
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549
FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2024

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number: 001-39277



MP MATERIALS CORP.

(Exact name of registrant as specified in its charter)

Delaware

84-4465489

(State or other jurisdiction of
incorporation or organization)

(I.R.S. Employer
Identification No.)

1700 S. Pavilion Center Drive, Suite 800

Las Vegas, Nevada 89135

(702) 844-6111

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value of \$0.0001 per share	MP	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (\$232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

As of April 30, 2024, the number of shares of the registrant's common stock outstanding was 165,316,817.

MP MATERIALS CORP. AND SUBSIDIARIES
TABLE OF CONTENTS

	Page
<u>PART I—FINANCIAL INFORMATION</u>	
Item 1. Financial Statements	1
Condensed Consolidated Balance Sheets (unaudited)	1
Condensed Consolidated Statements of Operations (unaudited)	2
Condensed Consolidated Statements of Comprehensive Income (unaudited)	3
Condensed Consolidated Statements of Changes in Stockholders' Equity (unaudited)	4
Condensed Consolidated Statements of Cash Flows (unaudited)	5
Notes to Condensed Consolidated Financial Statements (unaudited)	6
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations	23
Item 3. Quantitative and Qualitative Disclosures About Market Risk	37
Item 4. Controls and Procedures	37
<u>PART II—OTHER INFORMATION</u>	
Item 1. Legal Proceedings	38
Item 1A. Risk Factors	38
Item 2. Unregistered Sales of Equity Securities and Use of Proceeds	40
Item 4. Mine Safety Disclosures	40
Item 5. Other Information	40
Item 6. Exhibits	41
Signatures	42

References herein to the "Company," "MP Materials," "we," "our," and "us," refer to MP Materials Corp. and its subsidiaries.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain statements included in this Quarterly Report on Form 10-Q for the three months ended March 31, 2024 (this "Form 10-Q"), that are not historical facts are forward-looking statements under Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Forward-looking statements may be identified by the use of the words such as "estimate," "plan," "shall," "may," "project," "forecast," "intend," "expect," "anticipate," "believe," "seek," "target," or similar expressions that predict or indicate future events or trends or that are not statements of historical matters. These forward-looking statements include, but are not limited to, statements regarding estimates and forecasts of other financial and performance metrics and projections of market opportunity. These statements are based on various assumptions, whether or not identified in this Form 10-Q or our Annual Report on Form 10-K for the year ended December 31, 2023 (the "Form 10-K"), and on the current expectations of our management and are not predictions of actual performance. These forward-looking statements are provided for illustrative purposes only and are not intended to serve as, and must not be relied on by any investor as, a guarantee, an assurance, a prediction or a definitive statement of fact or probability. Actual events and circumstances are difficult or impossible to predict and will differ from assumptions. Many actual events and circumstances are beyond our control.

These forward-looking statements are subject to a number of risks and uncertainties, including:

- fluctuations and uncertainties related to demand for and pricing of rare earth products;
- uncertainties regarding the growth of existing and emerging uses for rare earth products and ability to compete with substitutions for such products;
- the intense competition within the rare earth mining and processing industry;
- uncertainties relating to our commercial arrangements with Shenghe Resources (Singapore) International Trading Pte. Ltd., an affiliate of Shenghe Resources Holding Co., Ltd., a global rare earth company listed on the Shanghai Stock Exchange;
- potential changes in China's political environment and policies;
- unanticipated costs or delays associated with the ramp-up of our Stage II optimization project;
- unanticipated costs or delays associated with our Stage III project;
- risks associated with our intellectual property rights, including uncertainties related to the Company's ability to obtain the intellectual property rights or licenses of intellectual property rights to produce NdFeB magnets and precursor materials;
- uncertainties related to the Company's ability to produce and supply NdFeB magnets and precursor materials;
- the ability to convert current commercial discussions with customers for the sale of rare earth oxide and metal products, NdFeB magnets and other products into contracts;
- potential power shortages and interruptions at the Mountain Pass Rare Earth Mine and Processing Facility;
- increasing costs or limited access to raw materials that may adversely affect our profitability;
- fluctuations in transportation costs or disruptions in transportation services;
- inability to meet individual customer specifications;
- diminished access to water;
- regulatory and business risks associated with the Company's investment in VREX Holdco Pte. Ltd.;
- uncertainty in our estimates of rare earth oxide reserves;
- risks associated with work stoppages;
- a shortage of skilled technicians and engineers;
- loss of key personnel;
- risks associated with the inherent dangers involved in mining activity and manufacturing of magnet materials;
- risks associated with events outside of our control, such as natural disasters, climate change, wars or health epidemics or pandemics;
- risks related to technology systems and security breaches;
- ability to maintain satisfactory labor relations;

- ability to comply with various government regulations that are applicable to our business;
- ability to maintain our governmental licenses, registrations, permits, and approvals with numerous governmental agencies necessary for us to operate our business;
- risks relating to extensive and costly environmental regulatory requirements;
- risks associated with the terms of our Convertible Notes and Capped Call Options (as defined in [Note 10, "Debt Obligations"](#));
- risks associated with our share repurchase program and whether it will be fully consummated or that our share repurchase program will enhance long-term stockholder value; and
- the other factors described elsewhere in this Form 10-Q, included under the headings ["Management's Discussion and Analysis of Financial Condition and Results of Operations"](#) and [Part II, Item 1A, "Risk Factors"](#) or as described in our Form 10-K, or as described in the other documents and reports we file with the Securities and Exchange Commission ("SEC").

If any of these risks materialize or our assumptions prove incorrect, actual results could differ materially from the results implied by these forward-looking statements.

These and other factors that could cause actual results to differ from those implied by the forward-looking statements in this Form 10-Q are more fully described within [Part II, Item 1A, "Risk Factors"](#) in this Form 10-Q and "Part I, Item 1A. Risk Factors" in our Form 10-K. Such risks are not exhaustive. New risk factors emerge from time to time, and it is not possible to predict all such risk factors, nor can we assess the impact of all such risk factors on our business or the extent to which any factor or combination of factors may cause actual results to differ materially from those contained in any forward-looking statements. All forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by the foregoing cautionary statements. We undertake no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

In addition, statements of belief and similar statements reflect our beliefs and opinions on the relevant subject. These statements are based upon information available to us, as applicable, as of the date of this Form 10-Q, and while we believe such information forms a reasonable basis for such statements, such information may be limited or incomplete, and statements should not be read to indicate that we have conducted an exhaustive inquiry into, or review of, all potentially available relevant information. These statements are inherently uncertain, and you are cautioned not to unduly rely upon these statements.

PART I—FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

**MP MATERIALS CORP. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(UNAUDITED)**

(in thousands, except share and per share data)	March 31, 2024	December 31, 2023
Assets		
Current assets		
Cash and cash equivalents	\$ 296,468	\$ 263,351
Short-term investments	650,299	734,493
Total cash, cash equivalents and short-term investments	946,767	997,844
Accounts receivable, net of allowance for credit losses of \$ 0 and \$ 0 , respectively (including related party)	21,600	10,029
Inventories	108,509	95,182
Government grant receivable	19,302	19,302
Prepaid expenses and other current assets	10,021	8,820
Total current assets	1,106,199	1,131,177
Non-current assets		
Property, plant and equipment, net	1,196,486	1,158,054
Operating lease right-of-use assets	9,705	10,065
Inventories	14,531	13,350
Equity method investment	9,647	9,673
Intangible assets, net	8,582	8,881
Other non-current assets	8,889	5,252
Total non-current assets	1,247,840	1,205,275
Total assets	\$ 2,354,039	\$ 2,336,452
Liabilities and stockholders' equity		
Current liabilities		
Accounts and construction payable	\$ 26,139	\$ 27,995
Accrued liabilities	73,987	73,939
Other current liabilities	7,420	6,616
Total current liabilities	107,546	108,550
Non-current liabilities		
Asset retirement obligations	5,576	5,518
Environmental obligations	16,532	16,545
Long-term debt, net	935,585	681,980
Operating lease liabilities	6,573	6,829
Deferred government grant	18,349	17,433
Deferred income taxes	121,877	130,793
Other non-current liabilities	4,247	3,025
Total non-current liabilities	1,108,739	862,123
Total liabilities	1,216,285	970,673
Commitments and contingencies (Note 13)		
Stockholders' equity:		
Preferred stock (\$ 0.0001 par value, 50,000,000 shares authorized, none issued and outstanding in either period)	—	—
Common stock (\$ 0.0001 par value, 450,000,000 shares authorized, 178,319,495 and 178,082,383 shares issued, and 165,307,107 and 178,082,383 shares outstanding, as of March 31, 2024, and December 31, 2023, respectively)	18	17
Additional paid-in capital	938,209	979,891
Retained earnings	402,215	385,726
Accumulated other comprehensive income (loss)	(130)	145
Treasury stock, at cost, 13,012,388 and 0 shares, respectively	(202,558)	—
Total stockholders' equity	1,137,754	1,365,779
Total liabilities and stockholders' equity	\$ 2,354,039	\$ 2,336,452

See accompanying notes to the Condensed Consolidated Financial Statements.

MP MATERIALS CORP. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)

	For the three months ended March 31,	
	2024	2023
<i>(in thousands, except share and per share data)</i>		
Revenue:		
Rare earth concentrate (including related party)	\$ 40,076	\$ 95,666
NdPr oxide and metal (including related party)	8,327	—
Other rare earth products	281	34
Total revenue	<u>48,684</u>	<u>95,700</u>
Operating costs and expenses:		
Cost of sales (excluding depreciation, depletion and amortization) (including related party)	35,594	24,216
Selling, general and administrative	21,267	19,403
Depreciation, depletion and amortization	18,385	8,122
Start-up costs	1,287	4,669
Advanced projects and development	4,206	3,611
Other operating costs and expenses	<u>377</u>	<u>2,717</u>
Total operating costs and expenses	<u>81,116</u>	<u>62,738</u>
Operating income (loss)	<u>(32,432)</u>	<u>32,962</u>
Interest expense, net	(2,857)	(1,359)
Gain on early extinguishment of debt	46,265	—
Other income, net	<u>12,657</u>	<u>13,693</u>
Income before income taxes	<u>23,633</u>	<u>45,296</u>
Income tax expense	(7,144)	(7,849)
Net income	<u><u>\$ 16,489</u></u>	<u><u>\$ 37,447</u></u>
Earnings (loss) per share:		
Basic	<u><u>\$ 0.09</u></u>	<u><u>\$ 0.21</u></u>
Diluted	<u><u>\$ (0.08)</u></u>	<u><u>\$ 0.20</u></u>
Weighted-average shares outstanding:		
Basic	<u><u>174,556,850</u></u>	<u><u>176,881,723</u></u>
Diluted	<u><u>186,791,826</u></u>	<u><u>193,613,539</u></u>

See accompanying notes to the Condensed Consolidated Financial Statements.

MP MATERIALS CORP. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(UNAUDITED)

<i>(in thousands)</i>	For the three months ended March 31,	
	2024	2023
Net income	\$ 16,489	\$ 37,447
Other comprehensive loss, net of tax:		
Change in net unrealized losses on available-for-sale securities	(275)	(58)
Total comprehensive income	<u>\$ 16,214</u>	<u>\$ 37,389</u>

See accompanying notes to the Condensed Consolidated Financial Statements.

MP MATERIALS CORP. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
(UNAUDITED)

<i>(in thousands, except share data)</i>	Three months ended March 31, 2024 and 2023									
	Preferred Stock		Common Stock		Additional Paid-in Capital		Accumulated Other Comprehensive Income (Loss)		Treasury Stock	Total Stockholders' Equity
	Shares	Amount	Shares	Amount	Paid-in Capital	Retained Earnings	Comprehensive Income (Loss)			
Balance as of January 1, 2024	—	\$ —	178,082,383	\$ 17	\$ 979,891	\$ 385,726	\$ 145	\$ —	\$ —	\$ 1,365,779
Stock-based compensation	—	—	234,763	1	7,802	—	—	—	—	7,803
Shares used to settle payroll tax withholding	—	—	(238,314)	—	(3,950)	—	—	—	—	(3,950)
Repurchases of common stock	—	—	(13,012,388)	—	—	—	—	—	(202,558)	(202,558)
Common stock issued for services	—	—	240,663	—	3,737	—	—	—	—	3,737
Capped Call Options related to 2030 Notes	—	—	—	—	(49,271)	—	—	—	—	(49,271)
Net income	—	—	—	—	—	16,489	—	—	—	16,489
Unrealized losses on available-for-sale securities	—	—	—	—	—	—	(275)	—	—	(275)
										(202,558)
Balance as of March 31, 2024	—	\$ —	165,307,107	\$ 18	\$ 938,209	\$ 402,215	\$ (130)	\$ —)	\$ —)	\$ 1,137,754
Balance as of January 1, 2023	—	\$ —	177,706,608	\$ 18	\$ 951,008	\$ 361,419	\$ 189	\$ —	\$ —	\$ 1,312,634
Stock-based compensation	—	—	98,418	—	7,758	—	—	—	—	7,758
Shares used to settle payroll tax withholding	—	—	(185,221)	(1)	(5,975)	—	—	—	—	(5,976)
Net income	—	—	—	—	—	37,447	—	—	—	37,447
Unrealized losses on available-for-sale securities	—	—	—	—	—	—	(58)	—	—	(58)
Balance as of March 31, 2023	—	\$ —	177,619,805	\$ 17	\$ 952,791	\$ 398,866	\$ 131	\$ —)	\$ —)	\$ 1,351,805

See accompanying notes to the Condensed Consolidated Financial Statements.

MP MATERIALS CORP. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

<i>(in thousands)</i>	For the three months ended March 31,	
	2024	2023
Operating activities:		
Net income	\$ 16,489	\$ 37,447
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation, depletion and amortization	18,385	8,122
Accretion of asset retirement and environmental obligations	231	227
Accretion of discount on short-term investments	(8,493)	(8,842)
Gain on early extinguishment of debt	(46,265)	—
Loss (gain) on disposals of long-lived assets, net	45	(5)
Stock-based compensation expense	7,467	7,013
Amortization of debt issuance costs	913	882
Lower of cost or net realizable value reserve	5,991	—
Deferred income taxes	7,144	7,377
Decrease (increase) in operating assets:		
Accounts receivable (including related party)	(11,571)	11,611
Inventories	(20,943)	(5,024)
Government grant receivable	(1,617)	—
Prepaid expenses, other current and non-current assets	(3,243)	123
Increase (decrease) in operating liabilities:		
Accounts payable and accrued liabilities	(7,633)	(3,586)
Deferred government grant	1,489	—
Other current and non-current liabilities	485	146
Net cash provided by (used in) operating activities	(41,126)	55,491
Investing activities:		
Additions to property, plant and equipment	(51,838)	(74,462)
Purchases of short-term investments	(390,608)	(320,884)
Proceeds from sales of short-term investments	22,954	447,227
Proceeds from maturities of short-term investments	460,110	410,307
Proceeds from government awards used for construction	96	—
Net cash provided by investing activities	40,714	462,188
Financing activities:		
Proceeds from issuance of long-term debt	747,500	—
Payment of debt issuance costs	(15,125)	—
Payments to retire long-term debt	(428,599)	—
Purchase of capped call options	(65,332)	—
Repurchases of common stock	(200,764)	—
Principal payments on debt obligations and finance leases	(811)	(846)
Tax withholding on stock-based awards	(3,949)	(5,976)
Net cash provided by (used in) financing activities	32,920	(6,822)
Net change in cash, cash equivalents and restricted cash	32,508	510,857
Cash, cash equivalents and restricted cash beginning balance	264,988	143,509
Cash, cash equivalents and restricted cash ending balance	\$ 297,496	\$ 654,366
Reconciliation of cash, cash equivalents and restricted cash:		
Cash and cash equivalents	\$ 296,468	\$ 651,215
Restricted cash, current	692	2,552
Restricted cash, non-current	336	599
Total cash, cash equivalents and restricted cash	\$ 297,496	\$ 654,366

See accompanying notes to the Condensed Consolidated Financial Statements.

MP MATERIALS CORP. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

NOTE 1—DESCRIPTION OF BUSINESS AND BASIS OF PRESENTATION

Description of Business: MP Materials Corp., including its subsidiaries (the "Company" or "MP Materials"), is the largest producer of rare earth materials in the Western Hemisphere. The Company, which is headquartered in Las Vegas, Nevada, owns and operates the Mountain Pass Rare Earth Mine and Processing Facility ("Mountain Pass"), the only rare earth mining and processing site of scale in North America, and is constructing a rare earth metal, alloy and magnet manufacturing facility in Fort Worth, Texas (the "Fort Worth Facility"), where the Company anticipates manufacturing neodymium-iron-boron ("NdFeB") permanent magnets and its precursor products.

The Company produces rare earth concentrate products as well as refined rare earth oxides and related products. The rare earth concentrate is principally sold pursuant to the Offtake Agreements to Shenghe (as such terms are defined in [Note 19, "Related-Party Transactions"](#)), a related party of the Company, that, in turn, typically sells that product to refiners in China. In the second half of 2023, the Company began producing and selling separated rare earth products, including neodymium-praseodymium ("NdPr") oxide. Additionally, the Company has a long-term agreement with General Motors Company (NYSE: GM) ("GM") to supply U.S.-sourced and manufactured rare earth materials and finished magnets for the electric motors in more than a dozen models based on GM's Ultium Platform.

Operating segments are defined as components of an enterprise engaged in business activities, about which separate financial information is available and evaluated regularly by the chief operating decision maker ("CODM"), or decision-making group, in deciding how to allocate resources and in assessing performance. The Company's CODM views the Company's operations and manages the business as one reportable segment.

The cash flows and profitability of the Company's operations are significantly affected by the market price of rare earth products. The prices of rare earth products are affected by numerous factors beyond the Company's control. The products of the Company are sold globally, with a primary focus in the Asian market due to the refining, metallization, and magnet manufacturing capabilities of the region. Rare earth products are critical inputs in hundreds of existing and emerging clean-tech applications including electric vehicles and wind turbines as well as robotics, drones, and defense applications.

Basis of Presentation: The unaudited Condensed Consolidated Financial Statements of the Company have been prepared in accordance with generally accepted accounting principles in the United States ("GAAP") for interim financial information and with the rules and regulations of the U.S. Securities and Exchange Commission. Accordingly, since they are interim statements, they do not include all of the information and notes required by GAAP for complete consolidated financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included.

Results of operations and cash flows for the interim periods presented herein are not necessarily indicative of the results that would be achieved during a full year of operations or in future periods. These unaudited Condensed Consolidated Financial Statements and notes thereto should be read in conjunction with the Consolidated Financial Statements and notes thereto included in the Company's Form 10-K.

NOTE 2—SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation: The unaudited Condensed Consolidated Financial Statements include the accounts of MP Materials Corp. and its subsidiaries. All intercompany accounts and transactions have been eliminated in consolidation.

Use of Estimates: The preparation of the unaudited Condensed Consolidated Financial Statements in conformity with GAAP requires management to make estimates and assumptions that affect (i) the reported amounts of assets and liabilities, (ii) the disclosure of contingent assets and liabilities at the date of the unaudited Condensed Consolidated Financial Statements, and (iii) the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results may differ from those estimates.

Concentration of Risk: Financial instruments that potentially subject the Company to credit risk consist principally of cash, cash equivalents and short-term investments, and receivables from customers. The Company believes that its credit risk is limited because the Company's current contracts are with companies that have a reliable payment history. The Company does not believe that it is exposed to any significant risks related to its cash accounts, money market funds, or short-term investments.

As of March 31, 2024, Shenghe was the Company's principal customer and accounted for more than 80 % of revenue. Rare earth concentrate is not quoted on any major commodities market or exchange and demand for rare earth concentrate is currently constrained to a relatively limited number of refiners, a significant majority of which are based in China. Uncertainty exists as to the market price of rare earth oxide ("REO"), as evidenced by the volatility experienced in 2022 and 2023 primarily due to concerns over the global economic conditions and actual or perceived concerns over increases in the supply of or slower growth in the demand for rare earth products. Furthermore, while revenue is generated in the U.S., Shenghe conducts its primary operations in China and may transport and sell products in the Chinese market. Therefore, the Company's revenue is affected by Shenghe's ultimate realized prices in China, including the impact of changes in the exchange rate between the Chinese Yuan and the U.S. dollar. In addition, the ongoing economic conflict between China and the U.S., which has previously resulted in tariffs and trade barriers, may negatively affect the Company's business and results of operations. See [Note 19, "Related-Party Transactions."](#) for additional information.

Capped Call Options: The Company's Capped Call Options cover the aggregate number of shares of its common stock that initially underlie the 2030 Notes (as such terms are defined in [Note 10, "Debt Obligations"](#)), and generally reduce potential dilution to the Company's common stock upon the conversion of the 2030 Notes and/or offset any cash payments the Company may make in excess of the principal amount of the converted 2030 Notes, as the case may be, with such reduction and/or offset subject to a cap, based on the cap price of the Capped Call Options.

The Company determined that the Capped Call Options meet the definition of a freestanding derivative under Accounting Standards Codification ("ASC") 815, "Derivatives and Hedging" ("ASC 815"), but are not required to be separately accounted for as a derivative as they meet the indexation and equity classification scope exception outlined in ASC 815. Accordingly, the Company recognized the cash paid to enter into the Capped Call Options contract by recording an entry to "Additional paid-in capital" ("APIC") in "Stockholders' equity" within the Company's unaudited Condensed Consolidated Balance Sheets. The Capped Call Options recorded in APIC will not be remeasured each reporting period. See [Note 10, "Debt Obligations."](#) for additional information.

Treasury Stock: Treasury stock represents shares of the Company's common stock that have been reacquired after having been issued, and is accounted for under the cost method. Treasury stock is excluded from the Company's outstanding shares and recorded as a reduction of "Stockholders' equity" within the Company's unaudited Condensed Consolidated Balance Sheets, unless the repurchased shares are immediately retired. Incremental direct costs to purchase treasury stock, such as excise taxes and commission fees, are included in the cost of the shares acquired. As of March 31, 2024, the outstanding balance of the excise tax liability was \$ 1.8 million and was included in "Other non-current liabilities" within the Company's unaudited Condensed Consolidated Balance Sheets.

Recently Issued Accounting Pronouncements: During the three months ended March 31, 2024, there were no accounting pronouncements adopted by the Company that had a material impact on the Company's unaudited Condensed Consolidated Financial Statements. The Company is currently evaluating the effect of adopting Accounting Standards Update ("ASU") No. 2023-07, "Improvements to Reportable Segment Disclosures," and ASU No. 2023-09, "Improvements to Income Tax Disclosures," on its disclosures.

Reclassifications: Certain amounts in prior periods have been reclassified to conform to the current year presentation.

NOTE 3—CASH, CASH EQUIVALENTS AND INVESTMENTS

The following table presents the Company's cash, cash equivalents and short-term investments:

<i>(in thousands)</i>	March 31, 2024				December 31, 2023			
	Amortized Cost Basis	Unrealized Gains	Unrealized Losses	Estimated Fair Value	Amortized Cost Basis	Unrealized Gains	Unrealized Losses	Estimated Fair Value
Cash:								
Demand deposits	\$ 1,190	\$ —	\$ —	\$ 1,190	\$ 2,795	\$ —	\$ —	\$ 2,795
Cash equivalents:								
Money market funds	134,329	—	—	134,329	61,166	—	—	61,166
U.S. Treasury securities	57,770	1	(2)	57,769	92,113	14	—	92,127
Commercial paper	81,433	—	(12)	81,421	93,447	15	—	93,462
Certificates of deposit	21,758	1	—	21,759	13,799	2	—	13,801
Total cash equivalents	<u>295,290</u>	<u>2</u>	<u>(14)</u>	<u>295,278</u>	<u>260,525</u>	<u>31</u>	—	260,556
Total cash and equivalents	296,480	2	(14)	296,468	263,320	31	—	263,351
Short-term investments:								
U.S. agency securities	—	—	—	—	118,370	—	(78)	118,292
U.S. Treasury securities	650,369	23	(93)	650,299	615,962	249	(10)	616,201
Total short-term investments	650,369	23	(93)	650,299	734,332	249	(88)	734,493
Total cash, cash equivalents and short-term investments	\$ 946,849	\$ 25	\$ (107)	\$ 946,767	\$ 997,652	\$ 280	\$ (88)	\$ 997,844

The Company does not intend to sell, nor is it more likely than not that the Company will be required to sell, any investments in unrealized loss positions before recovery of their amortized cost basis. The Company did not recognize any credit losses related to its available-for-sale investments during the three months ended March 31, 2024 and 2023. The unrealized losses on the Company's available-for-sale investments were primarily due to unfavorable changes in interest rates subsequent to initial purchase. None of the available-for-sale investments held as of March 31, 2024, were in a continuous unrealized loss position for greater than 12 months and the unrealized losses and the related risk of expected credit losses were not material.

The Company recognized the following income and expense amounts, all of which are included in "Other income, net" within the Company's unaudited Condensed Consolidated Statements of Operations:

<i>(in thousands)</i>	For the three months ended March 31,	
	2024	2023
Gross realized gains	\$ 2	\$ 505
Gross realized losses	\$ 6	\$ 139
Interest and investment income ⁽¹⁾	<u>12,870</u>	<u>13,347</u>

(1) Includes interest and investment income on the Company's available-for-sale securities and other money market funds.

As of March 31, 2024, all outstanding available-for-sale investments had contractual maturities within one year and aggregated to a fair value of \$ 811.2 million.

NOTE 4—INVENTORIES

The Company's inventories consisted of the following:

<i>(in thousands)</i>	December 31,	
	March 31, 2024	2023
Raw materials and supplies, including spare parts ⁽¹⁾	\$ 43,808	\$ 42,371
Mined ore stockpiles	29,694	28,507
Work in process	27,141	15,019
Finished goods	7,866	9,285
Total current inventories	108,509	95,182
Add: Non-current portion ⁽²⁾	14,531	13,350
Total inventories	\$ 123,040	\$ 108,532

(1) Includes raw materials to support activities pertaining to the Company's rare earth metal, alloy and magnet manufacturing capabilities.

(2) Represents stockpiled ore that is not expected to be processed within the next 12 months as well as certain raw materials that are not expected to be consumed within the next 12 months. The stockpiled ore amounts as of March 31, 2024 and December 31, 2023, were \$ 9.6 million and \$ 9.1 million, respectively.

For the three months ended March 31, 2024, the Company recorded a lower of cost or net realizable value reserve of \$ 6.0 million on certain of the Company's work in process and finished goods inventories, largely attributable to elevated carrying costs of the Company's initial production of separated products given the early stage of ramping the Stage II facilities to normalized production levels. The reserve is included in "Cost of sales (excluding depreciation, depletion and amortization) (including related party)" within the unaudited Condensed Consolidated Statement of Operations. There was no lower of cost or net realizable value reserve for the three months ended March 31, 2023.

NOTE 5—PROPERTY, PLANT AND EQUIPMENT

The Company's property, plant and equipment consisted of the following:

<i>(in thousands)</i>	December 31,	
	March 31, 2024	2023
Land and land improvements	\$ 28,855	\$ 27,091
Buildings and building improvements	92,814	92,203
Machinery and equipment	512,997	503,145
Assets under construction	256,434	211,848
Mineral rights	438,395	438,395
Property, plant and equipment, gross	1,329,495	1,272,682
Less: Accumulated depreciation and depletion	(133,009)	(114,628)
Property, plant and equipment, net	\$ 1,196,486	\$ 1,158,054

Additions to Property, Plant and Equipment: The Company capitalized expenditures related to property, plant and equipment of \$ 56.6 million and \$ 74.3 million for the three months ended March 31, 2024 and 2023, respectively, including amounts not yet paid (see [Note 20, "Supplemental Cash Flow Information"](#)). The capitalized expenditures for the three months ended March 31, 2024, related primarily to machinery, equipment and assets under construction to support the Company's Fort Worth Facility, as well as its HREE Facility (as defined in [Note 15, "Government Grants"](#)), and other projects at Mountain Pass. The capitalized expenditures for the three months ended March 31, 2023, related to machinery, equipment, and assets under construction to support the Company's Stage II optimization project, and assets under construction for its Fort Worth Facility.

The Company's depreciation and depletion expense were as follows:

<i>(in thousands)</i>	For the three months ended March 31,	
	2024	2023
Depreciation expense	\$ 14,900	\$ 5,245
Depletion expense	\$ 3,132	\$ 2,800

The Company recognized \$ 2.5 million of demolition costs for the three months ended March 31, 2023, which are included in "Other operating costs and expenses" within the Company's unaudited Condensed Consolidated Statements of Operations, incurred in connection with demolishing and removing certain old facilities from the Mountain Pass site that have never been used in the Company's operations. There were no property, plant and equipment impairments recognized for the three months ended March 31, 2024 and 2023. For information on the Company's asset-based government grants, which impact the carrying amount of the Company's property, plant and equipment, see [Note 15, "Government Grants."](#)

NOTE 6— EQUITY METHOD INVESTMENT

The Company's equity method investment balance was \$ 9.6 million and \$ 9.7 million, as of March 31, 2024, and December 31, 2023, respectively, and pertains to the Company's 49 % equity interest in VREX Holdco Pte. Ltd. ("VREX Holdco"). VREX Holdco wholly owns Vietnam Rare Earth Company Limited ("VREX"), which owns and operates a metal processing plant and related facilities in Vietnam. The Company determined that VREX Holdco is a variable interest entity, but that the Company is not the primary beneficiary. Consequently, the Company does not consolidate VREX Holdco, and instead, accounts for its investment in VREX Holdco under the equity method of accounting as it has the ability to exercise significant influence, but not control, over VREX Holdco's operating and financial policies.

For the three months ended March 31, 2024, the Company's share of VREX Holdco's net loss, which was not material, was included in "Other income, net" within the Company's unaudited Condensed Consolidated Statements of Operations. As of March 31, 2024, the tolling fees due to VREX Holdco pursuant to the Tolling Agreement (as defined in [Note 19, "Related-Party Transactions."](#)) and capitalized to inventories that are subject to intra-entity profit or loss elimination were immaterial. See [Note 19, "Related-Party Transactions."](#) for a discussion on the transactions between the Company and VREX Holdco during the three months ended March 31, 2024.

As of March 31, 2024, the Company evaluated its equity method investment for impairment to determine if there were any events or changes in circumstances that would indicate if the carrying amount of its investment had experienced an "other-than-temporary" decline in value. As a result, no impairment charge was recorded during the three months ended March 31, 2024.

NOTE 7— INTANGIBLE ASSETS

The Company's intangible assets were as follows:

<i>(in thousands)</i>	December 31,	
	March 31, 2024	2023
Intangible assets with indefinite lives:		
Emissions allowances	\$ 316	\$ 316
Intangible assets with definite lives:		
Patent and intellectual property license	8,963	8,963
Less: Accumulated amortization	(697)	(398)
Patent and intellectual property license, net	8,266	8,565
Intangible assets, net	\$ 8,582	\$ 8,881

Amortization expense related to amortizing intangible assets was \$ 0.3 million for the three months ended March 31, 2024. There was no amortization expense related to amortizing intangible assets recognized for the three months ended March 31, 2023. No impairment charges were recorded during the three months ended March 31, 2024 and 2023.

NOTE 8—ASSET RETIREMENT AND ENVIRONMENTAL OBLIGATIONS***Asset Retirement Obligations***

The Company estimates asset retirement obligations based on the requirements to reclaim certain land areas associated with mineral extraction activities and certain related facilities at Mountain Pass. Minor reclamation activities related to discrete portions of the Company's operations are ongoing. As of March 31, 2024, the Company estimated a significant portion of the cash outflows for major reclamation activities including the retirement of Mountain Pass will be incurred beginning in 2056.

As of March 31, 2024, the credit-adjusted risk-free rate ranged between 6.5 % and 12.0 % depending on the timing of expected settlement and when the increment was recognized. There were no significant increments or decrements for the three months ended March 31, 2024 and 2023.

The balance as of both March 31, 2024 and December 31, 2023, included current portions of \$ 0.2 million, which are included in "Other current liabilities" within the Company's unaudited Condensed Consolidated Balance Sheets. The total estimated future undiscounted cash flows required to satisfy the Company's asset retirement obligations were \$ 50.2 million as of both March 31, 2024 and December 31, 2023.

Environmental Obligations

The Company has certain environmental monitoring and remediation obligations related to the monitoring of groundwater contamination. The Company engaged an environmental consultant to develop a remediation plan and remediation cost projections based upon that plan. Utilizing the consultant's plan, the Company developed an estimate of future cash payments for the environmental obligations.

As of March 31, 2024, the Company estimated the cash outflows related to these environmental activities will be incurred annually over the next 24 years. The Company's environmental obligations are measured at the expected value of future cash outflows discounted to their present value using a discount rate of 2.93 %. There were no significant changes in the estimated remaining remediation costs for the three months ended March 31, 2024 and 2023.

The total estimated aggregate undiscounted cost of \$ 26.5 million and \$ 26.7 million as of March 31, 2024, and December 31, 2023, respectively, principally related to water monitoring activities required by state and local agencies. Based on the Company's estimate of the cost and timing and the assumption that payments are considered to be fixed and reliably determinable, the Company has discounted the liability. The balance as of both March 31, 2024, and December 31, 2023, included current portions of \$ 0.5 million, which are included in "Other current liabilities" within the Company's unaudited Condensed Consolidated Balance Sheets.

Financial Assurances

The Company is required to provide certain government agencies with financial assurances relating to closure and reclamation obligations. As of March 31, 2024, and December 31, 2023, the Company had financial assurance requirements of \$ 45.5 million and \$ 45.4 million, respectively, which were satisfied with surety bonds placed with applicable California state and regional agencies.

NOTE 9—ACCRUED LIABILITIES

The Company's accrued liabilities consisted of the following:

<i>(in thousands)</i>	December 31,	
	March 31, 2024	2023
Accrued payroll and related	\$ 8,703	\$ 14,499
Accrued construction costs	55,365	46,976
Accrued taxes	839	3,373
Other accrued liabilities	9,080	9,091
Accrued liabilities	\$ 73,987	\$ 73,939

NOTE 10—DEBT OBLIGATIONS

The Company's long-term debt, net, was as follows:

(in thousands)	March 31, 2024			December 31, 2023		
	Principal Amount	Unamortized Debt Issuance Costs	Carrying Amount	Principal Amount	Unamortized Debt Issuance Costs	Carrying Amount
	\$ 210,000	\$ (2,180)	\$ 207,820	\$ 690,000	\$ (8,020)	\$ 681,980
Convertible Notes due 2026	747,500	(19,735)	727,765	—	—	—
Total long-term debt outstanding	\$ 957,500	\$ (21,915)	\$ 935,585	\$ 690,000	\$ (8,020)	\$ 681,980

Convertible Notes due 2026

In March 2021, the Company issued \$ 690.0 million aggregate principal amount of 0.25 % unsecured convertible senior notes (the "2026 Notes") at a price of par. Interest on the 2026 Notes is payable on April 1st and October 1st of each year, beginning on October 1, 2021.

Contemporaneous with the pricing of the 2030 Notes (as defined below), the Company entered into privately negotiated transactions with certain holders of the 2026 Notes to repurchase \$ 400.0 million in aggregate principal amount of the 2026 Notes, using \$ 358.0 million of the net proceeds from the offering of the 2030 Notes. The price the Company paid to repurchase the 2026 Notes, 89.5 % of par value, was the same for each lender and approximated the trading price of the 2026 Notes at the time of the repurchases. Subsequent to the issuance of the 2030 Notes, the Company repurchased an additional \$ 80.0 million in aggregate principal amount of the 2026 Notes in open market transactions for \$ 70.6 million. As a result of the repurchases of 2026 Notes, during the three months ended March 31, 2024, the Company recorded a \$ 46.3 million gain on early extinguishment of debt included within the Company's unaudited Condensed Consolidated Statement of Operations.

The remaining 2026 Notes outstanding mature, unless earlier converted, redeemed or repurchased, on April 1, 2026. The initial conversion price of the remaining 2026 Notes is approximately \$ 44.28 per share, or 22.5861 shares per \$1,000 principal amount of notes, subject to adjustment upon the occurrence of certain events. As of March 31, 2024, the maximum number of shares that could be issued to satisfy the conversion feature of the 2026 Notes was 5,999,994 . The 2026 Notes' if-converted value did not exceed its principal amount as of March 31, 2024.

In March 2024, the Company provided a written notice to the trustee and the holders of the 2026 Notes that it has irrevocably elected to fix the settlement method for all conversions that may occur subsequent to the election date, to a combination of cash and shares of the Company's common stock with the specified dollar amount per \$1,000 principal amount of the 2026 Notes of \$1,000. As a result, for any conversions of 2026 Notes occurring after the election date, a converting holder will receive (i) up to \$1,000 in cash per \$1,000 principal amount of the 2026 Notes and (ii) shares of the Company's common stock for any conversion consideration in excess of \$1,000 per \$1,000 principal amount of the 2026 Notes converted. Prior to the election being made, the Company could have elected to settle the 2026 Notes in cash, shares of the Company's common stock or a combination thereof.

Convertible Notes due 2030

In March 2024, the Company issued \$ 747.5 million in aggregate principal amount of 3.00 % unsecured convertible senior notes that mature, unless earlier converted, redeemed or repurchased, on March 1, 2030 (the "2030 Notes" and, together with the 2026 Notes, the "Convertible Notes"), at a price of par. Interest on the 2030 Notes is payable on March 1st and September 1st of each year, beginning on September 1, 2024. In connection with the issuance, the Company recorded debt issuance costs of \$ 19.9 million, of which, \$ 15.1 million was paid in cash as of March 31, 2024, and \$ 3.7 million was settled through the issuance of shares of the Company's common stock (see [Note 20, "Supplemental Cash Flow Information"](#)).

The 2030 Notes are convertible into cash, shares of the Company's common stock or a combination of cash and shares of the Company's common stock, at the Company's election, at an initial conversion price of approximately \$ 21.74 per share, or 45.9939 shares per \$1,000 principal amount of 2030 Notes, subject to adjustment upon the occurrence of certain events. As of March 31, 2024, the maximum number of shares that could be issued to satisfy the conversion feature of the 2030 Notes was 48,132,646 . The 2030 Notes' if-converted value did not exceed its principal amount as of March 31, 2024.

Prior to December 1, 2029, at their election, holders of the 2030 Notes may convert their outstanding notes under the following circumstances: i) during any calendar quarter commencing with the third quarter of 2024 if the last reported sale price

of the Company's common stock for at least 20 trading days (whether or not consecutive) during the period of 30 consecutive trading days ending on, and including, the last trading day of the immediately preceding calendar quarter is greater than or equal to 130 % of the conversion price on each applicable trading day; ii) during the five business day period after any ten consecutive trading day period (the "Measurement Period") in which the trading price (as defined in the indenture governing the 2030 Notes) per \$1,000 principal amount of 2030 Notes for each trading day of the Measurement Period was less than 98 % of the product of the last reported sale price of the Company's common stock and the conversion rate on each such trading day; iii) if the Company calls any or all of the 2030 Notes for redemption, the notes called for redemption may be converted at any time prior to the close of business on the second scheduled trading day immediately preceding the redemption date; or iv) upon the occurrence of specified corporate events set forth in the indenture governing the 2030 Notes. On or after December 1, 2029, and prior to the close of business on the second scheduled trading day immediately preceding the maturity date of the 2030 Notes, holders may convert their outstanding notes at any time, regardless of the foregoing circumstances.

The Company has the option to redeem for cash the 2030 Notes, in whole or in part, beginning on March 5, 2027, if certain conditions are met as set forth in the indenture governing the 2030 Notes. The redemption price is equal to 100% of the principal amount of the notes to be redeemed, plus accrued and unpaid interest.

If the Company undergoes a fundamental change (as defined in the indenture governing the 2030 Notes), holders may require the Company to repurchase for cash all or any portion of their outstanding 2030 Notes at a price equal to 100 % of the principal amount of the notes to be repurchased, plus accrued and unpaid interest.

In addition, following certain corporate events that occur prior to the maturity date of the 2030 Notes or if the Company delivers a notice of early redemption, holders may, at their election, convert their outstanding 2030 Notes in connection with such event or notice, as applicable, and the Company will, in certain circumstances, increase the conversion rate but not to exceed 64.3915 shares per \$1,000 principal amount of any converted 2030 Notes, subject to further adjustment upon the occurrence of certain events.

Capped Call Options

In March 2024, in connection with the offering of the 2030 Notes, the Company entered into privately negotiated capped call transactions (the "Capped Call Options") with certain financial institutions ("Counterparties"). The Capped Call Options cover, subject to anti-dilution adjustments substantially similar to those in the 2030 Notes, 34.4 million shares of the Company's common stock, the same number of shares that initially underlie the 2030 Notes. The Capped Call Options have an expiration date of March 1, 2030, subject to earlier exercise.

The Capped Call Options are expected generally to reduce the potential dilution to the Company's common stock upon conversion of the 2030 Notes and/or offset cash payments the Company is required to make in excess of the principal amount of the converted 2030 Notes, as the case may be, in the event that the market price per share of the Company's common stock, as measured under the terms of the Capped Call Options, is greater than the strike price of the Capped Call Options, which initially corresponds to the initial conversion price of the 2030 Notes, or approximately \$ 21.74 per share of common stock, with such reduction and/or offset subject to an initial cap of \$ 31.06 per share of the Company's common stock.

The Capped Call Options are separate transactions, entered into by the Company with each of the Counterparties, and are not part of the terms of the 2030 Notes. Holders of the 2030 Notes will not have any rights with respect to the Capped Call Options. The Capped Call Options meet the criteria for classification as equity and, as such, are not remeasured each reporting period. The Company paid \$ 65.3 million for the Capped Call Options, which was recorded as a reduction to APIC within the Company's unaudited Condensed Consolidated Balance Sheets along with the offsetting associated deferred tax impact of \$ 16.1 million.

The Company elected to integrate the Capped Call Options with the 2030 Notes for federal income tax purposes pursuant to applicable U.S. Treasury Regulations. Accordingly, the \$ 65.3 million gross cost of the purchased Capped Call Options will be deductible for income tax purposes as original discount interest over the term of the 2030 Notes.

[Table of Contents](#)

Interest expense related to the Convertible Notes was as follows:

<i>(in thousands)</i>	For the three months ended March 31,	
	2024	2023
Coupon interest	\$ 1,914	\$ 431
Amortization of debt issuance costs	913	882
Convertible Notes interest expense	\$ 2,827	\$ 1,313

The debt issuance costs associated with the 2026 Notes and the 2030 Notes are being amortized to interest expense over the terms of each note at effective interest rates of 0.51 % and 3.49 %, respectively. The remaining term of the 2026 Notes and the 2030 Notes were 2.0 years and 5.9 years, respectively, as of March 31, 2024.

Equipment Notes

The Company has financing agreements for the purchase of certain equipment, including trucks, tractors, loaders, graders, and various other machinery. The Company's equipment notes, which are secured by the purchased equipment, have terms of between 4 to 5 years and interest rates of between 0.0 % and 4.5 % per annum.

The current and non-current portions of the equipment notes, which are included within the unaudited Condensed Consolidated Balance Sheets in "Other current liabilities" and "Other non-current liabilities," respectively, were as follows:

<i>(in thousands)</i>	December 31,	
	March 31, 2024	2023
Equipment notes		
Current	\$ 1,868	\$ 2,106
Non-current	2,121	2,637
	\$ 3,989	\$ 4,743

As of March 31, 2024, none of the agreements or indentures governing the Company's indebtedness contain financial covenants.

NOTE 11— LEASES

The Company has operating and finance leases for certain office space, warehouses, vehicles and equipment used in its operations. The Company's lease agreements do not contain material residual value guarantees or restrictive covenants. As of March 31, 2024, the Company was not reasonably certain of exercising any material purchase, renewal, or termination options contained within its lease agreements. No ROU asset impairment charges were recorded during the three months ended March 31, 2024 and 2023.

[Table of Contents](#)

Supplemental disclosure for the unaudited Condensed Consolidated Balance Sheets related to the Company's operating and finance leases is as follows:

(in thousands)	Location on Unaudited Condensed Consolidated Balance Sheets	December 31,	
		March 31, 2024	2023
Operating leases:			
Right-of-use assets	Operating lease right-of-use assets	\$ 9,705	\$ 10,065
Operating lease liability, current	Other current liabilities	\$ 974	\$ 959
Operating lease liability, non-current	Operating lease liabilities	6,573	6,829
Total operating lease liabilities		\$ 7,547	\$ 7,788
Finance leases:			
Right-of-use assets	Other non-current assets	\$ 536	\$ 591
Finance lease liability, current	Other current liabilities	\$ 193	\$ 195
Finance lease liability, non-current	Other non-current liabilities	331	388
Total finance lease liabilities		\$ 524	\$ 583

NOTE 12— INCOME TAXES

The Company calculates the provision for income taxes during interim reporting periods by applying an estimate of the annual effective tax rate to its year-to-date pretax book income or loss. The tax effects of discrete items, including but not limited to, excess tax benefits or deficiencies associated with stock-based compensation, valuation allowance adjustments based on new evidence, and enactment of tax laws, are reported in the interim period in which they occur. The effective tax rate (income tax expense or benefit as a percentage of income or loss before income taxes) including discrete items was 30.2 % and 17.3 % for the three months ended March 31, 2024 and 2023, respectively. The Company's effective income tax rate can vary from period to period depending on, among other factors, percentage depletion, executive compensation deduction limitations, the Section 45X Advanced Manufacturing Production Credit (the "45X Credit"), and changes to its valuation allowance against deferred tax assets. Certain of these and other factors, including the Company's history and projections of pretax earnings, are considered in assessing its ability to realize its net deferred tax assets.

In March 2024, the Company was awarded a \$ 58.5 million Section 48C Qualifying Advanced Energy Project Tax Credit (the "48C Credit") to advance the construction on its Fort Worth Facility. The 48C Credit is an investment tax credit equal to 30% of qualified investments for certified projects that meet prevailing wage and apprenticeship requirements and are placed in service after the date of the award. For the Company, the 48C Credit is not eligible for direct pay; however, an election may be made to transfer the credit to an unrelated taxpayer at a negotiated rate. As of March 31, 2024, no amount of the 48C Credit has yet been recognized.

NOTE 13— COMMITMENTS AND CONTINGENCIES

Litigation: The Company may become party to lawsuits, administrative proceedings, and government investigations, including environmental, regulatory, construction, and other matters, in the ordinary course of business. Large, and sometimes unspecified, damages or penalties may be sought in some matters, and certain matters may require years to resolve. Other than the matter described below, the Company is not aware of any pending or threatened litigation that it believes would have a material adverse effect on its unaudited Condensed Consolidated Financial Statements.

The Company is currently in dispute with a general contractor for a construction project, which is scheduled to go to binding arbitration. The Company disputes that it owes any monies in connection with this construction project. The Company is unable to estimate a range of loss, if any, at this time. If an unfavorable outcome were to occur in the arbitration, it is possible that the impact could be material to the Company's unaudited Condensed Consolidated Financial Statements in the period in which any such outcome becomes probable and reasonably estimable.

NOTE 14— REVENUE RECOGNITION

The following table disaggregates the Company's revenue from contracts with customers by type of good sold, which are transferred to customers at a point in time:

<i>(in thousands)</i>	For the three months ended March 31,	
	2024	2023
Rare earth concentrate	\$ 40,076	\$ 95,666
NdPr oxide and metal	8,327	—
Other rare earth products	281	34
Total revenue	\$ 48,684	\$ 95,700

The Company evaluates the recognition of revenue based on the criteria set forth in ASC 606, "Revenue from Contracts with Customers." Given the nature of the Company's contracts with customers, contract assets and contract liabilities are not material for any period presented. Furthermore, the amount of revenue recognized in the periods presented from performance obligations that were satisfied (or partially satisfied) in previous periods were not material to any period presented.

Rare earth concentrate revenue is primarily generated from sales to Shenghe under either the 2022 Offtake Agreement, or starting in January 2024, under the 2024 Offtake Agreement (as such terms are defined in [Note 19, "Related-Party Transactions"](#)). The sales price of rare earth concentrate sold to Shenghe under both agreements is based on a preliminary market price per MT, with an adjustment for the ultimate market price of the product realized by Shenghe upon sales to their customers, including the impact of changes in the exchange rate between the Chinese Yuan and the U.S. dollar.

NdPr oxide and metal revenue was generated from sales made primarily under the Company's distribution agreement with Sumitomo Corporation of Americas. Other rare earth products revenue was generated primarily from sales of other non-concentrate products, including cerium.

NOTE 15— GOVERNMENT GRANTS

Asset-Based Grants: In November 2020, the Company was awarded a Defense Production Act Title III technology investment agreement ("TIA") from the Department of Defense ("DOD") to establish domestic processing for separated light rare earth elements (this "project") in the amount of \$ 9.6 million. During the three months ended March 31, 2024, pursuant to the TIA, the Company received \$ 0.1 million in reimbursements from the DOD, which was the final reimbursement expected for this project. There were no reimbursements received for the three months ended March 31, 2023.

In February 2022, the Company was awarded a \$ 35.0 million contract by the DOD's Office of Industrial Base Analysis and Sustainment program to design and build a facility to process heavy rare earth elements ("HREE") at Mountain Pass (the "HREE Facility") (the "HREE Production Project Agreement"). There were no reimbursements received from the DOD under the HREE Production Project Agreement for the three months ended March 31, 2024 and 2023.

Income-Based Grants: In August 2022, the U.S. government enacted the Inflation Reduction Act of 2022, which, among other things, promotes clean energy adoption by providing several tax incentives for the domestic production and sale of eligible components for tax years beginning after December 31, 2022. Specifically, the 45X Credit provides a credit equal to 10% of eligible "production costs incurred" with respect to the production and sale of critical minerals, including NdPr oxide. In December 2023, the Internal Revenue Service released proposed regulations on the 45X Credit which, among other things, clarified that the definition of "production costs incurred" excludes direct and indirect materials costs, including costs related to the extraction or acquisition of raw materials. The Company accounts for the 45X Credit as an income-based grant as it is not within the scope of ASC 740, "Income Taxes."

As of March 31, 2024 and December 31, 2023, the government grant receivable and deferred government grant within the Company's unaudited Condensed Consolidated Balance Sheets pertain to the 45X Credit. As of March 31, 2024, the non-current portion of government grant receivable and current portion of deferred government grant of \$ 2.0 million and \$ 1.8 million, respectively, are included in "Other non-current assets" and "Other current liabilities," respectively. The current portion of deferred government grant as of December 31, 2023, was \$ 1.7 million. For the three months ended March 31, 2024, the benefits recognized in the Company's unaudited Condensed Consolidated Statements of Operations pertaining to the 45X Credit, which are included as reductions to "Cost of sales (excluding depreciation, depletion and amortization) (including

related party)" and "Depreciation, depletion and amortization," were not material. There were no benefits recognized from income-based government grants for the three months ended March 31, 2023.

NOTE 16— STOCKHOLDERS' EQUITY AND STOCK-BASED COMPENSATION

Treasury Stock

In March 2024, the Company's Board of Directors approved a share repurchase program under which the Company is authorized to repurchase up to an aggregate amount of \$ 300.0 million of the Company's outstanding common stock. The authorization is effective until March 1, 2025, and does not require the purchase of any minimum number of shares.

Additionally, in March 2024, pursuant to the Company's share repurchase program, the Company paid \$ 200.8 million to repurchase 13.0 million shares of its outstanding common stock, of which 12.3 million shares were repurchased contemporaneous with the 2030 Notes offering using \$ 191.6 million of the net proceeds from such offering. The shares repurchased in connection with the 2030 Notes offering were privately negotiated transactions with or through one of the initial purchasers of the 2030 Notes or its affiliate at a price of \$ 15.53 per share, which was equal to the closing price per share of common stock on the date of such transactions.

Capped Call Options

In March 2024, in connection with the offering of the 2030 Notes, the Company entered into the Capped Call Options with the Counterparties, which cover, subject to anti-dilution adjustments substantially similar to those in the 2030 Notes, 34.4 million shares of the Company's common stock, the same number of shares that initially underlie the 2030 Notes. The Capped Call Options meet the criteria for classification as equity and, as such, are not remeasured each reporting period. The Company paid \$ 65.3 million for the Capped Call Options, which was recorded as a reduction to APIC within the Company's unaudited Condensed Consolidated Balance Sheets along with the offsetting associated deferred tax impact of \$ 16.1 million. See [Note 10, "Debt Obligations."](#) for additional information.

Stock-Based Compensation

2020 Incentive Plan: In November 2020, the Company's stockholders approved the MP Materials Corp. 2020 Stock Incentive Plan (the "2020 Incentive Plan"), which permits the Company to issue stock options (incentive and/or non-qualified); stock appreciation rights ("SARs"); restricted stock, restricted stock units ("RSUs") and other stock awards (collectively, the "Stock Awards"); and performance awards, which vest contingent upon the attainment of either or a combination of market- or performance-based goals. As of March 31, 2024, the Company has not issued any stock options or SARs and there were 5,381,452 shares available for future grants under the 2020 Incentive Plan.

Market-Based PSUs: In January 2024, pursuant to the 2020 Incentive Plan, the Compensation Committee of the Company's Board of Directors adopted a performance share plan (the "2024 Performance Share Plan"). Pursuant to the 2024 Performance Share Plan, during the three months ended March 31, 2024, the Company granted 177,766 of market-based performance stock units ("PSUs") at target, all of which cliff vest after a requisite performance and service period of three years. The PSUs have the potential to be earned at between 0 % and 200 % of the number of awards granted depending on the level of growth of the Company's total shareholder return ("TSR") as compared to the TSR of the S&P 400 Index and the S&P 400 Materials Group over the performance period. The fair value of the market-based PSUs was determined using a Monte Carlo simulation technique.

The Company's stock-based compensation was recorded as follows:

<i>(in thousands)</i>	For the three months ended March 31,	
	2024	2023
Cost of sales (excluding depreciation, depletion and amortization) (including related party)	\$ 1,459	\$ 1,122
Selling, general and administrative	5,762	5,774
Start-up costs	114	105
Advanced projects and development	132	12
Total stock-based compensation expense	\$ 7,467	\$ 7,013
Stock-based compensation capitalized to property, plant and equipment, net	\$ 336	\$ 745

NOTE 17— FAIR VALUE MEASUREMENTS

ASC 820, "Fair Value Measurement", establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

- Level 1:* Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;
- Level 2:* Quoted prices in markets that are not active, quoted prices for similar assets or liabilities in active markets, quoted prices or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability and model-based valuation techniques (e.g., the Black-Scholes model) for which all significant inputs are observable in active markets.
- Level 3:* Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (supported by little or no market activity).

The Company's assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the valuation of assets and liabilities and their placement within the fair value hierarchy. The following methods and assumptions are used to estimate the fair value of each class of financial instruments for which it is practicable to estimate. The fair value of the Company's accounts receivable, accounts payable, and accrued liabilities approximates the carrying amounts because of the immediate or short-term maturity of these financial instruments.

Cash, Cash Equivalents and Restricted Cash

The Company's cash, cash equivalents and restricted cash are classified within Level 1 of the fair value hierarchy. The carrying amounts reported in the unaudited Condensed Consolidated Balance Sheets approximate the fair value of cash, cash equivalents and restricted cash due to the short-term nature of these assets.

Short-term Investments

The fair value of the Company's short-term investments, which are classified as available-for-sale securities, is estimated based on quoted prices in active markets and is classified as a Level 1 measurement.

Convertible Notes

The fair value of the Company's Convertible Notes is estimated based on quoted prices in active markets and is classified as a Level 1 measurement.

Equipment Notes

The Company's equipment notes are classified within Level 2 of the fair value hierarchy because there are inputs that are directly observable for substantially the full term of the liability. Model-based valuation techniques for which all significant inputs are observable in active markets were used to calculate the fair values of liabilities classified within Level 2 of the fair value hierarchy.

Assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The carrying amounts and estimated fair values by input level of the Company's financial instruments were as follows:

		March 31, 2024						
		Carrying Amount		Fair Value		Level 1	Level 2	Level 3
(in thousands)								
Financial assets:								
Cash and cash equivalents		\$ 296,468	\$ 296,468	\$ 296,468	\$ 296,468	\$ —	\$ —	
Short-term investments		\$ 650,299	\$ 650,299	\$ 650,299	\$ 650,299	\$ —	\$ —	
Restricted cash		\$ 1,028	\$ 1,028	\$ 1,028	\$ 1,028	\$ —	\$ —	
Financial liabilities:								
2026 Notes		\$ 207,820	\$ 183,750	\$ 183,750	\$ 183,750	\$ —	\$ —	
2030 Notes		\$ 727,765	\$ 703,121	\$ 703,121	\$ 703,121	\$ —	\$ —	
Equipment notes		\$ 3,989	\$ 3,915	\$ 3,915	\$ —	\$ 3,915	\$ —	
December 31, 2023								
(in thousands)		Carrying Amount		Fair Value		Level 1	Level 2	Level 3
Financial assets:								
Cash and cash equivalents		\$ 263,351	\$ 263,351	\$ 263,351	\$ 263,351	\$ —	\$ —	
Short-term investments		\$ 734,493	\$ 734,493	\$ 734,493	\$ 734,493	\$ —	\$ —	
Restricted cash		\$ 1,637	\$ 1,637	\$ 1,637	\$ 1,637	\$ —	\$ —	
Financial liabilities:								
2026 Notes		\$ 681,980	\$ 619,496	\$ 619,496	\$ 619,496	\$ —	\$ —	
Equipment notes		\$ 4,743	\$ 4,628	\$ 4,628	\$ —	\$ 4,628	\$ —	

NOTE 18— EARNINGS (LOSS) PER SHARE

Basic earnings per share ("EPS") is computed by dividing net income by the weighted-average number of common shares outstanding during the period. Diluted earnings (loss) per share is computed by dividing net income by the weighted-average number of common shares outstanding plus the effect of dilutive potential common shares outstanding during the period using the treasury stock method or the if-converted method, as applicable.

The following table reconciles the weighted-average common shares outstanding used in the calculation of basic EPS to the weighted-average common shares outstanding used in the calculation of diluted earnings (loss) per share:

	For the three months ended March 31,	
	2024	2023
Weighted-average shares outstanding, basic	174,556,850	176,881,723
Assumed conversion of 2026 Notes	12,234,976	15,584,409
Assumed conversion of restricted stock	—	723,145
Assumed conversion of RSUs	—	424,262
Weighted-average shares outstanding, diluted	186,791,826	193,613,539

[Table of Contents](#)

The following table presents unweighted potentially dilutive shares that were not included in the computation of diluted earnings (loss) per share because to do so would have been antidilutive:

	For the three months ended March 31,	
	2024	2023
2030 Notes	34,380,440	—
Restricted Stock	342,601	—
RSUs	1,889,538	4,245
Total	36,612,579	4,245

The following table presents the calculation of basic and diluted earnings (loss) per share for the Company's common stock:

<i>(in thousands, except share and per share data)</i>	For the three months ended March 31,	
	2024	2023
Calculation of basic EPS:		
Net income	\$ 16,489	\$ 37,447
Weighted-average shares outstanding, basic	174,556,850	176,881,723
Basic EPS	\$ 0.09	\$ 0.21
Calculation of diluted earnings (loss) per share:		
Net income	\$ 16,489	\$ 37,447
Interest expense, net of tax ⁽¹⁾ :		
2026 Notes	740	1,086
Gain on early extinguishment of debt ⁽¹⁾⁽²⁾	(32,279)	—
Diluted income (loss)	\$ (15,050)	\$ 38,533
Weighted-average shares outstanding, diluted	186,791,826	193,613,539
Diluted earnings (loss) per share	\$ (0.08)	\$ 0.20

(1) The three months ended March 31, 2024 and 2023, were tax-effected at a rate of 30.2 % and 17.3 %, respectively.

(2) Pertains to the 2026 Notes, a portion of which were repurchased during the three months ended March 31, 2024.

In connection with the issuance of the 2030 Notes, the Company entered into Capped Call Options, which were not included for purposes of calculating the number of diluted shares outstanding, as their effect would have been anti-dilutive. The Capped Call Options are expected to partially offset the potential dilution to the Company's common stock upon any conversion of the 2030 Notes. The Company has not exercised any of the Capped Call Options as of March 31, 2024.

As discussed in [Note 10, "Debt Obligations."](#) in March 2024, the Company provided a written notice to the trustee and the holders of the 2026 Notes that it has irrevocably elected to fix the settlement method for all conversions that may occur subsequent to the election date, to a combination of cash and shares of the Company's common stock with the specified dollar amount per \$1,000 principal amount of the 2026 Notes of \$1,000. As a result, subsequent to the election, only the amounts in excess of the principal amount are considered in diluted earnings (loss) per share. The amount of the 2026 Notes settled in shares of common stock will have a dilutive impact on diluted earnings (loss) per share when the average market price of the Company's common stock for a given period exceeds the conversion price, which was initially approximately \$ 44.28 per share of common stock.

NOTE 19— RELATED-PARTY TRANSACTIONS

Offtake Agreements: In March 2022, the Company entered into an offtake agreement (the "2022 Offtake Agreement") with Shenghe Resources (Singapore) International Trading Pte. Ltd. ("Shenghe"), a majority-owned subsidiary of Leshan Shenghe Rare Earth Co., Ltd. whose ultimate parent is Shenghe Resources Holding Co., Ltd., a leading global rare earth company listed on the Shanghai Stock Exchange. The 2022 Offtake Agreement became effective upon the termination of the amended and restated offtake agreement with Shenghe. The initial term of the 2022 Offtake Agreement was two years, with the option to extend the term at the Company's discretion for an additional one-year period.

Pursuant to the 2022 Offtake Agreement, and subject to certain exclusions, Shenghe was obligated to purchase on a "take or pay" basis the rare earth concentrate produced by the Company as the exclusive distributor in China, with certain exceptions for the Company's direct sales globally. In addition, at the discretion of the Company, Shenghe may be required to purchase on a "take or pay" basis certain non-concentrate rare earth products, although the Company may sell all non-concentrate rare earth products in its sole discretion to customers or end users in any jurisdiction.

The sales price of rare earth concentrate sold to Shenghe were based on a preliminary market price per metric ton, with an adjustment for the ultimate market price of the product realized by Shenghe upon sales to their customers. The sales price and other terms applicable to a quantity of offtake products were set forth in monthly purchase agreements between the Company and Shenghe. Under the 2022 Offtake Agreement, Shenghe was paid a variable commission on net proceeds to the Company.

In January 2024, the Company entered into a new offtake agreement with Shenghe (the "2024 Offtake Agreement" and, together with the 2022 Offtake Agreement, the "Offtake Agreements") that replaced and extended the 2022 Offtake Agreement. The initial term of the 2024 Offtake Agreement is two years, with the option for the Company to extend the term for an additional one-year period. The terms of the 2024 Offtake Agreement are substantially the same as those of the 2022 Offtake Agreement with the exception of the addition of NdPr metal into the definition of non-concentrate rare earth products.

Tolling Agreement with VREX Holdco: In October 2023, prior to the Company's investment in VREX Holdco, the Company entered into a tolling agreement with VREX Holdco (the "Tolling Agreement"). Pursuant to the Tolling Agreement, the Company delivers NdPr oxide to VREX Holdco, which VREX Holdco then causes VREX to process into NdPr metal for delivery to the Company's customers globally. During the term of the Tolling Agreement, the Company will pay VREX Holdco a processing fee per unit of rare earth metal produced. The Company maintains title to the products and directly enters into sales agreements for the produced NdPr metal. The initial term of the Tolling Agreement is three years and may be renewed for additional three-year terms.

In December 2023, prior to the Company's investment in VREX Holdco, the Company made a payment of \$ 1.2 million to VREX Holdco for tolling services, of which, \$ 0.7 million was for services yet to be performed as of March 31, 2024. Refer to [Note 6, "Equity Method Investment."](#) for additional information on the investment in VREX Holdco.

Revenue and Cost of Sales: The Company's related-party revenue and cost of sales were as follows:

(in thousands)	For the three months ended March 31,	
	2024	2023
Revenue:		
Rare earth concentrate	\$ 40,076	\$ 89,054
NdPr oxide and metal	\$ 546	\$ —
Cost of sales (excluding depreciation, depletion and amortization)	\$ 19,232	\$ 22,709

Purchases of Materials and Supplies: The Company purchases certain reagent products (generally produced by an unrelated third-party manufacturer) used in the flotation process as well as other materials from Shenghe in the ordinary course of business. Total purchases were \$ 1.1 million and \$ 0.9 million for the three months ended March 31, 2024 and 2023, respectively.

Accounts Receivable: As of March 31, 2024, and December 31, 2023, \$ 13.6 million and \$ 9.2 million, respectively, of the accounts receivable as stated in the unaudited Condensed Consolidated Balance Sheets, were receivable from and pertained to sales made to Shenghe in the ordinary course of business.

NOTE 20— SUPPLEMENTAL CASH FLOW INFORMATION

Supplemental cash flow information and non-cash investing and financing activities were as follows:

<i>(in thousands)</i>	For the three months ended March 31,	
	2024	2023
Supplemental cash flow information:		
Cash paid for interest	\$ 594	\$ 105
Change in construction payables and accrued construction costs	\$ 4,744	\$ (130)
Supplemental non-cash investing and financing activities:		
Common stock issued in exchange for financial advisory services	\$ 3,737	\$ —
Excise tax obligation related to repurchases of common stock	\$ 1,794	\$ —

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of financial condition, results of operations, liquidity and capital resources should be read in conjunction with, and is qualified in its entirety by, the unaudited Condensed Consolidated Financial Statements and the notes thereto included in this Quarterly Report on Form 10-Q ("Form 10-Q"), and the Consolidated Financial Statements and notes thereto and Management's Discussion and Analysis of Financial Condition and Results of Operations contained in the Annual Report on Form 10-K for the year ended December 31, 2023 ("Form 10-K"). This discussion and analysis contains forward-looking statements that involve risks, uncertainties and assumptions. The actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors, including, but not limited to, those set forth under "[Part II. Item 1A. Risk Factors](#)" and elsewhere in this Form 10-Q and "[Part I. Item 1A. Risk Factors](#)" and elsewhere in our Form 10-K. See also "[Cautionary Note Regarding Forward-Looking Statements.](#)"

Business Overview

MP Materials Corp., including its subsidiaries ("we," "our," and "us"), is the largest producer of rare earth materials in the Western Hemisphere. We own and operate the Mountain Pass Rare Earth Mine and Processing Facility ("Mountain Pass"), the only rare earth mining and processing site of scale in North America, and are also constructing a rare earth metal, alloy and magnet manufacturing facility in Fort Worth, Texas (the "Fort Worth Facility"), where we anticipate manufacturing neodymium-iron-boron ("NdFeB") permanent magnets and its precursor products.

We produce rare earth concentrate products as well as refined rare earth oxides and related products. The rare earth concentrate is principally sold pursuant to the Offtake Agreements to Shenghe (as such terms are defined in [Note 19, "Related-Party Transactions."](#) in the notes to the unaudited Condensed Consolidated Financial Statements), that, in turn, typically sells that product to refiners in China. Following the commissioning of our Stage II optimization project ("Stage II") in the second half of 2023, we began producing and selling separated rare earth products, including neodymium-praseodymium ("NdPr") oxide. Additionally, we have a long-term agreement with General Motors Company (NYSE: GM) ("GM") to supply U.S.-sourced and manufactured rare earth materials and finished magnets for the electric motors in more than a dozen models based on GM's Ultium Platform. These developments are part of our Stage III downstream expansion strategy ("Stage III").

Certain rare earth elements ("REE") serve as critical inputs for the rare earth magnets inside the electric motors and generators powering carbon-reducing technologies such as hybrid and electric vehicles (referred to collectively as "xEVs") and wind turbines, as well as drones, defense systems, robotics and many other high-growth, advanced technologies. In addition, rare earth magnets are critical components of various consumer electronics, appliance, and industrial products. Our integrated operations at Mountain Pass combine low production costs with high environmental standards, thereby restoring American leadership to a critical industry with a strong commitment to sustainability.

Recent Developments and Other Information

Issuance of 2030 Notes, Capped Call Options, Repurchases of 2026 Notes and Repurchases of Common Stock

In March 2024, we issued \$747.5 million aggregate principal amount of 3.00% unsecured convertible senior notes that mature, unless earlier converted, redeemed or repurchased, on March 1, 2030 (the "2030 Notes"). In connection with the offering, we entered into privately negotiated capped call transactions (the "Capped Call Options") with certain financial institutions, which cover, subject to anti-dilution adjustments substantially similar to those in the 2030 Notes, 34.4 million shares of our common stock, the same number of shares that initially underlie the 2030 Notes.

Also, in March 2024, principally in connection with the offering of the 2030 Notes, we repurchased (i) \$480.0 million in aggregate principal amount of our 0.25% unsecured convertible senior notes that mature, unless earlier converted, redeemed or repurchased, on April 1, 2026 (the "2026 Notes" and, together with the 2030 Notes, the "Convertible Notes") for \$428.6 million, and (ii) 13.0 million shares of our common stock at an aggregate cost of \$200.8 million. See the "[Liquidity and Capital Resources](#)" section below for full discussion of these transactions.

2024 Offtake Agreement

In January 2024, we entered into a new offtake agreement with Shenghe (the "2024 Offtake Agreement") that replaced and extended the offtake agreement entered into in March 2022 with Shenghe (the "2022 Offtake Agreement" and, together with the 2024 Offtake Agreement, the "Offtake Agreements"). The initial term of the 2024 Offtake Agreement is two years, with the option for us to extend the term for an additional one-year period. The terms of the 2024 Offtake Agreement are substantially the same as those of the 2022 Offtake Agreement with the exception of the addition of NdPr metal into the definition of non-

concentrate rare earth products. See [Note 19, "Related-Party Transactions."](#) in the notes to the unaudited Condensed Consolidated Financial Statements for additional discussion of the Offtake Agreements.

Section 48C Qualifying Advanced Energy Project Tax Credit

In March 2024, we were awarded a \$58.5 million Section 48C Qualifying Advanced Energy Project Tax Credit (the "48C Credit") to advance the construction of our Fort Worth Facility. The 48C Credit is an investment tax credit equal to 30% of qualified investments for certified projects that meet prevailing wage and apprenticeship requirements and are placed in service after the date of the award. The allocation of the awards under the 48C Credit was issued by the Internal Revenue Service and Treasury following a competitive, oversubscribed process administered by the Department of Energy that evaluated the technical and commercial viability and environmental and community impact of approximately 250 projects.

Key Performance Indicators

We have historically used and/or currently use the following key performance indicators ("KPIs") to evaluate the performance of our business. However, as our business continues to evolve and transitions from production of rare earth concentrate to production of separated rare earth products, the metrics that management uses to evaluate the business may continue to change or be revised. For example, beginning with the first quarter of 2024, we no longer present Production Cost per rare earth oxide ("REO") equivalent metric ton ("MT"), which was a metric focused solely on Stage I concentrate operations, as it is no longer meaningful in evaluating and understanding our business or operating results. Our calculations of these KPIs may differ from similar measures published by other companies in our industry or in other industries. The following table presents our KPIs:

<i>(in whole units or dollars, except percentages)</i>	For the three months ended		Change		
	March 31,	2024	2023	Amount	%
Rare earth concentrate					
REO Production Volume (MTs)		11,151	10,671	480	4 %
REO Sales Volume (MTs)		9,332	10,215	(883)	(9)%
Realized Price per REO MT	\$	4,294	\$ 9,365	\$ (5,071)	(54)%
Separated NdPr products					
NdPr Production Volume (MTs)		131	N/A	N/A	N/A
NdPr Sales Volume (MTs)		134	N/A	N/A	N/A
NdPr Realized Price per KG	\$	62	N/A	N/A	N/A

N/A = Not applicable as there was neither NdPr production nor sales volume in the three months ended March 31, 2023.

REO Production Volume

We measure our REO-equivalent production volume for a given period in MTs, our principal unit of sale for our concentrate product. This measure refers to the REO content contained in the rare earth concentrate we produce and, beginning in the second quarter of 2023, includes volumes fed into downstream circuits for commissioning and starting up our separations facilities and for producing separated rare earth products, a portion of which is also included in our KPI, NdPr Production Volume. Our REO Production Volume is a key indicator of our mining and processing capacity and efficiency.

The rare earth concentrate is a processed, concentrated form of our mined rare earth-bearing ores. While our unit of production and sale is a MT of contained REO, the actual weight of our rare earth concentrate is significantly greater, as the concentrate also contains non-REO minerals, loss-on-ignition, and residual moisture from the production process. We target REO content of greater than 60% per dry MT of concentrate (referred to as "REO grade"). The elemental distribution of REO in our concentrate is relatively consistent over time and production lot. We consider this the natural distribution, as it reflects the distribution of elements contained, on average, in our ore.

REO Sales Volume

Our REO Sales Volume for a given period is calculated in MTs. A unit, or MT, is considered sold once we recognize revenue on its sale as determined in accordance with generally accepted accounting principles in the United States ("GAAP"). Our REO Sales Volume is a key measure of our ability to convert our concentrate production into revenue. Our REO Sales Volume for the three months ended March 31, 2024, included both traditional concentrate as well as roasted concentrate.

Realized Price per REO MT

We calculate the Realized Price per REO MT for a given period as the quotient of: (i) our rare earth concentrate sales, which are determined in accordance with GAAP, for a given period and (ii) our REO Sales Volume for the same period. Realized Price per REO MT is an important measure of the market price of our concentrate product.

NdPr Production Volume

We measure our NdPr Production Volume for a given period in MTs, our principal unit of sale for our NdPr separated products. NdPr Production Volume refers to the volume of finished and packaged NdPr oxide produced at Mountain Pass for a given period. NdPr Production Volume is a key indicator of our separations and finishing capacity and efficiency.

NdPr Sales Volume

Our NdPr Sales Volume for a given period is calculated in MTs and on an NdPr oxide-equivalent basis (as further discussed below). A unit, or MT, is considered sold once we recognize revenue on its sale, whether sold as NdPr oxide or NdPr metal, as determined in accordance with GAAP. For NdPr metal sales, the MTs sold and included in NdPr Sales Volume are calculated on the basis of the volume of NdPr oxide used to produce such NdPr metal. We utilize an assumed material conversion ratio of 1.20, such that a sale of 100 MTs of NdPr metal would be included in this KPI as 120 MTs of NdPr oxide-equivalent. NdPr Sales Volume is a key measure of our ability to convert our production of separated NdPr products into revenue.

We expect to have a mix of contracts with customers where we will sell NdPr as (i) oxide, (ii) metal, where the amount of oxide required to produce such metal is variable, and (iii) metal, where we have a guarantee of the amount produced and sold based on the amount of oxide consumed. Among other factors, differences between quarterly NdPr Production Volume and NdPr Sales Volume may be caused by the time required for the conversion of NdPr oxide to NdPr metal, including time in-transit.

NdPr Realized Price per KG

We calculate the NdPr Realized Price per kilogram ("KG") for a given period as the quotient of: (i) our NdPr oxide and metal sales, which are determined in accordance with GAAP, for a given period and (ii) our NdPr Sales Volume for the same period. NdPr Realized Price per KG is an important measure of the market price of our NdPr products.

Factors Affecting Our Performance

We believe we are uniquely positioned to capitalize on the key trends of electrification and supply chain security, particularly as domestic xEV production grows. Our continued success depends to a significant extent on our ability to take advantage of the following opportunities and meet the challenges associated with them.

Demand for REE

The key demand drivers for REE are a diverse array of growing end markets, including electric mobility, renewable power generation, energy-efficient motors, pumps and compressors, industrial and service robotics, consumer and medical applications, critical defense systems, and catalysts and phosphors. Accordingly, the demand for our products may be impacted by demand for these downstream products, particularly the continued growth in xEVs. Despite the current macroeconomic conditions, we continue to believe we benefit from the growth of the rare earth market, particularly the market for NdPr and permanent magnets, and from several demand tailwinds for REE. These include the trend toward electrification; geographic supply chain diversification, particularly in relation to China; the U.S. government initiatives to restore domestic supply of critical minerals; and the increasing acceptance of environmental, social and governance mandates.

However, changes in technology could also drive down the use of REE, including NdPr, in the components in which they are now used, or lead to a decline in reliance on such components altogether. Actual, or perceived, decreases in demand for REE, whether through changes in technology or slower growth in the end markets that utilize REE, could result in a decline in the market price of REE, including NdPr, and/or result in pricing volatility. We also operate in a competitive industry. Many of our key competitors are based in China, where competitors may not be subject to the same rigorous environmental standards or may receive disproportionate government subsidies, and production costs are typically lower than in the U.S.

Maximizing Production Efficiency

Since the implementation of our Stage I optimization plan and the achievement of commercial production of concentrate on July 1, 2019, we have achieved at least 40,000 MTs of annual REO Production Volume since 2021. These results were achieved by optimizing the reagent scheme, reducing process temperatures, improving tailings facility management, and committing to operational excellence, which has allowed us to achieve approximately 92% uptime in 2023. Our Stage I optimization plan enabled us to achieve what we believe to be world-class production cost levels for rare earth concentrate.

In November 2023, we announced our “Upstream 60K” strategy whereby we intend to grow our annual REO Production Volume to approximately 60,000 MTs by expanding upstream capacity via investments in further beneficiation, including the ability to process alternative feedstocks and upgrade lower-grade feedstocks. We aim to achieve this initiative within the next four years with modest incremental capital investment.

The success of our business reflects our ability to continue to manage our costs. Our production achievements in Stage I have provided economies of scale to lower production costs per MT of REO produced in concentrate. Furthermore, we designed our Stage II process flow to capitalize on the inherent advantages of the bastnaesite ore at Mountain Pass, that is well-suited to low-cost refining by selectively eliminating the need to carry cerium, a lower-value mineral, through the separations process. Additionally, our location offers transportation advantages that create meaningful cost efficiencies in securing incoming supplies and shipping of our final products.

We currently operate a single site in a single location, and any stoppage in activity, including for reasons outside of our control, could adversely impact our production, results of operations and cash flows. In addition, several of our current and potential competitors are government supported and may have access to substantially more capital, which may allow them to make similar or greater efficiency improvements or undercut market prices for our product.

Development of Our REE Refining and Downstream Manufacturing Capabilities

Stage II advanced our operations from the production of rare earth concentrate to the separation of individual REE. The project incorporated upgrades and enhancements to the prior facility process flow intended to reliably produce separated REE at a low cost while minimizing our impact on the environment. More specifically, we have reintroduced an oxidizing roasting circuit, reoriented portions of the plant process flow, increased product finishing capacity, improved wastewater management, and made other improvements to materials handling and storage. The reintroduction of the oxidizing roasting circuit allows subsequent stages of the production process to occur at lower temperatures, and with lower volumes of materials and reagents, which supports lower operating and maintenance costs and higher uptime than would otherwise be achievable.

During the second half of 2023, we began producing separated rare earth products. However, we expect that it may take several quarters to achieve our designed throughput of separated products. As we increase production of separated products over time, we expect to improve our per-unit production costs of NdPr oxide, which represents a majority of the value contained in our concentrate.

Partially supported by a \$35.0 million award from the Department of Defense's Office of Industrial Base Policy, Industrial Base Analysis and Sustainment program, we are currently advancing the facilitating works, engineering and procurement on our processing and separations facility for heavy rare earth elements (“HREE”) (the “HREE Facility”), which will be built at Mountain Pass and will be integrated into the rest of our Stage I and Stage II facilities. The HREE Facility is expected to support the separating of HREE contained in the Mountain Pass ore as well as from third-party feedstocks.

In addition, we are constructing the Fort Worth Facility and developing engineering and manufacturing technology to process NdPr oxide into metal and magnets, while incorporating magnet recycling capabilities. These initiatives support our long-term plans to become a leading global source for rare earth magnets. We believe integration into magnet production will provide some protection from commodity pricing volatility, while also enhancing our business profile as the producer of a critical industrial output in addition to a producer of resources. We expect our Stage III efforts to continue to benefit from geopolitical developments, including initiatives to repatriate critical materials supply chains.

Our Mineral Reserves

Our ore body has proven over more than 60 years of operations to be one of the world's largest and highest-grade rare earth resources. As of December 31, 2023, SRK Consulting (U.S.), Inc., an independent consulting firm that we retained to assess our reserves, estimated total proven and probable reserves of 1.86 million short tons of REO contained in 28.46 million short tons of ore at Mountain Pass, with an average ore grade of 6.20%. These estimates use an estimated economical cut-off grade of 2.43% total rare earth oxide. Based on these estimated reserves and our expected annual production rate of REO upon

production ramp-up of Stage II, our expected mine life was approximately 33 years as of December 31, 2023. Over time, we expect to be able to continue to grow our expected mine life through additional exploratory drilling and improved processing capabilities, which may result in changes to various assumptions underlying our mineral reserve estimate.

Mining activities in the U.S. are heavily regulated, particularly in California. Regulatory changes may make it more challenging for us to access our reserves. In addition, new mineral deposits may be discovered elsewhere, which could make our operations less competitive.

Results of Operations

Comparison of the Three Months Ended March 31, 2024 and 2023

The following table summarizes our results of operations:

<i>(in thousands, except percentages)</i>	For the three months ended March			
	31,		Change	
	2024	2023	\$	%
Revenue:				
Rare earth concentrate	\$ 40,076	\$ 95,666	\$ (55,590)	(58)%
NdPr oxide and metal	8,327	—	8,327	N/M
Other rare earth products	281	34	247	726 %
Total revenue	48,684	95,700	(47,016)	(49)%
Operating costs and expenses:				
Cost of sales ⁽¹⁾	35,594	24,216	11,378	47 %
Selling, general and administrative	21,267	19,403	1,864	10 %
Depreciation, depletion and amortization	18,385	8,122	10,263	126 %
Start-up costs	1,287	4,669	(3,382)	(72)%
Advanced projects and development	4,206	3,611	595	16 %
Other operating costs and expenses	377	2,717	(2,340)	(86)%
Total operating costs and expenses	81,116	62,738	18,378	29 %
Operating income (loss)	(32,432)	32,962	(65,394)	N/M
Interest expense, net	(2,857)	(1,359)	(1,498)	(110)%
Gain on early extinguishment of debt	46,265	—	46,265	N/M
Other income, net	12,657	13,693	(1,036)	(8)%
Income before income taxes	23,633	45,296	(21,663)	(48)%
Income tax expense	(7,144)	(7,849)	705	(9)%
Net income	\$ 16,489	\$ 37,447	\$ (20,958)	(56)%
Adjusted EBITDA⁽²⁾	\$ (1,233)	\$ 58,700	\$ (59,933)	N/M
Adjusted Net Income (Loss)⁽²⁾	\$ (7,492)	\$ 51,327	\$ (58,819)	N/M

N/M = Not meaningful.

(1) Excludes depreciation, depletion and amortization.

(2) Non-GAAP financial measures are defined and reconciled to the most directly comparable GAAP financial measures in the ["Non-GAAP Financial Measures"](#) section below.

Rare earth concentrate revenue consists primarily of sales of traditional and roasted rare earth concentrate. The sales price of rare earth concentrate sold to Shenghe under the Oftake Agreements is based on a preliminary market price per MT, with an adjustment for the ultimate market price of the product realized by Shenghe upon sales to their customers, including the impact of changes in the exchange rate between the Chinese Yuan and the U.S. dollar.

The decrease in rare earth concentrate revenue for the three months ended March 31, 2024, as compared to the prior year period, was driven by lower Realized Price per REO MT, which decreased by 54% when compared to the prior year period, as well as lower REO Sales Volume, which decreased by 9% when compared to prior year period.

Realized Price per REO MT for the three months ended March 31, 2024, reflects the continued softness in the pricing environment for rare earth products. As noted above in the ["Factors Affecting our Performance"](#) section, market prices for rare earth products may be volatile due to actual or perceived changes in supply or demand. The decline in the market prices for rare earth products was largely attributable to lower than anticipated growth in demand for magnetic products, which negatively

impacted the price of REE. The decrease in REO Sales Volume for the three months ended March 31, 2024, was due to the ramp-up of Stage II operations where a significant portion of the REO produced, which could otherwise have been sold as rare earth concentrate, was used to produce packaged and finished separated rare earth products.

Historically, our REO Sales Volume had generally tracked our REO Production Volume over time with slight period-to-period differences caused by the timing of shipments. However, as we continue to ramp up production of separated rare earth materials, we expect that significant volumes of REO produced from Stage I operations will be retained for separation and not sold as concentrate. In addition, a significant portion of the contained cerium in the REO produced will be intentionally rejected and may not result in finished product. Accordingly, as evidenced beginning in the third quarter of 2023 (see the ["Quarterly Performance Trend"](#) section below), we expect that REO Sales Volume will be significantly lower than REO Production Volume in the future as we produce and sell more separated products.

NdPr oxide and metal revenue consists of sales of NdPr oxide and metal, which commenced in the fourth quarter of 2023, primarily pursuant to our distribution agreement with Sumitomo Corporation of Americas. As we ramp up production of separated rare earth products, we expect our NdPr oxide and metal revenue to become a larger portion of our total revenue. Accordingly, to the extent we are able to sell a greater portion of NdPr oxide and NdPr metal, we expect that rare earth concentrate revenue will decline in future periods.

Cost of sales (excluding depreciation, depletion and amortization) ("COS") consists of production- and processing-related labor costs (including wages and salaries, benefits, bonuses, and stock-based compensation), mining and processing supplies (such as reagents), parts and labor for the maintenance of our mining fleet and processing facilities, other facilities-related costs (such as property taxes and utilities), packaging materials, and shipping and freight costs.

COS for the three months ended March 31, 2024, increased year over year, partially driven by higher payroll costs, which increased as a result of salaries and wages of certain employees no longer being considered start-up costs given the commencement of initial production of separated products in late 2023. In addition, for the three months ended March 31, 2024, COS reflected higher materials and supplies costs, which were the result of producing and selling separated products in the current year period, as well as higher property and other taxes. Lastly, COS for the three months ended March 31, 2024, included a \$6.0 million reserve on certain of our work in process and finished goods inventories. We may incur additional similar reserves of inventories prior to achieving normalized production levels on our Stage II facilities.

Selling, general and administrative ("SG&A") expenses consist primarily of personnel costs (including salaries, benefits, bonuses, and stock-based compensation) of our administrative functions such as executives, accounting and finance, legal, and information technology; professional services (including legal, regulatory, audit and others); certain engineering expenses; insurance, license and permit costs; corporate office lease cost; office supplies; and certain environmental, health and safety expenses.

SG&A expenses increased by \$1.9 million, or 10% for the three months ended March 31, 2024, as compared to the prior year period. The increase in SG&A expenses was primarily due to higher personnel costs (other than stock-based compensation expense), in part to support of our downstream expansion, as well as higher legal costs.

Depreciation, depletion and amortization primarily consists of depreciation of property, plant and equipment and depletion of mineral rights. The year-over-year increase in depreciation, depletion and amortization for the three months ended March 31, 2024, primarily reflects an increase in depreciation of \$9.7 million. Depreciation increased as a result of the timing of placing new circuits and facilities associated with our Stage II optimization project into service, which occurred progressively throughout 2023, and the placement of certain of our Fort Worth Facility assets into service in the fourth quarter of 2023.

Start-up costs relate to costs associated with restarting an existing facility or commissioning a new facility, circuit or process of our production, manufacturing, or separations facilities prior to the achievement of commercial production, that do not qualify for capitalization. Such costs, which are expensed as incurred, include certain salaries and wages, outside services, parts, training, and utilities, among other items, used or consumed directly in these start-up activities.

Start-up costs for the three months ended March 31, 2024, decreased by \$3.4 million, as compared to the prior year period, attributable to our Stage II optimization project. As mentioned above, start-up costs associated with Stage II decreased, specifically as a result of salaries and wages of certain employees no longer being considered start-up given the commencement of initial production of separated products in late 2023. Start-up costs attributable to our Stage III initiatives increased modestly year over year, in-line with our advancement in starting up and developing our magnetics capability.

Advanced projects and development consists principally of costs incurred in connection with research and development of new processes or to significantly enhance our existing processes; and certain government contracts, as well as costs incurred to support growth initiatives or pursue other opportunities. Advanced projects and development for the three months ended March 31, 2024, increased year over year primarily due to costs incurred for legal, consulting, and advisory services to support growth initiatives, such as potential acquisitions, mergers, or other investments, which increased by \$0.2 million, and continued investment in research and development activities, which increased by \$0.5 million and related primarily to Stage III magnetics.

Other operating costs and expenses consists primarily of accretion of asset retirement and environmental obligations and gains or losses on disposals of long-lived assets, including demolition costs. Other operating costs and expenses for the three months ended March 31, 2024, decreased year over year as a result of demolition costs incurred in the prior year period, associated with demolishing and removing certain out-of-use older facilities and infrastructure from the Mountain Pass site to accommodate future expansion in rare earth processing.

Interest expense, net principally consists of expense associated with the 0.25% and 3.00% per annum interest rates and amortization of the debt issuance costs on our 2026 Notes and 2030 Notes, respectively, offset by capitalized interest. Interest expense, net for the three months ended March 31, 2024, increased year over year due to the issuance of the 2030 Notes, offset by repurchases of the 2026 Notes.

Gain on early extinguishment of debt during the three months ended March 31, 2024, is the result of the repurchase of a portion of our 2026 Notes at prices lower than the associated carrying amounts. See the ["Liquidity and Capital Resources"](#) section below for additional information.

Other income, net consists of interest and investment income and non-operating gains or losses. Other income, net for the three months ended March 31, 2024, increased year over year as a result of interest and investment income earned on our short-term investments. Interest and investment income is principally generated from accretion of the discount on such investments.

Income tax expense consists of an estimate of U.S. federal and state income taxes in the jurisdictions in which we conduct business, adjusted for federal, state and local allowable income tax benefits, the effect of permanent differences and any valuation allowance against deferred tax assets. The effective tax rate (income tax expense as a percentage of income before income taxes) was 30.2% and 17.3% for the three months ended March 31, 2024 and 2023, respectively. The effective tax rate for the three months ended March 31, 2024, differed from the statutory tax rate of 21% primarily due to state income tax expense and a deduction limitation on officers' compensation, offset by the Section 45X Advanced Manufacturing Production Credit and the California Competes Tax Credit. The effective tax rate for the three months ended March 31, 2023, differed from the statutory tax rate of 21% primarily due to excess tax benefits associated with stock-based compensation.

Quarterly Performance Trend

While our business is not highly seasonal in nature, we sometimes experience a timing lag between production and sales, which may result in volatility in our results of operations between periods. The timing lag may be the result of, or influenced by, factors such as the timing and duration of shipments or the time required to convert materials. In addition, quarterly production of concentrate is impacted by the timing of scheduled outages of our production facilities for maintenance, which typically occur in the second and fourth quarters. Finally, starting in the third quarter of 2023, as we ramp up production of separated rare earth materials, we expect that significant volumes of REO produced will be retained for separation and not sold as concentrate.

[Table of Contents](#)

The following table presents our KPIs for the quarterly periods indicated:

(in whole units or dollars)	FY2024					FY2023					FY2022				
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1						
Rare earth concentrate															
REO Production Volume (MTs)	11,151	9,257	10,766	10,863	10,671	10,485	10,886	10,300	10,828						
REO Sales Volume (MTs)	9,332	7,174	9,177	10,271	10,215	10,816	10,676	10,000	11,706						
Realized Price per REO MT	\$ 4,294	\$ 5,622	\$ 5,718	\$ 6,231	\$ 9,365	\$ 8,515	\$ 11,636	\$ 13,918	\$ 13,818						
Separated NdPr products															
NdPr Production Volume (MTs)	131	150	50	N/A	N/A	N/A	N/A	N/A	N/A						
NdPr Sales Volume (MTs)	134	10	—	N/A	N/A	N/A	N/A	N/A	N/A						
NdPr Realized Price per KG	\$ 62	\$ 70	N/A	N/A	N/A	N/A	N/A	N/A	N/A						

N/A = Not applicable as there was either no NdPr production volume or no NdPr sales volume in these periods.

Liquidity and Capital Resources

Liquidity refers to our ability to generate sufficient cash flows to meet the cash requirements of our business operations, including working capital and capital expenditure needs, contractual obligations, debt service and other commitments. In recent years, our principal sources of liquidity have been financing through the consummation of the business combination with Fortress Value Acquisition Corp. in November 2020, the issuance of the 2026 Notes in March 2021, and net cash from operating activities. In addition, we issued the 2030 Notes in March 2024, resulting in net proceeds of \$732.4 million prior to the use of a portion of these funds to purchase Capped Call Options, repurchase 2026 Notes and repurchase shares of our common stock, as discussed below. As of March 31, 2024, we had \$946.8 million of cash, cash equivalents and short-term investments and \$957.5 million principal amount of long-term debt.

Our results of operations and cash flows depend in large part upon the market prices of REO and particularly the price of rare earth concentrate. Rare earth concentrate is not quoted on any major commodities market or exchange and demand is currently constrained to a relatively limited number of refiners, a significant majority of which are based in China. Although we believe that our cash flows from operations and cash on hand are adequate to meet our liquidity requirements for the foreseeable future, uncertainty continues to exist as to the market price of REO, as evidenced by the volatility experienced in 2022 and the significant decrease seen in 2023, primarily due to concerns over the global economic conditions and actual or perceived concerns over increases in the supply of and/or decreases in demand for rare earth products. The significant decrease in the market price of rare earth products in 2023 negatively impacted our cash flows from operations and liquidity.

Our current working capital needs relate mainly to our mining, beneficiation, and separation operations. As we began the transition to selling separated rare earth products in 2023, our working capital needs increased materially, portions of which we expect to continue in 2024 as we ramp up the production and sales of separated rare earth products and advance our Stage III magnetics initiatives.

The completion of our mission to become a fully integrated domestic magnetics producer is expected to be capital intensive. With the construction portion of our Stage II optimization project complete, our principal capital expenditure requirements relate mainly to further investment in Mountain Pass, including the development of the HREE Facility, Upstream 60K, and other growth and investment projects, completing the buildup of the Fort Worth Facility, as well as periodic repairs and maintenance of mining and rare earth processing equipment. We expect to spend between \$200 million and \$250 million of capital costs in 2024, with further costs for all of these identified projects in 2025. Our future capital requirements will also depend on several other factors, including future acquisitions and potential additional investments in further downstream production.

Our estimated costs or estimated time to complete and commission these projects may increase, potentially significantly, due to factors outside of our control. While we believe that we have sufficient cash resources to fund these initiatives and operating working capital in the near term, we cannot assure this. If our available resources prove inadequate to fund our plans or commitments, we may be forced to revise our strategy and business plans or could be required, or elect, to seek additional funding through public or private equity or debt financings; however, such funding may not be available on terms acceptable to us, if at all. Any delays in our ongoing capital projects or substantial cost increases, including construction costs and related materials costs related to their execution, could significantly impact our ability to maximize our revenue opportunities and adversely impact our business and cash flows.

Debt and Other Long-Term Obligations

2026 Notes: In March 2021, we issued \$690.0 million aggregate principal amount of 0.25% unsecured convertible senior notes at a price of par. Interest on the 2026 Notes is payable on April 1st and October 1st of each year, beginning on October 1, 2021.

Contemporaneous with the pricing of the 2030 Notes, we entered into privately negotiated transactions with certain holders of the 2026 Notes to repurchase \$400.0 million in aggregate principal amount of the 2026 Notes, using \$358.0 million of the net proceeds from the offering of the 2030 Notes. The price we paid to repurchase the 2026 Notes, 89.5% of par value, was the same for each lender and approximated the trading price of the 2026 Notes at the time of the repurchases. Subsequent to the issuance of the 2030 Notes, we repurchased an additional \$80.0 million in aggregate principal amount of the 2026 Notes in open market transactions for \$70.6 million. As a result of the repurchases of 2026 Notes, during the three months ended March 31, 2024, we recorded a \$46.3 million gain on early extinguishment of debt.

The remaining 2026 Notes outstanding mature, unless earlier converted, redeemed or repurchased, on April 1, 2026. The initial conversion price of the remaining 2026 Notes is approximately \$44.28 per share, or 22.5861 shares per \$1,000 principal amount of notes, subject to adjustment upon the occurrence of certain events. As of March 31, 2024, the maximum number of shares that could be issued to satisfy the conversion feature of the 2026 Notes was 5,999,994.

In March 2024, we provided a written notice to the trustee and the holders of the 2026 Notes that we have irrevocably elected to fix the settlement method for all conversions that may occur subsequent to the election date, to a combination of cash and shares of our common stock with the specified dollar amount per \$1,000 principal amount of the 2026 Notes of \$1,000. As a result, for any conversions of 2026 Notes occurring after the election date, a converting holder will receive (i) up to \$1,000 in cash per \$1,000 principal amount of the 2026 Notes and (ii) shares of our common stock for any conversion consideration in excess of \$1,000 per \$1,000 principal amount of the 2026 Notes converted. Prior to the election being made, we could have elected to settle the 2026 Notes in cash, shares of our common stock or a combination thereof.

2030 Notes: In March 2024, we issued \$747.5 million in aggregate principal amount of 3.00% unsecured convertible senior notes that mature, unless earlier converted, redeemed or repurchased, on March 1, 2030, at a price of par. Interest on the 2030 Notes is payable on March 1st and September 1st of each year, beginning on September 1, 2024. In connection with the issuance, we recorded debt issuance costs of \$19.9 million, of which, \$15.1 million was paid in cash as of March 31, 2024, and \$3.7 million was settled through the issuance of shares of our common stock.

The 2030 Notes are convertible into cash, shares of our common stock or a combination of cash and shares of our common stock, at our election, at an initial conversion price of approximately \$21.74 per share, or 45.9939 shares per \$1,000 principal amount of 2030 Notes, subject to adjustment upon the occurrence of certain events. As of March 31, 2024, the maximum number of shares that could be issued to satisfy the conversion feature of the 2030 Notes was 48,132,646.

Prior to December 1, 2029, at their election, holders of the 2030 Notes may convert their outstanding notes under the following circumstances: i) during any calendar quarter commencing with the third quarter of 2024 if the last reported sale price of our common stock for at least 20 trading days (whether or not consecutive) during the period of 30 consecutive trading days ending on, and including, the last trading day of the immediately preceding calendar quarter is greater than or equal to 130% of the conversion price on each applicable trading day; ii) during the five business day period after any ten consecutive trading day period (the "Measurement Period") in which the trading price (as defined in the indenture governing the 2030 Notes) per \$1,000 principal amount of 2030 Notes for each trading day of the Measurement Period was less than 98% of the product of the last reported sale price of our common stock and the conversion rate on each such trading day; iii) if we call any or all of the 2030 Notes for redemption, the notes called for redemption may be converted at any time prior to the close of business on the second scheduled trading day immediately preceding the redemption date; or iv) upon the occurrence of specified corporate events set forth in the indenture governing the 2030 Notes. On or after December 1, 2029, and prior to the close of business on the second scheduled trading day immediately preceding the maturity date of the 2030 Notes, holders may convert their outstanding notes at any time, regardless of the foregoing circumstances.

We have the option to redeem for cash the 2030 Notes, in whole or in part, beginning on March 5, 2027, if certain conditions are met as set forth in the indenture governing the 2030 Notes. The redemption price is equal to 100% of the principal amount of the notes to be redeemed, plus accrued and unpaid interest.

If we undergo a fundamental change (as defined in the indenture governing the 2030 Notes), holders may require us to repurchase for cash all or any portion of their outstanding 2030 Notes at a price equal to 100% of the principal amount of the notes to be repurchased, plus accrued and unpaid interest.

In addition, following certain corporate events that occur prior to the maturity date of the 2030 Notes or if we deliver a notice of early redemption, holders may, at their election, convert their outstanding 2030 Notes in connection with such event or notice, as applicable, and we will, in certain circumstances, increase the conversion rate but not to exceed 64.3915 shares per \$1,000 principal amount of any converted 2030 Notes, subject to further adjustment upon the occurrence of certain events.

Capped Call Options: In March 2024, in connection with the offering of the 2030 Notes, we entered into privately negotiated capped call transactions (the "Capped Call Options") with certain financial institutions ("Counterparties"). The Capped Call Options cover, subject to anti-dilution adjustments substantially similar to those in the 2030 Notes, 34.4 million shares of our common stock, the same number of shares that initially underlie the 2030 Notes. The Capped Call Options have an expiration date of March 1, 2030, subject to earlier exercise.

The Capped Call Options are expected generally to reduce the potential dilution to our common stock upon conversion of the 2030 Notes and/or offset cash payments we are required to make in excess of the principal amount of the converted 2030 Notes, as the case may be, in the event that the market price per share of our common stock, as measured under the terms of the Capped Call Options, is greater than the strike price of the Capped Call Options, which initially corresponds to the initial conversion price of the 2030 Notes, or approximately \$21.74 per share of common stock, with such reduction and/or offset subject to an initial cap of \$31.06 per share of our common stock.

The Capped Call Options are separate transactions, entered into by the Company with each of the Counterparties, and are not part of the terms of the 2030 Notes. Holders of the 2030 Notes will not have any rights with respect to the Capped Call Options. We paid \$65.3 million for the Capped Call Options.

Equipment Notes: We have financing agreements for the purchase of certain equipment, including trucks, tractors, loaders, graders, and various other machinery. As of March 31, 2024, we had \$4.0 million in principal (and accrued interest) outstanding under the equipment notes. See [Note 10, "Debt Obligations."](#) in the notes to the unaudited Condensed Consolidated Financial Statements for further information.

Leases: We have lease arrangements for certain equipment and facilities, including office space, vehicles and equipment used in our operations. As of March 31, 2024, we had future expected lease payment obligations totaling \$10.0 million, with \$1.7 million due within the next 12 months. See [Note 11, "Leases."](#) in the notes to the unaudited Condensed Consolidated Financial Statements for further information.

Asset Retirement and Environmental Obligations: See [Note 8, "Asset Retirement and Environmental Obligations."](#) in the notes to the unaudited Condensed Consolidated Financial Statements for our estimated cash requirements to settle asset retirement and environmental obligations.

Repurchases of Common Stock

In March 2024, our Board of Directors approved a share repurchase program under which we are authorized to repurchase up to \$300.0 million of our outstanding common stock. The program is effective until March 1, 2025, and does not require the purchase of any minimum number of shares.

We may purchase shares from time to time at the discretion of management through open market purchases, privately negotiated transactions, block trades, accelerated or other structured share repurchase programs, or other means. The manner, timing, pricing and amount of any transactions will be subject to our discretion and may be based upon market conditions, regulatory requirements and alternative opportunities that we may have for the use or investment of our capital.

During the three months ended March 31, 2024, we repurchased 13.0 million shares of our common stock under the program at an aggregate cost of \$200.8 million. See [Item 2. Unregistered Sales of Equity Securities and Use of Proceeds](#) for additional information.

Cash Flows

The following table summarizes our cash flows:

<i>(in thousands, except percentages)</i>	For the three months ended		Change		
	March 31,	2024	2023	\$	%
Net cash provided by (used in):					
Operating activities	\$ (41,126)	\$ 55,491	\$ (96,617)		N/M
Investing activities	\$ 40,714	\$ 462,188	\$ (421,474)		(91)%
Financing activities	\$ 32,920	\$ (6,822)	\$ 39,742		N/M

N/M = Not meaningful.

Net Cash Provided by (Used in) Operating Activities: Net cash used in operating activities was \$41.1 million for the three months ended March 31, 2024, as compared to net cash provided by operating activities of \$55.5 million in the prior year period. The change in cash flows from operating activities was primarily driven by a decrease in revenue and an increase in inventories to support commissioning of our Stage II separations facilities and the related change in working capital as we increase production of separated products.

Net Cash Provided by Investing Activities: Net cash provided by investing activities decreased by \$421.5 million for the three months ended March 31, 2024, as compared to the prior year period. The change in cash flows from investing activities was primarily driven by the net cash flow impact, which was \$444.2 million, of a year-over-year decrease in proceeds from short-term investments, offset by year-over-year increases in purchases and maturities of short-term investments. Also, additions to property, plant and equipment for the three months ended March 31, 2024, decreased by \$22.7 million when compared to the prior year period, and related primarily to a decrease in construction spend on our Stage II optimization project given the timing of completion.

Net Cash Provided by (Used in) Financing Activities: Net cash provided by financing activities was \$32.9 million for the three months ended March 31, 2024, as compared to net cash used in financing activities of \$6.8 million in the prior year period. The change in cash flows from financing activities was driven by the net cash flow impact, which was \$37.7 million, of the issuance of the 2030 Notes, the payments of debt issuance costs associated with the 2030 Notes, the payments made to retire a significant portion of the 2026 Notes, the purchase of the Capped Call Options, and the payments made to repurchase our common stock, all of which occurred during the three months ended March 31, 2024.

Non-GAAP Financial Measures

We present Adjusted EBITDA, Adjusted Net Income (Loss), Adjusted Diluted EPS, and Free Cash Flow, which are non-GAAP financial measures that we use to supplement our results presented in accordance with GAAP. These measures may be similar to measures reported by other companies in our industry and are regularly used by securities analysts and investors to measure companies' financial performance. Adjusted EBITDA, Adjusted Net Income (Loss), Adjusted Diluted EPS, and Free Cash Flow are not intended to be substitutes for any GAAP financial measures and, as calculated, may not be comparable to other similarly titled measures of performance or liquidity of other companies within our industry or in other industries.

Adjusted EBITDA

We define Adjusted EBITDA as our GAAP net income or loss before interest expense, net; income tax expense or benefit; and depreciation, depletion and amortization; further adjusted to eliminate the impact of stock-based compensation expense; initial start-up costs; transaction-related and other costs; accretion of asset retirement and environmental obligations; gain or loss on disposals of long-lived assets; gain or loss on early extinguishment of debt; and other income or loss. We present Adjusted EBITDA because it is used by management to evaluate our underlying operating and financial performance and trends. Adjusted EBITDA excludes certain expenses that are required in accordance with GAAP because they are non-recurring, non-cash or are not related to our underlying business performance. This non-GAAP financial measure is intended to supplement our GAAP results and should not be used as a substitute for financial measures presented in accordance with GAAP.

[Table of Contents](#)

The following table presents a reconciliation of our Adjusted EBITDA, which is a non-GAAP financial measure, to our net income, which is determined in accordance with GAAP:

<i>(in thousands)</i>	For the three months ended March 31,	
	2024	2023
Net income	\$ 16,489	\$ 37,447
<i>Adjusted for:</i>		
Depreciation, depletion and amortization	18,385	8,122
Interest expense, net	2,857	1,359
Income tax expense	7,144	7,849
Stock-based compensation expense ⁽¹⁾	7,467	7,013
Initial start-up costs ⁽²⁾	1,173	4,564
Transaction-related and other costs ⁽³⁾	3,797	3,322
Accretion of asset retirement and environmental obligations ⁽⁴⁾	231	227
Loss on disposals of long-lived assets, net ⁽⁴⁾	146	2,490
Gain on early extinguishment of debt ⁽⁵⁾	(46,265)	—
Other income, net	(12,657)	(13,693)
Adjusted EBITDA	\$ (1,233)	\$ 58,700

(1) Principally included in "Selling, general and administrative" within our unaudited Condensed Consolidated Statements of Operations.

(2) Included in "Start-up costs" within our unaudited Condensed Consolidated Statements of Operations and excludes any applicable stock-based compensation, which is included in the "Stock-based compensation expense" line above. Relates to certain costs incurred in connection with the commissioning and starting up of our initial separations capability at Mountain Pass and our initial magnet-making capabilities at Fort Worth prior to the achievement of commercial production. These costs include labor of incremental employees hired in advance to work directly on such commissioning activities, training costs, costs of testing and commissioning the new circuits and processes, and other related costs. Given the nature and scale of the related costs and activities, management does not view these as normal, recurring operating expenses, but rather as non-recurring investments to initially develop our separations and magnet-making capabilities. Therefore, we believe it is useful and necessary for investors to understand our core operating performance in current and future periods by excluding the impact of these start-up costs. To the extent additional start-up costs are incurred in the future to expand our separations and magnet-making capabilities after initial achievement of commercial production (e.g., significantly expanding production capacity at an existing facility or building a new separations or magnet manufacturing facility), such costs would not be considered an adjustment for this non-GAAP financial measure.

(3) Principally included in "Advanced projects and development" within our unaudited Condensed Consolidated Statements of Operations, and pertains to legal, consulting, and advisory services, and other costs associated with specific transactions, including potential acquisitions, mergers, or other investments.

(4) Included in Other operating costs and expenses within our unaudited Condensed Consolidated Statements of Operations.

(5) Pertains to the gain recognized on the repurchase of \$480.0 million aggregate principal amount of our 2026 Notes in March 2024.

Adjusted Net Income (Loss) and Adjusted Diluted EPS

We calculate Adjusted Net Income (Loss) as our GAAP net income or loss excluding the impact of stock-based compensation expense; initial start-up costs; transaction-related and other costs; gain or loss on disposals of long-lived assets; gain or loss on early extinguishment of debt; and other items that we do not consider representative of our underlying operations; adjusted to give effect to the income tax impact of such adjustments. We calculate Adjusted Diluted EPS as our GAAP diluted earnings or loss per share ("EPS") excluding the per share impact, using adjusted diluted weighted-average shares outstanding, of stock-based compensation expense; initial start-up costs; transaction-related and other costs; gain or loss on disposals of long-lived assets; gain or loss on early extinguishment of debt; and other items that we do not consider representative of our underlying operations; adjusted to give effect to the income tax impact of such adjustments. In addition, when appropriate, we include an adjustment to reverse the impact of applying the if-converted method to our 2026 Notes if necessary to reconcile between GAAP diluted earnings or loss per share and Adjusted Diluted EPS. When applicable, adjusted diluted weighted-average shares outstanding reflect the anti-dilutive impact of our Capped Call Options entered into in connection with the issuance of our 2030 Notes.

Adjusted Net Income (Loss) and Adjusted Diluted EPS exclude certain expenses that are required in accordance with GAAP because they are non-recurring, non-cash, or not related to our underlying business performance. To calculate the income tax impact of such adjustments on a year-to-date basis, we utilize an effective tax rate equal to our income tax expense excluding material discrete costs and benefits, with any impacts of changes in effective tax rate being recognized in the current period. We present Adjusted Net Income (Loss) and Adjusted Diluted EPS because it is used by management to evaluate our

[Table of Contents](#)

underlying operating and financial performance and trends. These non-GAAP financial measures are intended to supplement our GAAP results and should not be used as a substitute for financial measures presented in accordance with GAAP.

The following table presents a reconciliation of our Adjusted Net Income (Loss), which is a non-GAAP financial measure, to our net income, which is determined in accordance with GAAP:

<i>(in thousands)</i>	For the three months ended March 31,	
	2024	2023
Net income	\$ 16,489	\$ 37,447
<i>Adjusted for:</i>		
Stock-based compensation expense ⁽¹⁾	7,467	7,013
Initial start-up costs ⁽²⁾	1,173	4,564
Transaction-related and other costs ⁽³⁾	3,797	3,322
Loss on disposals of long-lived assets, net ⁽⁴⁾	146	2,490
Gain on early extinguishment of debt ⁽⁵⁾	(46,265)	—
Other	—	(20)
Tax impact of adjustments above ⁽⁶⁾	9,701	(3,489)
Adjusted Net Income (Loss)	\$ (7,492)	\$ 51,327

(1) Principally included in "Selling, general and administrative" within our unaudited Condensed Consolidated Statements of Operations.

(2) Included in "Start-up costs" within our unaudited Condensed Consolidated Statements of Operations and excludes any applicable stock-based compensation, which is included in the "Stock-based compensation expense" line above. Relates to certain costs incurred in connection with the commissioning and starting up of our initial separations capability at Mountain Pass and our initial magnet-making capabilities at Fort Worth prior to the achievement of commercial production. These costs include labor of incremental employees hired in advance to work directly on such commissioning activities, training costs, costs of testing and commissioning the new circuits and processes, and other related costs. Given the nature and scale of the related costs and activities, management does not view these as normal, recurring operating expenses, but rather as non-recurring investments to initially develop our separations and magnet-making capabilities. Therefore, we believe it is useful and necessary for investors to understand our core operating performance in current and future periods by excluding the impact of these start-up costs. To the extent additional start-up costs are incurred in the future to expand our separations and magnet-making capabilities after initial achievement of commercial production (e.g., significantly expanding production capacity at an existing facility or building a new separations or magnet manufacturing facility), such costs would not be considered an adjustment for this non-GAAP financial measure.

(3) Principally included in "Advanced projects and development" within our unaudited Condensed Consolidated Statements of Operations, and pertains to legal, consulting, and advisory services, and other costs associated with specific transactions, including potential acquisitions, mergers, or other investments.

(4) Included in Other operating costs and expenses within our unaudited Condensed Consolidated Statements of Operations.

(5) Pertains to the gain recognized on the repurchase of \$480.0 million aggregate principal amount of our 2026 Notes in March 2024.

(6) Tax impact of adjustments is calculated using an adjusted effective tax rate, which excludes the impact of discrete tax costs and benefits, to each adjustment. The adjusted effective tax rates were 28.8% and 20.1% for the three months ended March 31, 2024 and 2023, respectively.

[Table of Contents](#)

The following table presents a reconciliation of our Adjusted Diluted EPS, which is a non-GAAP financial measure, to our diluted earnings (loss) per share, which is determined in accordance with GAAP:

	For the three months ended March 31,	
	2024	2023
Diluted earnings (loss) per share	\$ (0.08)	\$ 0.20
<i>Adjusted for:</i>		
Stock-based compensation expense	0.04	0.04
Initial start-up costs	0.01	0.02
Transaction-related and other costs	0.02	0.02
Loss on disposals of long-lived assets, net	—	0.01
Gain on early extinguishment of debt	(0.27)	—
Tax impact of adjustments above ⁽¹⁾	0.06	(0.02)
2026 Notes if-converted method ⁽²⁾	0.18	—
Adjusted Diluted EPS	<u>\$ (0.04)</u>	<u>\$ 0.27</u>
Diluted weighted-average shares outstanding⁽³⁾	186,791,826	193,613,539
Assumed conversion of 2026 Notes ⁽³⁾	(12,234,976)	—
Adjusted diluted weighted-average shares outstanding⁽³⁾	<u>174,556,850</u>	<u>193,613,539</u>

- (1) Tax impact of adjustments is calculated using an adjusted effective tax rate, which excludes the impact of discrete tax costs and benefits, to each adjustment. The adjusted effective tax rates were 28.8% and 20.1% for the three months ended March 31, 2024 and 2023, respectively.
- (2) For the three months ended March 31, 2024, since the 2026 Notes were dilutive for purposes of computing GAAP diluted earnings (loss) per share but antidilutive for purposes of computing Adjusted Diluted EPS, within this reconciliation, we have included this adjustment to reverse the impact of applying the if-converted method to the 2026 Notes in the computation of GAAP diluted earnings (loss) per share.
- (3) For the three months ended March 31, 2024, since the 2026 Notes were dilutive for purposes of computing GAAP diluted earnings (loss) per share but antidilutive for purposes of computing Adjusted Diluted EPS, the adjusted diluted weighted-average shares outstanding exclude the potentially dilutive securities associated with the 2026 Notes.

Free Cash Flow

We calculate Free Cash Flow as net cash provided by operating activities less additions to property, plant and equipment, net of proceeds from government awards used for construction. We believe Free Cash Flow is useful for comparing our ability to generate cash with that of our peers. The presentation of Free Cash Flow is not meant to be considered in isolation or as an alternative to cash flows from operating activities and does not necessarily indicate whether cash flows will be sufficient to fund cash needs.

The following table presents a reconciliation of our Free Cash Flow, which is a non-GAAP financial measure, to our net cash provided by (used in) operating activities, which is determined in accordance with GAAP:

	For the three months ended March 31,	
(in thousands)	2024	2023
Net cash provided by (used in) operating activities	\$ (41,126)	\$ 55,491
Additions to property, plant and equipment, net ⁽¹⁾	(51,742)	(74,462)
Free Cash Flow	<u>\$ (92,868)</u>	<u>\$ (18,971)</u>

- (1) Amount for the three months ended March 31, 2024, is net of \$0.1 million in proceeds from government awards used for construction.

Critical Accounting Policies

A complete discussion of our critical accounting policies is included in our Form 10-K for the year ended December 31, 2023. There have been no significant changes in our critical accounting policies during the three months ended March 31, 2024.

Recently Adopted and Issued Accounting Pronouncements

Recently adopted and issued accounting pronouncements are described in [Note 2, "Significant Accounting Policies,"](#) in the notes to the unaudited Condensed Consolidated Financial Statements.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

There have been no material changes in our market risk exposures from the information presented in [Part II, Item 7A. "Quantitative and Qualitative Disclosures About Market Risk,"](#) in our Annual Report on Form 10-K for the year ended December 31, 2023, except as disclosed below.

Equity Market and Interest Rate Risks

While the fair values of our Convertible Notes are subject to interest rate risk, market risk and other factors due to their convertible feature, the Convertible Notes are more sensitive to the equity market price volatility of our stock price than changes in interest rates. The fair values of our Convertible Notes will generally increase as the price of our common stock increases and will generally decrease as the price of our common stock declines in value. The interest and market value changes affect the fair value of our Convertible Notes but do not impact our financial position, cash flows or results of operations due to the fixed nature of the debt obligations. Generally, the fair values of our Convertible Notes will increase as interest rates fall and decrease as interest rates rise. In recent years, the Federal Reserve has raised interest rates in an effort to combat high inflation and may continue to do so in the future. There continues to be uncertainty in the changing market and economic conditions, including the possibility of additional measures that could be taken by the Federal Reserve and other government agencies, related to concerns over inflation risk.

See [Note 10, "Debt Obligations,"](#) in the notes to the unaudited Condensed Consolidated Financial Statements for further information on our Convertible Notes.

ITEM 4. CONTROLS AND PROCEDURES

The Company's management, under the supervision and with the participation of our principal executive officer and principal financial officer, has evaluated the effectiveness of the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")), as of March 31, 2024. Based on this evaluation, our principal executive officer and principal financial officer concluded that the Company's disclosure controls and procedures were effective as of March 31, 2024, to ensure that information required to be disclosed by the Company in reports we file or submit under the Exchange Act is (i) recorded, processed, summarized, evaluated and reported, as applicable, within the time periods specified in the U.S. Securities and Exchange Commission's rules and forms and (ii) accumulated and communicated to the Company's management, including the Company's principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosures.

There were no changes that occurred during the fiscal quarter covered by this Form 10-Q that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II—OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

From time to time, we may be subject to legal and governmental proceedings and claims in the ordinary course of business. We are not currently a party to any material legal or governmental proceedings, and, to our knowledge, none is threatened.

ITEM 1A. RISK FACTORS

The Company's business, reputation, results of operations and financial condition, as well as the price of the Company's common stock, can be affected by a number of factors, whether currently known or unknown, including those described in Part I, Item 1A. "Risk Factors" in our Form 10-K for the year ended December 31, 2023. When any one or more of these risks materialize from time to time, the Company's business, reputation, results of operations and financial condition, as well as the price of the Company's common stock, can be materially and adversely affected. There have been no material changes to the risk factors disclosed in our Form 10-K for the year ended December 31, 2023, except as noted below.

Risks Relating to our Convertible Notes

The conditional conversion feature of our Convertible Notes, if triggered, may adversely affect our financial condition and operating results.

We completed an offering of the 2030 Notes in March 2024. In the event the conditional conversion feature of our 2030 Notes is triggered, holders of the 2030 Notes will be entitled to convert them at any time during specified periods at their option. If one or more holders elect to convert their Convertible Notes, unless we elect to satisfy our conversion obligation by delivering solely shares of our common stock (other than paying cash in lieu of delivering any fractional share), we would be required to settle a portion or all of our conversion obligation through the payment of cash, which could adversely affect our liquidity. In addition, even if holders do not elect to convert their 2030 Notes, we could be required under applicable accounting rules to reclassify all or a portion of the outstanding principal of the 2030 Notes as a current rather than long-term liability, which would result in a material reduction of our net working capital. The 2026 Notes contain analogous conditional conversion features which could have a similar impact on our financial condition and operating results.

Conversion of our Convertible Notes may dilute the ownership interest of our stockholders or may otherwise depress the price of our common stock.

At our election, we may settle notes tendered for conversion entirely or partly in shares of our common stock. As a result, the conversion of some or all of our Convertible Notes may dilute the ownership interests of our stockholders. Any sales in the public market of our common stock issuable upon such conversion could adversely affect prevailing market prices of our common stock. In addition, the existence of the Convertible Notes may encourage short selling by market participants that engage in hedging or arbitrage activity, and anticipated conversion of the notes into shares of our common stock could depress the price of our common stock.

Certain provisions in the indentures governing the Convertible Notes may delay or prevent an otherwise beneficial takeover attempt of us.

Certain provisions in the indentures governing the Convertible Notes may make it more difficult or expensive for a third party to acquire us. For example, each of the indentures governing the Convertible Notes requires us to repurchase the notes for cash upon the occurrence of a fundamental change (as defined in each of the indentures governing the Convertible Notes) of us and, in certain circumstances, to increase the conversion rate for a holder that converts their Convertible Notes in connection with a make-whole fundamental change (as defined in each of the indentures governing the Convertible Notes). A takeover of us may trigger the requirement that we repurchase the Convertible Notes and/or increase the conversion rate, which could make it more costly for a potential acquirer to engage in such takeover. Such additional costs may have the effect of delaying or preventing a takeover of us that would otherwise be beneficial to investors.

Servicing our debt requires a significant amount of cash, and we may not have sufficient cash flow from our business to pay our debt.

Our ability to make scheduled payments of the principal of, to pay interest on, or to refinance our indebtedness, including our Convertible Notes, depends on our future performance, which is subject to economic, financial, competitive and other factors beyond our control. In addition, holders of the Convertible Notes will have the right to require us to repurchase their notes for cash upon the occurrence of certain fundamental changes. Upon conversion of the Convertible Notes, unless we elect

to deliver solely shares of our common stock to settle such conversion (other than paying cash in lieu of delivering any fractional share), we will be required to make cash payments in respect of the notes being converted. Our business may not continue to generate cash flow from operations in the future sufficient to service our debt and make necessary capital expenditures. If we are unable to generate such cash flow, we may be required to adopt one or more alternatives, such as selling assets, restructuring debt or obtaining additional equity capital on terms that may be onerous or highly dilutive. Our ability to refinance our indebtedness will depend on the capital markets and our financial condition at such time. We may not be able to engage in any of these activities or engage in these activities on desirable terms, which could result in a default on our debt obligations.

We are subject to counterparty risk with respect to the Capped Call Options.

In connection with our offering of 2030 Notes in March 2024, we entered into capped call transactions (the "Capped Call Options") with certain financial institutions (the "option counterparties"), which increased the effective conversion price of the 2030 Notes to \$31.06 (from the nominal conversion price of \$21.74). Consequently, the Capped Call Options are expected to reduce the potential dilution upon conversion of the 2030 Notes and/or offset any cash payments we are required to make in excess of the principal amount of the 2030 Notes upon their conversion.

The option counterparties are financial institutions, and we will be subject to the risk that any or all of them might default under the Capped Call Options. Our exposure to the credit risk of the option counterparties will not be secured by any collateral. Global economic conditions have from time to time resulted in the actual or perceived failure or financial difficulties of many financial institutions. If an option counterparty becomes subject to insolvency proceedings, we will become an unsecured creditor in those proceedings with a claim equal to our exposure at that time under our transactions with that option counterparty. Our exposure will depend on many factors, but, generally, an increase in our exposure will be correlated to an increase in the market price and in the volatility of our common stock. In addition, upon a default by an option counterparty, we may suffer adverse tax consequences and more dilution than we currently anticipate with respect to our common stock. We can provide no assurances as to the financial stability or viability of any option counterparty.

In addition, the terms of the Capped Call Options may be subject to adjustment, modification or, in some cases, renegotiation in the event of certain corporate and other transactions. The Capped Call Options may not operate as we intend in the event that we are required to adjust the terms of such instruments as a result of transactions in the future or in the event of other unanticipated developments that may adversely affect the functioning of the Capped Call Options.

Risks Relating to our Common Stock

We cannot guarantee that our share repurchase program will be fully consummated or that our share repurchase program will enhance long-term stockholder value, and share repurchases could increase the volatility of the price of our common stock and reduce our cash available for operations.

On March 1, 2024, our Board of Directors authorized the Company to repurchase up to \$300.0 million of our outstanding common stock, potentially enabling us to return value to shareholders. Our repurchase program does not obligate us to repurchase any specific dollar amount or to acquire any specific number of shares. Our share repurchase program could affect the price of our common stock and increase volatility, reduce our cash available for operations and may be suspended or terminated at any time. As of March 31, 2024, we paid \$200.8 million to repurchase 13.0 million shares of our common stock under the program. We cannot guarantee that we will repurchase additional shares under the program or conduct future share repurchase programs, and we cannot guarantee that any such programs will result in long-term increases to shareholder value.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS***Issuer Purchases of Equity Securities***

On March 1, 2024, the Company's Board of Directors approved a share repurchase program under which the Company is authorized to repurchase up to an aggregate amount of \$300.0 million of the Company's outstanding common stock. The expiration date of the share repurchase program is March 1, 2025.

The following table provides information about shares of the Company's common stock that were repurchased as part of the share repurchase program during the quarter ended March 31, 2024:

(in thousands, except for share and price per share data)

Period	Total Number of Shares Purchased	Average Price Paid per Share ⁽¹⁾	Total Number of Shares Purchased as Part of Publicly Announced Program	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Program
1/1/2024 - 1/31/2024	—	\$ —	—	\$ —
2/1/2024 - 2/29/2024	—	\$ —	—	\$ —
3/1/2024 - 3/31/2024	13,012,388	\$ 15.43	13,012,388	\$ 99,250
Total	13,012,388	\$ 15.43	13,012,388	\$ 99,250

(1) Average price paid per share is calculated on a settlement basis and excludes excise tax. Our share repurchases in excess of issuances are subject to a 1% excise tax enacted by the Inflation Reduction Act. Any excise tax incurred is recognized in stockholders' equity as part of the cost basis of the shares acquired.

Unregistered Sales of Equity Securities

On March 7, 2024, the Company agreed with its financial advisor to settle its financial advisory fee for services provided in connection with the offering of the 2030 Notes through the issuance of 240,663 shares of the Company's common stock to the financial advisor, equivalent to \$3.7 million at the price of \$15.53, the closing price per share of the Company's common stock on March 4, 2024. These unregistered securities were issued in a private placement in reliance on the exemption from registration provided by Section 4(a)(2) of the Securities Act. The Company is relying on this exemption from registration based in part on representations made by the financial advisor in its engagement letter.

ITEM 4. MINE SAFETY DISCLOSURES

The information concerning mine safety violations or other regulatory matters required by Section 1503(a) of the Dodd-Frank Wall Street Reform and Consumer Protection Act and Item 104 of Regulation S-K is included in [Exhibit 95.1](#) to this Form 10-Q for the quarterly period ended March 31, 2024.

ITEM 5. OTHER INFORMATION***Securities Trading Plans of Directors and Executive Officers***

During the three months ended March 31, 2024, none of the Company's directors or officers (as defined in Rule 16a-1(f) of the Exchange Act) informed the Company of the adoption or termination of a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement" (as defined in Item 408 of Regulation S-K), except as follows:

On February 26, 2024, the James Henry Litinsky Revocable Trust u/a/d October 19, 2011, of which James H. Litinsky, the Company's founder, Chairman of the Board and Chief Executive Officer, is a trustee, adopted a Rule 10b5-1 trading arrangement intended to satisfy the affirmative defense of Rule 10b5-1(c) for the sale of up to 2,200,000 shares of the Company's common stock, subject to certain conditions, from May 27, 2024, through March 10, 2025.

On February 26, 2024, Ryan Corbett, the Company's Chief Financial Officer, adopted a Rule 10b5-1 trading arrangement intended to satisfy the affirmative defense of Rule 10b5-1(c) for the sale of up to 115,000 shares of the Company's common stock, subject to certain conditions, from May 27, 2024, through August 31, 2025.

ITEM 6. EXHIBITS

Exhibit No.	Description
Indenture, dated as of March 7, 2024, by and between MP Materials Corp. and U.S. Bank National Association incorporated, as trustee (incorporated herein by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed on March 8, 2024).	
Form of 3.00% Convertible Senior Notes due 2030 (included as Exhibit A to Exhibit 4.1) (incorporated herein by reference to Exhibit 4.2 to the Company's Current Report on Form 8-K filed on March 8, 2024).	
Form of Capped Call Confirmation (incorporated herein by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on March 8, 2024).	
101 <u>1</u>	Change of Control Agreement between MP Mine Operations LLC, MP International Sales LLC and Shenghe Resources (Singapore) International Trading PTE. LTD. dated January 16, 2024.
101 <u>2</u>	Amendment to Employment Agreement, dated January 10, 2024, between MP Materials Corp. and James H. Litinsky.
101 <u>3</u>	Amendment to Employment Agreement, dated January 10, 2024, between MP Materials Corp. and Ryan Corbett.
101 <u>4</u>	Amendment to Employment Agreement, dated January 10, 2024, between MP Materials Corp. and Michael Rosenthal.
101 <u>5</u>	Amendment to Employment Agreement, dated January 10, 2024, between MP Materials Corp. and Elliot D. Hoops.
C <u>1</u>	Certification pursuant to rule 13a-14(a) or 15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
C <u>2</u>	Certification pursuant to rule 13a-14(a) or 15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
C <u>3</u>	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
C <u>4</u>	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
M <u>1</u>	Safety Disclosure pursuant to Section 1503(a) of the Dodd-Frank Wall Street Reform and Consumer Protection Act.
101 <u>1</u>	101XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101 <u>2</u>	101XBRL Taxonomy Extension Schema Document.
101 <u>3</u>	101XBRL Taxonomy Extension Calculation Linkbase Document.
101 <u>4</u>	101XBRL Taxonomy Extension Definition Linkbase Document.
101 <u>5</u>	101XBRL Taxonomy Extension Label Linkbase Document.
101 <u>6</u>	101XBRL Taxonomy Extension Presentation Linkbase Document.
C <u>1</u>	Code of Page Inline XBRL File (included in Exhibit 101).
Filed herewith.	
Furnished herewith.	
Indicates a management contract or compensatory plan or arrangement.	
Annexes, schedules and/or exhibits have been omitted pursuant to Item 601(a)(5) of Regulation S-K. MP Materials Corp. agrees to furnish supplementally a copy of any omitted attachment to the SEC on a confidential basis upon request.	
Certain portions of this exhibit (indicated by "[**]") have been omitted pursuant to Regulation S-K, Item (601)(b)(10).	

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

MP MATERIALS CORP.

Dated: May 3, 2024

By: _____ /s/ Ryan Corbett
Ryan Corbett
Chief Financial Officer

CERTAIN IDENTIFIED INFORMATION HAS BEEN EXCLUDED FROM THE EXHIBIT BECAUSE IT IS BOTH (I) NOT MATERIAL AND (II) THE TYPE OF INFORMATION THAT MP MATERIALS CORP. TREATS AS PRIVATE OR CONFIDENTIAL. [**] INDICATES THAT INFORMATION HAS BEEN REDACTED.

Exhibit 10.2

OFFTAKE AGREEMENT
BY AND BETWEEN
MP MINE OPERATIONS LLC, MP INTERNATIONAL SALES LLC
AND
SHENGHE RESOURCES (SINGAPORE) INTERNATIONAL TRADING PTE. LTD.

Dated as of January 16, 2024

Table of Contents

ARTICLE 1 DEFINITIONS AND INTERPRETATION	1
Section 1.1 Definitions	1
Section 1.2 Interpretation	6
ARTICLE 2 SALE AND PURCHASE OF OFFTAKE PRODUCTS	7
Section 2.1 Sale and Purchase of Offtake Products	7
Section 2.2 Sales Commission	7
Section 2.3 Offtake Products	7
ARTICLE 3 CONDITION PRECEDENT; TERM OF AGREEMENT	7
Section 3.1 Condition Precedent; Term of Agreement	7
ARTICLE 4 OFFTAKE OBLIGATIONS AND PROCEDURES	8
Section 4.1 Basic Obligation	8
Section 4.2 Offtake Product Quantities	8
Section 4.3 Annual Planning	9
Section 4.4 Nomination and Notice Procedures	10
Section 4.5 Scheduling of Deliveries	10
Section 4.6 Delivery; Customs	10
Section 4.7 Title and Risk	11
Section 4.8 Offtake Shortfall	11
Section 4.9 No Excused Performance	12
ARTICLE 5 PURCHASE PRICE AND PAYMENT	12
Section 5.1 Purchase Price	12
Section 5.2 Payments and Invoices	12
Section 5.3 Currency and Manner of Payments	13
Section 5.4 Payment or Invoice Disputes	13
ARTICLE 6 MARKETING CONSIDERATIONS AND REQUIREMENTS	13
Section 6.1 Certain Restrictions and Considerations	13
Section 6.2 Limited Geographical Restrictions	13
ARTICLE 7 REPRESENTATIONS AND WARRANTIES	13
Section 7.1 Representations and Warranties of Buyer and Seller	14
Section 7.2 Additional Representations and Warranties of Seller	14
Section 7.3 Disclaimer of Additional Warranties	14
ARTICLE 8 TAXES	14
Section 8.1 Taxes	14
Section 8.2 Tax Refunds	14
Section 8.3 Tax Returns	15

ARTICLE 9 FORCE MAJEURE	15
Section 9.1 Force Majeure	15
Section 9.2 Exclusions	16
Section 9.3 No Claim for Breach	16
Section 9.4 Notice	16
Section 9.5 Resumption	16
ARTICLE 10 DEFAULTS AND REMEDIES	17
Section 10.1 Events of Default	17
Section 10.2 Remedies	17
ARTICLE 11 INDEMNITY AND LIMITATIONS ON LIABILITY	17
Section 11.1 Indemnity	17
Section 11.2 Limitation on Liability	18
Section 11.3 No Consequential Damages	18
ARTICLE 12 TERMINATION AND SURVIVAL	19
Section 12.1 Automatic Termination	19
Section 12.2 Optional Termination	19
Section 12.4 Survival	19
ARTICLE 13 GOVERNING LAW AND RESOLUTION OF DISPUTES	19
Section 13.1 Governing Law	19
Section 13.2 Resolution of Disputes	19
ARTICLE 14 MISCELLANEOUS	20
Section 14.1 Notices	20
Section 14.2 Further Assurances	21
Section 14.3 No Partnership	21
Section 14.4 Public Disclosure	21
Section 14.5 Entire Agreement	21
Section 14.6 Assignment	21
Section 14.7 Amendments	22
Section 14.8 Severability	22
Section 14.9 Beneficiaries; Successors and Assigns	22
Section 14.10 Waivers	22
Section 14.11 Compliance	22
Section 14.12 Counterparts	23

Schedules

- Schedule 1 Oftake Products
- Schedule 2 Commission Fee

OFFTAKE AGREEMENT

THIS OFFTAKE AGREEMENT (as amended, modified, or supplemented from time to time, this **Agreement**) is dated as of January 16, 2024 ("Effective Date"), and is entered into by and between:

MP MINE OPERATIONS LLC, a Delaware limited liability company ("MPMO"), MP INTERNATIONAL SALES LLC, a Delaware limited liability company ("MPIS" and together with MPMO referred to collectively as "Sellers" or individually as "Seller"); and

SHENGHE RESOURCES (SINGAPORE) INTERNATIONAL TRADING PTE. LTD., a private limited company organized under the laws of Singapore with its registered office at 60 Paya Lebar Road #04-23 Paya Lebar Square Singapore 409051 ("Buyer").

(Each of Seller and Buyer are referred to herein individually as a **Party** and collectively as the **Parties**).

RECITALS

WHEREAS, the Parties entered into an Offtake Agreement effective March 4, 2022 (the "2022 Offtake Agreement"), and

WHEREAS, the Parties intend that this Agreement shall replace and supersede the 2022 Offtake Agreement. The Parties wish to enter into this new Offtake Agreement ("New Offtake Agreement") to replace the 2022 Offtake Agreement and to continue to collaborate on rare earth development activities pursuant to the Term Sheet dated as of February 14, 2022 (the **Term Sheet**).

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:

ARTICLE 1 DEFINITIONS AND INTERPRETATION

Section 1.1 Definitions. In this Agreement, the following terms shall have the meanings specified or referred to below:

"Affiliate" means, with respect to any Person, any Person that directly, or indirectly through one or more intermediaries, controls, is controlled by or is under common control with such first Person. For purposes of the foregoing definition, the term "control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract, or otherwise, provided that a Person who owns greater than fifty percent (50%) of any outstanding class of voting securities of any other Person shall be deemed to control such other Person.

“Agreement” has the meaning set forth in the Preamble.

“Annual Production Forecast” has the meaning specified in Section 4.3(a).

“Business Day” means any day other than a Saturday, Sunday, or other day on which commercial banking institutions in Singapore, China, or New York, New York or San Bernardino, California, U.S.A. are authorized or required to be closed to the public.

“Buyer” has the meaning set forth in the Preamble.

“Buyer Change of Control” means the occurrence of any of the following events:

- (i) the shares of Shenghe cease to be listed on the Shanghai Stock Exchange;
- (ii) the sale of all or substantially all of the assets of Shenghe;
- (iii) any Person or group of Persons (excluding the current largest shareholder of Shenghe) acting together directly or indirectly becomes the beneficial owner of more than 30% of the outstanding equity interests in Shenghe and possesses the power to direct the management and policies of Shenghe; or
- (iv) Shenghe and its Affiliates cease to own more than 60% of the equity interests in Buyer.

“Commission Fee” has the meaning specified in Section 2.2.

“Contract Quarter” means a calendar quarter during a Contract Year, with the first Contract Quarter of each Contract Year commencing on the first day of January and ending on the last day of March in such Contract Year, and each subsequent Contract Quarter consisting of each subsequent consecutive three (3) Month period in such Contract Year.

“Contract Year” means a Year during the Term.

“Covered Costs” means Buyer’s costs directly related to the sale of Offtake Products, including labor costs, travel, office rent and other administration fees, charges for delivery orders, customs clearance, port surcharges, drayage, devanning, ordinary container cleaning costs, sampling, analysis, and analysis arbitration.

“Delivery Point” means (i) with respect to light rare earth concentrate, [***], or [***], as specified by Buyer, in the People’s Republic of China or such other location as the Parties mutually agree, and (ii) with respect to all other Offtake Products, such location as may be mutually agreed by the Parties from time to time.

“Dispute” means any and all questions, claims, controversies, or disputes arising out of or relating to the validity, interpretation, performance, effect or breach of this Agreement or the rights and obligations arising hereunder.

“Distributor(s)” means [***].

"Effective Date" means the date first set forth above.

"Event of Default" has the meaning specified in [Section 10.1](#).

"Extended Term" has the meaning specified in [Section 3.1\(b\)](#).

"Extraordinary Charges" means any costs (i) related to extended government inspections, including due to extraordinary customs inspections, material testing holds, and associated container detention charges (ii) extraordinary cleaning or repairs from events beyond ordinary course of business not caused by Buyer and (iii) unusual transportation charges incurred by Seller due to the need to accommodate customers beyond normal distance of ultimate consignees that are agreed in advance by Buyer.

"Facility" means, in the case of rare earth concentrate and rare earth oxides, the Mountain Pass Facility. In the case of PrNd Metal, such production facility for PrNd Metal as approved by Buyer and Seller; provided that the Parties hereby agree that the VREX Facility is an approved PrNd Metal production facility.

"Force Majeure" has the meaning set forth in [Section 9.1](#).

"Governmental Authority" means any unit, agency, ministry, commission, division, department, instrumentality or other similar legal authority of any branch of government (whether executive, legislative, judicial, regulatory or administrative) at any level of government (whether national, federal, regional, state, provincial, municipal, territorial or local, foreign or domestic), any self-regulatory organization or other non-governmental regulatory authority or quasi-governmental authority (to the extent that the rules, regulations or orders of such organization or authority have the force of law), or any arbitrator, court or tribunal of competent jurisdiction.

"Insolvency Event" means, with respect to any Person, any one or more of the following events or circumstances:

- (i) such Person commences a voluntary case under any applicable Law concerning bankruptcy, insolvency, reorganization, or liquidation now or hereafter in effect;
- (ii) such Person consents to the entry of an order for relief in an involuntary case under any such Law or to the appointment of or taking possession by a receiver, liquidator, assignee, custodian, trustee, sequestrator, or other similar official of any substantial part of its assets;
- (iii) such Person makes a general assignment for the benefit of creditors;
- (iv) such Person takes corporate or other action in furtherance of any of the foregoing; or
- (v) entry is made against such Person of a judgment, decree or order for relief affecting a substantial part of any of its assets by a court of competent jurisdiction in an involuntary case commenced under any applicable bankruptcy, insolvency, or other

similar Law of any jurisdiction now or hereafter in effect and such judgment, decree or order continues unstayed and in effect for a period of sixty (60) days.

"Initial Term" has the meaning specified in [Section 3.1\(b\)](#).

"Law" means any law (including common law), statute, code, ordinance, constitution, treaty, rule, regulation, order, judgment, ruling, decree, proclamation, declaration, injunction, award or other direction or requirement of any Governmental Authority, including any judicial or administrative interpretation thereof.

"Losses" means all claims, demands, proceedings, fines, losses, damages, liabilities, obligations, deficiencies, costs, and expenses (including all reasonable legal, advisory, and other professional fees and disbursements, interest, penalties, judgments, and amounts paid in settlement of any demand, action, suit, proceeding, assessment, judgment or settlement or compromise).

"Market Price" means the price set forth in the applicable purchase agreement for the purchase of a particular quantity of Offtake Products by Buyer from the Seller pursuant to this Agreement as determined as follows:

- (i) with respect Offtake Products comprised of light rare earth concentrate, the price per metric ton of total rare earth oxide charged by Distributor to its customers based on rare earth market conditions. This Market Price is intended to constitute the base price charged by Distributor to unrelated third parties, subject to reconciliation and adjustment based on further laboratory analysis of representative samples of the Offtake Products; and
- (ii) with respect to any other Offtake Products, the Asia Metals Market Price for each such product either at the time of sale or averaged over a specified period of time, as mutually agreed by the Parties. If the Asia Metals Market Price is not available, the Parties will mutually agree on another widely accepted market index such as published by MySteel or BailInfo. If no such market index is available for a particular Offtake Product, then the Parties will negotiate in good faith and mutually agree on the pricing for such product.

"Month" means a calendar month.

"Monthly Offtake Notice" has the meaning specified in [Section 4.4\(b\)](#).

"Monthly Offtake Quantities" has the meaning specified in [Section 4.4\(b\)](#).

"Monthly Production Notice" has the meaning specified in [Section 4.4\(a\)](#).

"Mountain Pass Facility" means the Mountain Pass Rare Earth Mine & Processing Facility in Mountain Pass, California USA.

"Offtake Products" means the rare earth products specified on Schedule 1 that are produced by the mining and processing operations of the Facility during the Term.

"Offtake Shortfall" has the meaning set forth in Section 4.8(a).

"Party" or **"Parties"** has the meaning set forth in the Preamble.

"Person" means any individual, partnership, corporation, limited liability company, cooperative, association, foundation, joint stock company, trust, joint venture, unincorporated organization, Governmental Authority, or any other entity (in each case whether or not incorporated and whether or not having a separate legal identity).

"PrNd Metal" means praseodymium-neodymium metal produced to metal from oxide and generally suitable to produce magnetic material.

"Production Quantities" means, with respect to any referenced period, the types and respective quantities of all Offtake Products produced, or expected to be produced, by the Facility during such period.

"Purchase Price" has the meaning specified in Section 5.1.

"Sanctioned or Designated Person" means, any Person (a) that is, or is owned or controlled by, a Person then appearing upon the "Denied Persons List" or "Entity List," as maintained by the U.S. Department of Commerce; or (b) that is, or is owned or controlled by, (i) a Person on the U.S. Office of Foreign Assets Control "Specially Designated Nationals and Blocked Persons List," or any other Person with whom dealings are restricted or prohibited by the United States, including Persons resident in embargoed countries, territories, or regions; (ii) the government, including any political subdivision, agency, or instrumentality thereof, or any national, of any country, territory, or region against which the United States maintains economic sanctions or embargos; (iii) a Person acting or purporting to act, directly or indirectly, on behalf of, or a Person owned or controlled by, any of the Persons listed in sub-clauses (i) or (ii) above; or (iv) a Person with whom dealings are prohibited or restricted on account of any economic sanctions laws, regulations, or directives, of the United States, if the sale or supply, or any other transaction, directly or indirectly, to or with such Person could cause Buyer or Seller to be in violation of such laws, regulations, or directives.

"Seller" has the meaning set forth in the Preamble.

"Shenghe" means Shenghe Resources Holding Co. Ltd, a company organized under the laws of the People's Republic of China.

"SWB" has the meaning specified in Section 5.2(a).

"Tax" or **"Taxes"** means all taxes, assessments and other governmental charges, duties, royalties and impositions, including any interest, penalties, tax installment payments or other additions that may become payable in respect thereof, imposed by any Governmental Authority, which taxes shall include all income or profits taxes (including federal, provincial, state and local income taxes), tariffs, non-resident withholding taxes, sales and use taxes, branch profit taxes, ad

valorem taxes, excise taxes, harmonized sales taxes, franchise taxes, gross receipts taxes, business license taxes, occupation taxes, real and personal property taxes, stamp taxes, environmental taxes, production taxes, transfer taxes, land transfer taxes, capital taxes, extraordinary income taxes, surface area taxes, property taxes, asset transfer taxes, and other governmental charges, and other obligations of the same or of a similar nature to any of the foregoing.

“Term” has the meaning specified in Section 3.1(b).

“USD” means United States Dollars.

“VREX” means Vietnam Rare Earth Company Limited, which owns and operates the VREX Facility and together with its parent entity, VREX Holdco Pte. Ltd.

“VREX Facility” means the Vietnam metal processing plant and related facilities located at [***].

“Weekly Shipping Forecast” has the meaning specified in Section 4.5.

“Year” means the period from 1 January to 31 December in any calendar year.

Section 1.2 Interpretation.

(a) When a reference is made in this Agreement to an Article, Section, Schedule or Exhibit, such reference shall be to an Article, Section, Schedule, or Exhibit of or to this Agreement, unless the context requires otherwise.

(b) The table of contents and headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

(c) Whenever the words “include”, “includes” or “including” are used in this Agreement, they shall be deemed to be followed by the words “without limitation.”

(d) Whenever the words “hereof,” “herein,” “hereunder” or “hereto” are used in this Agreement, they shall be deemed to refer to this entire Agreement and not any particular provision.

(e) References in this Agreement to (i) “\$” shall mean United States Dollars, and (ii) the singular shall include the plural, and the plural shall include the singular, unless the context requires otherwise.

(f) References in this Agreement to (i) any agreement, instrument or other document means such agreement, instrument or other document and any attachments, exhibits, annexes and schedules thereto, in each case, as amended, supplemented and modified from time to time to the extent permitted by the provisions thereof, or (ii) any statute includes all regulations promulgated under such statute, and any reference to a statute or regulation includes the provisions of any statute or regulation which amends, supplements or supersedes any such statute or regulation.

(g) This Agreement shall be construed according to its fair meaning, taken as a whole, as if it had been prepared jointly by the Parties, and not as if it had been prepared by one Party.

ARTICLE 2 **SALE AND PURCHASE OF OFFTAKE PRODUCTS**

Section 2.1 Sale and Purchase of Offtake Products Subject to and in accordance with the terms and conditions of this Agreement, Seller agrees to sell and deliver to Buyer the Offtake Products in the quantities determined in accordance with Section 4.2 and Section 4.4, and Buyer agrees to purchase and take delivery of, all such Offtake Products.

Section 2.2 Sales Commission. In consideration of the efforts and costs incurred by Buyer to market and sell the Offtake Products to end users, the Parties agree that a sales commission (the "**Commission Fee**"), as per the formula detailed in Schedule 2, shall be due to Buyer in relation to such Month pursuant to this Section 2.2. The Commission Fee shall cover all of Buyer's Covered Costs but shall not cover any Extraordinary Charges paid by Buyer, if any. Buyer shall use all good faith efforts to mitigate and minimize such Extraordinary Charges prior to their incurrence. All reasonable, documented and agreed Extraordinary Charges paid by Buyer, after exhausting good faith efforts to mitigate and minimize the same, shall be reimbursable by Seller.

Section 2.3 Offtake Products. The Offtake Products shall include the rare earth products set forth on Schedule 1.

ARTICLE 3 **CONDITION PRECEDENT; TERM OF AGREEMENT**

Section 3.1 Condition Precedent; Term of Agreement

(a) This Agreement shall come into full force and effect on the Effective Date.

(b) Unless this Agreement is terminated earlier in accordance with the provisions of Section 12.2, the term of this Agreement shall commence on the Effective Date and shall continue in full force and effect for two years following the Effective Date (the "**Initial Term**"); provided that Seller shall have the option in its discretion to extend the term for an additional one year period following the Initial Term (the "**Extended Term**"). The Initial Term and the Extended Term are referred to individually and collectively, as the "**Term**."

(c) For certainty, any outstanding obligations or liabilities arising during the Term, including for the payment of any Monthly Offtake Quantities or Offtake Shortfall, shall expressly survive any expiration or termination of this Agreement.

ARTICLE 4 **OFFTAKE OBLIGATIONS AND PROCEDURES**

Section 4.1 Basic Obligation. Subject to and in accordance with the terms and conditions of this Agreement, during the Term of this Agreement, Seller shall sell and deliver to Buyer, and Buyer shall be obligated to pay for and take delivery of, on a firm take or pay basis, the Offtake Products in the quantities determined in accordance with Section 4.2 and Section 4.4. Buyer shall be obligated to pay for all such quantities of Offtake Products determined in accordance with Section 4.2 and Section 4.4, whether or not Buyer is able to take, or actually takes, delivery of such Offtake Products.

Section 4.2 Offtake Product Quantities.

(a) For each Month during the Term, Buyer shall be obligated to pay for and take delivery of, one hundred percent (100%) of the Offtake Products made available by Seller to Buyer during such Month.

(b) Rare Earth Concentrate Sales. Except as otherwise provided herein, the Parties agree as follows:

- (i) Buyer shall be the sole offtaker in China of the rare earth concentrate produced by Seller;
- (ii) Seller shall have the right to sell up to [***] of rare earth concentrate (wet dirt basis) produced by Seller to customers in countries outside of China even if such sales involve processing of rare earth concentrate in China;
- (iii) Seller shall have the right to sell rare earth concentrate produced by Seller directly to customers in countries outside of China for processing outside of China. Seller shall use good faith, commercially reasonable efforts to ensure that such sales are not directly processed into rare earth carbonate, chloride, or oxide in China; and
- (iv) In the event that planned sales of rare earth concentrate under Section 4.2(b)(ii) and (iii) are expected to exceed [***] in any Month, Seller shall, at least two Months in advance of such sales, engage with Buyer in good faith discussions regarding such planned sales.

(c) Non-Concentrate Offtake Product Sales. Except as otherwise provided herein:

- (i) Seller agrees to sell to Buyer and Buyer agrees to purchase from Seller on a take-or-pay basis all non-concentrate Offtake Products that Seller in its sole discretion nominates to Buyer for distribution. During the Term and except as otherwise provided in Section 4.2(c)(iii) below, Seller agrees that Buyer shall be its exclusive distributor for Chinese end users of non-concentrate Offtake Products in China. Buyer is also authorized to distribute so nominated Offtake Products to customers in any jurisdiction unless specifically excluded under Section 14.11 of this Agreement or under any law, rule, or regulation of the United States of America. However, the Parties agree to use good faith efforts to avoid creating multiple sales channels for the same material. In particular, Seller shall not seek to directly engage with existing Chinese customers of Buyer for non-concentrate Offtake Products within China; provided that the foregoing shall not prohibit Seller from selling non-concentrate Offtake Products to an existing customer to the extent that Buyer determines not to sell to such customer any or all of the customer's requirements for non-concentrate Offtake Products.
- (ii) Seller may sell all non-concentrate Offtake Products in its sole discretion to customers or end users in any jurisdiction and may engage with Japanese trading companies for direct sales to Japanese end users.
- (iii) Buyer agrees to purchase from Seller on a take-or-pay basis all PrNd Metal that Seller in its sole discretion nominates to Buyer for distribution. Buyer and Seller acknowledge that due to the nature of rare earth permanent magnet production, such PrNd Metal distribution shall be on a non-exclusive basis. For the avoidance of doubt, Seller shall not engage with any other Chinese distributors to sell non-concentrate Offtake Products to Chinese customers in China.

Section 4.3 Annual Planning

- (a) At least two (2) Months prior to the start of each Contract Year, Seller shall deliver to Buyer a written notice (an "**Annual Production Forecast**") providing a non-binding forecast of the Production Quantities of each of the Offtake Products of the Facility expected to be made available for sale and delivery during each Contract Quarter of the following Contract Year.

Section 4.4 Nomination and Notice Procedures.

(a) At least fifteen (15) days prior to the start of each Month, Seller shall deliver to Buyer a written notice (a “**Monthly Production Notice**”) specifying the total Production Quantities of the Facility and the anticipated specifications of the same made available for sale and delivery during such Month. Following delivery of the Monthly Production Notice, Seller shall promptly upon becoming aware notify Buyer in writing of any material adjustments to the estimates of the types and respective quantities of Offtake Products expected to be delivered to Buyer based on Seller’s actual production, in order to facilitate Buyer’s marketing efforts and planning.

(b) At least ten (10) days prior to the start of each Month, Buyer shall deliver to Seller a written notice (a “**Monthly Offtake Notice**”) that confirms the types, specifications and respective quantities of Offtake Products that Buyer shall take delivery of during such Month (the “**Monthly Offtake Quantities**”), provided that the Monthly Offtake Quantities shall cover (i.e., shall equal) one hundred percent (100%) of the Offtake Products made available for delivery to Buyer during such Month pursuant to the Monthly Production Notice.

(c) Each such Monthly Offtake Notice shall constitute a firm obligation on the part of Buyer to take delivery of and pay for, the Monthly Offtake Quantities, provided that such Monthly Offtake Quantities shall be commensurately adjusted based on adjustments to actual Production Quantities of the Facility as set forth in an updated Monthly Production Notice. In the event Buyer fails to deliver a timely Monthly Offtake Notice, the quantities set forth in Seller’s latest updated Monthly Production Notice shall constitute the “Monthly Offtake Quantities” for all purposes hereunder, including this Section 4.4(d) and Section 4.8, as if Buyer had duly delivered the Monthly Offtake Notice.

Section 4.5 Scheduling of Deliveries. Unless the Parties mutually agree otherwise, the Monthly Offtake Quantities for each Month shall be scheduled to ship from the Facility for delivery to Buyer as expeditiously as possible. Upon request by Buyer, Seller shall deliver to Buyer a forecast of the portion of the Monthly Offtake Quantities anticipated to be shipped from the Facility during the following week (a “**Weekly Shipping Forecast**”). Each Weekly Shipping Forecast will include the relevant sales order number, the types, specifications and respective quantities of Monthly Offtake Quantities, the relevant product codes, the Delivery Point, and such other information as the Parties mutually agree.

Section 4.6 Delivery; Customs.

(a) Seller shall deliver the Monthly Offtake Quantities to Buyer at the Delivery Point. The delivery of Monthly Offtake Quantities comprised of (i) light rare earth concentrate shall, unless the Parties mutually agree otherwise, be on cost, insurance and freight (CIF) basis to the Delivery Point, and (ii) any other Offtake Products will be on delivery terms to be mutually agreed between the Parties from time to time.

(b) Seller shall be responsible for preparing all customs documentation required by any U.S. Governmental Authority to clear any Monthly Offtake Quantities for export from the United States. Buyer shall take all reasonable actions to facilitate and support Seller in procuring customs clearance of Monthly Offtake Quantities for export from the United States.

(c) Buyer shall be responsible for all customs documentation, tariffs and Taxes required by any Governmental Authority to clear any Monthly Offtake Quantities for import at or from the Delivery Point.

Section 4.7 Title and Risk. Title to and risk of loss of Monthly Offtake Quantities comprised of (i) light rare earth concentrate delivered on a CIF basis pursuant to Section 4.6(a) shall, in accordance with Incoterms, pass to Buyer at the point such Monthly Offtake Quantities are delivered to the port of loading, and (ii) any other Offtake Products shall pass to Buyer in accordance with the delivery terms mutually agreed between the Parties pursuant to Section 4.6(a). Buyer shall be responsible for all Covered Costs (but not Extraordinary Charges) after title to and risk of loss of the Monthly Offtake Quantities has passed to Buyer. Seller shall indemnify, defend and hold harmless Buyer from any and all third-party claims arising with respect to the Monthly Offtake Quantities or any loss thereof prior to the point that title and risk of loss has passed to Buyer. Buyer shall indemnify, defend, and hold harmless Seller from any and all third-party claims arising with respect to the Monthly Offtake Quantities or any loss thereof after the point that title and risk of loss has passed to Buyer. In the event of a discrepancy between the amounts delivered to the port of loading, the SWB and/or Invoice, and actual quantities delivered to the port of destination, Seller shall use all reasonable, good faith effort to assist Buyer in resolving such discrepancy.

Section 4.8 Offtake Shortfall.

(a) For any Month during the Term of this Agreement, if the quantity of Offtake Products taken by Buyer during such Month is less than the Monthly Offtake Quantities in effect for such Month, then the difference shall be considered an "**Offtake Shortfall**". Notwithstanding the occurrence of an Offtake Shortfall, Buyer shall be obligated to pay and deliver to Seller the Purchase Price for the full amount of the Monthly Offtake Quantities in effect for such Month as reflected in the Monthly Offtake Notice or latest updated Monthly Production Notice, as applicable, including for the amounts constituting the Offtake Shortfall, provided that such Monthly Offtake Quantities cannot be greater than Seller's actual production. For certainty, Buyer will not be paying for Monthly Offtake Quantities unless they are actually made available to Buyer.

(b) Provided Buyer has satisfied its obligation to pay the Purchase Price in respect of an Offtake Shortfall, Buyer shall be entitled take delivery of such Offtake Shortfall. Buyer shall be responsible for all costs arising from or relating to its failure or delay in taking delivery of any such Offtake Shortfall.

Section 4.9 No Excused Performance. In the event Buyer fails to provide any notice that Buyer is required to deliver pursuant to Section 4.4, or otherwise fails to provide any other notice or take any other action necessary to give effect to the purposes of Section 4.4, Buyer shall nevertheless be obligated to pay such amount that covers payment for the total quantities of Offtake Products required to be paid for by Buyer in accordance with Section 4.4 and Section 4.8, regardless of whether or not Buyer ever intends to take or actually takes delivery of such Offtake Products.

ARTICLE 5 PURCHASE PRICE AND PAYMENT

Section 5.1 Purchase Price. The actual purchase price (the ‘**Purchase Price**’) to be paid for Monthly Offtake Quantities shall be equal to the Market Price for such product less (a) any applicable value-added (VAT), sales, or ad valorem taxes owed on the Offtake Product for which the Buyer is responsible; (b) any import duties assessed and actually paid by Buyer for the Offtake Products; and (c) the Commission Fee.

Section 5.2 Payments and Invoices.

(a) After a complete sales order has been delivered by Seller to the port of loading, Seller may issue a preliminary invoice to Buyer. After any shipment of Monthly Offtake Quantities has been loaded onto the vessel of the carrier selected by Seller at the port of departure, such carrier will issue to Seller a seaway bill (such bill or similar documentation, an “**SWB**”) listing the actual quantities (by containers and weights) loaded onto such vessel.

(b) Upon receipt of an SWB, Seller shall deliver to Buyer a copy of the SWB along with a calculation of the total payment due for the shipment based on the actual quantities of Monthly Offtake Quantities shipped and the agreed Purchase Price for such products. Within [***] after Buyer’s receipt of the foregoing, Buyer shall pay the total amount due for the shipment of Monthly Offtake Quantities, based on the calculation of the payment due so delivered by Seller. Seller shall not change the information of consignee in the SWB without written confirmation from Buyer.

(c) Seller shall subsequently deliver to Buyer a final invoice that sets forth the actual products and quantities shipped in the particular shipment, the Purchase Price paid (or to be paid if not already paid for any reason) by Buyer for such quantities, the relevant sales order number, the relevant product codes, the Delivery Point, any adjustments (if necessary) to account for any variations between the payment already made by Buyer and the total payment due under such invoice, and such other information as the Parties mutually agree.

(d) Upon request, Seller shall provide information regarding the calculation of the Market Price as determined pursuant to the definition of Market Price under this Agreement.

Section 5.3 Currency and Manner of Payments. Unless mutually agreed otherwise, all payments due under this Agreement shall be made in United States Dollars by wire transfer of immediately available funds to a bank account designated in writing by the Party entitled to receive payment.

Section 5.4 Payment or Invoice Disputes.

(a) In the event either Party, acting reasonably and in good faith, disputes any invoice or payment to be made hereunder pursuant to Section 5.2, it shall immediately provide the other Party with a written explanation setting forth the reasons for such dispute. An invoice, payment or related calculation may be disputed only if written notice of such dispute is delivered to the other Party within thirty (30) days after either the date of receipt of such invoice, documentation, payment calculation or notice giving rise to the dispute, after which time such invoice, documentation, calculation or notice shall be deemed correct and accepted by both Parties.

(b) No later than thirty (30) days after the date on which any Dispute is resolved, the amount of any overpayment or underpayment shall be payable by Seller or Buyer, as the case may be, to the other Party, provided that the amount owed in respect of any such overpayment may be credited to the next payment due from Buyer under Section 5.2, and shall be reflected in the corresponding invoice(s) for the shipment(s) covered by such next payment.

(c) If the Parties are unable to resolve any payment or invoice Dispute, then either Party shall be entitled to refer such Dispute for resolution pursuant to Section 13.2.

ARTICLE 6
MARKETING CONSIDERATIONS AND REQUIREMENTS

Section 6.1 Certain Restrictions and Considerations. Buyer hereby agrees that all of its own marketing and sales of Offtake Products to third parties shall be based solely on commercial considerations, subject to the requirements that: (i) priority shall be given to customers in the U.S. and European markets and such other geographical markets as Seller may specify from time to time, provided that the commercial terms for such sales must be reasonably comparable to the commercial terms on which the same Offtake Products can be expected to be sold to a customer located outside such markets, taking into account, among other things, the price, quantity, and availability of supply; and (ii) such sales are in compliance with U.S. legal requirements and U.S. national security policies or guidelines.

Section 6.2 Limited Geographical Restrictions. Buyer shall be permitted to promote, market, sell and distribute all of the Offtake Products anywhere in the world, except as provided in Section 14.11(c) or Section 14.11(d).

ARTICLE 7
REPRESENTATIONS AND WARRANTIES

Section 7.1 Representations and Warranties of Buyer and Seller. Each of Buyer and Seller represents and warrants to the other Party that, as of the date hereof:

- (a) it is a company duly organized and validly existing under the law of its jurisdiction of organization, and has all requisite company power, capacity and authority to own its assets and to conduct its business as currently conducted and to perform its obligations under this Agreement;
- (b) all requisite company action to authorize the execution, delivery and performance by such Party of this Agreement has been taken;
- (c) the execution, delivery and performance by such Party of this do not and will not (i) conflict with any provision of its constitutive or organizational documents, and (ii) contravene or violate any Law applicable to such Party;
- (d) this Agreement has been duly and validly executed and delivered by such Party and constitutes the legal, valid, and binding obligation of such Party, enforceable against it in accordance with the terms hereof, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium, or other similar laws affecting creditors' rights generally; and
- (e) there is no pending or, to the knowledge of such Party, threatened action, suit or proceeding affecting such Party before any court, Governmental Authority or arbitrator that could reasonably be expected to adversely affect its ability to perform its obligations under this Agreement or affect the legality, validity, and enforceability of this Agreement.

Section 7.2 Additional Representations and Warranties of Seller. Seller further represents and warrants that, at the time of delivery of any Offtake Products to Buyer, Seller shall have good and marketable title to such Offtake Products so delivered, and that such Offtake Products shall be delivered to Buyer free and clear of all encumbrances.

Section 7.3 Disclaimer of Additional Warranties. Except as set forth in [Section 14.11](#) and this Article 7, neither Party makes, and each Party hereby disclaims, any other warranty whatsoever, whether express or implied, including any implied warranty of merchantability or fitness for a particular purpose.

ARTICLE 8 TAXES

Section 8.1 Taxes. Each Party shall be responsible for the payment of all applicable Taxes in connection with its performance under this Agreement as required by Law.

Section 8.2 Tax Refunds. Buyer shall use commercially reasonable efforts to seek a refund of any Taxes that reduce the Purchase Price as provided in [Section 5.1](#). If Buyer (i) receives a refund of any such Taxes, and (ii) has received an additional payment or amount from Seller pursuant to [Section 5.1](#) in respect of such Taxes, Buyer shall promptly remit to Seller an amount equal to such refund (up to an amount equal to any such Taxes that reduce the Purchase

Price as provided in Section 5.1), together with any interest paid to Buyer, net of any reasonable expenses associated with the obtaining of such refund, taxes owed by Seller on such refund, and incremental Commission Fee on such net refund. The foregoing obligation of Buyer to remit to Seller such refunds of any such Taxes or an additional payment or amount from Seller pursuant to Section 5.1 in respect of such Taxes shall apply regardless of when received and whether it occurred under the A&R Offtake Agreement or on or after the Effective Date.

Section 8.3 Tax Returns. Each of Seller and Buyer shall file, at its own expense, all returns and other documentation required by applicable Law to be filed by it in connection with any Taxes in respect of which it has paid additional amounts pursuant to Section 8.1.

ARTICLE 9 FORCE MAJEURE

Section 9.1 Force Majeure. Subject to Section 9.2, “Force Majeure” means any event or circumstance that (x) is beyond the reasonable control of the Party claiming Force Majeure, (y) could not have been avoided by such Party if it had acted with reasonable foresight and in a reasonable and prudent manner, and (z) renders such Party unable to perform its obligations under this Agreement (except in relation to any inability to satisfy obligations to make payments due under this Agreement for any reason other than the events and circumstances set forth in clause (d) below), whether in whole or in part. Without limiting the generality of the foregoing, “Force Majeure” shall include, in the case of Seller, each of the events and circumstances set forth in the following clauses (a) – (i), and, in the case of Buyer, each of the events and circumstances set forth in the following clauses (a) – (d):

- (a) fire, explosion, flood, atmospheric disturbance, lightning, storm, typhoon, hurricane, tidal wave, tornado, earthquake, landslide, soil erosion, subsidence, washout or epidemic or other natural disaster;
- (b) acts of war (whether declared or undeclared), terrorism or threat thereof, riot, civil war, blockade, insurrection, sabotage, act of public enemies, civil disturbance, strike, lockout or other industrial disturbance;
- (c) acts of Governmental Authorities or any Law, or taking or confiscation (whether or not action under law) of any facilities which directly affect a Party's ability to perform its obligations under this Agreement;
- (d) shutdown of banking operations or other crisis affecting the banking industry, in either case that makes payment impossible for a continuous period of at least five (5) days;
- (e) accidental damage to or shutdown of the Mountain Pass Facility that cannot be prevented through reasonable efforts;
- (f) radioactive contamination or ionizing radiation affecting the Mountain Pass Facility that results in a production halt as required by Government Authorities, applicable Law or prudent industry standards;

(g) any interruption of or failure of supplies; shortage of or unavailability of, or inability of Seller to obtain, any materials, labor, utilities and/or energy required to operate the Mountain Pass Facility;

(h) any shortage or unavailability of, or inability to obtain equipment, machinery, or spare parts for the Mountain Pass Facility; and

(i) as a direct or indirect consequence of failure or anticipated or threatened failure of machinery, equipment or other facilities associated with the Mountain Pass Facility.

Section 9.2 Exclusions. Notwithstanding Section 9.1, Force Majeure shall not include any of the following or any event arising out of any of the following:

(a) market decline;

(b) market failure;

(c) inability to economically produce or sell the Offtake Products;

(d) industry economic conditions or general economic conditions;

(e) financial hardship or any inability to pay;

(f) failure to pay money when due for any reason other than the events and circumstances set forth in Section 9.1(d); or

(g) breakdown or failure of plant or equipment caused by normal wear and tear or by a failure to properly maintain such plant or equipment.

Section 9.3 No Claim for Breach. Except with respect to any failure to satisfy obligations to make payments due under this Agreement for any reason other than the events and circumstances set forth in Section 9.1(d), no failure by a Party to perform any of its other obligations under this Agreement shall give rise to any claim against such Party or be deemed a breach by such Party of this Agreement to the extent that such failure arises from an event of Force Majeure.

Section 9.4 Notice. In the event that a Party is rendered unable to perform its obligations hereunder, whether in whole or in part, by a Force Majeure event, such Party shall, as soon as reasonably practicable, notify the other Party in writing stating the nature of such Force Majeure event, the date on which it commenced and its expected duration (including the extent of any suspended performance).

Section 9.5 Resumption. The Party affected by Force Majeure shall use commercially reasonable efforts to resume performance of its obligations that are affected by the event of Force Majeure as soon as practicable and will continue performing all of its obligations that are not affected by the event of Force Majeure.

ARTICLE 10 DEFAULTS AND REMEDIES

Section 10.1 Events of Default. The occurrence of any of the following events or circumstances shall constitute an event of default under this Agreement (each, an “Event of Default”):

- (a) Any failure to timely pay and deliver any payment due under this Agreement and such failure is not cured within thirty (30) days of receipt of notice from non-defaulting Party notifying the defaulting Party of such failure;
- (b) Any failure by Buyer to provide complete and accurate copies of customer invoices and/or other records in accordance with Section 5.2(d) and such failure is not cured within thirty (30) days of receipt of notice from Seller notifying Buyer of such failure;
- (c) Any breach by Buyer of its obligations under Article 6;
- (d) An Insolvency Event with respect to Buyer;
- (e) An Insolvency Event with respect to Seller (other than such an Insolvency Event resulting from Buyer’s failure to make payments due under this Agreement);
- (f) Any breach by a Party of its representations and warranties contained in this Agreement; and
- (g) Any other material breach by a Party of its other covenants and obligations set forth herein and such breach is not cured within thirty (30) days of receipt of notice from the non-defaulting Party notifying the defaulting Party of such breach (or such longer period of time as the non-defaulting Party may permit in writing if cure has been commenced and additional time is reasonably required).

Section 10.2 Remedies. If an Event of Default occurs and is continuing, in addition to remedies expressly provided for in this Agreement, including the right to terminate the Agreement in accordance with the provisions of Section 12.2, the non-defaulting Party shall be entitled to pursue any or all other remedies available to it at law or in equity, including claims for damages, specific performance and/or injunctive relief.

ARTICLE 11 INDEMNITY AND LIMITATIONS ON LIABILITY

Section 11.1 Indemnity.

- (a) Each Party agrees to indemnify, defend, and hold harmless the other Party, its Affiliates and its and their respective directors, officers, employees, agents, and representatives from and against any and all Losses suffered or incurred by any of the foregoing Persons resulting or arising from:

- (i) any inaccuracy in or breach of any representation or warranty of such Party contained in this Agreement;
- (ii) any breach by such Party of any covenant or obligation to be performed by it pursuant to this Agreement; and
- (iii) any fraudulent or grossly negligent act or omission, or the willful misconduct of such Party, its Affiliates or its and their respective directors, officers, employees, agents, and representatives in the performance of this Agreement.

(b) A Party's obligation to indemnify the other Party with respect to any third party claim, action or proceeding shall be conditioned upon the indemnified Party: (i) providing the indemnifying Party with prompt written notice of such claim, action or proceeding (provided that the failure to timely notify shall not terminate the indemnification obligation unless the indemnifying Party is prejudiced by such failure), (ii) permitting the indemnifying Party to assume and solely control the defense of such claim, action or proceeding and all related settlement negotiations, with counsel chosen by the indemnifying Party, and (iii) cooperating at the indemnifying Party's request and expense with the defense or settlement of such claim, action or proceeding which cooperation shall include providing reasonable assistance and information. No indemnified Party shall enter into any settlement agreement for which it will seek indemnification under this Agreement from the indemnifying Party without the prior written consent of the indemnifying Party. Nothing herein shall restrict the right of a Party to participate in a claim, action or proceeding through its own counsel and at its own expense.

Section 11.2 Limitation on Liability. Notwithstanding anything herein to the contrary, each Party's liability for Losses under this Agreement shall not exceed the Purchase Price for the Offtake Products from which such Losses arise, except with respect to any Losses arising out of (a) such Party's fraud, gross negligence, wilful misconduct, violations of applicable Law or a Party's indemnification obligations under Section 11.1 or (b) a breach by such Party of Article 6 or Section 14.11. For certainty, the foregoing shall not affect or limit either Party's obligations to make payments due under this Agreement.

Section 11.3 No Consequential Damages. Except for fraud, gross negligence, wilful misconduct, violations of applicable Law, indemnification obligations under Section 11.1 and as expressly provided otherwise in this Agreement, in no event shall either Party be liable to the other Party for any lost profits or incidental, indirect, speculative, consequential, special, punitive or exemplary damages of any kind arising out of or in connection with this Agreement, even if advised of such potential damages.

ARTICLE 12 TERMINATION AND SURVIVAL

Section 12.1 Automatic Termination. This Agreement shall automatically terminate upon the expiration of the term of this Agreement, without the need for any action by either Party.

Section 12.2 Optional Termination.

- (a) This Agreement may be terminated at the option of the Parties upon their mutual written agreement.
- (b) Seller may terminate this Agreement, in its discretion, upon the occurrence of a Buyer Change of Control.
- (c) If an Event of Default occurs and is continuing, the non-defaulting Party may terminate this Agreement upon written notice to the defaulting Party. For the avoidance of doubt, the Parties agree that this Agreement may not be terminated pursuant to this Section 12.2(c) as a consequence of a non-material breach.

Section 12.4 Survival. The rights and obligations of the Parties set forth in Section 3.1(c) (Pre-Termination Obligations), Article 8 (Taxes), Article 10 (Defaults and Remedies), Article 11 (Indemnity and Limitations on Liability), Article 12 (Termination and Survival), Article 13 (Governing Law and Resolution of Disputes), Article 14 (Miscellaneous) and any other provision which by its nature should survive termination of this Agreement, and any obligation or liability incurred prior to termination of this Agreement (including for amounts due and payable at the time of termination), shall survive any termination of this Agreement and continue in full force and effect.

ARTICLE 13 GOVERNING LAW AND RESOLUTION OF DISPUTES

Section 13.1 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of New York the without regard to any principles of conflicts of law that would require the application of the laws of any other jurisdiction.

Section 13.2 Resolution of Disputes.

- (a) Any Dispute arising out of or in connection with this Agreement or its performance shall to the extent possible be settled amicably by negotiation and discussion between senior representatives of the Parties.
- (b) Any such Dispute not settled in accordance with Section 13.2(a) within sixty (60) days of receipt by a Party of notice of a Dispute shall be finally and exclusively resolved by arbitration administered by the International Court of Arbitration of the International Chamber of Commerce in accordance with the Rules of Arbitration of the International Chamber of Commerce. The tribunal shall consist of three (3) arbitrators. One arbitrator shall be appointed by Seller, one arbitrator shall be appointed by Buyer,

and the third arbitrator shall be appointed by the other two arbitrators. The seat of the arbitration shall be London, England and the language of the arbitration shall be English. The arbitration award shall be final and binding on the Parties and shall include an allocation of the costs.

(c) Notwithstanding the foregoing agreement to arbitrate, either Party shall have the right to seek equitable or injunctive relief, including specific performance, in any court of competent jurisdiction.

ARTICLE 14 **MISCELLANEOUS**

Section 14.1 Notices.

(a) Unless provided otherwise in this Agreement, any notice or other communication required or permitted to be given under this Agreement shall be in writing and, subject to Section 14.1(b), shall be deemed to have been properly given or delivered when delivered personally to the Party to whom directed, or upon receipt of confirmation of delivery when delivered by facsimile transmission, email or an internationally recognized overnight courier service to the Party to whom directed, and addressed to the Party to whom directed at the following address:

(i) **Sellers:**

MP Mine Operations LLC
67750 Bailey Road, HC1 Box 224
Mountain Pass, CA 92366
Attention: Chief Operating Officer

MP International Sales LLC
1700 S. Pavilion Center Drive, 8th Floor
Las Vegas, NV 89135
Attention: Chief Operating Officer

With copies to:

MP Mine Operations LLC
1700 S. Pavilion Center Drive, 8th Floor
Las Vegas, NV 89135
Attention: General Counsel

MP International Sales LLC
1700 S. Pavilion Center Drive, 8th Floor
Las Vegas, NV 89135
Attention: General Counsel

(ii) **Buyer:**

Shenghe Resources (Singapore) International Trading Pte. Ltd. 21-106, 18 Shanhudonglu
Nanjing, China
Attention: Chairman

(b) In the event any notice or other communication given in accordance with this Section 14.1 is delivered after 5:00 pm local time at the place of delivery, such notice or other communication shall be deemed to have been delivered on the next Business Day. Either Party may change its address by giving fifteen (15) days prior written notice of its new address to the other Party.

Section 14.2 Further Assurances. Each Party shall execute all such further instruments and documents and do all such further actions as may be necessary or appropriate to effectuate the provisions of this Agreement and the transactions contemplated hereby.

Section 14.3 No Partnership. Nothing herein shall be construed to create, expressly or by implication, a joint venture, mining partnership, commercial partnership, agency relationship, fiduciary relationship, or other partnership relationship between Seller and Buyer.

Section 14.4 Public Disclosure. Each Party agrees that it shall not make any disclosure of the existence or terms of this Agreement or the transactions contemplated hereby without obtaining the approval of the other Party as to the contents of such disclosure, except to the extent that any such disclosure shall be required by applicable Law (including securities laws and/or rules of the New York Stock Exchange) or Governmental Authority in which case the Party required to make such disclosure shall use reasonable efforts to give the other Party reasonable prior notice thereof (including the contents of such disclosure) and obtain confidential treatment of such disclosure from the relevant Governmental Authority. Notwithstanding the foregoing, the Parties acknowledge and agree that the Oftake Agreement (including pre-execution drafts of the same) and the transactions contemplated thereby and hereby may be (and may have been) disclosed to the Committee on Foreign Investment in the United States.

Section 14.5 Entire Agreement. This Agreement (including any Schedules or Exhibits hereto) constitutes the entire agreement between the Parties with regard to the subject matter hereof and cancel and supersede any prior understandings and agreements, either oral or written, between the Parties with respect to the subject matter hereof.

Section 14.6 Assignment. This Agreement may be assigned by either Party to an Affiliate of such Party provided that (i) unless released by the other Party, the assigning Party shall remain fully liable for all of its obligations hereunder, and (ii) the assignee shall assume in writing all of the obligations of the assigning Party hereunder. Except as provided in the immediately preceding sentence, neither Party may assign or transfer all or any part of its rights or obligations under this Agreement without the prior written consent of the other Party.

Section 14.7 Amendments. This Agreement may not be amended, modified, or supplemented in any manner, except pursuant to a written instrument signed on behalf of each of the Parties.

Section 14.8 Severability. If any provision of this Agreement is determined by an arbitral tribunal or court of competent jurisdiction to be invalid, illegal, or unenforceable in any respect, all other provisions of this Agreement shall nevertheless remain in full force and effect. The Parties agree that they will negotiate in good faith to replace any provision hereof so held invalid, illegal, or unenforceable with a valid provision which is as similar as possible in substance to the invalid, illegal or unenforceable provision.

Section 14.9 Beneficiaries; Successors and Assigns. This Agreement is for the sole benefit of the Parties and shall inure to the benefit of and be binding upon their respective successors and permitted assigns. Except as expressly contemplated herein, nothing herein is intended to or shall confer upon any other Person any legal or equitable right, benefit or remedy of any nature or kind whatsoever under or by reason of this Agreement.

Section 14.10 Waivers. Any waiver of, or consent to depart from, the requirements of any provision of this Agreement shall be effective only if it is in writing and signed by the Party giving it, and only in the specific instance and for the specific purpose for which it has been given. No failure on the part of any Party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right. No single or partial exercise of any such right shall preclude any other or further exercise of such right or the exercise of any other right.

Section 14.11 Compliance. In connection with this Agreement and the transactions contemplated hereby:

(a) Each Party represents and warrants that it has complied with, and covenants that it shall continue to comply with, all applicable Laws, including those pertaining to legitimate and ethical business practices in its commercial operations and dealings with government entities and officials (including, specifically, the United States Foreign Corrupt Practices Act of 1977); and

(b) Each Party shall not directly or indirectly offer, pay, promise to pay or authorize the payment of any cash or other item of value to (i) any official, employee or representative of any government or of any public international organization, any officer or employee of a government-owned or controlled enterprise, any candidate for political office, or any political party or political party official, in order to influence any act or decision, or induce such official, employee, representative, officer or other Person to exercise influence or otherwise secure any improper advantage; or (ii) any other Person in any manner that would constitute commercial bribery or kickback or otherwise violate any anti-corruption or anti-bribery laws applicable to either Party.

(c) Each Party will not, directly or indirectly, sell, supply, or permit the sale or supply, of Offtake Products to any Sanctioned or Designated Person.

(d) Each Party represents and warrants that it has not undertaken, and covenants that will not undertake, in any event, any transaction of any type (including with respect to any payment hereunder including any Prepayment Amount) involving a Sanctioned or Designated Person, or that would otherwise cause Buyer or Seller to be in violation of any applicable law.

Section 14.12 Counterparts. This Agreement may be executed in multiple counterparts, each of which shall be deemed an original, but all of which shall constitute the same document and the signature pages from any counterpart may be appended to any other counterpart to assemble fully executed counterparts. Counterparts of this Agreement may also be exchanged via electronic means and the electronic or facsimile signature of any Party's signature shall be deemed to be an original signature for all purposes.

[Signature Page Follows]

IN WITNESS WHEREOF, the Parties have executed this Agreement by their duly authorized officers as of the date first written above.

MP MINE OPERATIONS LLC

By: /s/ Ryan Corbett
Name: Ryan Corbett
Title: Chief Financial Officer

MP INTERNATIONAL SALES LLC

By: /s/ Ryan Corbett
Name: Ryan Corbett
Title: Chief Financial Officer

**SHENGHE RESOURCES (SINGAPORE) INTERNATIONAL
TRADING PTE. LTD.**

By: /s/ Quangen Wang
Name: Quangen Wang
Title: Director

AMENDMENT TO EMPLOYMENT AGREEMENT

This AMENDMENT TO EMPLOYMENT AGREEMENT (this “Amendment”) is entered into on January 10, 2024, and, effective as of such date, amends that certain Employment Agreement, entered into on November 18, 2021, effective as of January 1, 2022 (the “Agreement”) by and between MP Materials Corp., a Delaware corporation (the ‘Company”), and James H. Litinsky (“Executive” and together with the Company, the ‘Parties”). Capitalized terms used but not defined herein shall have the meanings set forth in the Agreement.

RECITALS

WHEREAS, the Parties desire to amend the Agreement in certain respects.

NOW, THEREFORE, in consideration of the mutual promises, covenants, and agreements set forth herein, the sufficiency of which is acknowledged by the parties hereto, and intending to be legally bound, the Parties agree as follows:

1. Section 7.1 of the Agreement is hereby amended by adding the following sentence immediately after the first sentence of such section:

“Executive further acknowledges that the highly competitive business of the Company Group is global in nature, is conducted across domestic and international borders and involves servicing customers and developing and maintaining goodwill throughout the world (including throughout North America and Asia).”

2. Section 7.2.1 of the Agreement is hereby amended by replacing the first sentence of the definition of Confidential Information” in its entirety with the following sentence:

“Confidential Information” means confidential, proprietary or trade secret information that the Company Group has developed, acquired, created, compiled, discovered, or owned, or will develop, acquire, create, compile, discover, or own, that has value in or to the business of the Company Group that is not generally known and that the Company wishes to maintain as confidential.”

3. Section 7.2.2 of the Agreement is hereby amended by replacing the first sentence of such section in its entirety with the following sentence:

“Nothing in this Agreement shall prohibit or impede Executive from communicating, cooperating or filing a complaint with any U.S. federal, state or local governmental or law enforcement branch, agency or entity (collectively, a “Governmental Entity”) with respect to possible violations of any U.S. federal, state or local law or regulation, seeking and obtaining payment or an award from the or otherwise making disclosures to any Governmental Entity, in each case, that are protected under the whistleblower provisions of any such law or regulation (including seeking

and obtaining an award pursuant to Section 21F of the Securities Exchange Act of 1934), provided that in each case such communications and disclosures are consistent with applicable law.”

4. Section 7.4 of the Agreement is hereby amended by replacing the definition of Competing Business in its entirety with the following:

“Competing Business” shall mean any person, firm, corporation, partnership or business that engages in any business, directly or indirectly (through a subsidiary or otherwise) which competes with the Company Group’s business activities related to rare earth mining and processing, production of rare earth concentrates, production of and sale of separated rare earth products (including neodymium-praseodymium) and rare earth metal, alloy and magnet manufacturing (including the manufacture of neodymium-iron-boron permanent magnets, also commonly referred to as “neo,” “NIB,” or “NdPR” permanent magnets) and any other line of business in which the Company Group has demonstrable plans to engage.”

5. Section 7.4 of the Agreement is hereby amended by replacing the reference to “twelve (12)” in the definition of Post-Termination Restricted Period with “twenty-four (24)”.

6. Section 7.4 of the Agreement is hereby amended by replacing the definition of Territory in its entirety with the following:

“Territory” shall mean the United States, Canada, Mexico, China, Japan, Vietnam, Australia and any other country in which the Company Group engages in material business, conducts sales, derives a material portion of its revenues or has demonstrable plans to commence material business activities in.”

7. Except as otherwise expressly provided herein, all of the terms and provisions of the Agreement shall remain in full force and effect and this Amendment shall not amend or modify any other rights, powers, duties, or obligations of any Party. On and after the date of this Amendment, each reference in the Agreement to “this Agreement” or words of like import referring to the Agreement shall mean and be a reference to the Agreement as amended by this Amendment, and this Amendment shall be deemed to be a part of the Agreement.

8. This Amendment and the Agreement (including Appendix A hereto) constitute the total and complete agreement of the parties and supersedes all prior and contemporaneous understandings and agreements heretofore made with respect to the matters set forth in this Amendment, and there are no other representations, understandings or agreements.

9. This Amendment may be executed in counterparts, and each counterpart will have the same force and effect as an original and will constitute an effective, binding agreement on part of each of the undersigned.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed as of the date first written above.

THE COMPANY

MP MATERIALS CORP.

By: /s/ Elliot D. Hoops

Elliot D. Hoops,

General Counsel and Secretary

EXECUTIVE

/s/ James H. Litinsky

James H. Litinsky

AMENDMENT TO EMPLOYMENT AGREEMENT

This AMENDMENT TO EMPLOYMENT AGREEMENT (this “Amendment”) is entered into on January 10, 2024, and, effective as of such date, amends that certain Employment Agreement, entered into on November 18, 2021, effective as of January 1, 2022 (the “Agreement”) by and between MP Materials Corp., a Delaware corporation (the ‘Company’), and Ryan Corbett (“Executive” and together with the Company, the ‘Parties’). Capitalized terms used but not defined herein shall have the meanings set forth in the Agreement.

RECITALS

WHEREAS, the Parties desire to amend the Agreement in certain respects.

NOW, THEREFORE, in consideration of the mutual promises, covenants, and agreements set forth herein, the sufficiency of which is acknowledged by the parties hereto, and intending to be legally bound, the Parties agree as follows:

1. Section 7.1 of the Agreement is hereby amended by adding the following sentence immediately after the first sentence of such section:

“Executive further acknowledges that the highly competitive business of the Company Group is global in nature, is conducted across domestic and international borders and involves servicing customers and developing and maintaining goodwill throughout the world (including throughout North America and Asia).”

2. Section 7.2.1 of the Agreement is hereby amended by replacing the first sentence of the definition of Confidential Information” in its entirety with the following sentence:

“Confidential Information” means confidential, proprietary or trade secret information that the Company Group has developed, acquired, created, compiled, discovered, or owned, or will develop, acquire, create, compile, discover, or own, that has value in or to the business of the Company Group that is not generally known and that the Company wishes to maintain as confidential.”

3. Section 7.2.2 of the Agreement is hereby amended by replacing the first sentence of such section in its entirety with the following sentence:

“Nothing in this Agreement shall prohibit or impede Executive from communicating, cooperating or filing a complaint with any U.S. federal, state or local governmental or law enforcement branch, agency or entity (collectively, a “Governmental Entity”) with respect to possible violations of any U.S. federal, state or local law or regulation, seeking and obtaining payment or an award from the or otherwise making disclosures to any Governmental Entity, in each case, that are protected under the whistleblower provisions of any such law or regulation (including seeking

and obtaining an award pursuant to Section 21F of the Securities Exchange Act of 1934), provided that in each case such communications and disclosures are consistent with applicable law.”

4. Section 7.4 of the Agreement is hereby amended by replacing the definition of Competing Business in its entirety with the following:

“Competing Business” shall mean any person, firm, corporation, partnership or business that engages in any business, directly or indirectly (through a subsidiary or otherwise) which competes with the Company Group’s business activities related to rare earth mining and processing, production of rare earth concentrates, production of and sale of separated rare earth products (including neodymium-praseodymium) and rare earth metal, alloy and magnet manufacturing (including the manufacture of neodymium-iron-boron permanent magnets, also commonly referred to as “neo,” “NIB,” or “NdPR” permanent magnets) and any other line of business in which the Company Group has demonstrable plans to engage.”

5. Section 7.4 of the Agreement is hereby amended by replacing the reference to “twelve (12)” in the definition of Post-Termination Restricted Period with “twenty-four (24)”.

6. Section 7.4 of the Agreement is hereby amended by replacing the definition of Territory in its entirety with the following:

“Territory” shall mean the United States, Canada, Mexico, China, Japan, Vietnam, Australia and any other country in which the Company Group engages in material business, conducts sales, derives a material portion of its revenues or has demonstrable plans to commence material business activities in.”

7. Except as otherwise expressly provided herein, all of the terms and provisions of the Agreement shall remain in full force and effect and this Amendment shall not amend or modify any other rights, powers, duties, or obligations of any Party. On and after the date of this Amendment, each reference in the Agreement to “this Agreement” or words of like import referring to the Agreement shall mean and be a reference to the Agreement as amended by this Amendment, and this Amendment shall be deemed to be a part of the Agreement.

8. This Amendment and the Agreement (including Appendix A hereto) constitute the total and complete agreement of the parties and supersedes all prior and contemporaneous understandings and agreements heretofore made with respect to the matters set forth in this Amendment, and there are no other representations, understandings or agreements.

9. This Amendment may be executed in counterparts, and each counterpart will have the same force and effect as an original and will constitute an effective, binding agreement on part of each of the undersigned.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed as of the date first written above.

THE COMPANY

MP MATERIALS CORP.

By: /s/ Elliot D. Hoops

Elliot D. Hoops,

General Counsel and Secretary

EXECUTIVE

/s/ Ryan Corbett

Ryan Corbett

AMENDMENT TO EMPLOYMENT AGREEMENT

This AMENDMENT TO EMPLOYMENT AGREEMENT (this “Amendment”) is entered into on January 10, 2024, and, effective as of such date, amends that certain Employment Agreement, entered into on November 18, 2021, effective as of January 1, 2022 (the “Agreement”) by and between MP Materials Corp., a Delaware corporation (the ‘Company”), and Michael Rosenthal (“Executive” and together with the Company, the ‘Parties”). Capitalized terms used but not defined herein shall have the meanings set forth in the Agreement.

RECITALS

WHEREAS, the Parties desire to amend the Agreement in certain respects.

NOW, THEREFORE, in consideration of the mutual promises, covenants, and agreements set forth herein, the sufficiency of which is acknowledged by the parties hereto, and intending to be legally bound, the Parties agree as follows:

1. Section 7.1 of the Agreement is hereby amended by adding the following sentence immediately after the first sentence of such section:

“Executive further acknowledges that the highly competitive business of the Company Group is global in nature, is conducted across domestic and international borders and involves servicing customers and developing and maintaining goodwill throughout the world (including throughout North America and Asia).”

2. Section 7.2.1 of the Agreement is hereby amended by replacing the first sentence of the definition of Confidential Information” in its entirety with the following sentence:

“Confidential Information” means confidential, proprietary or trade secret information that the Company Group has developed, acquired, created, compiled, discovered, or owned, or will develop, acquire, create, compile, discover, or own, that has value in or to the business of the Company Group that is not generally known and that the Company wishes to maintain as confidential.”

3. Section 7.2.2 of the Agreement is hereby amended by replacing the first sentence of such section in its entirety with the following sentence:

“Nothing in this Agreement shall prohibit or impede Executive from communicating, cooperating or filing a complaint with any U.S. federal, state or local governmental or law enforcement branch, agency or entity (collectively, a “Governmental Entity”) with respect to possible violations of any U.S. federal, state or local law or regulation, seeking and obtaining payment or an award from the or otherwise making disclosures to any Governmental Entity, in each case, that are protected under the whistleblower provisions of any such law or regulation (including seeking

and obtaining an award pursuant to Section 21F of the Securities Exchange Act of 1934), provided that in each case such communications and disclosures are consistent with applicable law.”

4. Section 7.4 of the Agreement is hereby amended by replacing the definition of Competing Business in its entirety with the following:

“Competing Business” shall mean any person, firm, corporation, partnership or business that engages in any business, directly or indirectly (through a subsidiary or otherwise) which competes with the Company Group’s business activities related to rare earth mining and processing, production of rare earth concentrates, production of and sale of separated rare earth products (including neodymium-praseodymium) and rare earth metal, alloy and magnet manufacturing (including the manufacture of neodymium-iron-boron permanent magnets, also commonly referred to as “neo,” “NIB,” or “NdPR” permanent magnets) and any other line of business in which the Company Group has demonstrable plans to engage.”

5. Section 7.4 of the Agreement is hereby amended by replacing the reference to “twelve (12)” in the definition of Post-Termination Restricted Period with “twenty-four (24)”.
6. Section 7.4 of the Agreement is hereby amended by replacing the definition of Territory in its entirety with the following:

“Territory” shall mean the United States, Canada, Mexico, China, Japan, Vietnam, Australia and any other country in which the Company Group engages in material business, conducts sales, derives a material portion of its revenues or has demonstrable plans to commence material business activities in.”

7. Except as otherwise expressly provided herein, all of the terms and provisions of the Agreement shall remain in full force and effect and this Amendment shall not amend or modify any other rights, powers, duties, or obligations of any Party. On and after the date of this Amendment, each reference in the Agreement to “this Agreement” or words of like import referring to the Agreement shall mean and be a reference to the Agreement as amended by this Amendment, and this Amendment shall be deemed to be a part of the Agreement.
8. This Amendment and the Agreement (including Appendix A hereto) constitute the total and complete agreement of the parties and supersedes all prior and contemporaneous understandings and agreements heretofore made with respect to the matters set forth in this Amendment, and there are no other representations, understandings or agreements.
9. This Amendment may be executed in counterparts, and each counterpart will have the same force and effect as an original and will constitute an effective, binding agreement on part of each of the undersigned.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed as of the date first written above.

THE COMPANY

MP MATERIALS CORP.

By: /s/ Elliot D. Hoops

Elliot D. Hoops,

General Counsel and Secretary

EXECUTIVE

/s/ Michael Rosenthal

Michael Rosenthal

AMENDMENT TO EMPLOYMENT AGREEMENT

This AMENDMENT TO EMPLOYMENT AGREEMENT (this “Amendment”) is entered into on January 10, 2024, and, effective as of such date, amends that certain Employment Agreement, entered into on November 18, 2021, effective as of January 1, 2022 (the “Agreement”) by and between MP Materials Corp., a Delaware corporation (the ‘Company’), and Elliot D. Hoops (“Executive” and together with the Company, the ‘Parties’). Capitalized terms used but not defined herein shall have the meanings set forth in the Agreement.

RECITALS

WHEREAS, the Parties desire to amend the Agreement in certain respects.

NOW, THEREFORE, in consideration of the mutual promises, covenants, and agreements set forth herein, the sufficiency of which is acknowledged by the parties hereto, and intending to be legally bound, the Parties agree as follows:

1. Section 7.1 of the Agreement is hereby amended by adding the following sentence immediately after the first sentence of such section:

“Executive further acknowledges that the highly competitive business of the Company Group is global in nature, is conducted across domestic and international borders and involves servicing customers and developing and maintaining goodwill throughout the world (including throughout North America and Asia).”

2. Section 7.2.1 of the Agreement is hereby amended by replacing the first sentence of the definition of Confidential Information in its entirety with the following sentence:

“Confidential Information” means confidential, proprietary or trade secret information that the Company Group has developed, acquired, created, compiled, discovered, or owned, or will develop, acquire, create, compile, discover, or own, that has value in or to the business of the Company Group that is not generally known and that the Company wishes to maintain as confidential.”

3. Section 7.2.2 of the Agreement is hereby amended by replacing the first sentence of such section in its entirety with the following sentence:

“Nothing in this Agreement shall prohibit or impede Executive from communicating, cooperating or filing a complaint with any U.S. federal, state or local governmental or law enforcement branch, agency or entity (collectively, a “Governmental Entity”) with respect to possible violations of any U.S. federal, state or local law or regulation, seeking and obtaining payment or an award from the or otherwise making disclosures to any Governmental Entity, in each case, that are protected under the whistleblower provisions of any such law or regulation (including seeking

and obtaining an award pursuant to Section 21F of the Securities Exchange Act of 1934), provided that in each case such communications and disclosures are consistent with applicable law.”

4. Section 7.4 of the Agreement is hereby amended by replacing the definition of Competing Business in its entirety with the following:

“Competing Business” shall mean any person, firm, corporation, partnership or business that engages in any business, directly or indirectly (through a subsidiary or otherwise) which competes with the Company Group’s business activities related to rare earth mining and processing, production of rare earth concentrates, production of and sale of separated rare earth products (including neodymium-praseodymium) and rare earth metal, alloy and magnet manufacturing (including the manufacture of neodymium-iron-boron permanent magnets, also commonly referred to as “neo,” “NIB,” or “NdPR” permanent magnets) and any other line of business in which the Company Group has demonstrable plans to engage.”

5. Section 7.4 of the Agreement is hereby amended by replacing the reference to “twelve (12)” in the definition of Post-Termination Restricted Period with “twenty-four (24)”.

6. Section 7.4 of the Agreement is hereby amended by replacing the definition of Territory in its entirety with the following:

“Territory” shall mean the United States, Canada, Mexico, China, Japan, Vietnam, Australia and any other country in which the Company Group engages in material business, conducts sales, derives a material portion of its revenues or has demonstrable plans to commence material business activities in.”

7. Except as otherwise expressly provided herein, all of the terms and provisions of the Agreement shall remain in full force and effect and this Amendment shall not amend or modify any other rights, powers, duties, or obligations of any Party. On and after the date of this Amendment, each reference in the Agreement to “this Agreement” or words of like import referring to the Agreement shall mean and be a reference to the Agreement as amended by this Amendment, and this Amendment shall be deemed to be a part of the Agreement.

8. This Amendment and the Agreement (including Appendix A hereto) constitute the total and complete agreement of the parties and supersedes all prior and contemporaneous understandings and agreements heretofore made with respect to the matters set forth in this Amendment, and there are no other representations, understandings or agreements.

9. This Amendment may be executed in counterparts, and each counterpart will have the same force and effect as an original and will constitute an effective, binding agreement on part of each of the undersigned.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed as of the date first written above.

THE COMPANY

MP MATERIALS CORP.

By: /s/ Ryan Corbett

Ryan Corbett,
Chief Financial Officer

EXECUTIVE

/s/ Elliot D. Hoops

Elliot D. Hoops

CERTIFICATION

I, James H. Litinsky, certify that:

1. I have reviewed this quarterly report on Form 10-Q of MP Materials Corp.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 3, 2024

/s/ James H. Litinsky

James H. Litinsky

Chairman and Chief Executive Officer

CERTIFICATION

I, Ryan Corbett, certify that:

1. I have reviewed this quarterly report on Form 10-Q of MP Materials Corp.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 3, 2024

/s/ Ryan Corbett

Ryan Corbett

Chief Financial Officer

**CERTIFICATION PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002,
18 U.S.C. SECTION 1350**

In connection with the quarterly report of MP Materials Corp. (the "Company") on Form 10-Q for the fiscal quarter ended March 31, 2024, as filed with the U.S. Securities and Exchange Commission on the date hereof (the "Report"), I, James H. Litinsky, Chairman and Chief Executive Officer of the Company, certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that, to my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 3, 2024

/s/ James H. Litinsky

James H. Litinsky

Chairman and Chief Executive Officer

**CERTIFICATION PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002,
18 U.S.C. SECTION 1350**

In connection with the quarterly report of MP Materials Corp. (the "Company") on Form 10-Q for the fiscal quarter ended March 31, 2024, as filed with the U.S. Securities and Exchange Commission on the date hereof (the "Report"), I, Ryan Corbett, Chief Financial Officer of the Company, certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that, to my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 3, 2024

/s/ Ryan Corbett

Ryan Corbett
Chief Financial Officer

MINE SAFETY DISCLOSURE

Pursuant to Section 1503(a) of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act"), issuers that are operators, or that have a subsidiary that is an operator, of a coal or other mine in the United States are required to disclose in their periodic reports filed with the SEC information regarding specified health and safety violations, orders and citations, issued under the Federal Mine Safety and Health Act of 1977 (the "Mine Act") by the Mine Safety and Health Administration (the "MSHA"), as well as related assessments and legal actions, and mining-related fatalities.

The table below provides information for the three months ended March 31, 2024, at the Mountain Pass mine in San Bernardino County, California.

Additional information about the Mine Act and MSHA references used in the table follows:

- **Section 104(a) Significant and Substantial ("S&S") Citations:** Citations received from MSHA under §104(a) of the Mine Act for violations of mandatory health or safety standards that could significantly and substantially contribute to the cause and effect of a mine safety or health hazard.
- **Section 104(b) Orders:** Orders issued by MSHA under §104(b) of the Mine Act, which represent a failure to abate a citation under §104(a) within the period of time prescribed by MSHA. This results in an order of immediate withdrawal from the area of the mine affected by the condition until MSHA determines that the violation has been abated.
- **Section 104(d) S&S Citations and Orders:** Citations and orders issued by MSHA under §104(d) of the Mine Act for unwarrantable failure to comply with mandatory, significant and substantial health or safety standards.
- **Section 110(b)(2) Violations:** Flagrant violations issued by MSHA under §110(b)(2) of the Mine Act.
- **Section 107(a) Orders:** Orders issued by MSHA under §107(a) of the Mine Act for situations in which MSHA determined an "imminent danger" (as defined by MSHA) existed.

Mine	Mine Act						Pending Legal Actions before Federal Mine Safety and Health		Review Commission (Yes/No) ⁽²⁾
	Mine Act §104(a) S&S Citations	Mine Act §104(b) Orders	§104(d) S&S Citations and Orders	Mine Act §110(b)(2) Violations	Mine Act §107(a) Orders	Proposed MSHA Assessments (in whole dollars) ⁽¹⁾	Mining Related Fatalities	Mine Act §104(e) Notice (Yes/No) ⁽²⁾	
Mountain Pass	0	0	0	0	0	\$774	0	No	No

(1) As of March 31, 2024, MSHA had not yet proposed an assessment for one S&S citation issued during the three months ended December 31, 2023.

(2) A written notice from MSHA regarding a pattern of violations, or a potential to have such pattern under §104(e) of the Mine Act.