

Neo Performance Materials and Meteoric Resources Sign MOU for offtake of Caldeira Project in Brazil

written by Raj Shah | May 1, 2024

May 01, 2024 ([Source](#)) – Neo Performance Materials Inc. (“Neo”) (TSX: [NEO](#)) has entered in to a non-binding Memorandum of Understanding (the “MOU”) with Meteoric Resources NL (“Meteoric”) (ASX: MEI) for offtake of 3,000 metric tonnes (MT) total rare earth oxide (“TREO”) per year from Meteoric’s Caldeira Project (the “Project”) in Minas Gerais, Brazil, to supply Neo’s magnet manufacturing plant

Key Highlights

- The MOU provides the framework for the parties to negotiate a binding commercial offtake agreement for the supply of mixed rare earth carbonate (“MREC”) from the Caldeira Project.
- Under the contemplated offtake agreement **NPM Silmet OÜ** (“Silmet”), Neo’s rare earth separation facility in Sillamäe, Estonia, is expected to purchase 3,000 MT TREO per year from the Caldeira Project’s initial production, and hold a right of first refusal to purchase additional material when the Caldeira Project produces more than 6,000 MT TREO per year.
- Annual offtake of 3,000 MT TREO from the Caldeira Project could supply Neo with as much as 900 MT of Nd-Pr oxide and 30 MT of Dy-Tb oxide, combined, to supply Neo’s sintered rare earth permanent magnet manufacturing plant under

development in nearby Narva, Estonia.

- Meteoric expects to obtain a construction permit by Q4 2025 and aims to commence MREC production during the second half of 2027.
- The Minas Gerais region is one of the world's largest producers of niobium, iron-ore, tantalum, lithium, vanadium and bauxite.

Meteoric Resources' CEO, Nick Holthouse, said:

"We are very pleased to be bringing this important agreement with Neo to market. This represents Meteoric's first step in our staged offtake strategy, and are delighted to support Neo in their aim to provide high-performance magnetics for automotive, factory automation, high-efficiency motors, residential appliances, and many other industries. Connecting and integrating into the developing alternate rare earth materials supply chain signals strong external market confidence in the Caldeira Project's ability to progress to an FID and into production. We look forward to working with NEO and having the benefit of their technical support as we continue to pursue and develop our own downstream capabilities and progress to a binding commercial arrangement."

Neo Performance Materials' CEO, Rahim Suleman, said:

"We are laser focused on laying the groundwork for rare earth supply by securing offtake from diverse projects around the world. We are excited to add the Caldeira project to our growing pipeline of prospective sources of rare earth feedstock which could enable us to increase capacity utilization at Silmet and supply the needs of our sintered rare earth magnet plant in Europe when it comes online. The Caldeira Project is one of a group of key MOUs and agreements we have signed in securing feedstock. This provides our customers with maximum supply chain

optionality.”

Offtake Agreement

The MOU outlines the general terms on which Neo is expected to, subject to final negotiations and customary conditions, enter into a binding offtake agreement for annual purchases of MREC containing 3,000 MT TREO from Meteoric’s Caldeira Project. The term of the offtake agreement is expected to extend until Neo has purchased a total of 30,000 MT TREO, with a customary renewal provision for subsequent terms.

The MOU also contemplates a right of first refusal for Neo to purchase additional MREC that Meteoric produces from the Caldeira Project in excess of 6,000 MT TREO per year, on similar terms.

The precise pricing mechanisms underpinning the offtake agreement, which is expected to be based on standard terms and conditions for such supply, remain subject to final negotiation of the binding offtake agreement.

About Neo Performance Materials

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.

About Meteoric Resources

Meteoric Resources NL (ASX : MEI) is a Perth based rare earth company that is progressing its flagship Caldeira Project in Minas Gerais, Brazil to become Brazil's next rare earth producer. The Caldeira Project is a true Ionic adsorbed Clay (IAC) deposit with above industry TREO grades and excellent metallurgical recoveries using a standard Ammonium Sulphate (AMSUL) wash flowsheet. These grade and recovery characteristics allow a simple flowsheet to be developed to produce a Mixed Rare Earth Carbonate (MREC) with very low capital and operating costs. Meteoric aims to become a significant volume, low-cost producer and is committed to supporting and integrating into western supply chain opportunities.

Cautionary Statements Regarding Forward Looking Statements

This news release contains "forward-looking information" within the meaning of applicable securities laws in Canada. Forward-looking information may relate to future events or the future performance of Neo. All statements in this release, other than statements of historical facts, with respect to Neo's objectives and goals, as well as statements with respect to its beliefs, plans, objectives, expectations, anticipations, estimates, and intentions, are forward-looking information. Specific forward-looking statements in this discussion include, but are not limited to, the following: expectations regarding certain of Neo's future results and information, including, among other things, revenue, expenses, sales growth, capital expenditures, and operations; statements with respect to current and future

market trends that may directly or indirectly impact sales and revenue of Neo; expected use of cash balances; continuation of prudent management of working capital; source of funds for ongoing business requirements and capital investments; expectations regarding sufficiency of the allowance for uncollectible accounts and inventory provisions; analysis regarding sensitivity of the business to changes in exchange rates; impact of recently adopted accounting pronouncements; risk factors relating to intellectual property protection and intellectual property litigation; risk factors relating to national or international economies, geopolitical risk and other risks present in the jurisdictions in which Neo, its customers, its suppliers, and/or its logistics partners operate, and; expectations concerning any remediation efforts to Neo's design of its internal controls over financial reporting and disclosure controls and procedures. Often, but not always, forward-looking information can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "continues", "forecasts", "projects", "predicts", "intends", "anticipates" or "believes", or variations of, or the negatives of, such words and phrases, or state that certain actions, events or results "may", "could", "would", "should", "might" or "will" be taken, occur or be achieved. This information involves known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking information. Neo believes the expectations reflected in such forward-looking information are reasonable, but no assurance can be given that these expectations will prove to be correct and such forward-looking information included in this discussion and analysis should not be unduly relied upon. For more information on Neo, investors should review Neo's continuous disclosure filings that are available under Neo's profile at www.sedarplus.ca.

SOURCE Neo Performance Materials, Inc.

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