Neo Performance Materials Signs MOU with Rainbow Rare Earths for Magnet Rare Earth Offtake from the Phalaborwa Project

written by Raj Shah | September 24, 2026

Neo to provide rare earth separation technology to Rainbow's Phalaborwa project, which will recover rare earths from stockpiled phosphogypsum, in exchange for offtake of neodymium-praseodymium oxide and a mixed heavy rare earth carbonate containing dysprosium and terbium

September 24, 2026 (Source) — Neo Performance Materials Inc. ("Neo" or the "Company") (TSX: NEO) (OTCQX: NOPMF) today announced the signing of a memorandum of understanding (the "MOU") with Rainbow Rare Earths Limited ("Rainbow") [LSE: RBW] covering technical support for, and offtake from, Rainbow's Phalaborwa rare earth project in South Africa (the "Phalaborwa Project"). Rainbow plans to recover rare earth elements from legacy phosphogypsum residue at the Phalaborwa Project, a by-product of fertilizer production that resides in above-ground stacks. Recovering rare earths from this stockpiled material will provide Neo access to magnetic rare earth products that require no new mining and adds a new supply source to the Company's raw material supply chain.

Neo has conducted technical due diligence on the Phalaborwa Project, including review of Rainbow's process for recovering rare earths from the phosphogypsum residue ahead of separation and purification, and considers the Project a promising secondary source of magnetic rare earths.

The collaboration encompasses three aspects:

- **Securing rare earth supply for Neo's European operations**. Rainbow will provide Neo with offtake rights to 40% of Phalaborwa's annual production of separated NdPr oxide (>99% purity) and 65% of its annual mixed samarium-europium-gadolinium and heavy rare earth carbonate (SEG+). The SEG+ contains the magnet rare earths dysprosium and terbium, as well as samarium, europium, gadolinium, holmium, erbium, thulium, ytterbium, lutetium, and yttrium.
- **Providing solvent extraction technology and support**. Neo will provide Rainbow with design input and technical support for the final solvent extraction (SX) separation circuit to achieve the Phalaborwa Project's intended product mix and purity. Test work is underway in Estonia, followed by an integrated pilot-scale campaign in Johannesburg.
- **Expanding feedstock for European separation**. The mixed SEG+ heavy rare earth carbonate will be suitable for further separation at Neo's facilities. Neo and Rainbow have agreed to consider toll treating the remaining 35% of the Phalaborwa Project's SEG+ at Neo's facilities, with the separated dysprosium, terbium and yttrium returned to Rainbow to market.

This agreement establishes a secondary source of rare earth feedstock and further diversifies Neo's raw material supply chain. It also strengthens Neo's European platform, which includes a commercial light and heavy rare earth separation facility and a sintered magnet manufacturing facility in Estonia. Rare earths recovered from phosphogypsum residue are a secondary raw material, consistent with the objectives of the EU Critical Raw Materials Act to expand the recovery of critical raw materials from waste.

“This partnership with Rainbow advances Neo’s strategy to build a secure and resilient rare earth magnetics supply chain supported by diverse and sustainable sources of rare earth feedstock,” said Rahim Suleman, President and Chief Executive Officer of Neo. “Rainbow’s Phalaborwa project represents a unique rare earth opportunity with the potential to reach the market quickly and competitively. Because the material is already at the surface and requires no new mining, the Project has the potential for a lower development risk profile than many greenfield projects. Combining Rainbow’s expertise in recovering rare earths from phosphogypsum with Neo’s decades of experience in rare earth separation, processing and magnet manufacturing allows our teams to jointly define and optimize the process from recovery through final separation, while providing customers with the secure, traceable supply chains that critical minerals markets increasingly demand.”

“Finalizing our technology partner for the SX separation process was the remaining step required to complete our process to extract REEs from phosphogypsum waste,” said George Bennett, CEO of Rainbow. “We are delighted that Neo has agreed to partner with us. Their deep understanding and experience in rare earth separation and magnet materials is invaluable. That they have chosen to partner with Rainbow reflects our shared strategy to secure a verifiable source of permanent magnet elements needed to meet growing demand for a reliable, secure REE supply.”

Rainbow and Neo have committed to advance binding long-form agreements under the MOU, and work to document these agreements has commenced. The terms described above remain subject to the negotiation and execution of those definitive agreements.

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, rare earth magnets, magnetic assemblies, specialty chemicals, metals, and alloys – are critical to the performance of many everyday products and emerging technologies. Neo's products fast-forward technologies for the net-zero transition. 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 manufacturing facilities located in Canada, Estonia, China, Germany, Thailand and the United Kingdom, as well as a dedicated research and development center in Singapore.

For more information, please visit www.neomaterials.com.

About Rainbow Rare Earths

Rainbow Rare Earths aims to be one of the lowest cost suppliers of critical rare earth raw materials in the western world supply chain. Advancing two core projects, Phalaborwa in South Africa and Uberaba in Brazil in partnership with The Mosaic Company, Rainbow is one of the most advanced market participants pursuing secure, near-term and globally competitive upstream supply of rare earths products crucial for industrial, energy transition, and defence applications.

With a unique project portfolio focused on the recovery of rare earth elements from phosphogypsum, a by-product of fertiliser production, Rainbow's projects avoid traditional mining and front-end processing stages. This represents a significant competitive advantage in bringing sustainable, long-life and low-cost supply of rare earths to market.

For more information, please visit www.rainbowrareearths.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 negotiation and execution of definitive offtake and technical agreements, test work and pilot results, Project development and financing, production volumes, timing, and other matters relating thereto. 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. There are many risk factors associated with the development of a new Project. A number of factors could cause actual results to differ materially from those anticipated by the Company, including but not limited to the risks and uncertainties inherent in the nature of operations including the risks of a material adverse change in the Company’s assets or revenues, or risks of unknown liabilities that may arise.

Readers are cautioned not to place undue reliance on forward-looking information. The Company does not intend, and expressly disclaims any intention or obligation to, update or revise any forward-looking information whether as a result of new information, future events or otherwise, except as required by law.

For more information on Neo, investors should review Neo's continuous disclosure filings that are available under Neo's profile at www.sedarplus.ca.

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