

Neo Announces Operational Transformation at Estonia Rare Metals Facility

written by Raj Shah | December 15, 2023

Change Will Not Impact Neo's Current Rare Earth Production Operations in Estonia

December 15, 2023 ([Source](#)) – Neo Performance Materials Inc. (“Neo” or the “Company”) (TSX: [NEO](#)), is pleased to provide an update on its manufacturing strategy execution with respect to Rare Metals operations at the NPM Silmet OÜ plant in Sillamäe, Estonia (“NPM Silmet”). This shift in focus away from midstream toward downstream operations is expected to diversify feedstock supply, reduce working capital requirements, and reduce volatility by lowering inventory volumes and holding times.

Beginning this week, NPM Silmet is updating its manufacturing processing of Niobium and Tantalum to improve business performance of its high-purity rare metals production. NPM Silmet will shift further downstream in its value-add operation, by halting the energy-intensive hydrometallurgical processing of Niobium- and Tantalum-bearing ores. Going forward, future products will be derived from oxides and recycled materials. Neo has completed testing of these purchased oxides and has entered into numerous sourcing agreements for these input materials.

This focus is expected to enable Neo to improve return on capital employed while better aligning material purchases with underlying customer demand for higher-value products. In addition, it is expected to deliver the following benefits:

1. increase supplier base and sourcing optionality;
2. reduce working capital requirements and inventory on hand;
3. decrease price volatility;
4. simplify the manufacturing process; and
5. improve environmental footprint from reduced energy consumption and wastewater generation.

It is anticipated that the Rare Metals unit's operational transformation will result in streamlined business processes. In connection with this production re-alignment, Neo anticipates taking a charge to its fourth quarter net income/(loss), including approximately US\$2 to \$3 million non-cash charge for impairment of assets and less than US\$1.5 million of employee restructuring costs. In addition, savings from working capital reductions are expected to offset the restructuring and transition cash costs in less than a year with operating income improvements delivered on an ongoing basis.

"We are continuing to execute on our new manufacturing strategy to improve the return on capital employed, reduce dependency on concentrated supply arrangements, and better control volatility in earnings." said Rahim Suleman, President and CEO of Neo.

About Neo

Neo manufactures the building blocks of many modern technologies that enhance efficiency and sustainability. Neo's advanced industrial materials – magnetic powders and magnets, specialty chemicals, metals, and alloys – are critical to the performance of many everyday products and emerging technologies. Neo's products help to deliver the technologies of tomorrow to consumers today. The business of Neo is organized along three segments: Magnequench, Chemicals & Oxides and Rare Metals. Neo is headquartered in Toronto, Ontario, Canada; with corporate offices in Greenwood Village, Colorado, United

States; Singapore; and Beijing, China. Neo has a global platform that includes 10 manufacturing facilities located in China, the United States, Germany, Canada, Estonia, Thailand and the United Kingdom, as well as one dedicated research and development centre in Singapore. For more information, please visit www.neomaterials.com.

Cautionary Statements Regarding Forward-Looking Statements

This news release may contain “forward-looking information” within the meaning of applicable Canadian securities legislation. Generally, but not always, forward-looking information and statements can be identified by the use of words such as “plans”, “expects”, “is expected”, “budget”, “scheduled”, “estimates”, “forecasts”, “intends”, “anticipates”, or “believes” or the negative connotation thereof or variations of such words and phrases or state that certain actions, events or results “may”, “could”, “would”, “might” or “will be taken”, “occur” or “be achieved” or the negative connotation thereof. Specific forward-looking statements in this news release include, but are not limited to, the continued expansion of Neo’s operations and strategic growth plans. In making the forward-looking information in this news release, the Company has applied certain factors and assumptions that are based on its current beliefs as well as assumptions made by and information currently available to the Company. Although the Company considers these assumptions to be reasonable based on information currently available to it, they may prove to be incorrect, and the forward-looking information in this release are subject to numerous risks, uncertainties and other factors that may cause future results to differ materially from those expressed or implied in such forward-looking information.

Readers are cautioned not to place undue reliance on forward-looking information. The Company does not intend, and expressly

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SOURCE Neo Performance Materials, Inc.

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