

**FORM 51-102F3
MATERIAL CHANGE REPORT**

ITEM 1. Reporting Issuer

Neo Material Technologies Inc.
121 King Street West
Suite 1740
Standard Life Centre
Toronto, Ontario M5H 3T9

ITEM 2. Date of Material Change

June 2, 2011.

ITEM 3. Press Releases

The press release in the form of Schedule A attached hereto was disseminated on June 2 , 2011 via CNW Group news service.

ITEM 4. Summary of Material Change

Neo Material Technologies Inc. (TSX:NEM) (the "Company") has announced that it has completed the previously announced public offering of US\$200 million principal amount of convertible subordinated unsecured debentures (the "Offering") with an interest rate of 5.00% per annum (the "Debentures").

The offering was made through a syndicate of underwriters (the "Underwriters"), led by RBC Capital Markets and Scotia Capital Inc, and included CIBC World Markets Inc., GMP Securities L.P., HSBC Securities (Canada) Inc., Canaccord Genuity Corp. and Raymond James Ltd. The Company has granted the Underwriters an overallotment option to purchase up to an additional US\$30 million aggregate principal amount of Debentures on the same terms and conditions, exercisable in whole or in part at any time for a period of 30 days following closing of the Offering. The Company will use the net proceeds to fund potential future acquisitions and for general corporate purposes.

The Debentures are listed for trading on the Toronto Stock Exchange under the symbol "NEM.DB.U".

ITEM 5. Full Description of Material Change

See Schedule A attached.

ITEM 6. Reliance on subsection 7.1(2) of National Instrument 51-102

Not applicable.

ITEM 7. Omitted Information

Not applicable.

ITEM 8. Executive Officer

The following officer of the Company may be contacted with any questions:

Michael Doolan
Chief Financial Officer
(416) 367-8588, ext. 335
info@neomaterials.com

ITEM 9. Date of Report

This report is dated this 2nd day of June, 2011.

Schedule A



NEWS RELEASE

NOT FOR DISTRIBUTION TO UNITED STATES NEWSWIRE SERVICES OR
FOR DISSEMINATION IN THE UNITED STATES

Neo Material Technologies Announces Closing of Offering of US\$200 Million Convertible Debentures

Toronto, Canada – June 2, 2011: Neo Material Technologies Inc. (TSX:NEM) (the "Company") is pleased to announce that it has completed the previously announced public offering of US\$200 million principal amount of convertible subordinated unsecured debentures (the "Offering") with an interest rate of 5.00% per annum (the "Debentures").

The offering was made through a syndicate of underwriters (the "Underwriters"), led by RBC Capital Markets and Scotia Capital Inc, and included CIBC World Markets Inc., GMP Securities L.P., HSBC Securities (Canada) Inc., Canaccord Genuity Corp. and Raymond James Ltd. The Company has granted the Underwriters an overallotment option to purchase up to an additional US\$30 million aggregate principal amount of Debentures on the same terms and conditions, exercisable in whole or in part at any time for a period of 30 days following closing of the Offering. The Company will use the net proceeds to fund potential future acquisitions and for general corporate purposes.

The Debentures were issued at a price of US\$1,000 per Debenture. The Debentures will mature and be repayable on December 31, 2017 (the "Maturity Date") and will accrue interest at the rate of 5.00% per annum payable semi-annually in arrears on June 30 and December 31 in each year (the "Interest Payment Date"), commencing on December 31, 2011. At the holder's option, the Debentures may be converted into common shares of the Company at any time prior to the close of business on the earlier of the business day immediately preceding (i) the Maturity Date, (ii) the date fixed for redemption by the Company, or (iii) if called for repurchase in the event of a change of control, the payment date, at a conversion price of US\$13.80 per share. This represents a conversion rate of approximately 72.4638 common shares for each US\$1,000 principal amount of Debentures, subject to certain anti-dilution provisions. Holders who convert their Debentures will receive accrued and unpaid interest for the period from the date of the latest Interest Payment Date to the date of conversion.

The Debentures are direct, subordinated unsecured obligations of the Company, subordinated to any senior indebtedness of the Company and ranking equally with one another and with all other existing and future subordinated unsecured indebtedness of the Company.

The Debentures are not redeemable before and including December 31, 2014. On or after January 1, 2015 and prior to December 31, 2016, the Company may, at its option, redeem the Debentures in whole or in part provided that the volume weighted average trading price of the shares of the Company on the Toronto Stock Exchange (converted daily at the Bank of Canada noon U.S. dollar rate of exchange) during the 20 consecutive trading days ending on the fifth trading day preceding the date on which the notice of redemption is given is greater than 125% of the conversion price. On or after January 1, 2017 and prior to the Maturity

Date, the Company may, at its option, redeem the Debentures, in whole or in part, from time to time at par plus accrued and unpaid interest.

The Debentures are listed for trading on the Toronto Stock Exchange under the symbol "NEM.DB.U".

The Debentures offered have not and will not be registered under the U.S. Securities Act of 1933, as amended (the "Act"), and may not be offered or sold in the United States absent registration or an applicable exemption from the registration requirements under the Act. This press release shall not constitute an offer to sell or the solicitation of an offer to buy the securities in any jurisdiction.

About Neo Material Technologies

Neo Material Technologies Inc. is a producer, processor and developer of neodymium-iron-boron magnetic powders, rare earths and zirconium based engineered materials and applications, and other rare metals and their compounds through its Magnequench and Performance Materials divisions. These innovative products are essential in many of today's high technology products. Magnequench's Neo Powders are used to produce bonded magnets, generally used in micro motors, precision motors, sensors and other applications requiring high levels of magnetic strength, flexibility, small size and reduced weight. Rare earth and zirconium applications include catalytic converters, computers, television display panels, optical lenses, mobile phones and electronic chips. The Company's rare metals products are primarily used in the wireless, LED, flat panel, turbine, solar and catalyst industries. The Company is headquartered in Toronto, Canada.

Forward Looking Statements

From time to time, the Company may publish forward-looking statements relating to such matters as expected financial performance, business prospects, technological developments, and development activities and like matters. These statements involve risk and uncertainties, including but not limited to the risk factors previously described. Actual results could differ materially from those projected as a result of these risks and should not be relied upon as a prediction of future events. Neo Material Technologies Inc. undertakes no obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made, or to reflect the occurrence of unanticipated events.

Information Contact

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