
CANADA**

**THURSDAY, JUNE 20, 2019  
4:00 P.M. (TORONTO TIME)**

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**Circular dated May 9, 2019**

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## NEO PERFORMANCE MATERIALS INC.

### NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS

**NOTICE IS HEREBY GIVEN** that an annual general meeting (the "**Meeting**") of shareholders ("**Shareholders**") of Neo Performance Materials Inc. (the "**Corporation**") will be held at the offices of Fogler, Rubinoff LLP, 77 King Street West, Suite 3000, Toronto, Ontario, on Thursday, June 20, 2019 at 4:00 p.m. (Toronto time) for the following purposes:

1. to receive the annual report and the financial statements for the year ended December 31, 2018 and the report of the auditors thereon;
2. to elect directors;
3. to re-appoint auditors and to authorize the directors to fix their remuneration; and
4. to transact such further and other business as may properly come before the Meeting or any adjournment or adjournments thereof.

This year, as described in the notice and access notification mailed to shareholders of the Corporation, the Corporation has decided to deliver the Meeting materials to shareholders by posting the Meeting materials on the following website: [www.neomaterials.com](http://www.neomaterials.com) (the "**Website**"). The use of this alternative means of delivery is more environmentally friendly as it will help reduce paper use and it will also reduce the Corporation's printing and mailing costs. The Meeting materials will be available on the Website as of May 10, 2019, and will remain on the Website for one full year thereafter. The Meeting materials will also be available on SEDAR at [www.sedar.com](http://www.sedar.com).

No shareholders will receive paper copies of the Meeting materials unless they specifically request paper copies. Instead all shareholders will receive a notice and access notification which will contain information on how to obtain electronic and paper copies of the Meeting materials in advance of the Meeting. If you wish to receive a paper copy of the Meeting materials or have questions about notice-and-access please call 1.800.265.3302 ext. 7345. In order to receive a paper copy in time to vote before the meeting, your request should be received by May 29, 2019.

A form of proxy solicited by management of the Corporation in respect of the Meeting is enclosed herewith.

Shareholders who are unable to be present at the Meeting are requested to sign the enclosed form of proxy and return it in the envelope provided for that purpose. To be effective, the form of proxy must be received at the offices of Computershare Trust Company of Canada, 100 University Avenue, 8<sup>th</sup> Floor, Toronto, Ontario, Canada, M5J 2Y1 or via internet at [www.investorvote.com](http://www.investorvote.com) or by telephone at the toll-free number printed on the form of proxy **by not later than 4:00 p.m. (Toronto time) on Tuesday, June 18, 2019** or, if the Meeting is adjourned, not later than 48 hours, excluding Saturdays, Sundays or holidays, preceding the time of such adjourned Meeting, or in either case by such later date and time as the Board may determine in its sole discretion. The accompanying Information Circular provides additional information relating to the matters to be dealt with at the Meeting.

**DATED** this 9<sup>th</sup> day of May, 2019.

By Order of the Board

/s/ "Constantine E. Karayannopoulos"

Chairman

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### NEO PERFORMANCE MATERIALS INC. MANAGEMENT INFORMATION CIRCULAR

This Information Circular is furnished to Shareholders in connection with the solicitation of proxies by the management of the Corporation for use at the Meeting and any adjournment or adjournments thereof.

Unless otherwise noted or the context otherwise requires, all information provided in this Information Circular is given as of May 9, 2019 and references to the "Corporation" refer to Neo Performance Materials Inc., its direct and indirect subsidiaries, predecessors and other entities controlled by them. Unless otherwise indicated, all dollar amounts in this Information Circular are expressed in U.S. dollars. The word "dollar" and the symbol "\$" or "U.S.\$" refer to the U.S. dollar and the symbol "C\$" refers to the Canadian dollar.

No person is authorized to give any information or to make any representation not contained in this Information Circular, and if given or made, such information or representation should not be relied upon as having been authorized. This Information Circular does not constitute an offer to sell, or a solicitation of an offer to purchase, any securities, or the solicitation of a proxy, by any person in any jurisdiction in which such an offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such an offer or solicitation of any offer or proxy solicitation. Neither delivery of this Information Circular nor any distribution of the securities referred to in this Information Circular shall, under any circumstances, create an implication that there has been no change in the information set forth herein since the date of this Information Circular.

#### ***Forward Looking Information***

Certain statements in the Information Circular constitute "forward-looking information. The words "scheduled", "may", "will", "would", "should", "could", "expects", "plans", "intends", "trends", "indications", "anticipates", "believes", "estimates", "predicts", "likely" or "potential" or the negative or other variations of these words or other comparable words or phrases, are intended to identify forward-looking information.

Forward-looking information is based on estimates and assumptions made by the Corporation in light of its experience and perception of historical trends, current conditions and expected future developments, as well as other factors that the Corporation believes are appropriate and reasonable in the circumstances, but there can be no assurance that such estimates and assumptions will prove to be correct or that the Corporation's business guidance, objectives, plans and strategic priorities will be achieved.

Many factors could cause the Corporation's actual results or affairs to materially differ from those expressed or implied by the forward-looking information, including, without limitation, the factors discussed in the "Risk Factors" section of the Corporation's Annual Information Form dated March 10, 2019 for the year ended December 31, 2018, which is

incorporated by reference in this cautionary statement. Although these factors are not intended to represent a complete list of factors that could affect the Corporation, they should be considered carefully. The forward-looking information contained in this Information Circular is made as of the date of this Information Circular, and the Corporation has no intention and undertakes no obligation to update or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as required by applicable securities regulations. The forward-looking information contained in this Information Circular are expressly qualified by this cautionary statement. We caution readers not to rely on the forward-looking information contained in this Information Circular when making investment decisions regarding the Corporation's securities.

## **PART I GENERAL PROXY MATERIALS**

### **SOLICITATION OF PROXIES**

This Information Circular is furnished in connection with the solicitation by and on behalf of the management of the Corporation of proxies to be used at the Meeting to be held at the time and place and for the purposes set forth in the accompanying Notice of Meeting, and at any adjournment(s) or postponement(s) thereof. In addition to solicitation by mail, certain officers, directors, employees and service providers of the Corporation may solicit proxies by telephone, electronic mail, telecopier or personally. These persons will receive no compensation for such solicitation other than their regular fees or salaries. The cost of solicitation by management will be borne directly by the Corporation. The head office of the Corporation is located at Suite 1740, 121 King Street West, Toronto, Ontario, M5H 3T9.

### **ADVICE TO BENEFICIAL HOLDERS**

The information set forth in this section is of significant importance to many public Shareholders as a substantial number of the public Shareholders do not hold Common Shares in their own names. Shareholders who do not hold their Common Shares in their own names (referred to in this Information Circular as "**Beneficial Shareholders**") should note that only proxies deposited by Shareholders whose names appear on the records of the Corporation as the registered holders of the shares can be recognized and acted upon at the Meeting. If Common Shares are listed in an account statement provided to a Shareholder by a broker, then in almost all cases those Common Shares will not be registered in the Shareholder's name on the records of the Corporation. Such Common Shares will more likely be registered under the name of the Shareholder's broker or an agent of that broker. In Canada, the majority of such Common Shares are registered under the name of CDS & Co. (the registration name for The Canadian Depository for Securities, which acts as nominee for many Canadian brokerage firms). Common Shares held by brokers or their nominees can only be voted (for or against resolutions) upon the instructions of the Beneficial Shareholder. Without specific instructions, brokers/nominees are prohibited from voting Common Shares for their clients. The directors and officers of the Corporation may not know for whose benefit the Common Shares registered in the name of a broker or intermediary are held.

Applicable regulatory policy requires intermediaries/brokers to seek voting instructions from Beneficial Shareholders in advance of shareholder meetings. Every intermediary/broker has its own mailing procedures and provides its own return instructions, which should be carefully followed by Beneficial Shareholders in order to ensure that their Common Shares are voted at the Meeting. Often, the form of proxy supplied to a Beneficial Shareholder by its broker is identical to the form of proxy provided to registered Shareholders. However, its purpose is limited to instructing the registered Shareholders how to vote on behalf of the Beneficial Shareholder. The majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions Inc. ("**Broadridge**"). Broadridge typically applies a decal to the proxy forms, mails those forms to the Beneficial Shareholders and asks Beneficial Shareholders to return the proxy forms to Broadridge. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of Common Shares to be represented at the Meeting. A Beneficial Shareholder receiving a proxy with a Broadridge decal on it cannot use that proxy to vote shares directly at the Meeting. **The proxy must be returned to Broadridge well in advance of the Meeting in order to have the shares voted.**

Since the Corporation may not have access to the names of its non-registered Shareholders, if a Beneficial Shareholder attends the Meeting, the Corporation will have no record of the Beneficial Shareholder's shareholdings or of its

entitlement to vote unless the Beneficial Shareholder's nominee has appointed the Beneficial Shareholder as proxyholder. Therefore, a Beneficial Shareholder who wishes to vote in person at the Meeting must insert its own name in the space provided on the voting instruction form sent to the Beneficial Shareholder by its nominee, and sign and return the voting instruction form by following the signing and returning instructions provided by its nominee. By doing so, the Beneficial Shareholder will be instructing its nominee to appoint the Beneficial Shareholder as proxyholder. The Beneficial Shareholder should not otherwise complete the voting instruction form as its vote will be taken at the Meeting.

#### **ADVICE TO REGISTERED HOLDERS**

A registered holder of Common Shares can vote their Common Shares in person at the Meeting or by proxy. A registered holder who does not wish to attend the Meeting or does not wish to vote in person should submit their form of proxy. Registered holders who wish to vote in person at the Meeting are encouraged to vote by submitting a proxy. Voting by proxy will not prevent a registered holder from voting in person if they attend the Meeting and duly revoke their previously granted proxy, but will ensure that their vote is counted if they are unable to attend the Meeting.

The Common Shares represented by the accompanying form of proxy (if the same is properly executed in favour of Geoffrey R. Bedford or Alexander D. Caldwell, the management nominees, and is received at the offices of Computershare Trust Company of Canada, 100 University Avenue, 8<sup>th</sup> Floor, Toronto, Ontario, Canada, M5J 2Y1 or via internet at [www.investorvote.com](http://www.investorvote.com) or by telephone at the toll-free number printed on the form of proxy, **by not later than 4:00 p.m. (Toronto time) on Tuesday, June 18, 2019** or, if the Meeting is adjourned, not later than 48 hours, excluding Saturdays, Sundays or holidays, preceding the time of such adjourned Meeting, or in either case by such later date and time as the Board may determine in its sole discretion) will be voted at the Meeting, and, where a choice is specified in respect of any matter to be acted upon, will be voted in accordance with the specification made. **In the absence of such a specification, such Common Shares will be voted in favour of such matter.**

**The accompanying form of proxy confers discretionary authority upon the persons named therein with respect to amendments or variations to the matters set forth in the accompanying notice of Meeting, or all other business or matters that may properly come before the Meeting.** At the date hereof, management of the Corporation knows of no such amendments, variations or other business or matters to come before the Meeting.

#### **NOTICE AND ACCESS**

This year, as described in the notice and access notification mailed to shareholders of the Corporation, the Corporation has decided to deliver the Meeting materials to shareholders by posting the Meeting materials on the following website: [www.neomaterials.com](http://www.neomaterials.com) (the "Website"). The use of this alternative means of delivery is more environmentally friendly as it will help reduce paper use and it will also reduce the Corporation's printing and mailing costs. The Meeting materials will be available on the Website as of May 10, 2019, and will remain on the Website for one full year thereafter. The Meeting materials will also be available on SEDAR at [www.sedar.com](http://www.sedar.com).

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The Corporation will not send its proxy-related materials directly to non-objecting beneficial owners under National Instrument 54-101.

#### **APPOINTMENT AND REVOCATION OF PROXIES**

The persons named in the accompanying form of proxy are a director and officer of the Corporation and an officer of the Corporation, respectively. **A shareholder desiring to appoint some other person to represent him or her at the Meeting may do so either by inserting such person's name in the blank space provided in the accompanying form of proxy and striking out the names of the management nominees or by duly completing another proper form of proxy and, in either case, depositing the completed proxy at the offices of the Corporation's registrar**

and transfer agent, Computershare Trust Company of Canada, 100 University Avenue, 8<sup>th</sup> Floor, Toronto, Ontario, Canada, M5J 2Y1 or via internet at [www.investorvote.com](http://www.investorvote.com) or by telephone at the toll-free number printed on the form of proxy before the specified time described in the previous section.

**A Shareholder giving a proxy has the power to revoke it.** Such revocation may be made by the Shareholder attending the Meeting by fully executing another form of proxy bearing a later date and duly depositing the same before the specified time, or by written instrument revoking such proxy duly executed by the Shareholder or his or her attorney authorized in writing or, if the Shareholder is a body corporate, under its corporate seal or by an officer or attorney thereof, duly authorized, and deposited either at the head office of the Corporation or its registrar and transfer agent at any time up to and including the last Business Day preceding the date of the Meeting or any adjournment thereof, or with the Chairman of the Meeting on the day of the Meeting or any adjournment thereof or in any other manner permitted by law. Such instrument will not be effective with respect to any matter on which a vote has already been cast pursuant to such proxy.

#### **VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES**

The authorized capital of the Corporation consists of an unlimited number of preferred shares and an unlimited number of Common Shares without nominal or par value, of which 39,326,920 Common Shares were issued and outstanding as at the date of this Information Circular.

Each Shareholder is entitled to one vote for each Common Share shown as registered in his or her name on the list of Shareholders, which will be available for inspection at the Meeting. The directors have fixed May 3, 2019 as the record date for the Meeting. Accordingly, pursuant to the OBCA, only Shareholders of record as at the close of business on May 3, 2019 are entitled to receive notice of and to attend and vote at the Meeting.

To the knowledge of the directors and officers of the Corporation, as of the date of this Information Circular, no person beneficially owns, or controls or directs, directly or indirectly, Common Shares carrying more than 10% of the votes attached to Common Shares, except for the following:

<b>Name</b>	<b>Number of Common Shares Beneficially Owned Directly or Indirectly</b>	<b>Percentage of Common Shares Held</b>
OPPS NPM S.a.r.l	25,781,100	65.5%

#### **PART II MATTERS TO BE ACTED UPON**

##### **1. ELECTION OF DIRECTORS**

Directors of the Corporation are elected annually by the Shareholders and will hold office until the next annual general meeting of shareholders. The Articles of the Corporation provide that the number of directors to be elected shall be a minimum of three and a maximum of 15. A Board of nine directors is to be elected at the Meeting.

It is intended that the persons named in the accompanying form of proxy will vote the Common Shares represented thereby in favour of electing as directors the nominees named below. Unless such authority is withheld, the Common Shares represented by the accompanying form of proxy will be voted in favour of the nominees set out below.

The term of office of all present directors of the Corporation expires at the Meeting. Management has been informed by each nominee that he/she is willing to stand for election or re-election, as applicable, and serve as a director. Each of the directors will be elected on an individual basis. The information as to Common Shares beneficially owned or over which control or direction is exercised, not being within the knowledge of the Corporation, has been furnished by the respective parties.

**In the absence of instructions to the contrary, the Common Shares represented by a properly executed form of proxy in favour of the persons designated by management of the Corporation will be voted FOR the election as directors of the nominees whose names are set forth below.**

The Board has adopted a Majority Voting Policy which requires that any nominees who receive a greater number of votes withheld from his or her election than votes for such election, to promptly tender his or her resignation to the Board to be effective on the acceptance by the Board. Following receipt of the resignation, the Board will consider whether or not to accept the offer of resignation, and will do so absent exceptional circumstances. Within 90 days following the Meeting, the Board shall publicly disclose its decision whether or not to accept the applicable director's resignation, including the reasons for rejecting the resignation, if applicable. A director who tenders his or her resignation pursuant to this policy will not be permitted to participate in any meeting of the Board at which the resignation is considered. This policy does not apply in circumstances involving contested director elections.

The following information is submitted with respect to the nominees for directors:

<b>CONSTANTINE E. KARAYANNOPOULOS</b> <b>Toronto, Ontario, Canada</b>	<p>Mr. Karayannopoulos is also the Chairman of the board of directors of Neo Lithium Corp. since February 9, 2016. Previously, he was Chairman and Director of Neo C&amp;O LLC ("<b>Neo C&amp;O</b>") from August 31, 2016. The board of directors of Neo C&amp;O acted as an advisory board to Neo Cayman. He was Chairman and Director of Molycorp between December 2013 and August 2016. Prior thereto, he was the President and Chief Executive Officer and a Director of Molycorp from December 2012 to December 2013. He was Vice-Chairman and Director of Molycorp from June 2012 to December 2012. Mr. Karayannopoulos served as Director, President and Chief Executive Officer of NEM until Molycorp acquired NEM in June 2012.</p>										
<i>Chairman of the Board</i> <i>Member, Audit Committee<sup>(3)</sup>,</i> <i>Member, Compensation Committee</i> <i>Chair, HESS Committee</i>											
Director since: Corporation: October 2017 NEM: August 2005											
Independent	<table border="1"> <thead> <tr> <th data-bbox="737 1016 951 1043">Board/Committees</th> <th data-bbox="1219 1016 1349 1043">Attendance</th> </tr> </thead> <tbody> <tr> <td data-bbox="553 1073 850 1100">• Board of Directors</td> <td data-bbox="1240 1073 1328 1100">10 of 10</td> </tr> <tr> <td data-bbox="553 1104 932 1131">• Compensation Committee</td> <td data-bbox="1252 1104 1317 1131">4 of 4</td> </tr> <tr> <td data-bbox="553 1136 846 1163">• HESS Committee</td> <td data-bbox="1252 1136 1317 1163">4 of 4</td> </tr> </tbody> </table>	Board/Committees	Attendance	• Board of Directors	10 of 10	• Compensation Committee	4 of 4	• HESS Committee	4 of 4		
Board/Committees	Attendance										
• Board of Directors	10 of 10										
• Compensation Committee	4 of 4										
• HESS Committee	4 of 4										
Shares held: 1,704											
<b>ERIC NOYREZ</b> <b>Bidart, France</b>	<p>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&amp;O since August 31, 2016. In October 2018, he was appointed the Chief Executive Officer of Serra Verde Mineracao, a company aiming at developing and producing a rare earths concentrate. Since 2014, he shares his business activities as a board member and advisor. He previously served as the Chief Executive Officer and Executive Director of Lynas Corporation, an integrated rare earth mining and separation company, from March 2013 to June 2014, President from March 2011 to March 2013 and Chief Operating Officer from February 2010 to March 2013.</p>										
<i>Lead Independent Director</i> <i>Chair, Compensation Committee</i> <i>Member, Audit Committee</i> <i>Member, HESS Committee</i>											
Director since:											
Corporation: October 2017 Neo Cayman: August 2016											
Independent	<table border="1"> <thead> <tr> <th data-bbox="737 1520 951 1547">Board/Committees</th> <th data-bbox="1219 1520 1349 1547">Attendance</th> </tr> </thead> <tbody> <tr> <td data-bbox="553 1583 850 1610">• Board of Directors</td> <td data-bbox="1240 1583 1328 1610">10 of 10</td> </tr> <tr> <td data-bbox="553 1614 834 1642">• Audit Committee</td> <td data-bbox="1252 1614 1317 1642">4 of 5</td> </tr> <tr> <td data-bbox="553 1646 932 1673">• Compensation Committee</td> <td data-bbox="1252 1646 1317 1673">4 of 4</td> </tr> <tr> <td data-bbox="553 1677 846 1705">• HESS Committee</td> <td data-bbox="1252 1677 1317 1705">4 of 4</td> </tr> </tbody> </table>	Board/Committees	Attendance	• Board of Directors	10 of 10	• Audit Committee	4 of 5	• Compensation Committee	4 of 4	• HESS Committee	4 of 4
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• Board of Directors	10 of 10										
• Audit Committee	4 of 5										
• Compensation Committee	4 of 4										
• HESS Committee	4 of 4										
Shares held: 1,578											

**GEOFFREY R. BEDFORD**  
**Burlington, Ontario, Canada**

*President, Chief Executive Officer & Director*  
*Member, HESS Committee*

Director since:  
Corporation: September 2017  
NEM: December 2013

Non-Independent

Shares held: 29,254

Mr. Bedford was appointed the President and Chief Executive Officer of Neo and its predecessor on August 31, 2016 upon the emergence of Neo from the Molycorp restructuring. Previously, he served as President and Chief Executive Officer of Molycorp since December 2013, which followed his earlier roles of Executive Vice President and Chief Operating Officer and Executive Vice President of Molycorp from June 2012. Mr. Bedford served as Executive Vice President and Chief Operating Officer of NEM until Molycorp acquired NEM in June 2012. Prior to that, he served as Executive Vice President of the Performance Materials Division of NEM from 2005 to 2011, and as Executive Vice President, Finance, and Chief Financial Officer, from 1999 to 2005.

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**Board/Committees**

**Attendance**

- Board of Directors 10 of 10
- HESS Committee 4 of 4

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**NICHOLAS BASSO**  
**Venice, California, U.S.A**

*Director*

Director since:  
Corporation: October 2017  
Neo Cayman: August 2016

Independent<sup>(2)</sup>

Shares held: Nil

Mr. Basso has been a director of Neo since October 2017 and prior to which he was a director of Neo C&O since August 31, 2016. Mr. Basso is Managing Director in the Strategic Credit group of Oaktree Capital Management, L.P. ("**Oaktree Capital Management**"), an affiliate of Oaktree. Previously, he spent two years as an investment professional in the Opportunities Funds group of Oaktree Capital Management where he worked closely with senior professionals across various industries. Prior to which, Mr. Basso spent two years as an analyst in the Mergers & Acquisitions group at Citigroup in New York, where he was responsible for advising clients on acquisitions, divestitures, strategic alternatives and leveraged buyouts. Mr. Basso received a B.S. degree summa cum laude in Business Administration from the Tepper School of Business at Carnegie Mellon University.

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**Board/Committees**

**Attendance**

- Board of Directors 10 of 10

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**BROOK HINCHMAN**  
**Santa Monica, California, U.S.A**

*Director*  
*Member, Audit Committee<sup>(3)</sup>*  
*Member, Compensation Committee*

Director since:  
Corporation: October 2017  
Neo Cayman: August 2016

Independent<sup>(2)</sup>

Shares held: Nil

Mr. Hinchman has been a director of Neo since October 2017, and prior to which he was a director of Neo C&O since August 31, 2016. Mr. Hinchman is an investment professional in the Opportunities Funds group of Oaktree Capital Management, where he is a Managing Director. Prior to joining Oaktree Capital Management in 2010, Mr. Hinchman spent four years at Goldman, Sachs & Co., most recently in the Merchant Banking division. Mr. Hinchman received a B.B.A. degree in finance from the Tippie College of Business at the University of Iowa, where he was valedictorian.

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**Board/Committees**

**Attendance**

- Board of Directors 10 of 10
- Audit Committee 5 of 5
- Compensation Committee 4 of 4



**CLAIRE M.C. KENNEDY**  
**Toronto, Ontario, Canada**

*Director*  
*Chair, Audit Committee*

Director since:  
Corporation: October 2017  
NEM: February 2010 to June 2012

Independent

Shares held: Nil

Ms. Kennedy has been a director of Neo since October 2017. Ms. Kennedy was a member of the board of directors of NEM from February 2010 to June 2012 and sat on the Audit Committee. Ms. Kennedy has been a Partner in the Toronto office of Bennett Jones LLP since 2009, where she provides corporate tax and transfer pricing advice to clients. In 2018, she became Managing Partner, Clients and Industries at Bennett Jones LLP. Ms. Kennedy is Lead Director of the Bank of Canada, and Chair of the Audit & Finance Committee. She is also a director of Alamos Gold Inc., which is listed on the TSX and NYSE. Claire received her ICD.D designation from the Institute of Corporate Directors and she has completed the Making Corporate Boards More Effective program at Harvard Business School and the Advanced Management Program at the University of Chicago's Booth School of Business. She is a Professional Engineer and holds a Bachelor of Laws degree from Queen's University and a Bachelor of Applied Science degree in Chemical Engineering from the University of Toronto. Claire is also Chair of the Governing Council of the University of Toronto and is a member of the Dean's Advisory Board at Rotman.

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**Board/Committees**

**Attendance**

- Board of Directors 9 of 10
- Audit Committee 5 of 5

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**AMAN KUMAR**  
**London, U.K.**

*Director*

Director since:  
Corporation: October 2017

Independent<sup>(2)</sup>

Shares held: Nil

Mr. Kumar has been a director of Neo since October 2017. He is an investment professional in the Strategic Credit group of Oaktree Capital Management, where he is Senior Vice President. Prior to joining Oaktree Capital Management in 2014, Mr. Kumar spent three years at Deutsche Bank in London working with the global credit team, most recently as a Vice President on the European high yield trading desk. He received an M.B.A. from the Wharton School at the University of Pennsylvania and holds a Bachelor of Medicine, Bachelor of Surgery degree from King's College London.

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**Board/Committees**

**Attendance**

- Board of Directors 7 of 10

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**EDGAR LEE**  
**Santa Monica, California,**  
**U.S.A.**

*Director*

Director since:  
Corporation: October 2017  
Neo Cayman: August 2016

Independent<sup>(2)</sup>

Shares held: Nil

Mr. Lee has been a director of Neo since October 2017, and prior to which he was a director of Neo C&O since August 31, 2016. Mr. Lee founded and is the Portfolio Manager of the Strategic Credit Strategy at Oaktree Capital Management. He also serves as the CEO and CIO of Oaktree Specialty Lending Corporation and Oaktree Strategic Income Corporation. Previously, he was an investment professional within the Opportunities Funds group of Oaktree Capital Management and has led a number of the group's investments in the media, technology and telecom industries. Prior to joining Oaktree Capital Management in 2007, Mr. Lee worked within the Investment Banking division at UBS Investment Bank in Los Angeles, where he was responsible for advising clients on a number of debt and preferred stock restructurings, leveraged financings, buy-side and sell-side M&A, mezzanine financings and recapitalizations. Before that, he was employed within the Fixed Income division at Lehman Brothers Inc. Prior experience also includes work at Katzenbach Partners LLP and the Urban Institute. Mr. Lee received a B.A. degree in Economics from Swarthmore College and an M.P.P. with a concentration in Applied Economics from Harvard University. Previously, Mr. Lee served on the boards of Nine Entertainment Company Holdings Ltd. and Charter Communications Inc.

	<b>Board/Committees</b>	<b>Attendance</b>
	• Board of Directors	9 of 10
<b>EMILY STEPHENS</b> <b>San Marino, California, U.S.A.</b>  <i>Director</i>  Director since: Corporation: October 2017 Neo Cayman: August 2016  Independent <sup>(2)</sup>  Shares held: Nil	Ms. Stephens has been a director of Neo since October 2017, and prior to which was a director of Neo C&O since August 31, 2016. Ms. Stephens is Managing Director in the Opportunities Funds group of Oaktree Capital Management. She is involved with analyzing credit agreements and indentures and advising on legal issues related to restructurings/bankruptcies and platform/joint venture investments. Prior to joining Oaktree Capital Management in 2006, Ms. Stephens served as a Vice President and Associate General Counsel at Trust Company of the West. Prior to that, Ms. Stephens spent five years as a Corporate Associate at Munger, Tolles & Olson LLP. Ms. Stephens graduated with a B.A. degree in Government cum laude from Dartmouth College. She then went on to receive a J.D. from the University of Texas School of Law, where she was a member of the Texas Law Review and Order of the Coif. Ms. Stephens is a member of the state bars of California and Texas.	

	<b>Board/Committees</b>	<b>Attendance</b>
	• Board of Directors	10 of 10

**Notes:**

- (1) The information as to Common Shares beneficially owned or over which control or direction is exercised, not being within the knowledge of the Corporation, has been furnished by the respective parties.
- (2) These directors are independent in accordance with the definition set out in National Instrument 58-101 – *Disclosure of Corporate Governance Practices*. However, for the purposes of National Instrument 52-110 – *Audit Committees*, these directors would not be considered independent in relation to the Audit Committee as a result of their role as executive directors of an affiliate of the majority shareholder of the Corporation.
- (3) Constantine Karayannopoulos was appointed by the Board as a member of the Audit Committee, effective November 14, 2018. Brook Hinchman resigned as a member of the Audit Committee on November 14, 2018. Mr. Karayannopoulos was in attendance at the invitation of the Audit Committee at all meetings of the Audit Committee held in 2018.

**Cease Trade Orders, Bankruptcies, Penalties or Sanctions**

***Cease Trade Orders***

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

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

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

Each of Geoff Bedford and Constantine Karayannopoulos were officers or directors of Molycorp, the predecessor company to the Corporation when Molycorp's common shares were delisted from the New York Stock Exchange in connection with the Reorganization.

## ***Bankruptcies***

Other than as set out below, no proposed director of the Corporation:

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

Each of Geoff Bedford and Constantine Karayannopoulos were directors or officers of Molycorp, the predecessor company to the Corporation, when Molycorp underwent the Reorganization.

Each of Brook Hinchman, Emily Stephens, Nicholas Basso, Edgar Lee and Aman Kumar are officers of Oaktree Capital Management L.P. ("**Oaktree Capital Management**"). A principal focus of Oaktree Capital Management's investing activities is in the debt of financially stressed or distressed companies and to take an active role in the bankruptcy process, often emerging with equity of the reorganized company. While Oaktree Capital Management does not typically become a control person of the issuer or join the board of directors of the issuer until after it has emerged from bankruptcy, Oaktree Capital Management may sign a restructuring support agreement or make arrangements with other creditors during the bankruptcy process with respect to the debt it holds.

## ***Penalties and Sanctions***

Other than as set out below, no proposed director of the Corporation 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.

Each of Brook Hinchman, Emily Stephens, Nicholas Basso, Edgar Lee and Aman Kumar are officers of Oaktree Capital Management. A principal focus of Oaktree Capital Management's investing activities is in the debt of financially stressed or distressed companies and to take an active role in the bankruptcy process, often emerging with equity of the reorganized company. As such, Oaktree and its officers are often subject to litigation that arises in the ordinary course of its business of investing in distressed debt and special situation funds.

## ***Conflicts of Interest***

Certain of the directors and officers of the Corporation are also directors and officers of other companies. The directors of the Corporation are bound by the provisions of applicable corporate law to act honestly and in good faith with a view to the best interests of the Corporation and to disclose any interests, which they may have in any project or opportunity of the Corporation. 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 the Corporation's knowledge, and other than disclosed herein, there are no known existing or potential conflicts of interest among the Corporation, 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 the Corporation and their duties as a director or officer of such other companies.

## **2. RE-APPOINTMENT OF AUDITORS**

The management of the Corporation recommends the re-appointment of KPMG LLP Chartered Accountants, as auditors of the Corporation. KPMG LLP have been the auditors for the Corporation since the Corporation was incorporated in September 2017. Unless such authority is withheld, the Common Shares represented by the accompanying form of proxy will be voted in favour of the re-appointment of KPMG LLP Chartered Accountants as auditors of the Corporation to hold office until the next annual meeting of shareholders and authorizing the directors of the Corporation to fix their remuneration.

This resolution requires the approval of a simple majority of the votes cast at the Meeting, in person or by proxy, in order to be approved.

**In the absence of instructions to the contrary, the Common Shares represented by a properly executed form of proxy in favour of the persons designated by management of the Corporation will be voted FOR the re-appointment of KPMG LLP Chartered Accountants as auditors of the Corporation.**

## **PART III ADDITIONAL DISCLOSURE**

### **STATEMENT OF EXECUTIVE COMPENSATION**

Securities laws require that a "Statement of Executive Compensation" in accordance with Form 51-102F6 be included in this Information Circular. Form 51-102F6 prescribes the disclosure requirements in respect of the compensation of executive officers and directors of reporting issuers. Form 51-102F6 provides that compensation disclosure must be provided for the Chief Executive Officer and the Chief Financial Officer of an issuer and each of the issuer's three mostly highly compensated executive officers whose total compensation exceeds C\$150,000. Based on these requirements, the executive officers of the Corporation for whom disclosure is required under Form 51-102F6 are Mr. Geoff Bedford (Chief Executive Officer and President), Mr. Rahim Suleman (Chief Financial Officer), Mr. Kevin Morris, Mr. Jeff Hogan and Mr. Greg Kroll (collectively referred to as "**Named Executive Officers**").

### **COMPENSATION DISCUSSION AND ANALYSIS**

#### *Compensation Philosophy and Objectives*

#### **Overview**

The Board, upon recommendation of the Compensation Committee, will make decisions regarding all forms of compensation, including salaries, bonuses and equity incentive compensation for the Corporation's executive officers. The Compensation Committee will make recommendations to the Board regarding compensation of the President and Chief Executive Officer and will make decisions in conjunction with feedback from the President and Chief Executive Officer regarding the compensation of the Corporation's other executive officers. The Compensation Committee, in consultation with the President and Chief Executive Officer, will also administer employee incentive compensation, including equity-based compensation plans.

#### **Compensation Committee**

The Compensation Committee is comprised of three directors, none of whom are officers of the Corporation and, as such, the Board believes that the Compensation Committee will be able to conduct its activities in an objective manner. See "*Corporate Governance – Compensation Committee*".

For additional details regarding the relevant education and experience of each member of the Compensation Committee, including the direct experience that is relevant to each committee member's responsibilities in executive compensation, see "*Directors and Executive Officers – Biographies*".

The Board has adopted a written mandate setting forth the purpose, composition, authority and responsibility of the Compensation Committee. The primary responsibilities and duties of the Compensation Committee, include, but are not limited to:

- discharging the Board's responsibilities relating to the compensation of the Corporation's executive officers;
- administering the Corporation's incentive compensation and equity-based compensation plans; and
- assisting the Board with respect to management succession and development.

The Compensation Committee reviews and makes recommendations to the Board on an annual basis regarding: (i) company-wide compensation programs and practices; (ii) all aspects of the remuneration of the Corporation's executive officers; and (iii) equity-based plans and any material amendments thereto.

### **Compensation Objectives**

The objectives of the Corporation's executive compensation arrangements, the Corporation's executive compensation philosophy and the application of this philosophy to the Corporation's executive compensation arrangements as well as those relating to compensation of directors is set out below. When determining the compensation arrangements for the Named Executive Officers, the Compensation Committee expects to consider the objectives of: (i) retaining an executive critical to the success of the Corporation and the enhancement of shareholder value; (ii) providing fair and competitive compensation; (iii) balancing the interests of management and the Corporation's shareholders; and (iv) rewarding performance, both on an individual basis and with respect to the business in general.

### ***Elements of 2018 Compensation of Named Executive Officers***

For 2018, the Corporation believes that a substantial portion of the total compensation for the Named Executive Officers should be variable and tied to the Corporation's performance to align their compensation interests with the achievement of the Corporation's business objectives and the long-term investment interests of the Corporation's shareholders. At the same time, the Corporation strives to attract and retain high caliber executives through the measured use of competitive fixed compensation. The Corporation's program of both fixed and at risk compensation is offered at levels that the Corporation believes are competitive within its industry and appropriate for 2018.

The Corporation believes the compensation program, when evaluated on a component by component basis and in total, effectively achieves the Corporation's compensation philosophy and objectives described above. The following table summarizes the key components of the Corporation's compensation program for 2018:

<b>Component</b>	<b>Primary Purpose and Objectives</b>
Base Salary	Base salary compensates an individual in cash for his or her responsibilities, skills, experience and performance. The levels of base salaries are intended to attract and retain a high quality management team, especially when combined with the other components of the Corporation's compensation program. The levels of base salary for the Named Executive Officers are designed to reflect each executive officer's scope of responsibility, accountability and industry experience.
Annual Incentive Program Awards	The Corporation's annual incentive program awards are used to align the Named Executive Officers' compensation interests with the overall business objectives and the short term investment interests of the Corporation's shareholders by rewarding the Named Executive Officers for annual performance. Corporate goals were established and approved by the Board in March 2018 and performance is evaluated after year end. Payments with respect to the 2018 annual incentive program awards were made in cash in April 2019.

<u>Component</u>	<u>Primary Purpose and Objectives</u>
Long Term Incentive Program Awards	<p>The Board adopted a LTIP, the purposes of which are to foster and promote the long-term financial success of the Corporation and materially increase the value of the Corporation. The LTIP authorizes the granting of equity-based compensation in the form of SARs, RSUs, PSUs, and other awards. All awards granted under the LTIP will be settled in cash.</p> <p>The Corporation has adopted the Stock Option Plan and intends to grant Corporation Options pursuant to the Stock Option Plan going forward.</p> <p>Equity awards previously granted under the Legacy Plan generally aligned the Corporation's executives' compensation interests with the long-term investment interests of the Corporation's shareholders and promote retention. Awards outstanding pursuant to the Legacy Plan include share options, restricted share units and performance share units. There will be no further grants of awards made under the Legacy Plan.</p>
Health and Welfare Benefits	Broad based and customary health and welfare benefits provide for basic health, life and income security needs of the Named Executive Officers and their dependents. These health and welfare benefits are competitive with industry practices and help attract and retain executives.
Retirement Benefits	The Corporation's Canada Group Retirement Savings Plan for the Corporation's Canadian based Named Executive Officers and the Corporation's 401(k) plan for the Named Executive Officers who reside in the United States encourage and reward long-term service by providing market based benefits for retirement. All employees who are Canadian residents are eligible to participate in the Corporation's Canada Group Retirement Savings Plan and all U.S. based employees are eligible to participate in the Corporation's 401(k) plan.

***2018 Base Salaries***

In March 2018, the Board approved a nominal inflationary increase to the base salary of all Named Executive Officers, except Greg Kroll, as Mr. Kroll's salary was adjusted relating to his increased responsibilities as Executive Vice President of the Magnequench division.

***2018 Annual Incentive Program Awards***

The annual incentive for a Named Executive Officer is calculated by multiplying base salary by a target incentive percentage ranging from 60 to 84% of base salary. The following multiples of base salary are provided for in the employment agreements for each of the Named Executive Officers:

	<u>Annual Incentive Target Percentage</u>
Geoff Bedford .....	83.3%
Rahim Suleman .....	65%
Kevin Morris .....	65%
Jeff Hogan .....	60%
Greg Kroll .....	60%

The annual incentive for the President and Chief Executive Officer, Chief Financial Officer and Chief Operating Officer was approved by the Board and is dependent upon corporate and personal performance, measured against the

annual business plan approved by the Board. The annual incentive pay for other Named Executive Officers is recommended to the Board by the Chief Executive Officer and is dependent upon corporate, business segment and personal performance and measured against the annual business plan.

*Metrics and Goals*

In March 2018, the Board approved the 2018 Annual Incentive Plan Goals consisting of the following four metrics for both corporate and business segments: Health, Environment, Safety and Security ("**HESS**"); Adjusted EBITDA vs. Budget; Return on Capital Employed ("**ROCE**") vs. Budget; and Strategic Priorities. Each of these metrics is discussed in more detail below:

**HESS – 10%.** The components of this metric will be the average of LTIR ("**Lost Time Incident Rate**") and TRIR ("**Total Reportable Incident Rate**");

**Adjusted EBITDA vs. Budget – 60%.** Adjusted EBITDA is defined in the 2018 budget as operating profit plus non-cash items and other selected items, to be computed in a manner consistent between budget and actuals;

**ROCE vs. Budget – 20%.** ROCE to be defined as Adjusted EBITDA plus capex divided by capital employed (excluding intangibles and goodwill), computed in a manner consistent between budget and actual; and

**Strategic Priorities – 10%.** A subjective measure of achievement against strategic objectives reviewed by the Board in the first quarter of the year.

The Board also approved the following weightings for the Named Executive Officers:

	Corporate	Business Segment / Department	Personal Performance	Total
Chief Executive Officer / Chief Financial Officer / Chief Operating Officer .....	90%	—	10%	100%
Business Segment Executive Vice President ...	45%	45%	10%	100%

*Other Compensation – The LTIP*

On May 9, 2018, the Board adopted a Long-Term Incentive Plan (the "**LTIP**"), the purposes of which are to foster and promote the long-term financial success of the Corporation and materially increase the value of the Corporation by: (i) strengthening the Corporation's capability to develop, maintain and direct its management personnel; (ii) motivating management performance through long-term performance-related compensation; (iii) promoting greater alignment of interests between management and shareholders in creating long-term shareholder value; and (iv) enabling management to participate in the long-term growth and financial success of the Company.

The LTIP authorizes the granting of equity-based compensation in the form of share appreciation rights ("**SARs**"), restricted share units ("**RSUs**"), performance-based units ("**PSUs**"), and other awards. All awards granted under the LTIP will be settled in cash. As of the date hereof, no awards have been granted.

Any person who is an officer, employee, contractor, supplier or consultant of the Corporation or any of its affiliates may participate in the LTIP. The LTIP is administered by the Compensation Committee, who have the authority to determine the terms, conditions and limitations, including setting the vesting conditions and vesting schedules, for awards granted under the LTIP.

The period during which a SAR may be exercised shall be determined by the Compensation Committee at the time of the grant, and shall be no less than one year and not more than 10 years, subject to termination in accordance with the provisions of the LTIP.

RSUs must vest no later than the third anniversary of the last day of the specified year in respect of which the RSUs were granted, and must be paid by the Corporation within the earlier of 90 days of vesting, and the date required to enable the participant to benefit from the salary deferral rules under applicable income tax law. The Compensation Committee has the authority to determine performance goals and performance cycles for performance-based awards.

On termination of employment for cause, all of the participant's previously unexercised SARs terminate. On termination of employment, whether or not for cause, all unvested RSUs and PSUs will be forfeited. Upon death, all of a participant's vested SARs can be exercised up to the earlier of (i) one year following the date of death or (ii) the expiry date of the SAR; the vesting date of PSUs will be adjusted to the date of death and the applicable performance goals pro-rated to the date of death; a pro-rated portion of the unvested RSUs will become exercisable, subject to certain conditions for US participants. Upon termination of employment due to the disability of a participant, SARs remain exercisable; all PSUs and RSUs shall continue to vest and to be exercisable in accordance with the original schedule, as if the disability had not occurred, subject to certain conditions for US participants. Upon termination of employment other than for cause, death or disability, all of the participant's vested SARs can be exercised until the earlier of (i) 90 days following the effective date of termination of employment, or (ii) the expiry date, after which all previously unexercised SARs terminate.

In the event of (i) a change of control of the Corporation (as defined in the LTIP) and (ii) within 24 months of such change of control, a participant's employment is terminated (a) by the Corporation or an affiliate other than for cause, or (b) by the participant for good reason, such that the participant is no longer eligible to participate in the LTIP:

(A) such participant may exercise each SAR then held by him to the extent that he was entitled to do so at the time of such termination on the earlier of (i) the 90th day (or such later day as the Committee, in its sole discretion, may determine) following the effective date of the termination of employment of such participant, or (ii) the expiry date, after which all unexercised SARs terminate;

(B) the Corporation must give a written notice to the participant advising him that the termination date of any applicable performance cycle not yet complete shall be accelerated to end upon the earlier of (i) the 90th day (or such later day as the Compensation Committee, in its sole discretion, may determine) following the effective date of the termination of employment of such participant, or (ii) the expiry date; (and in calculating the PSUs earned, the performance goals will be pro-rated to such date), and the participant will be entitled to receive the payment so calculated; and

(C) the Corporation must give a written notice to the participant advising him that the vesting date of all unvested RSUs credited to him shall be accelerated and will thereafter vest upon the earlier of (i) the 90th day (or such later day as the Compensation Committee, in its sole discretion, may determine) following the effective date of the termination of employment of such participant, or (ii) the expiry date; and the participant will be entitled to receive the settlement of the RSUs in respect thereof so calculated.

Notwithstanding the provisions in an award and notwithstanding any other provision contained in the LTIP, the Compensation Committee or the Board has the power to accelerate (i) the time at which an award may first be exercised or the time during which an award or any part thereof will vest in accordance with the LTIP, and (ii) the termination date of any performance cycle not yet complete (and, as a result, the vesting date of all PSUs associated therewith).

In the event of a stock split, stock dividend, combination of shares, subdivision, consolidation or reclassification of shares, or other change in capitalization affecting the outstanding Common Shares, (i) the SARs base price of the outstanding SARs shall be increased or decreased proportionately, (ii) the aggregate number of PSUs earned or to be earned shall be increased or decreased proportionately, and (iii) the aggregate number of RSUs shall be increased or decreased proportionately. The Compensation Committee has the discretion to make appropriate adjustments to the PSUs to exclude the effect of extraordinary, special and non-recurring transactions, events or items, including, but not limited to, cash dividends and distributions, capital gains or losses, effects of litigation and settlements, acquisitions, divestitures, recapitalizations and reorganizations, and may determine to not take into account extraordinary or non-recurring accounting charges and items, insofar as they may otherwise affect the results under the applicable performance goals. In the event that the Corporation is reorganized or merged or consolidated or amalgamated with another corporation or entity and the LTIP and the awards made thereunder continue to be in effect, appropriate



provisions shall be made for the continuance of the outstanding SARs, RSUs and PSUs and to prevent their dilution or enlargement.

No participant shall be deemed to be the holder of, or to have any of the rights of a holder with respect to, any Common Shares.

Subject to the following sentence, the Board has the authority to amend, alter or discontinue the LTIP in any respect, but no amendment, alteration or discontinuation shall be made which would impair in any material respect the rights of a participant under an award theretofore granted without the participant's consent, except such an amendment made to cause the LTIP to comply with applicable law. In addition, no such amendment shall be made without the approval of the Corporation's shareholders to the extent such approval, if any, is required by applicable law or by any agreement with or the requirements of any stock exchange or market on which the Common Shares are then listed. Currently, no shareholder approval is required.

#### *Stock Option Plan and Stock Options*

As of the date hereof, the Corporation has 39,326,920 Common Shares issued and outstanding. This means that a maximum of 2,752,884 Options are currently available to be granted pursuant to the Stock Option Plan (less the number of outstanding awards issued under the Legacy Plan). As a rolling stock option plan, 7% of the outstanding Common Shares at any given time are available for options. In the event that an Option is exercised, cancelled, repurchased, expires unexercised, or is terminated in accordance with the Stock Option Plan prior to the exercise thereof, the Common Shares that were reserved for issuance in connection with such Option will be returned to the Stock Option Plan and will be available for reservation pursuant to a new grant of Options under the Stock Option Plan.

#### *Stock Option Plan Terms*

The Stock Option Plan authorizes the Board to grant stock options to the officers, directors, full-time employees and eligible consultants of the Corporation on the following terms:

#### *Grant of Options*

Subject to the terms of the Stock Option Plan and after reviewing any recommendations from the Compensation Committee, the Board selects the participants to whom options will be granted, the number of Common Shares to be optioned to each of them, the date or dates on which such options will be granted and the terms and conditions attaching to such options. The aggregate number of Common Shares reserved for issuance pursuant to all options granted to any one optionee shall not exceed 5% of the number of Common Shares outstanding on a non-diluted basis at the time of such grant. In addition, the issuance of Common Shares on the exercise of options to insiders (as such term is defined by the TSX Corporation Manual) pursuant to the Stock Option Plan and all other share compensation plans, within any one-year period shall not exceed 10% of the issued and outstanding shares; and the number of Common Shares issuable on exercise of Options held by Insiders, at any time, pursuant to the Stock Option Plan and all other share compensation plans, shall not exceed 10% of the issued and outstanding shares. The maximum number of Common Shares issuable on exercise of Options held by non-employee directors shall not exceed 1% of the issued and outstanding Common Shares. The maximum number of Common Shares issuable on exercise of Corporation Options held by non-employee directors shall not exceed 1% of the issued and outstanding Common Shares less the aggregate number of Common Shares reserved for issuance to such non-employee directors under any other share compensation arrangement and the total annual grant to any one non-employee director cannot exceed a grant value of \$100,000 (based upon a Black-Scholes calculation) and the grant value from all other share compensation arrangements shall not exceed \$150,000 per year per non-employee director in the aggregate.

#### *Exercise Price*

The Board shall fix the exercise price of an option which may not be lower than the volume weighted average trading price of the Common Shares for the five trading days immediately preceding the date of the grant of such options.

### *Term and Vesting Period of Options*

Options are exercisable for periods of more than one year and less than seven years from the date the option was granted. Subject to the terms of the Stock Option Plan, the Board shall specify at the time of grant of options, the vesting period which is the maximum number of Common Shares that may be exercisable by such optionee in each year or other period during the term of the options. Absent such determination by the Board, the maximum number of Common Shares that may be exercised by an optionee during each of the first three years of the term of the Corporation Options shall be equal to one-third of the number of such Corporation Options granted.

### *Lapse of Options*

In the event of the discharge of an optionee from the Corporation or a subsidiary for a wilful and substantial breach of such optionee's duties, all options granted to such optionee under the Stock Option Plan shall immediately cease and terminate. In the event of the resignation or termination of an optionee (other than for a wilful and substantial breach of such optionee's duties), such optionee may exercise each option then held by such optionee to the extent that such optionee was entitled to do so at the time of such resignation for a period of 90 days (or such later date as the Board may determine) following the effective date of such resignation (or such later date as the Board in its sole discretion may determine) or the expiry date of such options, whichever is earlier. In the event of the death of an optionee while a service provider, all options held by such optionee at the time of death which were exercisable at the time of death may be exercised by the optionee's legal representatives at any time until the first anniversary of the date of death. In the event of a take-over, arrangement (such as a merger, amalgamation or other similar form of business combination transaction), change in control or the sale of substantially all of the assets of the Corporation, options may be exercised within certain fixed time limits.

### *Adjustments*

Appropriate adjustments in the number of Common Shares and in the exercise price of the options, shall be made to give effect to adjustments in the number of Common Shares resulting from any subdivisions, consolidations or reclassifications of the Common Shares, the payment of stock dividends by the Corporation or other relevant changes in the capital structure of the Corporation.

### *Non-Assignability of Options*

Each Option granted under the Stock Option Plan is non-assignable by the optionee.

### *Amendments to Stock Option Plan*

The Board may amend, vary or discontinue the Stock Option Plan at any time subject to certain regulatory restrictions as well as certain restrictions contained in the Stock Option Plan. Certain amendments or variances specified in the Stock Option Plan as not requiring shareholder approval are, along with the discontinuance of the Stock Option Plan, nevertheless subject to the approval thereof by any stock exchanges on which the Common Shares are listed and posted for trading. In addition, certain types of amendments such as, reductions in the exercise price of outstanding options (except in certain cases), extensions of the term of an option (except in limited circumstances), and increases in the limit on the number of securities issued or issuable to insiders pursuant to equity compensation plans, also require shareholder approval.

### *Other Compensation – Stand-Alone RSUs and PSUs*

In September 2018, the Board granted to two executive officers an aggregate of 74,244 stand-alone RSUs and an aggregate of 27,662 stand-alone PSUs. These stand-alone RSUs and PSUs were not issued pursuant to the LTIP since the terms of the RSUs and PSUs were not wholly consistent with the terms of the LTIP. The stand-alone RSUs are settled in cash on a time-vested basis and the stand-alone PSUs are vested in cash based on certain performance based criteria set out in the award agreements governing the award grants.

### Other Compensation – The Legacy Plan

The Named Executive Officers were entitled to participate in the Legacy Plan, the purpose of which was to align the interests of participants with those of shareholders of Neo Cayman providing incentive compensation opportunities tied to performance of the securities of Neo Cayman. The Legacy Plan authorized the granting of equity-based compensation in the forms of options to purchase ordinary shares of Neo Cayman ("**Legacy Options**"), restricted share units ("**Legacy RSUs**"), and two series of performance units ("**Legacy PSUs**" and "**Legacy Additional PSUs**", respectively). There will be no further grants made under the Legacy Plan.

As of the date of this Circular, the following equity-based awards are outstanding under the Legacy Plan:

<b>Group</b>	<b>Legacy Options<sup>(1)</sup></b>	<b>Legacy RSU<sup>(1)</sup></b>	<b>Legacy PSU<sup>(1)</sup></b>	<b>Legacy Additional PSU<sup>(1)</sup></b>
Executive Officers and Employees.....	1,012,036	182,347	843,588	nil
Directors .....	86,672	7,225	72,228	nil

**Note:**

(1) The numbers reflected in this table indicate number of Common Shares underlying such awards, after giving effect to the Arrangement.

The number of Common Shares issuable on exercise of the Legacy Options and the exercise price per share have been adjusted to apply the exchange ratio applied in connection with the Arrangement. One-quarter of the Legacy Options vest on each of the first four anniversaries of the grant date, beginning on September 1, 2017. Upon the occurrence of a Liquidity Event (defined for the purposes of the Legacy Plan to be the consummation of a transaction or series of related transactions that results in the Oaktree and its affiliates ceasing to own at least 51% of the outstanding shares of the Corporation), the options vest immediately in full, subject to the participant's continued services to the Corporation through the completion of the Liquidity Event.

One-quarter of the Legacy RSUs vest on each of the first four anniversaries of the grant date, beginning on September 1, 2017. Upon the occurrence of a Liquidity Event, the Legacy RSUs vest immediately in full, subject to the participants continued services to the Corporation through the completion of the Liquidity Event.

Upon the occurrence of a Liquidity Event, one-third of the Legacy PSUs vest immediately provided that the total consideration received by the Corporation's shareholders in connection with such Liquidity Event exceeds an enumerated amount, an additional third will vest provided that Oaktree realized an internal rate of return of at least 10% upon such Liquidity Event, and the remaining one-third will vest provided that the Oaktree has realized an internal rate of return of at least 15% upon such Liquidity Event, in each case subject to the participant's continued service to the Corporation through the completion of the Liquidity Event.

Upon the occurrence of a Liquidity Event prior to December 31, 2018, one-half of the Legacy Additional PSUs vest and the remaining one-half will vest provided that the total consideration received by the Corporation's shareholders in connection with such Liquidity Event exceeds an enumerated amount, in each case subject to the participant's continued service to the Corporation through the completion of the Liquidity Event. Since a Liquidity Event did not occur prior to December 31, 2018, the Legacy Additional PSUs were cancelled.

The Corporation has assumed the obligation to issue Common Shares underlying the securities outstanding pursuant to the Legacy Plan. The number of Common Shares to be issued pursuant to the terms of the Legacy Options, Legacy RSUs, Legacy PSUs and Legacy Additional PSUs will reflect the application of the exchange rate applied on the completion of the Arrangement.

The holders of Legacy RSUs and Legacy PSUs are entitled to receive grants in tandem to each such Legacy RSU and Legacy PSU, a dividend equivalent (a "**Dividend Equivalent**") which entitles the holder thereof to accrue payments equal to a cash dividend declared on the Neo Cayman ordinary shares underlying each such Legacy RSU and Legacy PSU and subject to the vesting of the corresponding Legacy RSU or Legacy PSU, is payable in ordinary shares of

Neo Cayman. The Corporation has agreed to issue the equivalent number of Common Shares (based on a five day volume weighted average price ending on the day immediately preceding to date of issuance).

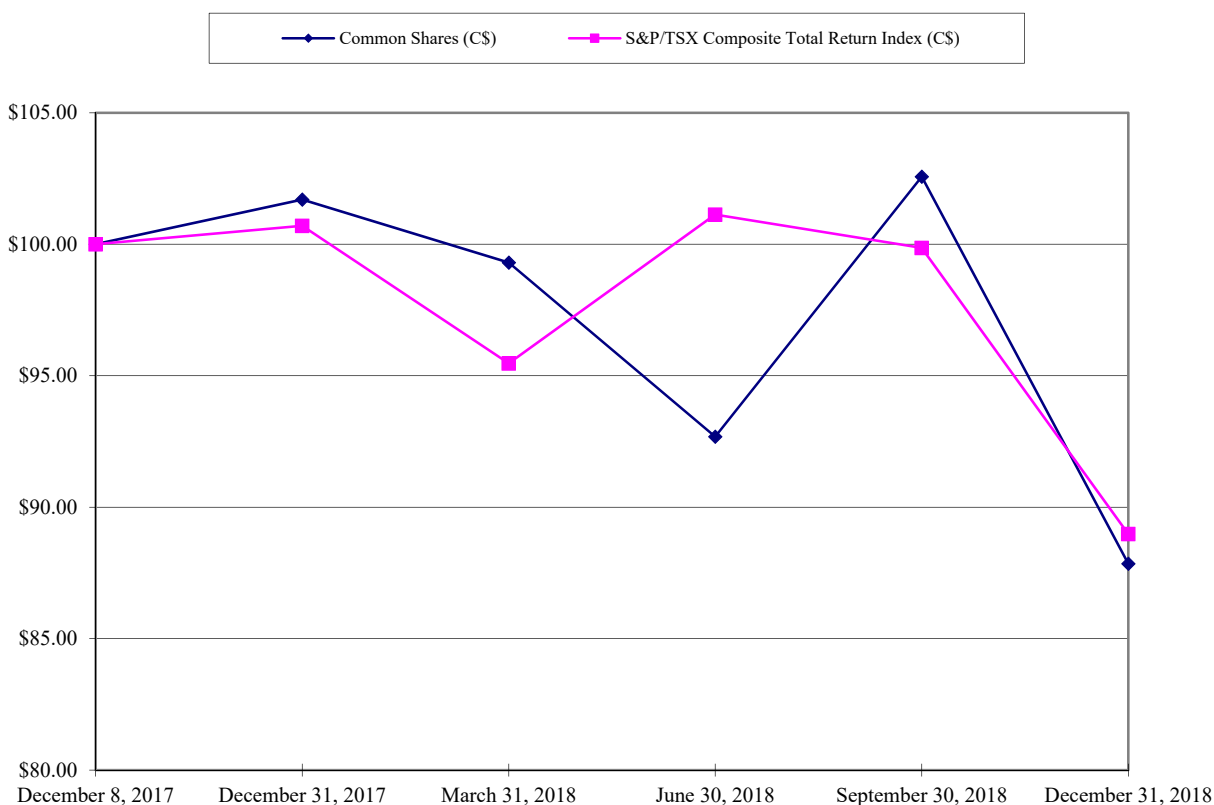
In the event of a stock dividend, extraordinary cash or stock dividend or other distribution or payment with respect to the Common Shares, among other events, the Legacy Plan (as assumed by the Corporation) provides that the Board shall, in good faith to be equitable to the holders of the Legacy RSUs, Legacy PSUs and Legacy Options (to prevent, among other things, dilution or enlargement of the rights of the holders), make appropriate adjustments to the applicable securities, underlying securities and/or the exercise prices of the respective awards.

### Clawback Policy

The Board has adopted an incentive compensation clawback policy that allows the Corporation to recover, from current and former executives, certain incentive compensation amounts awarded or paid to individuals if the individuals engaged in fraud or willful misconduct that led to inaccurate financial results reporting, regardless of whether the misconduct resulted in a restatement of all or part of the Corporation's financial statements.

### Performance Graph

The following line graph compares the cumulative return of the Common Shares based on the trading prices of the Common Shares on the TSX with the total return of the S&P/TSX Composite Index value (the "**TSX Index**") for the most recently completed fiscal year. The Common Shares commenced trading on the TSX on December 8, 2017 and the graph assumed that the dividends paid on the Common Shares were reinvested on the date paid.



	December 8, 2017	December 31, 2017	March 31, 2018	June 30, 2018	September 30, 2018	December 31, 2018
TSX Index	100.00	100.70	95.47	101.13	99.86	88.97
Common Shares	100.00	101.70	99.30	92.68	102.57	87.85

## ***Risks Associated with Compensation Policies and Practices***

The oversight and administration of the Corporation's executive compensation program requires the Compensation Committee to consider risks associated with the Corporation's compensation policies and practices. Potential risks associated with compensation policies and compensation awards are considered at annual reviews and also throughout the year whenever it is deemed necessary by the Compensation Committee.

The Corporation's executive compensation policies and practices are intended to align management incentives with the long-term interests of the Corporation and its shareholders. In each case, the Corporation seeks an appropriate balance of risk and reward. Practices that are designed to avoid inappropriate or excessive risks include: (i) financial controls that provide limits and authorities in areas such as capital and operating expenditures to mitigate risk taking that could affect compensation; (ii) balancing base salary and variable compensation elements; and (iii) spreading compensation across short and long-term programs.

## **Compensation of Named Executive Officers**

The following table sets out information concerning the targeted compensation to be earned by, paid to or awarded to the Named Executive Officers for the fiscal years ending December 31, 2018 and 2017.

<b>Name and principal position</b>	<b>Year</b>	<b>(US\$)</b>							
		<b>Salary<sup>(1)</sup></b>	<b>Non-equity incentive plan compensation</b>				<b>Pension value<sup>(3)</sup></b>	<b>All other compensation<sup>(4)</sup></b>	<b>Total compensation<sup>(1)</sup></b>
			<b>Option-based awards</b>	<b>Share-based awards<sup>(2)</sup></b>	<b>Annual incentive plans</b>	<b>Long-term incentive plans</b>			
Geoff Bedford..... <i>President and Chief Executive Officer</i>	2018	469,553	—	778,141	339,041	—	10,122	57,503 <sup>(5)</sup>	1,654,360
	2017	462,250	—	734,046	711,579	—	10,019	8,477	1,926,371
Rahim Suleman ..... <i>Executive Vice President and Chief Financial Officer</i>	2018	359,995	—	—	202,829	—	10,122	31,439	604,385
	2017	339,625	310,807	1,169,514	407,958	—	9,249	6,838	2,243,991
Kevin Morris ..... <i>Executive Vice President and Chief Operating Officer</i>	2018	388,129	—	—	218,745	—	11,000	40,895	658,769
	2017	382,500	—	—	459,460	—	10,800	15,446	868,206
Jeff Hogan ..... <i>Executive Vice President, C&amp;O</i>	2018	343,108	—	—	114,370	—	11,000	50,963	519,441
	2017	338,130	—	—	374,920	—	10,800	33,107	756,957
Greg Kroll <sup>(6)</sup> ..... <i>Executive Vice President, Magnequench</i>	2018	300,000	225,202	388,903	181,785	—	11,000	69,333	1,176,223
	2017	202,243	—	—	120,660	—	10,800	64,832	398,535

### **Notes:**

- (1) The Corporation reports its financial statements in U.S. dollars and the table above is shown in U.S. dollars. Mr. Morris, Mr. Hogan and Mr. Kroll are paid in U.S. dollars. Compensation for Messrs. Bedford and Suleman is made in Canadian dollars but has been converted for the table above at the Bank of Canada average annual exchange rate for the year ended December 31, 2018 of \$1.00 = C\$1.2957.
- (2) The fair value of RSUs vested at the vesting date will be estimated using the Black-Scholes option pricing model. The Corporation has adopted fair value accounting for options granted under the Stock Option Plan using the Black-Scholes fair value option pricing model, as established methodology.
- (3) Pension amounts include contributions of the Corporation to a defined contribution retirement savings or 401(k) plan.
- (4) Other than Mr. Bedford, none of the Named Executive Officers are entitled to perquisites or other personal benefits that are not generally available to all employees and which, in the aggregate, are worth over C\$50,000 or over 10% of their base salary.

- (5) Mr. Bedford receives no additional compensation in his capacity as a director of the Corporation. This amounts includes an option dividend equivalent amount equal to US\$49,271.
- (6) Mr. Kroll was appointed Executive Vice President, Magnequench on January 1, 2018.
- (7) The terms of Mr. Kroll's international assignment during 2017 include housing/exchange rate reimbursement/goods & services allowance and tax equalization payments. In 2017, the Corporation made payments of \$38,845, \$11,255 and \$4,200 for housing allowance, exchange rate reimbursement and goods & services allowance, respectively. There were no payments made in 2018.

*Incentive Plan Awards – Option-Based and Share-Based Awards Outstanding*

Name	Option-based Awards				Share-Based Awards		
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option Expiration Date	Value of unexercised in-the-money options <sup>(2)</sup> (\$)	Number of share-based awards that have not vested	Market or payout value of share-based awards that have not vested <sup>(2)</sup> (\$)	Market or payout value of vested share-based awards not paid out or distributed (\$)
Geoff Bedford .....	336,004 <sup>(1)</sup>	9.37	Sept 1, 2026	322,340	415,407	4,689,391	Nil
Rahim Suleman .....	168,004 <sup>(1)</sup>	9.37	Sept 1, 2026	161,172	167,782	1,894,035	Nil
Kevin Morris .....	168,004 <sup>(1)</sup>	9.37	Sept 1, 2026	161,172	167,782	1,894,035	Nil
Jeff Hogan .....	120,004 <sup>(1)</sup>	9.37	Sept 1, 2026	115,124	120,006	1,354,708	Nil
Greg Kroll .....	60,004 <sup>(1)</sup>	9.37	Sept 1, 2026	57,564	90,558	1,022,279	Nil
Greg Kroll .....	60,004	13.08	Sept 12, 2025	Nil			Nil

**Notes:**

- (1) The number reflects the number of Common Shares issuable on exercise of Legacy Options.
- (2) The value of the unexercised vested in-the-money options is calculated based on the share price on December 31, 2018 and using the Bank of Canada exchange rate as at December 31, 2018 of \$1.00 = C\$1.3642.

*Incentive Plan Awards – Value Vested or Earned*

The following table indicates, for each of the Named Executive Officers, a summary of the value of option-based awards and share-based awards vested in accordance with their terms during the fiscal year ending December 31, 2018.

Name	Option-based awards – Value vested during the fiscal year (\$) <sup>(1)(3)</sup>	Share-based awards – Value vested during the fiscal year (\$) <sup>(1)(4)</sup>	Non-equity incentive plan compensation – value vested during the fiscal year (\$) <sup>(2)</sup>
Geoff Bedford.....	161,170	358,702	339,041
Rahim Suleman.....	80,586	165,570	202,829
Kevin Morris.....	80,586	165,570	218,745
Jeff Hogan.....	57,562	119,222	114,370
Greg Kroll.....	28,782	99,308 <sup>(5)</sup>	181,785

**Notes:**

- (1) The annual incentive component of option based awards and share-based awards for Mr. Bedford and Mr. Suleman is calculated in Canadian dollars and has been converted into U.S. dollars for the table above at the Bank of Canada exchange rate as at December 31, 2018 of \$1.00 = C\$1.3642.
- (2) The annual incentive component of non-equity incentive plan compensation for Mr. Bedford and Mr. Suleman, is calculated in Canadian dollars and has been converted into U.S. dollars for the table above at the Bank of Canada average annual exchange rate for the year ended December 31, 2018 of \$1.00 = C\$1.2957.
- (3) Calculated using the share price as of December 31, 2018 less the exercise price of the applicable Legacy Option.
- (4) Calculated using the share price as of December 31, 2018.
- (5) Includes the first vesting of 25% of the Stand-Alone RSUs, which was settled in cash.

**Retirement Plan Benefits**

All of the Named Executive Officers participate in a defined contribution retirement savings plan. The Corporation together with its affiliates contribute the following amounts directly to the individuals' retirement savings account:

- (1) 5% of combined base salary and bonus (to a maximum of C\$13,115 in 2018) for Mr. Bedford and Mr. Suleman; and
- (2) 4% of combined base salary and bonus (to a maximum of \$11,000 for 2018) for Mr. Morris, Mr. Hogan and Mr. Kroll.

*Defined Contribution Retirement Savings Plan Table*

Name	Accumulated Value at Start of Year (\$)	Compensatory Amount (\$) <sup>(2)</sup>	Accumulated Value at Dec. 31, 2018 (\$)
Geoff Bedford <sup>(1)</sup> .....	199,452	9,614	216,987
Rahim Suleman <sup>(1)</sup> .....	18,460	9,614	37,750
Kevin Morris.....	245,998	11,000	250,296
Jeff Hogan.....	580,734	11,000	578,576
Greg Kroll.....	767,171	11,000	747,278

**Notes:**

- (1) For Messrs. Bedford and Suleman, the values are shown as converted from Canadian dollars to U.S. dollars at \$1.00 = C\$1.3642, being the Bank of Canada exchange rate as at December 31, 2018.
- (2) Indicates the contributions of the Corporation to a defined contribution retirement savings or 401(k) plan.

## **Employee Agreements and Termination and Change of Control Benefits**

Each of the Named Executive Officers has employment agreements with Neo or a subsidiary thereof, that contain termination payment provisions. These agreements are reviewed from time to time and amended accordingly subject to Board approval.

### ***Geoff Bedford – President and Chief Executive Officer***

Geoff Bedford, the President and Chief Executive Officer, entered into an amended and restated employment agreement with Neo on January 1, 2018, with an indefinite term. The employment agreement provides that Mr. Bedford will be employed as President and Chief Executive Officer of Neo and its affiliates.

If Neo terminates Mr. Bedford's employment as a result of the death or disability of Mr. Bedford or willful failure to properly perform his duties, Neo shall thereupon pay to him, in a single payment within 30 days of the date of termination, accrued salary, benefits, perquisites and vacation to the date of termination. The Corporation estimates that if Mr. Bedford's employment had been terminated on December 31, 2018 for the reasons described above, no further payments would have been made to Mr. Bedford beyond what is due to him up to such date.

Upon the termination by Neo of the employment of Mr. Bedford other than for cause or Mr. Bedford terminates his employment for good reason, Neo shall thereupon pay to him (i) in a single payment within 30 days of the date of termination, accrued vacation pay and perquisites, (ii) over a period of 24 months, an amount equal to twice his base salary, and (iii) employee benefits (other than short and long-term disability benefits) for the 24 month period set out in (ii) above. The Corporation estimates that if Mr. Bedford's employment had been terminated on December 31, 2018 for any of the reasons described above, he would have been entitled to an aggregate payment of up to approximately \$952,600 (excluding supplementary benefits and other perquisites).

If, during the 24 months following a "change of control" (as defined in Mr. Bedford's employment agreement), Neo terminates Mr. Bedford's employment, or Mr. Bedford terminates his employment for good reason, Neo shall pay to him a lump sum "change of control" payment equivalent to the aggregate of (i) twice his then current base salary; (ii) the targeted bonus amount for the applicable year, (iii) in a single payment within 30 days of the date of termination, accrued vacation pay and perquisites, and (iv) employee benefits (other than short and long term disability benefits) for the 24 month period following the date of retirement. The Corporation currently estimates that in the event that the "change of control" provisions were triggered in 2018 and Mr. Bedford had terminated his employment for good reason in accordance with his employment agreement with an effective date of December 31, 2018, Mr. Bedford would have been entitled to a lump sum "change of control" payment of up to approximately \$1,342,200 (excluding supplementary benefits, value of accelerated equity vesting and other perquisites).

### ***Rahim Suleman – Executive Vice President and Chief Financial Officer***

Rahim Suleman, the Executive Vice President and Chief Financial Officer, entered into an amended and restated employment agreement with Neo on January 1, 2018, with an indefinite term. The employment agreement provides that Mr. Suleman will be employed as Executive Vice President and Chief Financial Officer of Neo and its affiliates.

If Neo terminates Mr. Suleman's employment as a result of the death or disability of Mr. Suleman or willful failure to properly perform his duties, Neo shall thereupon pay to him, in a single payment within 30 days of the date of termination, accrued salary, benefits, perquisites and vacation pay to the date of termination. The Corporation estimates that if Mr. Suleman's employment had been terminated on December 31, 2018 for the reasons described above, no further payments would have been made to Mr. Suleman beyond what is due to him on such date.

Upon the termination by Neo of the employment of Mr. Suleman other than for cause or Mr. Suleman terminates his employment for good reason, Neo shall thereupon pay to him (i) in a single payment within 30 days of the date of termination, accrued vacation pay and perquisites, (ii) over a period of up to 24 months, an amount equal to 18 months of his base salary plus one additional month of salary for every full year of service, and (iii) employee benefits (other than short and long-term disability benefits) for the 24 month period set out in (ii) above. The Corporation estimates that if Mr. Suleman's employment had been terminated on December 31, 2018 for any of the reasons described above,



he would be entitled to an aggregate payment of up to approximately \$588,800 (excluding supplementary benefits and other perquisites).

If, during the 24 months following a "change of control" (as defined in Mr. Suleman's employment agreement), Neo terminates Mr. Suleman's employment, or Mr. Suleman terminates his employment for good reason, Neo shall pay to him a lump sum "change of control" payment equivalent to the aggregate of (i) twice his then current base salary; (ii) the targeted bonus amount for the applicable year, (iii) in a single payment within 30 days of the date of termination, accrued vacation pay and perquisites, and (iv) employee benefits (other than short and long-term disability benefits) for the 24 month period following the date of retirement. The Corporation currently estimates that in the event that the "change of control" provisions were triggered in 2018 and Mr. Suleman had terminated his employment for good reason in accordance with his employment agreement with an effective date of December 31, 2018, Mr. Suleman would have been entitled to a lump sum "change of control" payment of up to approximately \$960,800 (excluding supplementary benefits, value from accelerated equity vesting and other perquisites).

#### ***Kevin Morris – Executive Vice President and Chief Operating Officer***

Kevin Morris, the Executive Vice President and Chief Operating Officer, entered into the third amended and restated employment agreement with Neo Chemicals & Oxides, LLC ("**Neo C&O**") on January 1, 2018, with an indefinite term. The employment agreement provides that Mr. Morris will be employed as Executive Vice President and Chief Operating Officer of Neo and its affiliates.

If Neo C&O terminates Mr. Morris' employment as a result of the death or disability of Mr. Morris or willful failure to properly perform his duties, Neo C&O shall thereupon pay to him, in a single payment within 30 days of the date of termination, accrued salary, benefits, perquisites and vacation to the date of termination. The Corporation estimates that if Mr. Morris' employment had been terminated on December 31, 2018 for the reasons described above, no further payments would have been made to Mr. Morris beyond what is due to him up to such date.

Upon the termination by Neo C&O of the employment of Mr. Morris for other than for cause or Mr. Morris terminates his employment for good reason, Neo C&O shall thereupon pay to him (i) in a single payment within 30 days of the date of termination, accrued vacation pay and perquisites, (ii) over a period of 24 months, an amount equal to 18 months of his base salary plus one additional month of salary for every full year of services, and (iii) employee benefits (other than short and long-term disability benefits) for the 18 month period. The Corporation estimates that if Mr. Morris' employment were to have been terminated on December 31, 2018 for any of the reasons described above, he would have been entitled to an aggregate payment of up to approximately \$847,600 (excluding supplementary benefits and other perquisites).

If, during the 24 months following a "change of control" (as defined in Mr. Morris' employment agreement), Neo C&O terminates Mr. Morris' employment, or Mr. Morris terminates his employment for good reason, Neo C&O shall pay to him a lump sum "change of control" payment equivalent to the aggregate of (i) twice his then current base salary; (ii) the targeted bonus amount for the applicable year, (iii) in a single payment within 30 days of the date of termination, accrued vacation pay and perquisites, and (iv) employee benefits (other than short and long-term disability benefits) for the 18 month period following the date of retirement. The Corporation currently estimates that in the event that the "change of control" provisions were triggered in 2018 and Mr. Morris had terminated his employment for good reason accordance with his employment agreement with an effective date of December 31, 2018, Mr. Morris would have been entitled to a lump sum "change of control" payment of up to approximately \$1,099,900 (excluding supplementary benefits value, from accelerated equity vesting and other perquisites).

#### ***Jeff Hogan – Executive Vice President, Chemicals & Oxides***

Jeff Hogan, the Executive Vice President, Chemical & Oxides, entered into the third amended and restated employment agreement with Neo C&O on January 1, 2018, with an indefinite term. The employment agreement provides that Mr. Hogan will be employed as Executive Vice President, Chemicals & Oxides.

If Neo C&O terminates Mr. Hogan's employment as a result of the death or disability of Mr. Hogan or willful failure to properly perform his duties, Neo C&O shall thereupon pay to him, in a single payment within 30 days of the date of termination, accrued salary, benefits, perquisites and vacation pay to the date of termination. The Corporation

estimates that if Mr. Hogan's employment were to have been terminated on December 31, 2018 for any of the reasons described above, no further payments would be made to Mr. Hogan beyond what is due to him up to such date.

Upon the termination by Neo C&O of the employment of Mr. Hogan other than for cause or Mr. Hogan terminates his employment for good reason, the Corporation shall thereupon pay to him (i) in a single payment within 30 days of the date of termination, accrued vacation pay and perquisites, (ii) an amount equal to twice his base salary over a period of 24 months, and (iii) employee benefits (other than short and long-term disability benefits) for 18 months. The Corporation estimates that if Mr. Hogan's employment were to have been terminated on December 31, 2018 for the reasons described above, he would have been entitled to an aggregate payment of up to approximately \$755,000 (excluding supplementary benefits and other perquisites).

If, during the 24 months following a "change of control" (as defined in Mr. Hogan's employment agreement), Neo C&O terminates Mr. Hogan's employment, or Mr. Hogan terminates his employment for good reason, Neo C&O shall pay to him a lump sum "change of control" payment equivalent to the aggregate of (i) twice his then current base salary; (ii) the targeted bonus amount for the applicable year, (iii) in a single payment within 30 days of the date of termination, accrued vacation pay and perquisites, and (iv) employee benefits (other than short and long-term disability benefits) for the 18 month period following the date of retirement. The Corporation currently estimates that in the event that the "change of control" provisions were triggered in 2018 and Mr. Hogan had terminated his employment for good reason in accordance with his employment agreement with an effective date of December 31, 2018, Mr. Hogan would have been entitled to a lump sum "change of control" payment of up to approximately \$960,800 (excluding supplementary benefits value accelerated equity vesting and other perquisites).

#### ***Greg Kroll – Executive Vice President, Magnequench***

Greg Kroll, the Executive Vice President, Magnequench, entered into an employment agreement with Neo Singapore on January 1, 2018, with an indefinite term. The employment agreement provides that Mr. Kroll will be employed as Executive Vice President, Magnequench.

If Neo Singapore terminates Mr. Kroll's employment as a result of the death or disability of Mr. Kroll or willful failure to properly perform his duties, Neo Singapore shall thereupon pay to him, in a single payment within 30 days of the date of termination, accrued salary, benefits, perquisites and vacation pay to the date of termination. The Corporation estimates that if Mr. Kroll's employment were to have been terminated on December 31, 2018 for any of the reasons described above, no further payments would be made to Mr. Kroll beyond what is due to him up to such date.

Upon the termination by Neo Singapore of the employment of Mr. Kroll other than for cause or Mr. Kroll terminates his employment for good reason, the Corporation shall thereupon pay to him (i) in a single payment within 30 days of the date of termination, accrued vacation pay and perquisites, (ii) an amount equal to twice his base salary over a period of 24 months, and (iii) employee benefits (other than short and long-term disability benefits) for 18 months. The Corporation estimates that if Mr. Kroll 's employment were to have been terminated on December 31, 2018 for the reasons described above, he would have been entitled to an aggregate payment of up to approximately \$666,300 (excluding supplementary benefits and other perquisites).

If, during the 24 months following a "change of control" (as defined in Mr. Kroll 's employment agreement), Neo Singapore terminates Mr. Kroll 's employment, or Mr. Kroll terminates his employment for good reason, Neo Singapore shall pay to him a lump sum "change of control" payment equivalent to the aggregate of (i) twice his then current base salary; (ii) the targeted bonus amount for the applicable year, (iii) in a single payment within 30 days of the date of termination, accrued vacation pay and perquisites, and (iv) employee benefits (other than short and long-term disability benefits) for the 18 month period following the date of retirement. The Corporation currently estimates that in the event that the "change of control" provisions were triggered in 2018 and Mr. Kroll had terminated his employment for good reason in accordance with his employment agreement with an effective date of December 31, 2018, Mr. Kroll would have been entitled to a lump sum "change of control" payment of up to approximately \$846,300 (excluding supplementary benefits value accelerated equity vesting and other perquisites).

## Director Compensation

The directors' compensation program is designed to attract and retain qualified individuals to serve on the Board. Non-executive directors are paid an annual retainer fee, with additional amounts paid to each chair of the Board, Compensation Committee and Audit Committee. The Board is satisfied that its fee structure is reasonable for a company that operates in 10 countries and shares many of the complexities of other global multi-national organizations having significantly higher market capitalizations.

### Deferred Share Units

On May 9, 2018, the Corporation established a Directors Share Unit Plan (the "**DSU Plan**") for members of the Board. Under the DSU Plan, the Compensation Committee determines, once a year, what portion of the directors' annual remuneration shall be paid as Deferred Share Units ("**DSU**"). DSUs are fully vested upon issuance, and accumulate dividend equivalents in the form of additional DSUs based on the dividends paid on the Common Shares. DSUs are redeemable for cash only following retirement from the Board or death of the director. The value of the DSU when converted to cash will be equivalent to the market value of the Common Shares at the time the conversion takes place. The Corporation granted the first annual grants of DSUs to three directors after the annual shareholder meeting held in June 2018.

The following table sets out the fee structure of the Board in 2018:

<b>(all figures in US\$)</b>	<b>Cash Portion</b>	<b>DSU Portion</b>	<b>Total</b>
Board Chair Retainer	140,000	100,000	240,000
Non-Executive Board Member Retainer	50,000	75,000	125,000
Lead Director Retainer	50,000	75,000	125,000
Audit Committee Chair Retainer	20,000	Nil	20,000
Audit Committee Member Retainer	5,000	Nil	5,000
Compensation Committee Chair Retainer	10,000	Nil	10,000
Compensation Committee Member Retainer	5,000	Nil	5,000
Corporate Governance Committee Chair Retainer	10,000	Nil	10,000
Corporate Governance Committee Member Retainer	5,000	Nil	5,000

**Notes:**

- (1) All directors are entitled to reimbursement of reasonable expenses incurred by them acting in their capacity as directors.
- (2) No directors fees are payable to directors who are executive officers of the Corporation or to directors who are nominees of Oaktree.

### Director compensation table

Cash fees were paid to non-executive directors in 2018. The directors are reimbursed for miscellaneous out-of-pocket expenses incurred in carrying out their duties as directors.

The following table sets out the total compensation earned by each non-executive director who served in that capacity for any part of the most recently completed financial year:

<b>Name</b>	<b>Fees earned (\$)</b>	<b>Option Based Awards</b>	<b>Share Based Awards (\$)</b>	<b>Other Compensation (\$)</b>	<b>Total (\$)</b>
Constantine E. Karayannopoulos	140,000	Nil	100,000	Nil	240,000
Eric Noyrez	72,000	Nil	75,000	Nil	147,000
Claire M.C. Kennedy	70,000	Nil	75,000	Nil	145,000

### Directors' Incentive Plan Awards – Option-Based and Share-Based Awards Outstanding

Certain directors of Neo Cayman, who are now directors of Neo, were granted Legacy Options, Legacy RSUs and Legacy PSUs in 2016 under the Legacy Plan. See "Other Compensation – The Legacy Plan" to purchase ordinary shares of Neo Cayman pursuant to the Legacy Plan. Since the Corporation has assumed the obligation to issue Common Shares underlying the securities outstanding pursuant to the Legacy Plan, the Legacy Options when exercised, and the Legacy RSUs and Legacy PSUs when vested, will result in the issuance of Common Shares rather than ordinary shares of Neo Cayman.

Name	Option-based Awards				Share-Based Awards		
	Number of securities underlying unexercised options (#) <sup>(1)</sup>	Option exercise price (\$)	Option Expiration Date	Value of unexercised in-the-money options <sup>(2)</sup> (\$)	Number of share-based awards that have not vested	Market or payout value of share-based awards that have not vested (\$)	Market or payout value of vested share-based awards not paid out or distributed (\$)
Constantine E. Karayannopoulos .....	53,336	9.37	Sept 1, 2026	51,167	48,893	551,937	Nil
Eric Noyrez .....	33,336	9.37	Sept 1, 2026	31,980	30,560	344,982	Nil

#### Notes:

- (1) The number reflects the number of Common Shares issuable on exercise of Legacy Options.
- (2) The value of the unexercised in-the-money options is calculated based on the share price on December 31, 2018 and using the Bank of Canada exchange rate as at December 31, 2018 of \$1.00 = C\$1.3642.

### Incentive Plan Awards – Value Vested or Earned

The following table indicates, for certain directors, a summary of the value of option-based awards and share-based awards expected to be vested in accordance with their terms during the fiscal year ending December 31, 2018.

Name	Option-based awards – Value vested during the fiscal year (\$) <sup>(1)(2)</sup>	Share-based awards – Value vested during the fiscal year (\$) <sup>(3)</sup>
Constantine E. Karayannopoulos .....	25,584	21,195
Eric Noyrez .....	15,990	13,256

#### Notes:

- (1) The option based awards and the long-term incentive component of non-equity incentive plan compensation is calculated in Canadian dollars and has been converted into U.S. dollars for the table above at the Bank of Canada as at December 31, 2018 of \$1.00 = C\$1.3642.
- (2) Calculated using the share price as of December 31, 2018 less the exercise price of the applicable Legacy Option.
- (3) Calculated using the share price as of December 31, 2018.

### Indemnification and Insurance

The Corporation maintains director and officer liability insurance to limit the Corporation's exposure to claims against, and to protect, its directors and officers. In addition, the Corporation or Neo, as the case may be, has entered into indemnification agreements with each of its directors and officers. The indemnification agreements require that the Corporation or Neo, as the case may be, indemnify and hold the indemnitees harmless to the greatest extent permitted

by law for liabilities arising out of the indemnitees' service to the Corporation as directors and officers, provided that the indemnitees acted honestly and in good faith and in a manner the indemnitees reasonably believed to be in, or not opposed to, the Corporation's best interests. The indemnification agreements also provide for the advancement of defense expenses to the indemnitees by the Corporation.

## INDEBTEDNESS OF DIRECTORS AND OFFICERS OF THE CORPORATION

As of the date of this Circular, the aggregate indebtedness to the Corporation of all officers, directors and employees of the Corporation, excluding routine indebtedness (as defined in applicable securities regulations), in connection with the early payment, for tax planning purposes, of an annual incentive is set out in the chart below. The indebtedness bears no interest and is due to be repaid in full by December 31, 2019 by reducing the annual option dividend equivalent payment owed to such Named Executive Officers pursuant to the terms thereof.

Name and Principal Position	Involvement of the Corporation or Subsidiary	Largest Amount Outstanding During 2018 (\$)	Amount Outstanding as at May 9, 2019 (\$)	Financially Assisted Securities Purchased During 2018	Security for Indebtedness	Amount Forgiven during 2018
Kevin Morris <i>Executive Vice President and Chief Operating Officer</i>	Loan from the Corporation	26,255	26,255	Nil	Nil	Nil
Jeff Hogan <i>Executive Vice President, C&amp;O</i>	Loan from the Corporation	13,630	13,630	Nil	Nil	Nil
Greg Kroll <i>Executive Vice President, Magnequench</i>	Loan from the Corporation	10,215	10,215	Nil	Nil	Nil

## CORPORATE GOVERNANCE OF THE CORPORATION

### Statement of Corporate Governance Practices

National Instrument 58-101 - *Disclosure of Corporate Governance Practices* (the "**Guidelines**") requires certain disclosure regarding the corporate governance practices of the Corporation. The Corporation is pleased to make the following disclosure regarding its corporate governance policies.

The Corporation's articles of incorporation provide that its Board be comprised of a minimum of three and a maximum of 15 directors. In accordance with the OBCA, the Board may appoint one or more additional directors who shall hold office until the close of the next annual meeting of shareholders, provided that the total number of directors so appointed may not exceed one-third of the number of directors elected at the previous annual meeting of shareholders. Further particulars of the process by which compensation for the executive officers is determined is provided under "*Executive Compensation – Compensation Discussion and Analysis*".

The Corporation's Board is currently comprised of nine directors: Constantine Karayannopoulos, Eric Noyrez, Geoff Bedford, Nicholas Basso, Brook Hinchman, Edgar Lee, Claire Kennedy, Aman Kumar and Emily Stephens.

The Board has established the Audit Committee, the Compensation Committee and the HESS Committee and has approved mandates for each of these committees, which are described below. The Board has delegated to the applicable committee those duties and responsibilities set out in each committee's mandate. The mandate of the Board, as well as the mandates of various Board committees, set out in writing the responsibilities of the Board and the committees for supervising the Chief Executive Officer.

The Corporation currently does not have a nominating committee and the Board as a whole identifies new candidates for the Board where and when appropriate, who have expertise in an area of strategic importance to the Corporation, a willingness to serve on the Board and any of its committees and the ability to devote sufficient time to Board service.

## **Board of Directors Mandate**

The Board, directly and through its committees, oversees management and is responsible for the stewardship of the Corporation, ensuring that long-term value is being created for all of its shareholders while considering the interests of the Corporation's various stakeholders including shareholders, employees, clients, suppliers and the community.

The responsibilities of the Board include, among other things, ensuring that:

- all Board members understand the business of the Corporation;
- processes are in place to effectively plan, monitor and manage the long-term viability of the Corporation;
- there is a balance between long and short-term goals and risks;
- management's performance is adequate and that an adequate management succession plan is in place;
- communication with shareholders and other stakeholders is timely and effective;
- the Board shall adopt appropriate procedures designed to permit the Board to receive feedback from shareholders on material issues;
- business is conducted ethically and in compliance with applicable laws and regulations; and
- all matters requiring shareholder approval are referred to the Board.

A copy of the mandate of the Board is attached as Appendix "B" to this Information Circular.

## **Independence**

The Board is comprised of nine directors. Three of whom are independent of management and Oaktree (being Eric Noyrez, Constantine Karayannopoulos and Claire Kennedy). Five of whom are independent in accordance with the requirements of National Instrument 58-101 – *Disclosure of Corporate Governance Practices*, but not independent in accordance with the requirements of National Instrument 52-110 – *Audit Committees*, as they are executive officers of Oaktree (being Nicholas Basso, Brook Hinchman, Aman Kumar, Edgar Lee and Emily Stephens, see "*Oaktree Representation*" below). One of whom (being Geoff Bedford, the President and Chief Executive Officer of the Corporation) is not independent.

In addition to chairing all Board meetings, Mr. Karayannopoulos' role as the Chair is to facilitate and chair discussions among the Corporation's independent directors, facilitate communication between the independent directors and the Corporation's management and, if and when necessary, act as a spokesperson on behalf of the Board in dealing with the press and members of the public. The Board holds regularly scheduled meetings as well as ad hoc meetings from time to time.

The Board recognizes the importance of independent leadership on the Board, and has appointed Eric Noyrez, independent director, as Lead Director. The Board has developed a formal position description for the Lead Director of the Board. The position description for the Lead Director of the Board provides, among other things, that the Lead Director: (i) provides input to the Chair of the Board on preparation of agendas for meetings of the Board; (ii) assists the Chair to endeavour to ensure Board leadership responsibilities are conducted in a manner that allows the Board to function independently of management; (iii) considers, and allows for, when appropriate, a meeting of all independent directors, so that Board meetings can take place without management being present; and (iv) endeavours to ensure reasonable procedures are in place for directors to engage outside advisors at the expense of the Corporation in appropriate circumstances, subject to his or her prior approval.

The Board delegates a number of responsibilities to the Audit Committee and the Compensation Committee. Where potential conflicts arise during a director's tenure on the Board, such conflicts are expected to be immediately disclosed to the Board.

### **Audit Committee**

The Audit Committee of the Corporation is responsible for the Corporation's 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 the Corporation'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 the Corporation'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.

#### ***Composition of the Audit Committee***

The Board members of the Corporation's Audit Committee are:

<b>Name</b>	<b>Independent</b>	<b>Financially Literate</b>
Claire Kennedy (Chair) .....	Yes	Yes
Eric Noyrez.....	Yes	Yes
Constantine E. Karayannopoulos.....	Yes	Yes

#### ***Relevant Education and Experience***

<b>Name of Member</b>	<b>Relevant Experience and Qualifications</b>
<b>Claire Kennedy (Chair)</b>	Ms. Kennedy has been a director of Neo since October 2017. Ms. Kennedy was a member of the board of directors of NEM from February 2010 to June 2012 and sat on the Audit Committee. Ms. Kennedy has been a Partner in the Toronto office of Bennett Jones LLP since 2009, where she provides corporate tax and transfer pricing advice to clients. In 2018, she became Managing Partner, Clients and Industries at Bennett Jones LLP. Ms. Kennedy is Lead Director of the Bank of Canada, and Chair of the Audit & Finance Committee. She is also a director of Alamos Gold Inc., which is listed on the TSX and NYSE. Claire received her ICD.D designation from the Institute of Corporate Directors and she has completed the Making Corporate Boards More Effective program at Harvard Business School and the Advanced Management Program at the University of Chicago's Booth School of Business. She is a Professional Engineer and holds a Bachelor of Laws degree from Queen's University and a Bachelor of Applied Science degree in Chemical Engineering from the University of Toronto. Claire is also Chair of the Governing Council of the University of Toronto and is a member of the Dean's Advisory Board at Rotman.
<b>Eric Noyrez</b>	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 since August 31, 2016. In October 2018, he was appointed the Chief Executive Officer of Serra Verde Mineracao, a company aiming at developing and producing a rare earths concentrate. Since 2014, he shares his business activities as a board member and advisor. He previously served as the Chief Executive Officer and Executive Director of Lynas Corporation, an integrated rare earth mining and separation company, from March 2013 to June 2014, President from March 2011 to March 2013 and Chief Operating Officer from February 2010 to March 2013.

Name of Member	Relevant Experience and Qualifications
<b>Constantine E. Karayannopoulos</b>	Mr. Karayannopoulos is also the Chairman of the board of directors of Neo Lithium Corp. since February 9, 2016. Previously, he was Chairman and Director of Neo C&O LLC ("Neo C&O") from August 31, 2016. The board of directors of Neo C&O acted as an advisory board to Neo Cayman. He was Chairman and Director of Molycorp between December 2013 and August 2016. Prior thereto, he was the President and Chief Executive Officer and a Director of Molycorp from December 2012 to December 2013. He was Vice-Chairman and Director of Molycorp from June 2012 to December 2012. Mr. Karayannopoulos served as Director, President and Chief Executive Officer of NEM until Molycorp acquired NEM in June 2012.

***Audit Committee Oversight***

Since the commencement of the Corporation'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 the Corporation wishes to retain the services of the Corporation's external auditors for any non-audit services, prior approval of the Audit Committee must be obtained.

***Audit Fees***

The following table provides details in respect of audit, audit related, tax and other fees billed to the Corporation by the external auditors for professional services.

	Year ended December 31, 2018 (\$)	Year ended December 31, 2017 (\$)
Audit Fees	2,282,300	3,178,120
Audit Related Fees	449,098	2,755
Tax Fees	352,465	363,350
All Other Fees	85,725	\$nil

***HESS Committee***

The primary function of the Health, Environment, Safety and Sustainability ("**HESS**") Committee of the Board is to assist the Board in fulfilling its oversight responsibilities relating to the Company's policies, standards, goals and objectives, and compliance systems regarding HESS matters. The HESS Committee shall provide oversight on work relative to: (i) the protection of the health and safety of employees, contractors, customers, and the public; (ii) the protection of Company property; (iii) the protection of the environment and; (iv) the promotion of sustainable business practices.

***Orientation and Continuing Education***

New directors of the Corporation will participate in an initial information session on the Corporation in the presence of its senior executive officers to learn about, among other things, the business of the Corporation, its financial situation and its strategic planning. In addition, new directors will be furnished with appropriate documentation, providing them with information about, among other matters, the corporate governance practices of the Corporation, the structure of the Board and its committees, the Corporation's history, its commercial activities, its corporate



organization, the charters of the Board and its committees, the Corporation's articles of incorporation and by-laws, the Code of Conduct (as defined below) and other relevant corporate policies.

The Corporation will encourage all directors to attend continuing education programs and intends to facilitate 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, the Corporation's management will periodically make presentations to the directors on various topics, trends and issues related to the Corporation's activities during meetings of the Board or its committees, which will be intended to help the directors to constantly improve their knowledge about the Corporation and its business.

### ***Ethical Business Conduct***

The Board has adopted a written Code of Conduct (the "**Code of Conduct**") that applies to all of its directors, officers and employees, as well as its direct and indirect subsidiaries. The objective of the Code of Conduct is to provide guidelines for demonstrating the highest standard of business conduct and enhancing its reputation for honesty, integrity and the faithful performance of undertakings. The Code of Conduct addresses maintaining a positive work environment, conflicts of interest, confidentiality, use and protection of the Corporation's assets and inventions, use of the Corporation's email and Internet services, financial integrity, compliance with laws and reporting misconduct. As part of its Code of Conduct, any person subject to the Code of Conduct is required to avoid any activity, interest (financial or otherwise) or relationship that would create or appear to create a conflict of interest.

The directors are responsible for monitoring compliance with the Code of Conduct, for regularly assessing its adequacy, for interpreting the Code of Conduct in any particular situation and for approving changes to the Code of Conduct from time to time. As part of the Board monitoring compliance with the Code of Conduct, the Corporation has established procedures by which employees can make a confidential report of wrongdoing or suspected wrongdoing through a third party Corporation. The Board receives and reviews such reports on a regular basis.

Directors and executive officers are required by applicable law and the Corporation's corporate governance practices and policies to promptly disclose any potential conflict of interest that may arise. If a director or executive officer has a material interest in an agreement or transaction, applicable law and principles of sound corporate governance require them to declare the interest in writing and where required by applicable law, to abstain from voting with respect to such agreement or transaction.

A copy of the Code of Conduct may be obtained free of charge by contacting the Corporation and is available for review under the Corporation's profile on the SEDAR website at [www.sedar.com](http://www.sedar.com).

The Corporation has also adopted a disclosure policy, which complements the obligations of its directors, officers and employees under the Code of Conduct.

### ***Assessments***

The Board does not formally review the contribution and effectiveness of the Board, its members or committees. The Board believes that its size facilitates an informal review process through discussion and evaluation between the Chair of the Board, the Lead Director, the Chief Executive Officer and the Chair of the Compensation Committee.

### ***Majority Voting Policy***

In accordance with the requirements of the TSX, the Corporation has adopted a majority voting policy in director elections that will apply at any meeting of its shareholders where an uncontested election of directors is held. Pursuant to this policy, if the number of proxy votes withheld for a particular director nominee is greater than the votes for such director, the director nominee will be required to submit his or her resignation as a director to the Chair of the Board promptly following the applicable shareholders' meeting. Following receipt of the resignation, the Board will consider whether or not to accept the offer of resignation, and will do so absent exceptional circumstances. Within 90 days following the applicable shareholders' meeting, the Board shall publicly disclose its decision whether or not to accept the applicable director's resignation, including the reasons for rejecting the resignation, if applicable. A director who

tenders his or her resignation pursuant to this policy will not be permitted to participate in any meeting of the Board at which the resignation is considered.

### **Board Removal**

The Corporation has not adopted term limits or other mechanisms of Board renewal for directors of the Corporation. The Board believes that the need to have experienced directors who are familiar with the business of the Corporation must be balanced with the need for renewal, fresh perspectives and a healthy skepticism when assessing management and its recommendations. In addition, as mentioned above, the Board undertakes an assessment process that evaluates its effectiveness.

While term limits can help ensure the Board gains fresh perspective, the Board believes that term limits have the disadvantage of losing the contribution of directors who have been able to develop, over a period of time, increasing insight into the Corporation and its operations and thereby provide an increasing contribution to the Board as a whole.

### **Board and Executive Officer Diversity**

The Corporation recognizes and embraces the benefits of having diversity on the Board and in its senior management. Presently, the Corporation has two female directors, representing approximately 22% of the directors of the Corporation.

The Corporation also recognizes that the Board and its senior management appointments must be based on performance, ability, merit and potential. Therefore, the Corporation ensures a merit-based competitive process for appointments. The Corporation's commitment to diversity will include ensuring that diversity is fully considered by the Board in identifying, evaluating and recommending Board appointees/nominees. Accordingly, the Corporation has not adopted a diversity policy at this time.

With respect to the Board composition, as appropriate, the Board will: (i) assess the effectiveness of the Board appointment/nomination process at achieving the Corporation's diversity objectives; and (ii) consider and, if determined advisable, recommend for adoption, measurable objectives for achieving diversity on the Board. At any given time, the Board may seek to adjust one or more objectives concerning diversity and measure progress accordingly.

### **By-Laws**

#### *Advance Notice Provisions*

The by-laws of the Corporation include certain advance notice provisions with respect to the election of directors (the "**Advance Notice Provisions**"). The Advance Notice Provisions are intended to: (i) facilitate orderly and efficient annual general meetings or, where the need arises, special meetings; (ii) ensure that all shareholders receive adequate notice of Board nominations and sufficient information with respect to all nominees; and (iii) allow shareholders to register an informed vote. Only persons who are nominated by shareholders in accordance with the Advance Notice Provisions will be eligible for election as directors at any annual meeting of shareholders, or at any special meeting of shareholders if one of the purposes for which the special meeting was called was the election of directors.

Under the Advance Notice Provisions, a shareholder wishing to nominate a director would be required to provide the Corporation prior notice, in the prescribed form, within the prescribed time periods. These time periods include: (i) in the case of an annual meeting of shareholders (including annual and special meetings), not less than 30 days prior to the date of the annual meeting of shareholders; provided, that if the first public announcement of the date of the annual meeting of shareholders (the "**Notice Date**") is less than 50 days before the meeting date, not later than the close of business on the 10<sup>th</sup> day following the Notice Date; and (ii) in the case of a special meeting of shareholders (which is not also an annual meeting) called for any purpose which includes electing directors, not later than the close of business on the 15<sup>th</sup> day following the Notice Date, provided that, in either instance, if notice-and-access (as defined in National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer*) is used for delivery of proxy-related materials in respect of a meeting described above, and the Notice Date in respect of the meeting is

not less than 50 days prior to the date of the applicable meeting, the notice must be received not later than the close of business on the 40<sup>th</sup> day before the applicable meeting.

#### *Forum Selection*

The by-laws of the Corporation include a forum selection provision in its by-laws that provides that, unless the Corporation consents in writing to the selection of an alternative forum, the Superior Court of Ontario (Commercial List), Canada and the appellate courts therefrom will be the sole and exclusive forum for: (i) any derivative action or proceeding brought on the Corporation's behalf; (ii) any action or proceeding asserting a claim of breach of a fiduciary duty owed by any of the Corporation's directors, officers, or other employees to the Corporation; (iii) any action or proceeding asserting a claim arising pursuant to any provision of the applicable corporate laws or the articles of incorporation or the by-laws of the Corporation (as either may be amended from time to time); or (iv) any action or proceeding asserting a claim otherwise related to the relationships among the Corporation, its affiliates and their respective shareholders, directors and/or officers, but excluding claims related to the business carried on by the Corporation or its affiliates and their respective shareholders, directors and/or officers. The forum selection provision also provides that the Corporation's securityholders are deemed to have consented to personal jurisdiction in the Province of Ontario and to service of process on their counsel in any foreign action initiated in violation of the foregoing provisions.

### **SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS**

Set out below is information as of December 31, 2018 with respect to compensation plans under which equity securities of the Corporation are authorized for issuance.

#### *Equity Compensation Plan Information*

	Number of securities to be issued upon exercise of outstanding options, warrants and rights as at December 31, 2018 (a)	Weighted average exercise price of outstanding options, warrants and rights as at December 31, 2018 (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) as at December 31, 2018 (c)
Option Plan	60,004	17.84	2,692,880
Legacy Plan	2,264,100	N/A	428,780
<b>Total</b>	<b>2,324,100</b>		<b>428,780</b>

### **DIRECTOR'S AND OFFICER'S INSURANCE**

The Corporation has purchased, at its expense, director's and officer's liability insurance in the aggregate amount of US\$50 million for the protection of its directors and officers against liability incurred by them in their capacities as directors and officers of the Corporation and its subsidiaries.

### **INTEREST OF CERTAIN PERSONS OR COMPANIES IN MATTERS TO BE ACTED UPON**

Except as otherwise disclosed in this Information Circular, no person who has been a director or executive officer of the Corporation since the beginning of the last financial year, no proposed nominee for election as a director of the Corporation and no associate or affiliate of any such director or executive officer has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the Meeting.

### **INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS**

Other than as stated below or elsewhere in this Information Circular, no informed person, director, executive officer, nominee for director, any person who beneficially owns, directly or indirectly, Common Shares carrying more than

10% of the voting rights attached to all outstanding shares of the Corporation, nor any associated or affiliate of such persons, has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any transaction or any proposed transaction which has materially affected or would materially affect the Corporation.

### **NORMAL COURSE ISSUER BID**

On March 19, 2019, the Corporation announced that the TSX had accepted a notice filed by the Corporation of its intention to make a Normal Course Issuer Bid ("NCIB"). The notice provides that the Corporation may, during the 12 month period commencing March 21, 2019 and ending March 20, 2020, purchase on the TSX up to 1,982,517 Common Shares in total, being approximately 10% of the public float (common shares not held by insiders and related parties). All Common Shares purchased pursuant to the NCIB are purchased for cancellation, and all such purchases are made on the open market through the facilities of the TSX. The price which the Corporation pays for any such shares will be the market price at the time of acquisition. Pursuant to a previous notice of intention to conduct a normal course issuer bid, under which the Corporation received approval from the TSX to purchase up to 1,996,078 Common Shares for the period from March 21, 2018 to March 20, 2019, the Corporation purchased, an aggregate of 367,560 Common Shares on the open market at an volume weighted average purchase price of C\$14.96.

### **OTHER BUSINESS**

Management of the Corporation knows of no matters to come before the Meeting other than the matters referred to in the Notice of Meeting. However, if matters not now known to management should come before the Meeting, Common Shares represented by proxies solicited by management will be voted on each such matter in accordance with the best judgment of the nominees voting same.

### **PART IV ADDITIONAL INFORMATION**

A copy of the following documents may be obtained, without charge, upon request to the Secretary, Neo Performance Materials Inc., Suite 1740, 121 King Street West, Toronto, Ontario, M5H 3T9, telephone (416) 367-8588, telefax (416) 367-5471:

- (a) the Financial Statements of the Corporation for the year ended December 31, 2018 and the management's discussion and analysis thereof; and
- (b) this Information Circular.

Additional information relating to the Corporation is available online from the Corporation's website at [www.neomaterials.com](http://www.neomaterials.com) and on SEDAR at [www.sedar.com](http://www.sedar.com). Financial information is provided in the Corporation's consolidated financial statements and management's discussion and analysis for its most recently completed financial year, a copy of which can be accessed online from the Corporation's website at [www.neomaterials.com](http://www.neomaterials.com) and on SEDAR at [www.sedar.com](http://www.sedar.com).

### **DIRECTOR'S APPROVAL**

The contents of this Information Circular and the sending of it to the Shareholders of the Corporation, to each director of the Corporation, to the auditor of the Corporation and to the appropriate governmental agencies have been approved by the Board.

Unless otherwise noted, the information contained herein is given as of May 9, 2019.

The foregoing contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to make a statement not misleading in the light of the circumstances in which it was made.

**DATED:** May 9, 2019.

By Order of the Board

/s/ "**Geoffrey R. Bedford**"

President and Chief Executive Officer

/s/ "**Alexander D. Caldwell**"

Corporate Secretary

## APPENDIX "A"

### GLOSSARY OF TERMS

"**Arrangement**" means the Cayman Islands scheme of arrangement completed on November 30, 2017, pursuant to which the Corporation acquired all of the issued and outstanding ordinary shares of Neo Cayman for an aggregate of 39,878,383 Common Shares;

"**Articles**" means the articles of continuance of the Corporation, as amended from time to time;

"**Board**" means the board of directors of the Corporation;

"**Business Day**" means a day, other than Saturdays, Sundays and statutory holidays, when the banks conducting business in the City of Toronto are generally open for the transaction of banking business;

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

"**Corporation**" means Neo Performance Materials Inc.;

"**Information Circular**" means the management information circular of the Corporation dated May 9, 2019;

"**Legacy Plan**" means the management incentive plan of Neo Cayman;

"**Meeting**" means the annual general meeting of Shareholders to be held on June 20, 2019 and any adjournment or postponement thereof;

"**Neo Cayman**" means Neo Cayman Holdings Ltd., a company organized under the laws of the Cayman Islands, which the Corporation acquired pursuant to the Arrangement;

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

"**Notice of Meeting**" means the notice of meeting sent to Shareholders in respect of the Meeting;

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

"**Option Plan**" means the option plan of the Corporation dated October 13, 2017;

"**Option**" means an option to purchase Common Shares issued pursuant to the Option Plan;

"**Reorganization**" means the reorganization of the business of Molycorp, Inc., a predecessor company to the Corporation, under Chapter 11 of Title 11 of the United States Bankruptcy Code;

"**Service Providers**" means the respective directors, officers and full-time employees of the Corporation, its subsidiaries and affiliates, as well as any other person or company engaged to provide ongoing management or consulting services to the Corporation or to its subsidiaries and affiliates;

"**Shareholders**" means holders of Common Shares; and

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

## APPENDIX "B"

### Neo Performance Materials Inc. (the "Company")

#### MANDATE OF THE BOARD OF DIRECTORS

As approved by the Board of Directors of the Company (the "**Board**") on November 7, 2017.

##### A. MANDATE

The Board directly, and through its committees, oversees the management of the Company and is responsible for the stewardship of the Company, ensuring that long-term value is being created for all of its shareholders while considering the interests of the Company's various stakeholders including employees, customers, suppliers and the community.

##### B. BOARD COMPOSITION

The number of directors may be set from time to time by the Board within the minimum and maximum numbers approved by the Company's shareholders and as set out in the Company's constating documents. The directors shall be elected by the Company's shareholders, except as permitted by the *Business Corporations Act* (Ontario). If a vacancy occurs, the Board may identify, select and approve a replacement director, or may decide to reduce the size of the Board. The Board shall be comprised of an appropriate mix of directors to comply with applicable securities regulations, including any requirements in terms of director independence. A director shall be considered independent if he or she would be considered independent for the purposes of National Instrument 58-101 — *Disclosure of Corporate Governance Practices* ("**NI 58-101**").

The Board will appoint a Chair (the "**Chair**") and a Corporate Secretary. The Chair shall be designated from among the members of the Board. If the Chair is not independent for the purposes of NI 58-101, then a majority of the Board's independent directors shall appoint an independent lead director (the "**Lead Director**") from among the directors, who shall serve for such term as the Board may determine. The Lead Director or non-executive Chair shall chair any meetings of the independent directors and assume such other responsibilities as the independent directors may designate in accordance with any applicable position descriptions or other applicable guidelines that may be adopted by the Board from time to time.

##### C. MEETINGS AND BOARD PROCESS

The Board shall meet at least four times per year, once after each quarter to review financial information and annual continuous disclosure materials required by the Canadian Securities Administrators have been prepared. The Board will meet more frequently if circumstances dictate.

Board meetings will allow for input from all Board members. Any director may request that the Lead Director or non-executive Chair co-ordinate a meeting of the non-executive members of the Board.

The Chair shall be responsible for establishing or causing to be established the agenda for each Board meeting. The Board and the Board committee liaison with the Company will be principally through the Company's Chief Executive Officer. The Board may, from time to time, assign specific duties and tasks to individuals or committees.

An Audit Committee and a Compensation Committee (collectively, the "**Committees**") have been established. Each of the Committees shall operate under a written mandate document approved by the Board.

Periodically the Board will evaluate the effectiveness of the Board as a whole and ensure that appropriate succession plans are in place. This may include reviewing the process for nominating, orienting and remunerating Board members, determining the committees required and changing the mandates for the Committees.

The Board has the authority to conduct any investigation appropriate to fulfilling its responsibilities, and has direct access to the books, records, facilities and personnel of the organization. The Board has the ability to retain, at the Company's expense, special legal, accounting or other consultants or experts it deems necessary in the performance of its duties.

## **D. RESPONSIBILITIES**

The Board members shall ensure that:

- (a) all Board members understand the business of the Company;
- (b) processes are in place to effectively plan, monitor and manage the long-term viability of the Company;
- (c) there is a balance between long and short-term goals and risks;
- (d) management's performance is adequate and that an adequate management succession plan is in place;
- (e) communication with shareholders and other stakeholders is timely and effective;
- (f) the Board shall adopt appropriate procedures designed to permit the Board to receive feedback from shareholders on material issues;
- (g) business is conducted ethically and in compliance with applicable laws and regulations; and
- (h) all matters requiring shareholder approval are referred to them.

## **E. OPERATIONAL MATTERS**

In the process of executing its responsibilities the Board will:

- (i) review corporate performance on a quarterly basis;
- (j) review and approve dividend payments, if any;
- (k) review and approve Company banking and borrowing resolutions;
- (l) review and approve any changes in the issued shares;
- (m) review accounting policies, internal control and audit procedures;
- (n) review and approve the annual continuous disclosure materials required by the Canadian Securities Administrators;
- (o) review and approve the annual financial statements and the interim quarterly results;
- (p) recommend to the shareholders the appointment of auditors and their remuneration; and
- (q) provide advice to management.

## **F. CODE OF CONDUCT**

The Board must adopt a written Code of Ethics and Business Conduct (the "**Code**") as part of its efforts to promote a culture of integrity and honesty throughout the Company. The Code will apply to the Board itself and to the Company's management and employees. Only the Board may grant any waivers to the Code. If the Board grants a waiver to the Code, the Board will determine if disclosure of the waiver is necessary in accordance with applicable laws and stock exchange rules. Contents of such disclosure will be in compliance with National Policy 58-201 — *Corporate Governance Guidelines* and NI 58-101.

## **G. WHISTLEBLOWER POLICY**

The Board will, in conjunction with the Audit Committee, establish a whistleblower policy for the Company allowing Company employees, officers, directors and other stakeholders, including the public, to raise, anonymously or not, questions, complaints or concerns about the Company's practices, including fraud, policy violations, any illegal or



unethical conduct and any Company accounting, auditing or internal control matters. The Board will ensure that any questions, complaints or concerns are adequately received, reviewed, investigated, documented and resolved.