

# Neo Secures \$75 Million Loan to Finance Expansion and Relocation of its Environmental Emissions Catalyst Business

written by Raj Shah | August 17, 2022

*Export Development Canada Credit Facility Funds NAMCO Project and Frees Up Capital For Other Growth Strategies*

August 17, 2022 ([Source](#)) – Neo Performance Materials Inc. (“**Neo**”, the “**Company**”) (TSX: [NEO](#)) is pleased to announce that the Company has entered into a loan agreement (the “**Loan Agreement**”) with Export Development Canada (“**EDC**”) for a term loan of up to US\$75 million (the “**Credit Facility**”), to be advanced in three tranches of US\$25 million, to finance the relocation, expansion, and sustainability upgrades to one of its environmental emissions catalyst manufacturing facilities.

The Credit Facility matures five years from the date hereof, with principal repayment beginning in two years from the date hereof. The outstanding principal amount carries an interest rate equal to the secured overnight financing rate, as administered by the Federal Reserve Bank of New York, plus an applicable margin. A number of the Company’s subsidiaries provided a guarantee and/or security in favour of EDC pursuant to the Loan Agreement.

Prior to drawing each of the three tranches, the Loan Agreement requires certain conditions to be fulfilled including maintenance of cost performance relative to budget, disclosures

related to environmental and social law compliance, and other certifications from management and third-party environmental monitoring consultants.

The Credit Facility will fund anticipated costs of relocating one of Neo's two plants that produce environmental emissions catalysts. Demand for Neo's rare-earth-based, environmental emissions catalysts, used primarily to reduce harmful air emissions in vehicle exhaust systems, continues to be robust. Neo supplies these advanced materials to customers in Canada, the U.S., Europe, South Korea, Japan, Thailand, India, Indonesia, Brazil, and South Africa.

Neo's current plant in Zibo, China will be relocated to a new facility ("**NAMCO**") at a nearby industrial park that could increase Neo's production capacity from 4,000 to 5,500 tonnes per year and will provide access to advanced municipal water treatment and drainage infrastructure. It also creates an opportunity for Neo to apply the latest best practices in manufacturing efficiency and to implement high standards of local environmental stewardship, including reduced air emissions, greater energy efficiency, and additional waste and water recycling.

In addition, the new NAMCO facility is expected to provide Neo with a state-of-the-art manufacturing platform from which to launch potential new products that are under development. Neo is also exploring a variety of options for partnerships and structures regarding the light rare earth separations operations at the current plant.

The EDC financing of the NAMCO relocation and expansion will enable Neo to deploy capital to the Company's larger growth strategies, which include expansion of its rare earth

separations operations in Estonia and the possible construction of a new factory in Estonia to manufacture sintered neodymium-iron-boron magnets. These advanced magnets are used extensively in electric vehicle traction motors and demand for them from European and other automakers is rising rapidly. Neo currently operates the only commercial rare earth separations and rare metal processing plant in Europe in Sillamäe, Estonia, which also produces environmental emissions catalytic materials.

“We are deeply appreciative of the support of Export Development Canada for this credit facility, as it provides us with the wherewithal to expand and improve our environmental catalyst business. This will strengthen our ability to provide our customers in Canada and other nations with superior environmental emissions catalyst products that reduce harmful vehicle emissions,” said Constantine Karayannopoulos, President and CEO of Neo. “This loan also provides Neo with greater flexibility to pursue our larger capital growth strategy and to respond to the rapidly growing global demand for value-added rare-earth-based products and magnets.”

“Neo’s expansion of its environmental catalyst business will offer innovative solutions to clients across a variety of sectors that will accelerate the reduction of harmful air emissions,” said Guillermo Freire, Acting Senior Vice-President, Mid-Market. “EDC is pleased to support Neo as it continues to build on its international growth strategy that enables the shift to a more sustainable global economy.”

### **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, US; Singapore; and Beijing, China. Neo operates globally with sales, research and development, and production across 10 countries, being Japan, China, Thailand, Estonia, Singapore, Germany, United Kingdom, Canada, United States, and South Korea. For more information, please visit [www.neomaterials.com](http://www.neomaterials.com).

### **About EDC**


Export Development Canada (EDC) is a financial Crown corporation dedicated to helping Canadian businesses make an impact at home and abroad. EDC has the financial products and knowledge Canadian companies need to confidently enter new markets, reduce financial risk and grow their business as they go from local to global. Together, EDC and Canadian companies are building a more prosperous, stronger and sustainable economy for all Canadians.

For more information and to learn how we can help your company, call us at 1-800-229-0575 or visit [www.edc.ca](http://www.edc.ca).

### **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 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 Neo’s sustainability programs, its plans to further improve its

sustainability performance, and potential plans to expand operations in Europe. 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.sedar.com](http://www.sedar.com).

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