



*Performance Materials*

**NOTICE OF ANNUAL GENERAL & SPECIAL MEETING**

**OF THE SHAREHOLDERS  
OF  
NEO PERFORMANCE MATERIALS INC.**

**- and -**

**MANAGEMENT INFORMATION CIRCULAR**

**NEO PERFORMANCE MATERIALS INC.  
121 KING STREET WEST, SUITE 1740  
TORONTO, ONTARIO  
CANADA**

**THURSDAY, OCTOBER 22, 2020  
4:00 P.M. (TORONTO TIME)**

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**Circular dated September 9, 2020**

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## NEO PERFORMANCE MATERIALS INC.

### NOTICE OF ANNUAL GENERAL & SPECIAL MEETING OF SHAREHOLDERS

**NOTICE IS HEREBY GIVEN** that an annual general and special meeting (the "**Meeting**") of shareholders ("**Shareholders**") of Neo Performance Materials Inc. (the "**Corporation**") will be held at the offices of Neo Performance Materials Inc., 121 King Street West, Suite 1740, Toronto, Ontario, on Thursday, October 22, 2020 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, 2019 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;
4. to re-approve the unallocated options under the Corporation's rolling stock option plan; and
5. 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 September 21, 2020, 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 September 29, 2020.

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

The Corporation is actively monitoring the ongoing COVID-19 situation and is sensitive to public health concerns and protocols put in place by federal, provincial and municipal governments. The Corporation will be severely restricting physical access to the Meeting and only registered shareholders and formally appointed proxyholders will be allowed to attend. In order to comply with government orders concerning maximum size of public gatherings and required physical distancing parameters, the Corporation may be unable to admit shareholders to the Meeting. The Corporation strongly encourages registered shareholders and proxyholders not to attend the Meeting in person, and Shareholders are encouraged to vote using one of the methods described in the accompanying management information circular. To further mitigate the risk of the spread of the virus, the Meeting will be audio-cast live at 4:00 p.m. (Toronto time) on October 22, 2020 and can be accessed by conference call at (647) 427-7450 (Toronto local) or 1 (888) 231-8191 (toll free), participant code: 9192727#. This call will be listen-only and shareholders will not be able to vote or speak at, or otherwise participate in the Meeting via the conference call.

Given the restrictions in place, the Corporation's board of directors and auditors do not plan to attend the Meeting in person. Management will not be making an investor presentation at the Meeting. Management will be hosting a conference call at 10 a.m. (Toronto time) on November 16, 2020 to discuss the third quarter financial results and shareholders are invited to listen to the quarterly call. Call in information for the third quarter conference call will be released at a later date.

Shareholders 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, October 20, 2020** 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 September, 2020.

By Order of the Board

*/s/ "Claire M.C. Kennedy"*

Chair of the Board of Directors

## TABLE OF CONTENTS

PART I GENERAL PROXY MATERIALS.....	2
PART II MATTERS TO BE ACTED UPON .....	5
PART III ADDITIONAL DISCLOSURE.....	12
STATEMENT OF EXECUTIVE COMPENSATION .....	12
INDEBTEDNESS OF DIRECTORS AND OFFICERS OF THE CORPORATION .....	29
CORPORATE GOVERNANCE OF THE CORPORATION .....	29
SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS.....	35
DIRECTOR'S AND OFFICER'S INSURANCE.....	35
INTEREST OF CERTAIN PERSONS OR COMPANIES IN MATTERS TO BE ACTED UPON .....	35
INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS .....	35
NORMAL COURSE ISSUER BID.....	35
OTHER BUSINESS .....	36
PART IV ADDITIONAL INFORMATION .....	36
DIRECTOR'S APPROVAL .....	36
GLOSSARY OF TERMS.....	37

### 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 September 9, 2020 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 11, 2020 for the year ended December 31, 2019, 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 Constantine E. Karayannopoulos 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, October 20, 2020** 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.

#### **COVID-19 PROTOCOLS**

The Corporation is actively monitoring the ongoing COVID-19 situation and is sensitive to public health concerns and protocols put in place by federal, provincial and municipal governments. The Corporation will be severely restricting physical access to the Meeting and only registered shareholders and formally appointed proxyholders will be allowed to attend. In order to comply with government orders concerning maximum size of public gatherings and required physical distancing parameters, the Corporation may be unable to admit shareholders to the Meeting. The Corporation strongly encourages registered shareholders and proxyholders not to attend the Meeting in person, and Shareholders are encouraged to vote using one of the methods described in the accompanying management information circular. To further mitigate the risk of the spread of the virus, the Meeting will be audio-cast live at 4:00 p.m. (Toronto time) on October 22, 2020 and can be accessed by conference call at (647) 427-7450 (Toronto local) or 1(888) 231-8191 (toll free); participant code: 9192727#. This call will be listen-only and shareholders will not be able to vote or speak at, or otherwise participate in the Meeting via the conference call.

Given the restrictions in place, the Corporation's board of directors and auditors do not plan to attend the Meeting in person. Management will not be making an investor presentation at the Meeting. Management will be hosting a conference call at 10 a.m. (Toronto time) on November 16, 2020 to discuss the third quarter financial results and shareholders are invited to listen to this quarterly call. Call in information for the third quarter conference call will be released at a later date.

#### **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 September 16, 2020, 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 September 29, 2020.

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 37,593,162 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 September 9, 2020 as the record date for the Meeting. Accordingly, pursuant to the OBCA, only Shareholders of record as at the close of business on September 9, 2020 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	68.6%

**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 seven 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:

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<b>CLAIRE M.C. KENNEDY</b> <b>Toronto, Ontario, Canada</b> <i>Chair of the Board</i> <i>Chair, Corporate Governance and Nominating Committee</i> <i>Member, Audit Committee</i> <i>Member, Compensation Committee</i> <i>Member, HESS Committee</i>	Ms. Kennedy is Board Chair of Neo and has served as a Director since October 2017. She serves on the Audit Committee, the Compensation Committee, the Health, Environment, Safety and Sustainability (HESS) Committee, and is Chair of the Corporate Governance and Nominating Committee. Ms. Kennedy was a member of the Board of Directors of Neo Material Technologies from February 2010 to June 2012 and served on the Audit Committee. Ms. Kennedy was a partner in the Toronto office of Bennett Jones LLP from 2009 until 2019, when she became Senior Advisor, Clients and Industries. 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. She received her ICD.D designation from the Institute of Corporate Directors and has completed the Making Corporate Boards More Effective program at the 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 the Rotman School of Management at the University of Toronto.
Director since October 2017	
Independent	
Shares held: Nil	

	Board/Committees	Attendance	
		2019	2020
	<ul style="list-style-type: none"> <li>• Board of Directors</li> <li>• Audit Committee</li> <li>• Compensation Committee</li> <li>• HESS Committee</li> <li>• Corporate Governance and Nominating Committee</li> </ul>	10 of 10 5 of 5	5 of 5 3 of 3 Nil <sup>(3)</sup> 1 of 1 <sup>(4)</sup> 2 of 2 <sup>(5)</sup>

**ERIC NOYREZ**  
**Bidart, France**  
*Lead Independent Director*  
*Chair, Compensation Committee*  
*Member, Audit Committee*  
*Chair, HESS Committee*

Director since October 2017

Independent

Shares held: 3,771

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 Chemicals & Oxides, LLC since August 31, 2016. He also serves on the Audit Committee and is Chair of the Compensation Committee and the Health, Environment, Safety and Sustainability (HESS) Committee. 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.

	Board/Committees	Attendance	
		2019	2020
	<ul style="list-style-type: none"> <li>• Board of Directors</li> <li>• Audit Committee</li> <li>• Compensation Committee</li> <li>• HESS Committee</li> </ul>	10 of 10 5 of 5 3 of 3 4 of 4	5 of 5 3 of 3 2 of 2 4 of 4

**CONSTANTINE E. KARAYANNOPOULOS**  
**Toronto, Ontario, Canada**  
*Chief Executive Officer*  
*Member, HESS Committee*

Director since October 2017

Independent

Shares held: 4,708

Mr. Karayannopoulos is a Director and serves on the Health, Environment, Safety and Sustainability (HESS) Committee. He was appointed Neo's President and Chief Executive Officer in July 2020. He has worked in senior executive positions at Neo and its predecessor companies for more than 20 years, including as Director, President, and Chief Executive Officer of Neo Material Technologies ("NEM") (TSX:NEM) from 2005 until NEM was acquired in June 2012 for US \$1.3 billion. Mr. Karayannopoulos also serves as non-executive Chairman of the Board of Neo Lithium Corp., a position he has held since February 9, 2016. He is also a director of the board of the Canada China Business Council, and a member of the Board of Advisors of the University of Toronto's Department of Chemical Engineering and Applied Chemistry. He holds Bachelor's and Masters' of Applied Science degrees in Chemical Engineering from the University of Toronto.

	Board/Committees	Attendance	
		2019	2020
	<ul style="list-style-type: none"> <li>• Board of Directors</li> <li>• HESS Committee</li> <li>• Compensation Committee</li> </ul>	10 of 10 4 of 4 3 of 3	5 of 5 4 of 4 2 of 2 <sup>(3)</sup>

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

*Director*  
*Member, Compensation*  
*Committee*  
*Member, Corporate Governance*  
*and Nominating Committee*

Director since October 2017

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 Chemicals & Oxides, LLC since August 31, 2016. He also serves on the Compensation Committee and the Nominating and Corporate Governance Committee. He is Managing Director and Co-Head of the North America Distressed Opportunities group within Oaktree Capital Management L.P. where he leads the team's investing efforts across a number of industries in the region. He also serves on Oaktree's Environmental, Social, and Governance committee. Mr. Hinchman is responsible for sourcing, underwriting, and executing publicly traded and private investments. During his tenure, Mr. Hinchman has had primary coverage responsibility for a significant number of sectors, including the technology, industrial, energy and financial services industries. He has served on a number of public and private boards, including Montrose Environmental, Aludyne, Genesis Capital, Neo Performance Materials, and Aleris International. Prior to joining Oaktree in 2010, Mr. Hinchman spent four years at Goldman, Sachs & Co., most recently in the Merchant Banking division, where he focused on private equity investments. 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.

	Attendance	
	2019	2020
• Board of Directors	9 of 10	5 of 5
• Compensation Committee	3 of 3	2 of 2
• Corporate Governance and Nominating Committee		1 of 1 <sup>(5)</sup>

**G. GAIL EDWARDS**  
**Toronto, Ontario**  
**Canada**

*Director*  
*Chair, Audit Committee*

Director since June 2019

Independent

Shares held: Nil

Gail Edwards has been a director of Neo since June 2019 and is Chair of the Audit Committee. She is a C-suite financial and real estate executive who is currently a director of Amica Senior Lifestyles and Chair of the Audit Committee. Ms. Edwards is also a member of the Real Estate Advisory Committee (REAC) for OP Trust, which manages one of Canada's largest pension funds, and a member of the REAC of the US\$210 billion New York State Common Retirement Fund. Previously, she was a director of Impark, one of the largest parking companies in North America, until the sale of the company in 2019. Between 2014 and 2016, Ms. Edwards was Chief Financial Officer of the Ottawa-based Minto Group. Prior to which, she was President of Vancouver-based JH Investments, a diversified investment and holding company. Ms. Edwards has held executive management positions with a New York based real estate developer and property manager, a NYSE listed entertainment company, a U.S. based global food service and hospitality company and a Canadian banking institution. Ms. Edwards has her ICD.D designation and is a Canadian Chartered Accountant holding a Bachelor of Science degree in Mathematics from the University of Western Ontario.

	Attendance	
	2019	2020
• Board of Directors	7 of 7	5 of 5
• Audit Committee	1 of 2	3 of 3

**EDGAR LEE**  
**Hunts Point, Washington,**  
**U.S.A.**

*Director*

Director since October 2017

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 Chemicals & Oxides, LLC since August 31, 2016. He also serves on the Corporate Governance and Nominating Committee. Mr. Lee founded and was the portfolio manager of Oaktree's \$6 billion Strategic Credit strategy until December 2019. He was also the CEO and CIO of Oaktree's three business development companies (BDCs) including Oaktree Specialty Lending and Oaktree Strategic Income Corporations. Previously, he was a senior investment professional within the firm's Opportunities Funds group and led the group's investments in the media, technology and telecom industries. Prior to joining Oaktree 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 equity and debt financings and mergers and acquisitions. Before that, Mr. Lee was employed within the Fixed Income division at Lehman Brothers Inc. Prior experience includes work at Katzenbach Partners LLP and the Urban Institute. He received a B.A. degree in economics from Swarthmore College and his master's degree from Harvard University.

**Board/Committees**

**Attendance**

**2019**                      **2020**

- |   |  |          |        |  |                       |
|---|--|----------|--------|--|-----------------------|
| <ul style="list-style-type: none"> <li>• Board of Directors</li> <li>• Corporate Governance and Nominating Committee</li> </ul> | <table border="0"> <tr> <td style="padding-right: 10px;">10 of 10</td> <td>5 of 5</td> </tr> <tr> <td></td> <td>2 of 2<sup>(5)</sup></td> </tr> </table> | 10 of 10 | 5 of 5 |  | 2 of 2 <sup>(5)</sup> |
| 10 of 10  | 5 of 5   |          |        |  |                       |
|   | 2 of 2 <sup>(5)</sup>  |          |        |  |                       |

**GREGORY SHARE**  
**Greenwich, Connecticut,**  
**U.S.A.**

*Director*

Director since July 2020

Independent

Shares held: Nil

Mr. Share has been a director of Neo since July 2020 and is a seasoned manager and investment professional with extensive experience working with companies in a broad range of industries and at different stages of their development. He currently serves as a director of Kinsale Capital Group and has served on several public and private company boards. He is Managing Partner of Ambina Partners LLC, an investment firm focused on investing in financial services and software companies. Mr. Share also has over twenty years of private equity experience in the U.S. and Europe, which included leadership positions at Moelis Capital Partners LLC, Fortress Investment Group LLC and Madison Dearborn Partners, LLC. He began his career in investment banking and private equity at Lazard Freres & Co., LLC. Mr. Share holds a Bachelor of Science in Economics from the Wharton School, University of Pennsylvania and is also a Board Leadership Fellow of the National Association of Corporate Directors (NACD) and a CFA Charterholder.

**Board/Committees**

**Attendance**  
**2020**

- |  |  |                       |
|--|--|-----------------------|
| <ul style="list-style-type: none"> <li>• Board of Directors</li> </ul> | <table border="0"> <tr> <td>1 of 1<sup>(6)</sup></td> </tr> </table> | 1 of 1 <sup>(6)</sup> |
| 1 of 1 <sup>(6)</sup>  |  |                       |

**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) On July 7, 2020, Ms. Kennedy joined the Compensation Committee and Mr. Karayannopoulos resigned from the Compensation Committee and the Audit Committee. The Compensation Committee has not met since Ms. Kennedy joined the committee.
- (4) On July 7, 2020, Ms. Kennedy joined the HESS Committee.
- (5) The Corporate Governance and Nominating Committee was created on May 12, 2020.
- (6) Mr. Share joined the Board on July 31, 2020.

## **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.

Mr. Constantine Karayannopoulos was a director 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.

Constantine Karayannopoulos was a director of Molycorp, the predecessor company to the Corporation, when Molycorp underwent the Reorganization.

Brook Hinchman is, and Edgar Lee was, an officer 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.

Brook Hinchman is, and Edgar Lee was, an officer 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.**

## **3. OPTION PLAN RESOLUTION**

The Corporation currently has in place a "rolling" Stock Option Plan (the "**Option Plan**") which was initially adopted by the Company on October 13, 2017. The Option Plan does not have a fixed maximum number of Common Shares issuable. The TSX rules provide that all unallocated options, rights and other entitlements under a security based compensation arrangement which does not have a fixed number of maximum securities issuable, must be approved every three years.

The purpose of the Option Plan is to (i) provide directors, officers, consultants and key employees of the Corporation ("**Eligible Persons**") with additional incentive; (ii) encourage stock ownership by such Eligible Persons; (iii) increase the proprietary interest of Eligible Persons in the success of the Corporation; (iv) encourage Eligible Persons to remain with the Corporation or its subsidiaries; and (v) attract new directors, employees and officers. The Option Plan

requires the approval of Shareholders every three years in accordance with the TSX policies. A copy of the Option Plan is attached hereto as Appendix "C".

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 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 Option Plan and will be available for reservation pursuant to a new grant of options under the Option Plan. As a result, any increase in the issued and outstanding Common Shares will result in an increase in the number of Common Shares available for issuance under the Option Plan.

Subject to the terms of the 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 Company Manual) pursuant to the 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 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 Company 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 C\$100,000 (based upon a Black-Scholes calculation) and the grant value from all other share compensation arrangements shall not exceed C\$150,000 per year per non-employee director in the aggregate.

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.

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 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 Company Options shall be equal to one-third of the number of such Company Options granted.

At the Meeting, in accordance with the TSX rules, Shareholders will be asked to consider and, if deemed appropriate, to pass, with or without variation, resolutions, in the form set forth below (the "**Option Plan Resolution**"), subject to such amendments, variations or additions as may be approved at the Meeting.

**"BE IT RESOLVED THAT:**

1. all unallocated options under the Option Plan be and are hereby approved;
2. the Corporation has the ability to continue granting options under the Option Plan until October 22, 2023, which is the date that is three years from the date of the Meeting at which Shareholder approval is being sought;
3. any director or officer of the Corporation be and is hereby authorized to do such things and to sign, execute and deliver all documents that such director and officer may, in their discretion, determine to be necessary in order to give full effect to the intent and purpose of these resolutions."

The Board recommends that Shareholders vote **FOR** the Option Plan Resolution.

Unless specifically instructed to vote against the Option Plan Resolution, the persons named in the form of proxy accompanying the Notice of Meeting intend to vote FOR the approval of the Plan. In order to be effected, this ordinary resolution must be approved by a majority of the votes cast in respect thereof.

### 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 (the former 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 2019 Compensation of Named Executive Officers*

For 2019, 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 2019.

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 2019:

<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 February 2019 and performance is evaluated after year end. Payments with respect to the 2019 annual incentive program awards were made in cash in March 2020.
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 Option Plan and intends to grant Corporation Options pursuant to the 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>

<u>Component</u>	<u>Primary Purpose and Objectives</u>
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.

**2019 Base Salaries**

In February 2019, the Board approved a nominal inflationary increase to the base salary of all Named Executive Officers.

**2019 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 .....	83.333%
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 February 2019, the Board approved the 2019 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 2019 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 December 31, 2019, no awards had 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.

### *Option Plan and Stock Options*

As of the date hereof, the Corporation has 37,593,162 Common Shares issued and outstanding. As a rolling stock option plan, 7% of the outstanding Common Shares at any given time are available for options. This means that a maximum of 2,631,521 Options are currently available to be granted pursuant to the Option Plan (less the number of outstanding awards issued under the Option Plan). In the event that an Option is exercised, cancelled, repurchased, expires unexercised, or is terminated in accordance with the 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 Option Plan and will be available for reservation pursuant to a new grant of Options under the Option Plan.

#### *Option Plan Terms*

The 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 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 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 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 C\$100,000 (based upon a Black-Scholes calculation) and the grant value from all other share compensation arrangements shall not exceed C\$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 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 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 day 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 Option Plan is non-assignable by the optionee.

#### *Amendments to Option Plan*

The Board may amend, vary or discontinue the Option Plan at any time subject to certain regulatory restrictions as well as certain restrictions contained in the Option Plan. Certain amendments or variances specified in the Option Plan as not requiring shareholder approval are, along with the discontinuance of the 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 20,002 stand-alone PSUs. In September 2019, the Board granted an aggregate of 60,177 stand-alone RSUs to one executive officer. 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 Information 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	98,696	843,588	nil
Directors .....	86,672	4,335	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.

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).

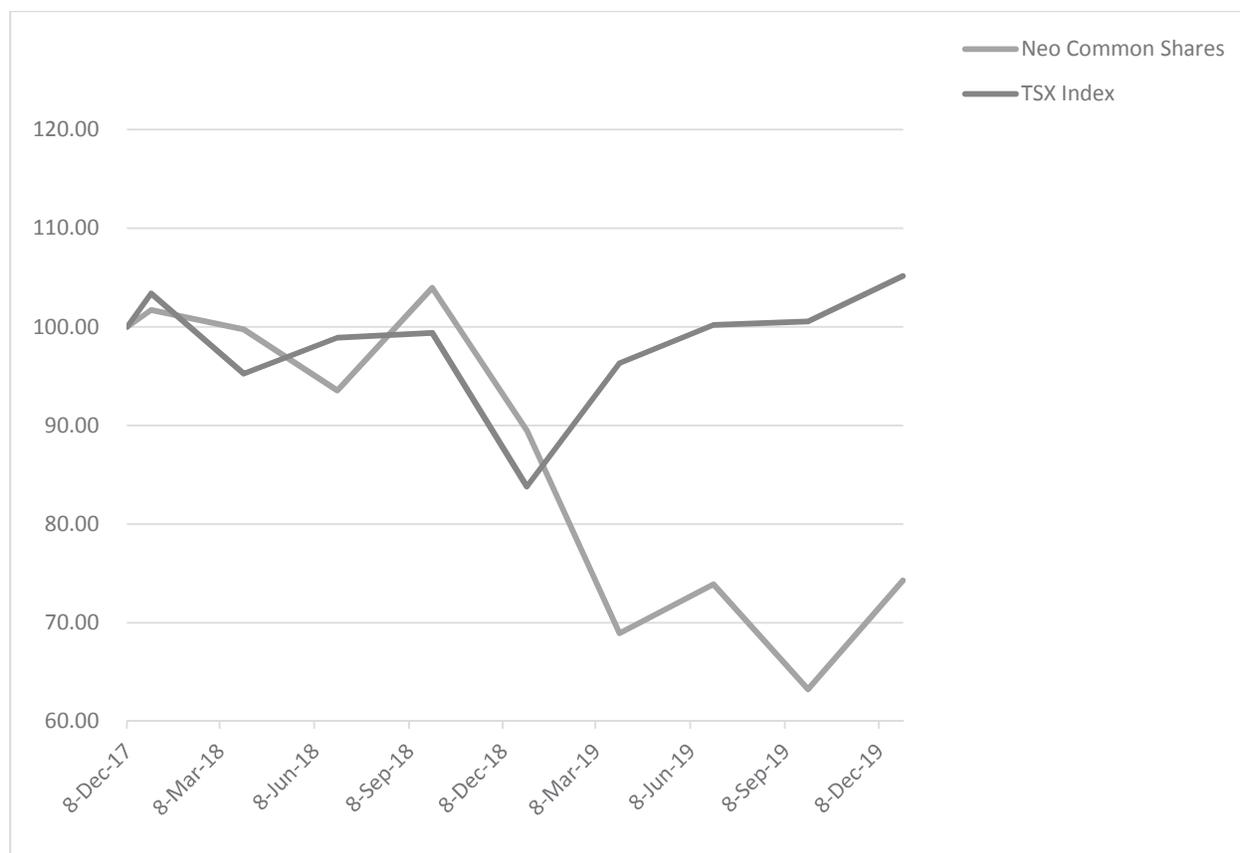
In the event of a stock dividend, extraordinary cash or stock dividend or other distribution or payment with respect to the Common Shares, among other events, the Legacy Plan (as assumed by the Corporation) provides that the Board shall, in good faith to be equitable to the holders of the Legacy RSUs, 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	June 30, 2018	December 31, 2018	June 30, 2019	December 31, 2019
TSX Index	100.00	103.37	98.88	83.80	100.18	105.15
Common Shares	100.00	101.70	93.55	89.51	73.89	74.26

### ***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, 2019, 2018 and 2017.

Name and principal position	Year	Salary <sup>(1)</sup>	Non-equity incentive plan compensation				Pension value <sup>(3)</sup>	All other compensation <sup>(4)</sup>	Total compensation <sup>(1)</sup>
			Option-based awards	Share-based awards <sup>(2)</sup>	Annual incentive plans	Long-term incentive plans			
Geoff Bedford <sup>(5)(6)</sup> .....	2019	472,270	—	575,916	251,877	—	9,986	228,066	1,538,115
<i>President and Chief Executive Officer</i>	2018	469,553	—	778,141	339,041	—	10,122	57,503	1,654,360
	2017	462,250	—	734,046	711,579	—	10,019	8,477	1,926,371
Rahim Suleman .....	2019	362,077	—	—	159,100	—	9,986	59,312	590,475
<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 .....	2019	399,890	—	—	175,715	—	11,200	68,102	654,907
<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 .....	2019	350,070	—	—	141,990	—	10,925	68,950	571,935
<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>(7)</sup> .....	2019	306,000	—	—	124,115	—	11,200	134,633	575,948
<i>Executive Vice President, Magnequench</i>	2018	300,000	225,202	388,903	181,785	—	11,000	69,333	1,176,223 <sup>(8)</sup>
	2017	202,243	—	—	120,660	—	10,800	64,832	398,535 <sup>(8)</sup>

**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, 2019 of \$1.00 = C\$1.3269.
- (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 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 received no additional compensation in his capacity as a director of the Corporation.
- (6) Mr. Bedford left the Corporation on July 6, 2020. Mr. Karayannopoulos was appointed President and Chief Executive Officer on July 7, 2020.
- (7) Mr. Kroll was appointed Executive Vice President, Magnequench on January 1, 2018.
- (8) 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 or 2019.

*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	34,972	430,449	4,093,044	Nil
Rahim Suleman .....	168,004 <sup>(1)</sup>	9.37	Sept 1, 2026	17,486	153,893	1,463,334	Nil
Kevin Morris .....	168,004 <sup>(1)</sup>	9.37	Sept 1, 2026	17,486	153,893	1,463,334	Nil
Jeff Hogan .....	120,004 <sup>(1)</sup>	9.37	Sept 1, 2026	12,490	110,005	1,046,013	Nil
Greg Kroll .....	60,004 <sup>(1)</sup>	9.37	Sept 1, 2026	6,939	82,041	780,110	Nil
Greg Kroll .....	60,004	13.74	Sept 12, 2025	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, 2019 and using the Bank of Canada exchange rate as at December 31, 2019 of \$1.00 = C\$1.2988.

*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, 2019.

Name	Option-based awards – Value vested during the fiscal year (\$) <sup>(2)</sup>	Share-based awards – Value vested during the fiscal year (\$) <sup>(3)</sup>	Non-equity incentive plan compensation – value earned during the fiscal year (\$) <sup>(1)</sup>
Geoff Bedford.....	11,657	326,659 <sup>(4)</sup>	251,877
Rahim Suleman.....	5,829	150,780	159,100
Kevin Morris.....	5,829	150,780	175,715
Jeff Hogan.....	4,163	108,572	141,990
Greg Kroll.....	2,082	54,291 <sup>(4)</sup>	124,115

**Notes:**

- (1) 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, 2019 of \$1.00 = C\$1.3269.
- (2) Calculated using the share price as of December 31, 2019 less the exercise price of the applicable Legacy Option.
- (3) Calculated using the share price as of December 31, 2019.
- (4) Includes the vesting of 25% of the Stand-Alone RSUs, which were 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\$13,250 in 2019) for Mr. Bedford and Mr. Suleman; and
- (2) 4% of combined base salary and bonus (to a maximum of \$11,200 for 2019) for Mr. Morris, Mr. Hogan and Mr. Kroll.

*Defined Contribution Retirement Savings Plan Table*

<b>Name</b>	<b>Accumulated Value at Start of Year (\$)</b>	<b>Compensatory Amount (\$)<sup>(2)</sup></b>	<b>Accumulated Value at Dec. 31, 2018 (\$)</b>
Geoff Bedford <sup>(1)</sup> .....	216,987	10,202	297,882
Rahim Suleman <sup>(1)</sup> .....	37,750	10,202	72,929
Kevin Morris .....	250,296	11,200	351,469
Jeff Hogan .....	578,576	10,925	749,711
Greg Kroll.....	747,278	11,200	976,234

**Notes:**

- (1) For Messrs. Bedford and Suleman, the values are shown as converted from Canadian dollars to U.S. dollars at \$1.00 = C\$1.2988, being the Bank of Canada exchange rate as at December 31, 2019.
- (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 – Former President and Chief Executive Officer**

Geoff Bedford, the former 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 provided that Mr. Bedford would 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, 2019 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, 2019 for any of the reasons described above, he would have been entitled to an aggregate payment of up to approximately \$1,033,200 (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, 2019, Mr. Bedford would have been entitled to a lump sum "change of control" payment of up to approximately \$1,435,300 (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, 2019 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, 2019 for any of the reasons described above, he would be entitled to an aggregate payment of up to approximately \$640,400 (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, 2019, Mr. Suleman would have been entitled to a lump sum "change of control" payment of up to approximately \$1,042,000 (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, 2019 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, to a maximum of 24 months, 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, 2019 for any of the reasons described above, he would have been entitled to an aggregate payment of up to approximately \$872,100 (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, 2019, Mr. Morris would have been entitled to a lump sum "change of control" payment of up to approximately \$1,132,000 (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, 2019 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, 2019 for the reasons described above, he would have been entitled to an aggregate payment of up to approximately \$678,500 (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, 2019, Mr. Hogan would have been entitled to a lump sum "change of control" payment of up to approximately \$862,100 (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, 2019 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, 2019 for the reasons described above, he would have been entitled to an aggregate payment of up to approximately \$769,600 (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, 2019, Mr. Kroll would have been entitled to a lump sum "change of control" payment of up to approximately \$979,600 (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 it's 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 following table sets out the fee structure of the Board in 2019:

<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

<b>(all figures in US\$)</b>	<b>Cash Portion</b>	<b>DSU Portion</b>	<b>Total</b>
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 2019. 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
G. Gail Edwards	27,389	Nil	75,000	Nil	102,389
Claire M.C. Kennedy	70,000	Nil	75,000	40,000	185,000

*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	5,551	47,115	448,006	Nil
Eric Noyrez .....	33,336	9.37	Sept 1, 2026	3,470	29,448	280,014	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, 2019 and using the Bank of Canada exchange rate as at December 31, 2019 of \$1.00 = C\$1.2988.

*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, 2019.

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 .....	1,850	19,302
Eric Noyrez .....	1,157	12,072

**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, 2019 of \$1.00 = C\$1.2988.
- (2) Calculated using the share price as of December 31, 2019 less the exercise price of the applicable Legacy Option.
- (3) Calculated using the share price as of December 31, 2019.

**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 December 31, 2019 and of the date of this Information Circular, none of the officers or directors of the Corporation were indebted to the Corporation, other than routine indebtedness (as defined in applicable securities regulations).

## 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 seven directors: Clair M.C. Kennedy, Eric Noyrez, Constantine Karayannopoulos, Brook Hinchman, Edgar Lee, G. Gail Edwards and Gregory Share.

The Board has established the Audit Committee, the Compensation Committee, the Corporate Governance 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.

### 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 seven directors. Four of whom are independent of management and Oaktree (being Eric Noyrez, Claire Kennedy, and Gail Edwards and Gregory Share) One of whom is 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 he is an executive officer of Oaktree (being, Brook Hinchman, see "*Oaktree Representation*" below). One of whom (being Constantine Karayannopoulos, the President and Chief Executive Officer of the Corporation) is not independent.

In addition to chairing all Board meetings, Ms. Kennedy's 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, the Compensation Committee, the HESS Committee and the Corporate Governance and Nominating 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***

As of the date of the date hereof, the Board members of the Corporation's Audit Committee are:

<b>Name</b>	<b>Independent</b>	<b>Financially Literate</b>
G. Gail Edwards (Chair).....	Yes	Yes
Claire Kennedy.....	Yes	Yes
Eric Noyrez.....	Yes	Yes

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

<b><u>Name of Member</u></b>	<b><u>Relevant Experience and Qualifications</u></b>
<b>G. Gail Edwards (Chair)</b>	<p>Gail Edwards has been a director of Neo since June 2019 and is Chair of the Audit Committee. She is a C-suite financial and real estate executive who is currently a director of Amica Senior Lifestyles and Chair of the Audit Committee. Ms. Edwards is also a member of the Real Estate Advisory Committee (REAC) for OP Trust, which manages one of Canada's largest pension funds, and a member of the REAC of the US\$210 billion New York State Common Retirement Fund. Previously, she was a director of Impark, one of the largest parking companies in North America, until the sale of the company in 2019. Between 2014 and 2016, Ms. Edwards was Chief Financial Officer of the Ottawa-based Minto Group. Prior to which, she was President of Vancouver-based JH Investments, a diversified investment and holding company. Ms. Edwards has held executive management positions with a New York based real estate developer and property manager, a NYSE listed entertainment company, a U.S. based global food service and hospitality company and a Canadian banking institution. Ms. Edwards has her ICD.D designation and is a Canadian Chartered Accountant holding a Bachelor of Science degree in Mathematics from the University of Western Ontario.</p>
<b>Claire Kennedy</b>	<p>Claire Kennedy is Board Chair of Neo and has served as a Director since October 2017. She serves on the Audit Committee, the Compensation Committee, the Health, Environment, Safety and Sustainability (HESS) Committee, and is Chair of the Corporate Governance and Nominating Committee. Ms. Kennedy was a member of the Board of Directors of Neo Material Technologies from February 2010 to June 2012 and served on the Audit Committee. Ms. Kennedy was a partner in the Toronto office of Bennett Jones LLP from 2009 until 2019, when she became Senior Advisor, Clients and Industries. Ms. Kennedy is Lead Director of the Bank of Canada and Chair of the Audit &amp; Finance Committee. She is also a Director of Alamos Gold Inc., which is listed on the TSX and NYSE. She received her ICD.D designation from the Institute of Corporate Directors and has completed the Making Corporate Boards More Effective program at the 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 the Rotman School of Management at the University of Toronto.</p>
<b>Eric Noyrez</b>	<p>Eric 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>

## ***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, 2019 (\$)
Audit Fees	2,282,300	1,742,807
Audit Related Fees	449,098	233,662
Tax Fees	352,465	283,085
All Other Fees	85,725	278,284

### **Corporate Governance and Nominating Committee**

The Corporate Governance and Nominating Committee is currently composed of three independent directors. This Committee is responsible for: (i) making recommendations to the full Board with respect to developments in the area of corporate governance and the practices of the Board; (ii) developing the Corporation's approach to governance issues; and (iii) reporting to the Board with respect to appropriate candidates for nominations to the Board, and for evaluating the performance of the Board.

### **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, 2019 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, 2019 (a)	Weighted average exercise price of outstanding options, warrants and rights as at December 31, 2019 (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) as at December 31, 2019 (c)
Option Plan	60,004	17.84	2,585,923
Legacy Plan	2,117,559	N/A	-
<b>Total</b>	<b>2,237,563</b>		<b>2,585,923</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 May 14, 2020, 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 May 19, 2020 and ending May 18, 2021, purchase on the TSX up to 1,883,637 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 1,982,517 Common Shares for the period from March 21, 2019 to March 20, 2020, the Corporation purchased, an aggregate of 1,982,493 Common Shares on the open market at an volume weighted average purchase price of C\$11.68.

#### **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, 2019 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 September 9, 2020.

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:** September 9, 2020.

By Order of the Board

/s/ "*Constantine E. Karayannopoulos*"

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 September 9, 2020;

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

"**Meeting**" means the annual general and special meeting of Shareholders to be held on October 22, 2020 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.

## APPENDIX "C"

### NEO PERFORMANCE MATERIALS INC.

#### STOCK OPTION PLAN

(Effective October 13, 2017)

Neo Performance Materials Inc. (the "**Company**") hereby establishes the stock option plan of the Company (the "**Plan**") for the benefit of the respective directors, officers and full time employees of the Company and its Affiliates (as defined herein) as well as any Consultant (as defined herein) (collectively, the "**Eligible Participants**").

#### 1. DEFINITIONS

As used herein, the following terms shall have the following meanings:

- (a) "**Affiliate**" means an affiliate of the Company within the meaning of Section 1.3 of National Instrument 45-106 – Prospectus and Registration Exemptions, as may be amended and replaced from time to time;
- (b) "**Associate**" shall have the meaning ascribed to that term in the Securities Act (Ontario);
- (c) "**Blackout Period**" shall have the meaning ascribed to that term under Section 7(e) of this Plan;
- (d) "**Board**" means the Board of Directors of the Company;
- (e) "**business day**" means a day other than a Saturday, Sunday, any day on which the Exchange is not open for the regular conduct of business and, if the Common Shares are not then traded on the Exchange, on any other day which is a statutory holiday in the Province of Ontario;
- (f) "**Change of Control**" means:
  - (i) a consolidation, reorganization, amalgamation, merger, acquisition or other business combination (or a plan of arrangement in connection with any of the foregoing), other than solely involving the Company and any one or more of its Affiliates, with respect to which all or substantially all of the persons who were the beneficial owners of the Common Shares and other securities of the Company immediately prior to such consolidation, reorganization, amalgamation, merger, acquisition, business combination or plan of arrangement do not, following the completion of such consolidation, reorganization, amalgamation, merger, acquisition, business combination or plan of arrangement, beneficially own, directly or indirectly, more than 50% of the resulting voting rights (on a fully-diluted basis) of the Company or its successor;
  - (ii) a resolution is adopted to wind-up, dissolve or liquidate the Company;
  - (iii) the sale, exchange or other disposition to a person other than an Affiliate of the Company of all or substantially all of the Company's assets;
  - (iv) a change in the composition of the Board, which occurs at a single meeting of the shareholders of the Company or upon the execution of a shareholders' resolution, such that individuals who are members of the Board immediately prior to such meeting or resolution cease to constitute a majority of the Board, without the Board, as constituted immediately prior to such meeting or resolution, having approved of such change; or
  - (v) a determination by a majority of the Board, acting reasonably and in good faith, that a Change of Control has occurred or is about to occur,

provided that, however, for greater certainty, a Change of Control shall be deemed not to occur as a result of an internal reorganization involving only the Company and any one or more of its Affiliates in the circumstances where the business of the Company is continued and where the shareholdings of the Company remain the same following the transaction as existed prior to the transaction;

- (g) "**Common Shares**" mean the common shares in the capital of the Company;

- (h) "**Compensation Committee**" shall have the meaning ascribed to that term under Section 3 of this Plan;
- (i) "**Consultant**" means a person or company engaged to provide ongoing management or consulting services to the Company or any of its Affiliates for an initial, renewable or extended period of 12 months or more;
- (j) "**Current Market Price**" shall have the meaning ascribed to that term under Section 7(n) of this Plan;
- (k) "**Eligible Participants**" shall have the meaning ascribed to that term on page one of this Plan;
- (l) "**Expiry Date**" shall have the meaning ascribed to that term under Section 7(f) of this Plan;
- (m) "**Exchange**" means the Toronto Stock Exchange;
- (n) "**Good Reason**" means the occurrence of any one or more events that would constitute constructive dismissal at common law or, where applicable, would constitute "Good Reason" or other analogous term as defined in an Optionee's written employment made between the Company, or an Affiliate, and such Optionee;
- (o) "**Holding Entity**" has the meaning set out in Section 2.22 of National Instrument 45-106 - Prospectus and Registration Exemptions, as may be amended or replaced from time to time;
- (p) "**Insider**" shall have the meaning ascribed to that term in the Exchange Company Manual;
- (q) "**Just Cause**" means any matter that would constitute just cause for termination at law, or, where applicable, would constitute "Cause", "Just Cause" or other analogous term as defined in the Optionee's written employment agreement between the Company or an Affiliate and such Optionee;
- (r) "**Market Price**" shall have the meaning ascribed to that term under Section 7(b) of this Plan;
- (s) "**Non-Employee Director**" means any director of the Company who is not also an officer, employee or Consultant of the Company;
- (t) "**Option Agreement**" shall have the meaning ascribed to that term under Section 7 of this Plan;
- (u) "**Optionee**" shall have the meaning ascribed to that term under Section 6(a) of this Plan;
- (v) "**Outstanding Issue**" means the aggregate number of Common Shares that are outstanding immediately prior to the share issuance in question;
- (w) "**Proposed Transaction**" shall have the meaning ascribed to that term under Section 7(j) of this Plan;
- (x) "**Securities Act (Ontario)**" means the Securities Act, R.S.O. 1990, c. S.5, as amended; and
- (y) "**Share Compensation Arrangements**" means a stock option, stock option plan, employee stock purchase plan or any other compensation or incentive mechanism involving the issuance or potential issuance of Common Shares from treasury to one or more Eligible Participants.

## 2. PURPOSE OF THE PLAN

The purpose of the Plan is to provide the Company and its Affiliates with a share-related mechanism designed to develop and increase the interest in the growth and development of the Company and its Affiliates of those Eligible Participants as may from time to time be granted options under the Plan by providing to them the opportunity to acquire a proprietary interest in the Company through the purchase of Common Shares.

## 3. ADMINISTRATION

The Plan will be administered by the Board, a compensation committee of the Board, or other committee or persons appointed by the Board (the "**Compensation Committee**"). References herein to the "Board" are deemed to be references to the "Board" or the "Compensation Committee", as the case may be. Subject to the provisions of the Plan, the Board is authorized, in its sole discretion, to make such determinations under, and such interpretations of, and to take such steps and actions in connection with the proper administration of the Plan and to impose, amend or revoke such rules and regulations concerning the granting of options pursuant to the Plan as it, in its sole discretion, may deem necessary or

advisable. No member of the Board will be liable for any action or determination taken or made in good faith with respect to the Plan or any options granted thereunder and each such member shall be entitled to indemnification by the Company with respect to any such action or determination in the manner provided for by the Board. Any determination approved by a majority of the members of the Board will be deemed to be a determination of that matter by the Board. Members of the Board may be granted options under the Plan. All options previously issued by the Company under the Plan that are outstanding as at the date of any amendment and restatement of the Plan shall be deemed to be issued under the Plan, as amended and restated, and governed by the terms and conditions hereof.

#### 4. **NUMBER OF SHARES DEDICATED TO THE PLAN**

Options shall not be granted under the Plan with respect to any class of shares in the capital of the Company other than Common Shares. The aggregate number of Common Shares subject to options under the Plan shall not exceed 7% of the issued and outstanding Common Shares on the date an option is granted (on a non-diluted basis), subject to adjustment or increase of such number as may be approved from time to time in accordance with Section 8 hereof. In the event that an option is exercised, cancelled, repurchased, expires unexercised, or is terminated in accordance with the Plan prior to the exercise thereof, the Common Shares that were reserved for issuance in connection with such option will be returned to the Plan and will be available for reservation pursuant to a new grant options under the Plan. All options granted under the Plan will conform to all applicable provisions prescribed by the Plan and to such specific terms and conditions as may be determined by the Board at the time of making each such grant. The granting of any option must, in order to become effective and binding on the Company, be authorized or approved by the Board. Common Shares in respect of which an option is granted under the Plan, but not exercised prior to the termination of such option, whether through lapse of time or otherwise, shall be available for options thereafter granted by the Board under the Plan. All Common Shares issued pursuant to the due exercise of options granted under the Plan will be so issued as fully paid and non-assessable shares.

#### 5. **ELIGIBILITY FOR OPTIONS**

The persons who will be eligible to be granted options pursuant to the Plan will be Eligible Participants (as defined herein). In determining the options to be granted to Eligible Participants under the Plan, the Board will give due consideration to the value of each such person's present potential contribution to the Company's (or any Affiliate of the Company's) success and to the recommendation, if any, in that regard of the Compensation Committee, if any, of the Board.

#### 6. **GRANTING OF OPTIONS**

- (a) Subject to the provisions herein set forth and after reviewing any recommendations from time to time made by a Compensation Committee, if any, of the Board, the Board shall, in its sole discretion, select the Eligible Participants to whom options under the Plan may be granted (herein sometimes referred to as the "**Optionees**"), the number of Common Shares to be optioned to each of them, the date or dates on which such options should be granted and the terms and conditions within the limits prescribed in Section 7 hereof attaching to each such option.
- (b) The aggregate number of Common Shares reserved for issuance pursuant to all Options granted to any one Optionee shall not exceed 5% of the Outstanding Issue (on a non-diluted basis) at the time of such grant.
- (c) In addition: (i) the number of securities issued to Insiders pursuant to the Plan and all other Share Compensation Arrangements, within any one (1) year period, shall not exceed 10% of the Outstanding Issue; and (ii) the number of securities issuable to Insiders, at any time, pursuant to the Plan and all other Share Compensation Arrangements, shall not exceed 10% of the Outstanding Issue.
- (d) The maximum number of Common Shares which may be reserved for issuance to Non-Employee Directors under the Plan shall be 1% of the Outstanding Issue, 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 CAD\$100,000 (based upon a Black-Scholes calculation) and the grant value from all other Share Compensation Arrangements shall not exceed CAD\$150,000 per year per Non-Employee Director in the aggregate.
- (e) The granting of an option under the Plan to an Eligible Participant shall neither entitle nor preclude such Eligible Participant from being subsequently granted one or more additional options to purchase Common Shares under the Plan.

## 7. TERMS AND CONDITIONS OF THE OPTIONS

The terms and conditions of each option granted under the Plan shall be set forth in an option agreement (an "**Option Agreement**") to be entered into between the Company and each Optionee, such agreement to be in such form as may from time to time be approved by the Board. To the extent that the terms of the Plan and any Option Agreement are inconsistent, the terms of the Plan shall govern. The Option Agreement shall include the following terms and conditions as well as such other terms and conditions not inconsistent with the Plan as may be deemed advisable by the Board:

- (a) Number of Shares - The Board shall, in its sole discretion, fix the aggregate number of Common Shares which are the subject of the option so granted.
- (b) Option Price - The Board shall fix the option price per Common Share which shall not be less than the Market Price in Canadian dollars on the Exchange of the Common Shares at the time of the granting of such option. For the purposes of this Plan, "**Market Price**" of the Common Shares shall mean the volume weighted average trading price of the Common Shares, calculated by dividing the total value of Common Shares by the total volume of Common Shares traded on the Exchange, or another stock exchange where the majority of the trading volume and value of the Common Shares occurs, for the five trading days immediately preceding the day the option is granted. If the Common Shares are not then traded on any public market, the Board, in its sole discretion, shall determine the "**Market Price**" at the time of grant.
- (c) Payment - The exercise price of each option to purchase Common Shares shall be paid in full by certified cheque, or in another manner deemed acceptable to the Company, at the time of such exercise, and upon receipt of payment in full, but subject to the terms of the Plan and the related Option Agreement, the number of Common Shares in respect of which the option is exercised shall be duly issued as fully paid and non-assessable. If Common Shares are to be issued to an Optionee pursuant to the exercise of an option under the Plan, an Optionee who is not already a shareholder of the Company shall have none of the rights of a shareholder of the Company until Common Shares issuable pursuant to the exercise of an option granted to an Optionee are issued to such Optionee.
- (d) Vesting - Subject to subsection (j) of this Section 7, the Board shall determine, at the time of granting an option to an Optionee pursuant to the Plan, the maximum number of Common Shares that may be exercised by such Optionee in each year or other period during the term of the option. 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 option shall be equal to one-third of the number of such Options so granted.
- (e) Term of Option - The term of the option shall not be for less than one year and not more than seven years from the date the option is granted, subject always to subsections (f), (g), (i) and (j) of this Section 7; provided that, notwithstanding the foregoing or anything else to the contrary in the Plan, if the term of any option granted under the Plan ends on a day occurring within a Blackout Period (as defined below) or within seven business days thereafter, such option shall continue to be exercisable under the terms of the Plan up to 5:00 p.m. (Toronto time) on the seventh business day following the end of such Blackout Period.

For the purposes hereof, "**Blackout Period**" means the time period, referred to as the "blackout period", determined by the Company under its "Confidentiality of Material Information and Restrictions on Trading Securities Policy" (or any successor thereto or replacement thereof) pursuant to which certain prescribed persons will be prohibited from trading in the securities of the Company. For greater certainty, the Blackout Period shall not include any period in which there is a prohibition on trading in securities of the Company as a result of a cease trade or other order of any securities commission or regulatory authority.

- (f) Death of Optionee - In the event of the death of an Optionee while an Eligible Participant prior to 5:00 p.m. (Toronto time) on the expiry date of the option (the "**Expiry Date**"), the option may be exercised, as to all or any of the Common Shares forming the subject matter of such option in respect of which such Optionee would have been entitled to exercise the option hereunder at the time of the death of such Optionee if such Optionee had survived, by the legal representatives of such Optionee at any time up to and including, but not after, 5:00 p.m. (Toronto time) on the date which is the first anniversary of the date of death of such Optionee or the Expiry Date, whichever is the earlier, after which the option shall in all respects cease and terminate and be of no further force or effect whatsoever as to such of the Common Shares in respect of which such option had not been previously exercised. The provisions of this subsection 7(f) shall apply, in the case of an Optionee that is the personal holding corporation controlled by, or a registered retirement savings plan, registered retirement income fund or tax free savings account established by, an Eligible Participant, in the event of the death of such Eligible Participant, mutatis mutandis.

- (g) Discharge of Optionee - In the event of the discharge of an Optionee as an employee of the Company or an Affiliate of the Company by reason of a wilful and substantial breach of such Optionee's employment or service duties prior to 5:00 p.m. (Toronto time) on the Expiry Date, all options granted to such Optionee under the Plan shall in all respects forthwith cease and terminate and be of no further force or effect whatsoever as to such of the Common Shares in respect of which such option had not previously been exercised, upon notice of such discharge being given by the Company or Affiliate of the Company to such Optionee. For the purposes of the Plan, the determination by the Company that such Optionee was discharged as an employee of, or Eligible Participant to, the Company or an Affiliate of the Company by reason of a wilful and substantial breach of such Optionee's employment or service duties shall be binding upon such Optionee. The provisions of this subsection 7(g) shall apply, in the case of an Optionee that is the personal holding corporation controlled by, or a registered retirement savings plan, a registered retirement income fund or a tax free savings account established by, an Eligible Participant, in the event of the discharge of such Eligible Participant, mutatis mutandis.
- (h) Notwithstanding anything else in this Plan, all grants of Options made to Eligible Participants pursuant to this Plan shall be subject to the Company's Incentive Compensation Clawback Policy.
- (i) Resignation, Removal or Termination of Employment of Optionee - In the event of the resignation, removal or termination of employment or service of an Optionee other than in the circumstances referred to in subsections (f) and (g) above, such that the Optionee is no longer an Eligible Participant, such Optionee may exercise each option then held by such Optionee under the Plan to the extent that such Optionee was entitled to do so at the time of such resignation, removal or termination of employment or service, at any time up to and including, but not after, 5:00 p.m. (Toronto time) on the 90th day (or such later day as the Board in its sole discretion may determine) following the effective date of resignation, removal or termination of employment or service, or the Expiry Date, whichever is earlier, after which the option shall in all respects cease and terminate and be of no further force or effect whatsoever as to such of the Common Shares in respect of which such option had not been previously exercised. The provisions of this subsection 7(h) shall apply, in the case of an Optionee that is the personal holding corporation controlled by, or a registered retirement savings plan, a registered retirement income fund or a tax free savings account established by, an Eligible Participant, in the event of the resignation, removal or termination of employment or service of such Eligible Participant other than in circumstances referred to in subsections (f) and (g) above, mutatis mutandis.
- (j) Change of Control
- (a) *Change of Control*
- (i) In the event of (I) a Change of Control and (II) within 24 months of such Change of Control, the Optionee ceases to be an Eligible Participant as a result of the termination of the Optionee's employment with the Company or an Affiliate (a) by the Company or an Affiliate, other than for Just Cause, or (b) by the Optionee for Good Reason, then, in either case, the vesting date for all outstanding Options held by such Optionee shall be deemed to have occurred on the date that notice of termination of employment of the Optionee is given to the Optionee by the Company or an Affiliate or on the date notice of termination of employment of the Optionee is given to the Company or an Affiliate by the Optionee, as applicable, subject to the terms of any employment or other contractual arrangement between the Optionee and the Company and an Affiliate. For greater certainty, upon a Change of Control, Optionees shall not be treated any more favourably than holders of Common Shares with respect to the consideration that the Optionees would be entitled to receive for their Common Shares.
- (ii) If the Optionee elects to exercise its Options following a Change of Control, the Optionee shall be entitled to receive, and shall accept, in lieu of the number of Common Shares to which he was entitled upon such exercise, the kind and amount of Common Shares and other securities, property or cash which such holder could have been entitled to receive as a result of such Change of Control, on the effective date thereof, had the Optionee been the registered holder of the number of Common Shares to which the Optionee was entitled to purchase upon exercise of such option.
- (b) *Right to Terminate Options on Sale of the Corporation*

Notwithstanding any other provision of the Plan, if the Board at any time by resolution declares it advisable to do so in connection with any proposed sale or conveyance of all or substantially all of the property and assets of the Company or any proposed merger, consolidation, amalgamation or offer to acquire all of the outstanding

Common Shares (collectively, the "**Proposed Transaction**"), the Company may give written notice to all Optionees advising them that, within 30 days after the date of the notice and not thereafter, each Optionee must advise the Board whether the Optionee desires to exercise its Options prior to the closing of the Proposed Transaction, and that upon the failure of an Optionee to provide such notice within the 30-day period, all rights of the Optionee will terminate, provided that the Proposed Transaction is completed within 180 days after the date of the notice. If the Proposed Transaction is not completed within the 180-day period, no right under any option will be exercised or affected by the notice, except that the option may not be exercised between the date of expiration of the 30-day period and the day after the expiration of the 180-day period, or if earlier, the date the Proposed Transaction is terminated without completion. If an Optionee gives notice that the Optionee desires to exercise its Options prior to the closing of the Proposed Transaction, then all Options which the Optionee elected by notice to exercise will be exercised immediately prior to the effective date of the Proposed Transaction or such earlier time as may be required to complete the Proposed Transaction.

- (k) Non-Assignability of Option - Each option granted under the Plan shall be non-assignable by the Optionee.
- (l) Exercise of Option - Subject to the other provisions of the Plan, an option granted under the Plan shall be exercised from time to time by the Optionee, or in the event of death by his legal representatives, by: (i) giving notice in writing addressed to the Company at its registered and principal office in the City of Toronto, to the attention of the Secretary of the Company; or (ii) such other method(s) and/or to such other person(s) or entity(ies) as may be designated from time to time by the Board and communicated to the Optionees (including through any method utilized by a third party retained by the Company for the purposes of administering the Plan), specifying the number of Common Shares forming the subject matter of such option in respect of which such notice is being given, together with payment (by certified cheque, bank draft or such other method as is acceptable to the Company) in full of the purchase price of the Common Shares being purchased or compliance with such other acceptable alternative to the Company which ensures the payment in full of the purchase price of the Common Shares being purchased in cash or a cash equivalent.
- (m) Withholding Tax - If the Company is required under the Income Tax Act (Canada) or any other applicable law to make source deductions or withholdings in respect of employee stock option benefits (or any other benefits provided under this Plan) and to remit to the applicable governmental authority an amount on account of tax on the value of the taxable benefit associated with the issuance of Common Shares on exercise of options hereunder (or for any other reason associated with any benefits provided under this Plan), then the Optionee shall: (i) pay to the Company (or to any third party retained by the Company for the purposes of administering the Plan), in addition to the exercise price for the options, sufficient cash as is reasonably determined by the Company to be the amount necessary to permit the required tax remittance; (ii) authorize the Company (or such person or entity designated by the Company), on behalf of the Optionee, to sell in the market on such terms and at such time or times as the Company (or such person or entity) determines in its sole discretion a portion of the Common Shares being issued upon exercise of the options hereunder to realize cash proceeds to be used to satisfy the required tax remittance; or (iii) make other arrangements acceptable to the Company to fund the required tax remittance.
- (n) Non-Residents - If an Optionee: (a) is neither a citizen or resident of Canada or the United States of America; (b) has never been employed by the Company or provided employment services in Canada; (c) is unable to exercise an option issued to such Optionee under the Plan (and/or hold, sell or otherwise deal with the Common Shares issuable upon exercise thereof) utilizing a method of a third party consultant retained by the Company for the purposes of administering the Plan (if any) due to any onerous regulatory or tax requirements; and (d) either the Board should determine that the regulatory or other requirements of the domestic or applicable foreign jurisdiction associated with the ability of the Optionee to hold, sell or otherwise deal with the Common Shares issued to such Optionee upon the exercise of options held by such Optionee (or in the event of such Optionee's death, his or her legal representatives) are unduly onerous to such Optionee, or if the Board should otherwise determine that it is appropriate to do so, the Board may, in its sole discretion, determine that upon the exercise by such Optionee of any option granted under the Plan, such Optionee (or in the event of such Optionee's death, his or her legal representatives) shall only be entitled to receive a cash payment from the Company (or any third party consultant retained by the Company for the purposes of administering the Plan) in lieu of the Common Shares which the Company would otherwise be required to issue, which cash payment shall be equal to the difference between the then Current Market Price in Canadian dollars of the Common Shares at the time of the exercise of such options, less the option price for such options. The payment of cash by the Company pursuant to this subparagraph 7(n) shall be net of any applicable withholding taxes or other deductions required by law. Exercises of options under the Plan pursuant to this subparagraph 7(n) (and the delivery of cash in connection with such exercises) may be conducted by or through any third party consultant retained by the Company for the purposes of administering the Plan and using any method utilized by such third party consultant to conduct the same. For the purposes of this subparagraph 7(n), "Current Market Price" of the Common Shares shall mean the closing market price on the Exchange one trading day prior to the effective date on which such Optionee (or in

the event of such Optionee's death, his or her legal representatives) shall have exercised such options, and if there is no sale on such trading day, then the last closing market price on the Exchange prior to the effective date on which such options are exercised. If the Common Shares are not then traded on the Exchange, "Current Market Price" of the Common Shares shall mean the closing market price on such public market on which the Common Shares are then traded, as selected by the Board, in its sole discretion, one trading day prior to the effective date on which the option is so exercised and if there is no sale on such trading day, then the last closing price on such public market prior to the effective date on which the option is so exercised. If the Common Shares are not then traded on any public market, the Board in its sole discretion shall determine the "Current Market Price" at the time of such exercise.

- (o) Special Requirements for U.S. Participants – If an Optionee is subject to United States income taxation or employed in the United States of America, the Option Agreement may contain any special or additional terms and conditions that the Board determines are (a) necessary or appropriate for compliance with United States tax, employment, securities or other law or (b) to accommodate differences in United States law, tax policy, or custom.

## 8. **ADJUSTMENTS IN EVENT OF CHANGE IN STRUCTURE OF CAPITAL**

Appropriate adjustments in the number of Common Shares and in the option price per Common Share, relating to options granted or to be granted, shall be made by the Board in its sole discretion to give effect to adjustments in the number of Common Shares resulting, subsequent to the approval of the Plan, from any subdivisions, consolidations or reclassifications of the Common Shares, the payment of stock dividends by the Company or other relevant changes in the capital structure of the Company. Any such adjustments shall be subject to the approval thereof, to the extent required, by such stock exchanges on which the Common Shares are then listed for trading.

## 9. **AMENDMENT OR DISCONTINUANCE OF PLAN**

- (a) Subject to Section 9(b) below, the Board may at any time, and from time to time, and without shareholder approval amend any provision of the Plan, or any Options granted hereunder, or terminate the Plan, subject to any applicable regulatory or stock exchange requirements or approvals at the time of such amendment or termination, including without limitation, making amendments:
  - (i) to Section 7(l) relating to the exercise of Options;
  - (ii) deemed by the Board to be necessary or advisable because of any change in applicable securities laws or other laws;
  - (iii) to the definitions set out in Section 1, subject to Section 9(b);
  - (iv) to the change of control provisions provided for in Section 7(j). For greater certainty, any change made to Section 7(j) shall not allow Optionees to be treated any more favourably than other holders of Common Shares with respect to the consideration that the Optionees would be entitled to receive for their Common Shares upon a Change of Control;
  - (v) to Section 3 relating to the administration of the Plan;
  - (vi) to the vesting provision of any outstanding Options; and
  - (vii) fundamental or otherwise, not requiring shareholder approval under applicable laws or the rules of any stock exchange on which the Common Shares trade, including amendments of a "clerical" or "housekeeping" nature and amendments to ensure that the Options granted under the Plan will comply with any provisions respecting income tax and other laws in force in any country or jurisdiction of which an Eligible Participant may from time to time be resident or a citizen.
- (b) Notwithstanding Section 9(a), approval by a majority of the votes cast by shareholders present and voting in person or by proxy at a meeting of shareholders of the Company shall be obtained for any amendment which:
  - (i) increases the number of Common Shares, or the percentage of the issued and outstanding Common Shares, issuable pursuant to the Plan;

- (ii) would reduce the option price of an outstanding option, including a cancellation of an option and regrant of an option in conjunction therewith, constituting a reduction of the exercise price of the option;
- (iii) would extend the term of any option granted under this Plan beyond the expiration date of the option, except as provided for in Section 7(e) with respect to an expiration date that occurs during a Blackout Period;
- (iv) would extend the term of an option to allow for a maximum term beyond that set out under Section 7(e);
- (v) expands the authority of the Board to permit assignability of options other than as permitted under the Plan;
- (vi) adds to the categories of Eligible Participants who may be designated for participation in the Plan beyond those included in the definition of Eligible Participant;
- (vii) removes or increases the Insider participation limit under the Plan; and
- (viii) amends 6(d) or Section 9,

unless the change to the Plan or an option results from the application of Section 8;

- (c) Any amendment or termination shall not materially and adversely alter the terms or conditions of any option or materially and adversely impair any right of any Optionee under any option granted prior to the date of any such amendment or termination without the consent of such Optionee.
- (d) If the Plan is terminated, the provisions of the Plan and any administrative guidelines, and other rules adopted by the Board and in force at such time, will continue in effect as long as any options under the Plan or any rights pursuant thereto remain outstanding. However, notwithstanding the termination of the Plan, the Board may make any amendments to the Plan or options it would be entitled to make if the Plan were still in effect.

## 10. MISCELLANEOUS

Nothing contained in the Plan nor in any option granted thereunder shall be deemed to give any Optionee any interest or title in or to any Common Shares of the Company or any rights as a shareholder of the Company or any other legal or equitable right against the Company whatsoever other than as set forth in the Plan and pursuant to the exercise of any option.

The Plan does not give any Optionee or any employee of, or Consultant to, the Company or any of its Affiliates the right or obligation to or to continue to serve as a Consultant. The awarding of options to any Eligible Participant is a matter to be determined solely in the discretion of the Board. The Plan shall not in any way fetter, limit, obligate, restrict or constrain the Board with regard to the allotment or issue of any Common Shares or any other securities in the capital of the Company or any of its Affiliates other than as specifically provided for in the Plan.

No fractional Common Shares shall be issued upon the exercise of options granted under the Plan and, accordingly, if an Optionee would otherwise become entitled to a fractional Common Share upon the exercise of an option, such Optionee shall only have the right to purchase the next lowest whole number of Common Shares and no payment or other adjustment shall be made with respect to the fractional interest so disregarded.

The Company may retain one or more third party consultants to administer the Plan and exercises of options under the Plan may be conducted by or through any such third party consultant so retained by the Company and using any method utilized by any such third party consultant to conduct the same. The Company, each Optionee and any third party consultant retained by the Company to administer the Plan will ensure that all actions taken and decisions made by the Company, an option or such third party consultant, as the case may be, pursuant to the Plan comply in all respects with applicable law and policies of the Company in effect at the relevant time, if any, relating to insider trading, "blackout" periods or any other applicable policies or guidelines of the Company.

## 11. BINDING EFFECT

The Company and every Optionee shall be bound by the terms and conditions of the Plan.

12. **COMPLIANCE WITH APPLICABLE LAW**

If any provision of the Plan or any agreement entered into pursuant to the Plan contravenes any law or any order, policy, by-law or regulation of any regulatory body or stock exchange having authority over the Company or the Plan, then such provision shall be deemed to be amended to the extent required to bring such provision into compliance therewith.

The Board may adopt and apply rules that will ensure that the Company and/or any third party consultant retained by the Company to administer the Plan will comply with all federal, provincial, foreign, state or local laws relating to the withholding of tax or other levies on employment compensation in relation to benefits, payments and deliveries contemplated in the Plan. The Company and/or any third party consultant retained by the Company to administer the Plan are entitled to withhold from amounts payable to an Optionee under the Plan or otherwise, and shall have the absolute right to satisfy such withholding obligation in so doing.



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