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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 June 30, 2021

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.)**

6720 Via Austi Parkway, Suite 450
Las Vegas, Nevada 89119
(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 August 2, 2021, the number of shares of the registrant's common stock outstanding was 177,747,598.

MP MATERIALS CORP. AND SUBSIDIARIES
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References herein to the "Company," "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 June 30, 2021 (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 and 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, 2020 (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:

- unanticipated costs or delays associated with our Stage II optimization project;
- 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;
- the ability to convert current commercial discussions with customers for the sale of rare earth oxide products into contracts;
- potential changes in China's political environment and policies;
- fluctuations in demand for, and prices of, rare earth minerals and products;
- uncertainties relating to the COVID-19 pandemic, including the Delta variant;
- the intense competition within the rare earths mining and processing industry;
- uncertainties regarding the growth of existing and emerging uses for rare earth products;
- potential power shortages at the Mountain Pass 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;
- uncertainty in our estimates of rare earth oxide reserves;
- uncertainties regarding our ability to vertically integrate into further downstream processing and reach full revenue potential;
- risks associated with work stoppages;
- a shortage of skilled technicians and engineers;
- loss of key personnel;
- risks associated with the inherent dangers of mining activity;
- risks associated with events outside of our control, such as natural disasters, wars or health epidemics or pandemics;
- risks related to technology systems and security breaches;
- risks associated with our intellectual property rights;
- ability to compete with substitutions for rare earth minerals;
- ability to maintain satisfactory labor relations;
- risks relating to extensive and costly environmental regulatory requirements;
- risks associated with the terms of our convertible notes 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 described in our Form 10-Q for the quarterly period ended March 31, 2021 (the "First Quarter Form 10-Q"), 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 and in our First Quarter Form 10-Q. 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 obligations 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)	June 30, 2021	December 31, 2020
Assets		
Current assets		
Cash and cash equivalents	$ 1,196,875	$ 519,652
Accounts receivable (including related party), net of allowance for credit losses of $0 and $0, respectively	8,178	3,589
Inventories	35,501	32,272
Prepaid expenses and other current assets	5,558	5,534
Total current assets	1,246,112	561,047
Non-current assets		
Restricted cash	9,118	9,100
Property, plant and equipment, net	560,616	501,974
Finance lease right-of-use assets	884	1,028
Other non-current assets	1,226	1,139
Total non-current assets	571,844	513,241
Total assets	$ 1,817,956	$ 1,074,288
Liabilities and stockholders' equity		
Current liabilities		
Accounts payable and accrued liabilities	$ 37,730	$ 16,159
Current installments of long-term debt	—	2,403
Current installments of long-term debt—related party	45,796	22,070
Current portion of finance lease liabilities	256	266
Other current liabilities	6,505	2,163
Total current liabilities	90,287	43,061
Non-current liabilities		
Asset retirement obligations	26,488	25,570
Environmental obligations	16,612	16,602
Long-term debt, net of current portion	673,174	961
Long-term debt—related party, net of current portion	—	44,380
Finance lease liabilities, net of current portion	639	736
Deferred income taxes	95,578	87,473
Other non-current liabilities	8,553	1,628
Total non-current liabilities	821,044	177,350
Total liabilities	911,331	220,411
Commitments and contingencies (Note 12)		
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, 177,748,487 and 170,719,979 shares issued and outstanding, as of June 30, 2021, and December 31, 2020, respectively)	18	17
Additional paid-in capital	925,944	916,482
Accumulated deficit	(19,337)	(62,622)
Total stockholders' equity	906,625	853,877
Total liabilities and stockholders' equity	$ 1,817,956	$ 1,074,288

See accompanying notes to the Condensed Consolidated Financial Statements.

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

(in thousands, except share and per share data)	For the three months ended June 30,		For the six months ended June 30,	
	2021	**2020**	**2021**	**2020**
Product sales (including related party)	$ 73,118	$ 30,391	$ 133,089	$ 51,110
Operating costs and expenses:				
Cost of sales (including related party)(excluding depreciation, depletion and amortization)	17,955	16,865	35,891	29,532
Write-down of inventories	1,809	—	1,809	—
Royalty expense to SNR	—	366	—	853
General and administrative	13,631	5,843	27,214	8,927
Depreciation, depletion and amortization	6,666	1,382	12,816	2,653
Accretion of asset retirement and environmental obligations	592	564	1,185	1,128
Settlement charge	—	66,615	—	66,615
Total operating costs and expenses	40,653	91,635	78,915	109,708
Operating income (loss)	32,465	(61,244)	54,174	(58,598)
Other income, net	3,504	155	3,559	237
Interest expense, net	(2,639)	(1,066)	(3,793)	(1,869)
Income (loss) before income taxes	33,330	(62,155)	53,940	(60,230)
Income tax expense	(6,164)	(336)	(10,655)	(336)
Net income (loss)	$ 27,166	$ (62,491)	$ 43,285	$ (60,566)
Net income (loss) per share:				
Basic	$ 0.16	$ (0.92)	$ 0.25	$ (0.90)
Diluted	$ 0.15	$ (0.92)	$ 0.24	$ (0.90)
Weighted-average shares outstanding:				
Basic	172,677,923	68,095,422	170,810,353	67,326,198
Diluted	193,145,644	68,095,422	186,282,857	67,326,198

See accompanying notes to the Condensed Consolidated Financial Statements.

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

Three months ended June 30, 2021 and 2020

(in thousands, except share data)	Preferred Stock		Common Stock		Shenghe Warrant	Additional Paid-in Capital	Accumulated Deficit	Total Stockholders' Equity (Deficit)
	Shares	Amount	Shares	Amount				
Balance as of April 1, 2021	—	$ —	170,745,864	$ 17	$ —	$ 921,643	$ (46,503)	$ 875,157
Redemption of Public Warrants	—	—	7,080,005	1	—	(2)	—	(1)
Stock-based compensation	—	—	18,402	—	—	4,498	—	4,498
Forfeiture of restricted stock	—	—	(90,000)	—	—	—	—	—
Shares used to settle payroll tax withholding	—	—	(5,784)	—	—	(193)	—	(193)
Net income	—	—	—	—	—	—	27,166	27,166
Other	—	—	—	—	—	(2)	—	(2)
Balance as of June 30, 2021	—	$ —	177,748,487	$ 18	$ —	$ 925,944	$ (19,337)	$ 906,625
Balance as of April 1, 2020	—	$ —	66,556,975	$ 7	$ —	$ 22,768	$ (38,872)	$ (16,097)
Issuance of Shenghe Warrant	—	—	5,384,563	—	53,846	—	—	53,846
Net loss	—	—	—	—	—	—	(62,491)	(62,491)
Balance as of June 30, 2020	—	$ —	71,941,538	$ 7	$ 53,846	$ 22,768	$ (101,363)	$ (24,742)

Six months ended June 30, 2021 and 2020

(in thousands, except share data)	Preferred Stock		Common Stock		Shenghe Warrant	Additional Paid-in Capital	Accumulated Deficit	Total Stockholders' Equity (Deficit)
	Shares	Amount	Shares	Amount				
Balance as of January 1, 2021	—	$ —	170,719,979	$ 17	$ —	$ 916,482	$ (62,622)	$ 853,877
Redemption of Public Warrants	—	—	7,080,005	1	—	(2)	—	(1)
Stock-based compensation	—	—	54,722	—	—	10,171	—	10,171
Forfeiture of restricted stock	—	—	(90,000)	—	—	—	—	—
Shares used to settle payroll tax withholding	—	—	(16,219)	—	—	(527)	—	(527)
Net income	—	—	—	—	—	—	43,285	43,285
Other	—	—	—	—	—	(180)	—	(180)
Balance as of June 30, 2021	—	$ —	177,748,487	$ 18	$ —	$ 925,944	$ (19,337)	$ 906,625
Balance as of January 1, 2020	—	$ —	66,556,975	$ 7	$ —	$ 22,768	$ (40,797)	$ (18,022)
Issuance of Shenghe Warrant	—	—	5,384,563	—	53,846	—	—	53,846
Net loss	—	—	—	—	—	—	(60,566)	(60,566)
Balance as of June 30, 2020	—	$ —	71,941,538	$ 7	$ 53,846	$ 22,768	$ (101,363)	$ (24,742)

See accompanying notes to the Condensed Consolidated Financial Statements.

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

(in thousands)	For the six months ended June 30, 2021	2020
Operating activities:		
Net income (loss)	$ 43,285	$ (60,566)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation, depletion and amortization	12,816	2,653
Accretion of asset retirement and environmental obligations	1,185	1,128
Gain on forgiveness of Paycheck Protection Loan	(3,401)	—
Loss on sale or disposal of long-lived assets, net	37	—
Stock-based compensation expense	10,171	—
Accretion of debt discount and amortization of debt issuance costs	3,287	741
Write-down of inventories	1,809	—
Non-cash settlement charge	—	66,615
Revenue recognized in exchange for debt principal reduction	(22,901)	(679)
Deferred income taxes	8,105	—
Decrease (increase) in operating assets:		
Accounts receivable (including related party)	(4,589)	187
Inventories	(5,038)	(6,663)
Prepaid expenses, other current and non-current assets	(2,973)	(891)
Increase (decrease) in operating liabilities:		
Accounts payable and accrued liabilities	4,236	(961)
Refund liability to related party	—	(2,746)
Deferred revenue from related party	—	1,934
Other current and non-current liabilities	1,940	1,490
Net cash provided by operating activities	47,969	2,242
Investing activities:		
Additions of property, plant and equipment	(44,691)	(4,828)
Proceeds from sale of property, plant and equipment	125	—
Net cash used in investing activities	(44,566)	(4,828)
Financing activities:		
Proceeds from issuance of long-term debt	690,000	3,364
Proceeds from Second Additional Advance	—	35,450
Principal payments on debt obligations and finance leases	(990)	(86)
Payment of debt issuance costs	(17,749)	—
Other	(771)	—
Net cash provided by financing activities	670,490	38,728
Net change in cash, cash equivalents and restricted cash	673,893	36,142
Cash, cash equivalents and restricted cash beginning balance	532,440	29,572
Cash, cash equivalents and restricted cash ending balance	$ 1,206,333	$ 65,714
Reconciliation of cash, cash equivalents and restricted cash:		
Cash and cash equivalents	$ 1,196,875	$ 38,551
Restricted cash, current	340	50
Restricted cash, non-current	9,118	27,113
Total cash, cash equivalents and restricted cash	$ 1,206,333	$ 65,714

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: We own and operate the Mountain Pass Rare Earth Mine and Processing Facility ("Mountain Pass"), which is the only rare earth mining and processing site of scale in the Western Hemisphere. Our wholly-owned subsidiary, MP Mine Operations LLC, a Delaware limited liability company ("MPMO"), acquired the Mountain Pass mine and processing facilities in July 2017. Our wholly-owned subsidiary, Secure Natural Resources LLC, a Delaware limited liability company ("SNR"), holds the mineral rights to the Mountain Pass mine and surrounding areas as well as intellectual property rights related to the processing and development of rare earth minerals. The mine achieved commercial operations in July 2019 and we are currently working to restore the remainder of the facility for use in processing separated rare earth products. The Company is headquartered in Las Vegas, Nevada. References herein to the "Company," "we," "our," and "us," refer to MP Materials Corp. and its subsidiaries.

The Business Combination (as defined below) was consummated on November 17, 2020, pursuant to the terms of a merger agreement entered into on July 15, 2020 (the "Merger Agreement"). Pursuant to the Merger Agreement, MPMO and SNR were combined with Fortress Value Acquisition Corp., a special purpose acquisition company ("FVAC") (the "Business Combination"), and became indirect wholly-owned subsidiaries of FVAC, which was in turn renamed MP Materials Corp. The Business Combination was accounted for as a reverse recapitalization, with no goodwill or other intangible assets recorded, and the acquisition of SNR (the "SNR Mineral Rights Acquisition") was treated as an asset acquisition. Furthermore, MPMO was deemed to be the accounting acquirer and FVAC the accounting acquiree, which, for financial reporting purposes, results in MPMO's historical financial information becoming that of the Company.

In May 2017, the Company entered into a set of commercial arrangements with Shenghe Resources (Singapore) International Trading Pte. Ltd. ("Shenghe"), a majority owned subsidiary of Leshan Shenghe Rare Earth Co., Ltd. ("Leshan Shenghe") whose ultimate parent is Shenghe Resources Holding Co., Ltd., a leading global rare earth company listed on the Shanghai Stock Exchange, to fund the Company's operations, identify operational efficiencies, and sell products to Shenghe and third parties. Shenghe has significant knowledge of the mining, processing, marketing and distribution of rare earth products, as well as access to customers in the Chinese market for these products. As part of these arrangements, Shenghe (and its controlled affiliates) became both the principal customer and a related party when Leshan Shenghe obtained a preferred interest in the Company, which was ultimately exchanged for shares of the Company's common stock with a par value of $0.0001 per share ("Common Stock") in connection with the Business Combination. See also Note 3, "Relationship and Agreements with Shenghe," for additional information.

Operating segments are defined as components of an enterprise about which separate financial information is available and evaluated regularly by the chief operating decision maker, or decision-making group, in deciding how to allocate resources and in assessing performance. The Company's chief operating decision maker 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 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 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, 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 Annual Report on Form 10-K for the year ended December 31, 2020.

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.

Concentration of Risk: As of June 30, 2021, Shenghe accounted for more than 90% of product sales. Shenghe, a related party of the Company, has entered into an arrangement to purchase substantially all of the Company's production, and has previously purchased portions of the Company's stockpile inventory. While as with any contract there is risk of nonperformance, we do not believe that it is reasonably possible that Shenghe would terminate the agreement as it would significantly delay Shenghe's recovery of non-interest-bearing advance payments that are recognized by the Company as debt. As discussed in Note 8, "Debt Obligations," based on current forecasts, the Company expects to repay the obligation within the next year. See Note 3, "Relationship and Agreements with Shenghe," for additional information.

Furthermore, while revenue is generated in the United States, our principal customer is located in China and may transport and sell products in the Chinese market; therefore, the Company's gross profit is affected by Shenghe's ultimate realized prices in China. In addition, there is an ongoing economic conflict between China and the United States that has resulted in tariffs and trade barriers that may negatively affect the Company's business and results of operations.

In December 2019, a novel strain of coronavirus (known as "COVID-19") began to impact the population of China, where our principal customer is located. The outbreak of COVID-19 has grown both in the United States and globally, and related government and private sector responsive actions have adversely affected the global economy, including significant business and supply chain disruption as well as broad-based changes in supply and demand. In December 2019, a series of emergency quarantine measures taken by the Chinese government disrupted domestic business activities in China during the weeks after the initial outbreak of COVID-19. These disruptions have occurred periodically since the start of COVID-19 outbreak as measures intended to impede the spread of the virus have adapted. Since the initial COVID-19 outbreak, many countries, including the United States, have imposed restrictions on travel to and from China and elsewhere, as well as general movement restrictions, business closures and other measures imposed to slow the spread of COVID-19.

At the onset of the outbreak, we initially experienced shipping delays due to overseas port slowdowns and container shortages, but we did not experience a reduction in production or sales. However, beginning in the fourth quarter of 2020 and continuing through the second quarter of 2021, we again saw shipping delays and container shortages from congestion at port facilities, which has been exacerbated by COVID-19. Congestion at U.S. and international ports could affect the capacity at ports to receive deliveries of products or the loading of shipments onto vessels.

As the situation continues to develop, including as a result of new variants of COVID-19 (such as the Delta variant), it is impossible to predict the effect and ultimate impact of the COVID-19 pandemic on the Company's business and results of operations. While the quarantine, social distancing and other regulatory measures instituted or recommended in response to COVID-19 are expected to be temporary, the duration of the business disruptions, and related financial impact, cannot be estimated at this time.

***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.

Debt Issuance Costs: Debt issuance costs that are incurred by the Company in connection with the issuance of debt are deferred and amortized to interest expense using the effective interest method over the contractual term of the underlying indebtedness. Debt issuance costs reduce the carrying amount of the associated debt.

Recently Issued Accounting Pronouncements: As an "emerging growth company," the Jumpstart Our Business Startups Act ("JOBS Act") allows the Company to delay adoption of new or revised accounting pronouncements applicable to public companies until such pronouncements are made applicable to private companies. The Company has elected to use this extended transition period under the JOBS Act. The adoption dates discussed below reflect this election.

In June 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2016-13, "Financial Instruments - Credit Losses (Topic 326): Measurements of Credit Losses on Financial Instruments" ("ASU 2016-13"), which sets forth a "current expected credit loss" model which requires the Company to measure all expected credit losses for financial instruments held at the reporting date based on historical experience, current conditions, and reasonable supportable forecasts. We elected to early adopt ASU 2016-13 during the first quarter of 2021 using a modified retrospective

approach, which did not have a material impact on our unaudited Condensed Consolidated Financial Statements, and did not result in a cumulative-effect adjustment.

In August 2018, the FASB issued ASU No. 2018-15, "Intangibles—Goodwill and Other—Internal-Use Software (Subtopic 350-40): Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract" ("ASU 2018-15"), which aligns the requirements for capitalizing implementation costs incurred in a hosting arrangement that is a service contract with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software. ASU 2018-15 requires capitalized costs to be amortized on a straight-line basis generally over the term of the arrangement, and the financial statement presentation for these capitalized costs would be the same as that of the fees related to the hosting arrangements. We elected to early adopt ASU 2018-15 during the first quarter of 2021 using a prospective approach, which did not have a material impact on our unaudited Condensed Consolidated Financial Statements.

In August 2020, the FASB issued ASU No. 2020-06, "Accounting for Convertible Instruments and Contracts in an Entity's Own Equity" ("ASU 2020-06"), which (i) simplifies the accounting for convertible debt instruments and convertible preferred stock by removing the existing guidance in Accounting Standards Codification ("ASC") Subtopic 470-20, "Debt—Debt with Conversion and Other Options," that requires entities to account for beneficial conversion features and cash conversion features in equity, separately from the host convertible debt or preferred stock; (ii) revises the scope exception from derivative accounting in ASC Subtopic 815-40, "Derivatives and Hedging—Contracts in Entity's Own Equity," for freestanding financial instruments and embedded features that are both indexed to the issuer's own stock and classified in stockholders' equity, by removing certain criteria required for equity classification; and (iii) revises the guidance in ASC Topic 260, "Earnings Per Share," to require entities to calculate diluted earnings per share ("EPS") for convertible instruments by using the if-converted method. In addition, entities must presume share settlement for purposes of calculating diluted EPS when an instrument may be settled in cash or shares. We elected to early adopt ASU 2020-06 during the first quarter of 2021 using a prospective approach. See Note 8, "Debt Obligations," for a discussion of our Convertible Notes (as defined in Note 8, "Debt Obligations"), which we issued on March 26, 2021.

A variety of proposed or otherwise potential accounting standards are currently being studied by standard-setting organizations and certain regulatory agencies. Because of the tentative and preliminary nature of such proposed standards, we have not yet determined the effect, if any, that the implementation of such proposed standards would have on our unaudited Condensed Consolidated Financial Statements.

NOTE 3—RELATIONSHIP AND AGREEMENTS WITH SHENGHE

Original Commercial Agreements

In May 2017, prior to our acquisition of the Mountain Pass facility, we entered into a set of commercial arrangements with Shenghe, which principally consisted of a technical services agreement (the "TSA"), an offtake agreement (the "Original Offtake Agreement"), and a distribution and marketing agreement (the "DMA").

The Original Offtake Agreement required Shenghe to advance us an initial $50.0 million (the "Initial Prepayment Amount") to fund the restart of operations at the mine and the TSA required Shenghe to fund any additional operating and capital expenditures required to bring the Mountain Pass facility to full operability. Shenghe also agreed to provide additional funding in the amount of $30.0 million to the Company pursuant to a separate letter agreement dated June 20, 2017 (the "Letter Agreement") (the "First Additional Advance"), in connection with our acquisition of the Mountain Pass facility. In addition to the repayment of the First Additional Advance in cash, pursuant to the Letter Agreement, the Initial Prepayment Amount increased by $30.0 million. We refer to the aggregate prepayments made by Shenghe pursuant to the Original Offtake Agreement and the Framework Agreement (as defined below), as adjusted for Gross Profit Recoupment (as defined below) amounts and any other qualifying repayments to Shenghe, inclusive of the $30.0 million increase to the Initial Prepayment Amount, as the "Prepaid Balance."

As discussed below, the entrance into the Letter Agreement constituted a modification to the Original Offtake Agreement for accounting purposes (referred to as the "June 2017 Modification"), which ultimately resulted in the Shenghe Implied Discount (as defined below). Under the terms of these agreements, the amounts funded by Shenghe constitute prepayments for the rare earth products to be sold to Shenghe historically under the Original Offtake Agreement (and currently under the A&R Offtake Agreement, as defined below).

Under the Original Offtake Agreement, upon the mine achieving certain milestones and being deemed commercially operational (which was achieved on July 1, 2019), we sold to Shenghe, and Shenghe purchased on a firm "take or pay" basis, all of the rare earth products produced at the Mountain Pass facility. Shenghe marketed and sold these products to customers, and retained the gross profits earned on subsequent sales. The gross profits were credited against the Prepaid Balance, and

provided the means by which we repaid, and Shenghe recovered, such amounts (the "Gross Profit Recoupment"). Under the Original Offtake Agreement, we were obliged to sell all Mountain Pass facility rare earth products to Shenghe until Shenghe had fully recouped all of its prepayments (i.e., the Prepaid Balance is reduced to zero), at which point the Original Offtake Agreement would terminate automatically.

As originally entered, the DMA was to become effective upon termination of the Original Offtake Agreement. The DMA provided for a distribution and marketing arrangement between the Company and Shenghe, subject to certain exceptions. We retained the right to distribute our products directly to certain categories of customers. As compensation for Shenghe's distribution and marketing services, the DMA entitled Shenghe to a portion of the net profits from the sale of rare earth products produced at the Mountain Pass facility.

Framework Agreement and Restructured Commercial Arrangements

In May 2020, the Company entered into a framework agreement and amendment (the "Framework Agreement") with Shenghe and Leshan Shenghe that significantly restructured the commercial arrangements and provided for, among other things, a revised funding amount and schedule to settle Shenghe's prepayment obligations to the Company, as well as either the amendment or termination of the various agreements between the parties, as discussed below.

Pursuant to the Framework Agreement, we entered into an amended and restated offtake agreement with Shenghe on May 19, 2020 (the "A&R Offtake Agreement"), which, upon effectiveness, superseded and replaced the Original Offtake Agreement, and we issued to Shenghe a warrant on June 2, 2020 (the "Shenghe Warrant"). Pursuant to the Framework Agreement, Shenghe funded the remaining portion of the Initial Prepayment Amount and agreed to fund an additional $35.5 million advance to us (the "Second Additional Advance" and together with the Initial Prepayment Amount, inclusive of the $30.0 million increase pursuant to the Letter Agreement, the "Offtake Advances"), which amounts were fully funded on June 5, 2020. The Shenghe Warrant was ultimately exchanged for shares of our Common Stock in connection with the Business Combination.

Upon the funding of the remaining obligations on June 5, 2020, among other things, (i) the TSA and the DMA were terminated (as described below) and (ii) the A&R Offtake Agreement and the Shenghe Warrant became effective (such events are collectively referred to as the "June 2020 Modification"). Thus, at the present time, Leshan Shenghe's and Shenghe's involvement with the Company and the Mountain Pass facility consists of only the A&R Offtake Agreement.

The A&R Offtake Agreement maintains the key take-or-pay, amounts owed on actual and deemed advances from Shenghe, and other terms of the Original Offtake Agreement, with the following material changes: (i) modifies the definition of "offtake products" in order to remove from the scope of that definition lanthanum, cerium and other rare earth products that do not meet the specifications agreed to under the A&R Offtake Agreement; (ii) as to the offtake products subject to the A&R Offtake Agreement, provides that if we sell such offtake products to a third party, then, until the Prepaid Balance has been reduced to zero, we will pay an agreed percentage of our revenue from such sale to Shenghe, to be credited against the amounts owed on Offtake Advances; (iii) replaces the Shenghe Sales Discount (as defined in Note 4, "Revenue Recognition") under the Original Offtake Agreement with a fixed monthly sales charge; (iv) provides that the purchase price to be paid by Shenghe for our rare earth products (a portion of which reduces the Prepaid Balance rather than being paid in cash) will be based on market prices (net of taxes, tariffs and certain other agreed charges) less applicable discounts, instead of our cash cost of production; (v) obliges us to pay Shenghe, on an annual basis, an amount equal to our annual net income, less any amounts recouped through the Gross Profit Recoupment mechanism over the course of the year, until the Prepaid Balance has been reduced to zero; (vi) obliges us to pay Shenghe the net after-tax profits from certain sales of assets until the Prepaid Balance has been reduced to zero (this obligation was previously contained in the TSA); and (vii) provides for certain changes to the payment, invoicing and delivery terms and procedures for products.

The purchase price and other terms applicable to a quantity of offtake products are set forth in monthly purchase agreements between the Company and Shenghe. As with the Original Offtake Agreement, the A&R Offtake Agreement will terminate when Shenghe has fully recouped all of its prepayment funding. Following that termination, the Company will have no contractual arrangements with Shenghe for the distribution, marketing or sale of rare earth products.

Accounting for the June 2017 Modification

As discussed above, pursuant to the Letter Agreement, Shenghe agreed to provide additional funding via a short-term, non-interest-bearing note in the amount of $30.0 million to the Company (defined above as the "First Additional Advance"), which required repayment within one year. Furthermore, under the terms of the Letter Agreement, Shenghe became entitled to an additional $30.0 million recovery through an increase to the Prepaid Balance. Therefore, under the terms of the Letter Agreement, Shenghe would ultimately receive repayment of the short-term debt instrument from the Company, and also be

entitled to realize an additional $30.0 million as a part of the contractual Gross Profit Recoupment from ultimate sales to its customers.

The Company concluded that the $30.0 million proceeds received from Shenghe should be allocated between (i) the non-interest-bearing debt instrument and (ii) the existing revenue arrangement (under the terms of the Original Offtake Agreement) on a relative fair value basis. As a result of such analysis, the Company determined that the debt instrument had a relative fair value of $26.5 million and the modification to the revenue arrangement had a relative fair value of $3.5 million. The First Additional Advance was repaid in full by the Company in 2018.

Based on the relationship between (i) the deemed proceeds the Company would ultimately receive from the Initial Prepayment Amount (adjusted for (a) the fair value of the preferred interest provided to Shenghe at the time of entering into the aforementioned commercial arrangements of $2.3 million and (b) the fair value allocated to the modification of the revenue arrangement of $3.5 million) and (ii) the contractual amount owed to Shenghe (i.e., the Prepaid Balance, which included the Initial Prepayment Amount and the additional $30.0 million adjustment to the Prepaid Balance in connection with the Letter Agreement) at the time, the June 2017 Modification resulted in an implied discount on the Company's sales prices to Shenghe under the Original Offtake Agreement, for accounting purposes (the "Shenghe Implied Discount").

The Shenghe Implied Discount is applicable to Shenghe's gross profit on the sales of rare earth products to its own customers (for sales made between July 2019 and early June 2020). That gross profit is a contractually determined amount based on Shenghe's realized sales price (net of taxes, tariffs, and certain other adjustments, such as demurrage) compared to the agreed-upon cash cost Shenghe would pay to the Company. The Shenghe Implied Discount amounted to 36% of that contractually determined gross profit amount. See also Note 4, "Revenue Recognition."

Accounting for the June 2020 Modification

As noted above, in June 2020, the Company renegotiated various aspects of its relationship with Shenghe and entered into the Framework Agreement to significantly restructure the aforementioned set of arrangements. Prior to the June 2020 Modification, for accounting purposes, the Original Offtake Agreement constituted a deferred revenue arrangement; however, as a result of the June 2020 Modification, the A&R Offtake Agreement constituted a debt obligation as well as provided for the issuance of the Shenghe Warrant. For further discussion of the deferred revenue arrangement, see Note 4, "Revenue Recognition," and for further discussion of the debt obligation, see Note 8, "Debt Obligations."

The DMA provided Shenghe with the right of first refusal to be the Company's distribution and marketing agent for product sales after the expiration of the Original Offtake Agreement and until April 2047 in exchange for the Net Profit-Based Commission. Under the Original Offtake Agreement, Shenghe would also have been responsible for funding additional advance payments toward the next stage of the mine and facility's development (referred to below as the "Stage II optimization project"). The agency relationship was not to commence until any such additional amount was also recovered under the Original Offtake Agreement. Although it had not yet commenced, the DMA was enforceable, and could only be terminated upon the mutual agreement of the parties involved.

At its inception in May 2017, the DMA was determined to be at-market, as it provided an expected commission to Shenghe for its services, and was consistent with the Company's expectations for a regular sales commission based on its revenue and cost expectations at the time. As part of renegotiating the commercial arrangements in connection with the June 2020 Modification, the Company determined that the existing arrangement within the DMA now provided Shenghe with a favorable, off-market return for the future distribution and marketing services, due in part to (i) favorable changes in expected profitability, driven partially by changes in tariffs, as well as cost performance in Stage I, (ii) favorable estimates of the capital cost of the Stage II optimization project, and (iii) favorable changes in expected production, based on higher than forecast contained rare earth oxides production in Stage I.

Taken together, the Company concluded that the above factors would likely result in materially lower per-unit costs (including depreciation) and higher profitability versus its original estimates. Therefore, these changes in circumstances meant that the Net Profit-Based Commission would no longer be commensurate with the value of the service; and therefore, created an off-market feature. These same factors would also result in the Company fulfilling its obligations under the Original Offtake Agreement more quickly, which would in turn result in a longer period of payments under the now-unfavorable terms of the DMA.

In addition, as noted above, Shenghe would still have had to provide the additional advances required to complete the Stage II optimization project, which would have created a near-term cash commitment for Shenghe. While these costs were expected to be approximately $200 million, Shenghe would have remained exposed to the potential that actual costs exceed these

estimates and remained committed to fund them. Further, these upfront payments were to be non-interest bearing, exposing Shenghe to economic cost from the time value of money.

Therefore, as part of the renegotiations, the Company and Shenghe agreed to terminate the DMA. As a result of the June 2020 Modification, specifically the termination of the DMA, the Company recorded a non-cash settlement charge of $66.6 million during the three months ended June 30, 2020.

Ultimately, the renegotiations resulted in the following exchange, which is also referenced in Note 18, "Supplemental Cash Flow Information," as a transaction with significant non-cash components:

(in thousands)	As of June 2020 Modification
Deemed proceeds for fair value of debt issuance[1]	$ 85,695
Deemed proceeds for fair value of warrant issuance	53,846
Total deemed proceeds	139,541
Derecognition of the existing deferred revenue balance[2]	(37,476)
Deemed payment to terminate the unfavorable DMA[3]	(66,615)
Total deemed payments	(104,091)
Net cash received	$ 35,450

(1) See Note 8, "Debt Obligations."

(2) See Note 4, "Revenue Recognition."

(3) This non-cash charge is included within the unaudited Condensed Consolidated Statements of Operations for the three and six months ended June 30, 2020, as "Settlement charge."

NOTE 4—REVENUE RECOGNITION

Sales to Shenghe Under the Original Offtake Agreement: Beginning in July 2019 and through early June 2020, the Company and Shenghe periodically agreed on a cash sales price for each metric ton of rare earth concentrate delivered by the Company, which was recognized as revenue upon each sale. This sales price was intended to approximate the Company's cash cost of production. Sales during this period were made under the Original Offtake Agreement and were impacted by the Shenghe Implied Discount, which is discussed in Note 3, "Relationship and Agreements with Shenghe."

The Shenghe Implied Discount amounted to 36% of the difference between Shenghe's realized price on its sales of rare earth products to its own customers (net of taxes, tariffs, and certain other adjustments, such as demurrage) and the agreed-upon cash cost for those products (i.e., its gross profit). In addition to the revenue we recognized from the cash sales prices, we also realized an amount of deferred revenue applicable to these sales equal to 64% of Shenghe's gross profit. The full gross profit amount realized by Shenghe on such sales reduced the Prepaid Balance (and consequently, our contractual obligations to Shenghe).

In addition, sales to Shenghe under the Original Offtake Agreement between July 2019 and early June 2020 typically provided Shenghe with a discount generally in the amount of between 3% and 6% of the initial cash price of our rare earth products sold in consideration of Shenghe's sales efforts to resell our rare earth products (the "Shenghe Sales Discount"). The Shenghe Sales Discount was considered a reduction in the transaction price and thus was not recognized as revenue. Additionally, the Shenghe Sales Discount was not applied to reduce the Prepaid Balance; however, it was considered as part of Shenghe's cost of acquiring our product in the calculation of Shenghe's gross profit.

Sales to Shenghe Under the A&R Offtake Agreement: Beginning after the June 2020 Modification, the cash purchase price (and other terms applicable to the quantity of products sold) are set forth in monthly purchase agreements with Shenghe. Furthermore, the June 2020 Modification provided that the cash purchase price to be paid by Shenghe for our rare earth products will be based on market prices (net of taxes, tariffs and certain other agreed charges) less applicable discounts, instead of our cash cost of production, as was the case with sales made under the Original Offtake Agreement. A portion of the sales price to Shenghe is in the form of debt repayment, with the remainder paid in cash. See Note 8, "Debt Obligations," for further information.

As a result of the June 2020 Modification, revenue recognized under the A&R Offtake Agreement after the June 2020 Modification does not include the Shenghe Implied Discount. In addition, rather than adjusting the sales price for the Shenghe

Sales Discount, as was the case with sales made under the Original Offtake Agreement, revenue under the A&R Offtake Agreement is reduced by a fixed monthly sales charge (accounted for as a discount).

Deferred Revenue: As mentioned in Note 3, "Relationship and Agreements with Shenghe," the Original Offtake Agreement was accounted for as a deferred revenue arrangement, and the June 2020 Modification effectively replaced this deferred revenue arrangement with a debt obligation (see Note 8, "Debt Obligations"). Significant activity for the deferred revenue balance (including current portion) was as follows:

	For the six months ended June 30,	
(in thousands)	**2021**	**2020**
Opening balance[1]	$ —	$ 35,543
Prepayments received[2]	—	11,050
Revenue recognized[3]	—	(9,117)
Effect of June 2020 Modification[4]	—	(37,476)
Ending balance	$ —	$ —

(1) Of the amount for the six months ended June 30, 2020, $6.6 million was classified as current based on when such amount was expected to be realized.

(2) Amount for the six months ended June 30, 2020, relates to the contractual commitment for Shenghe to provide funds to the Company (the Initial Prepayment Amount). After the amount pertaining to the six months ended June 30, 2020, was funded, no further amount was required to be funded by Shenghe under the Initial Prepayment Amount.

(3) As discussed above, for sales made to Shenghe during the period from July 2019 through early June 2020, as a result of the Shenghe Implied Discount, we recognized an amount of deferred revenue applicable to such sales equal to 64% of the gross profit realized by Shenghe on sales of this product to its own customers. As discussed below, the amount for the six months ended June 30, 2020, included a tariff rebate of $1.4 million received in May 2020.

(4) As discussed in Note 3, "Relationship and Agreements with Shenghe," the balance of deferred revenue was derecognized in connection with the June 2020 Modification.

Tariff-Related Rebates: In May 2020, the government of the People's Republic of China suspended certain tariffs that had been charged to consignees of our product on product imports retroactive to March 2020, which affected the sales price the Company realized. In addition, Shenghe began negotiating for certain tariff rebates from sales prior to March 2020, which affected Shenghe's realized prices, and thus the contractual Prepaid Balance. These, in turn, affected the Company's realized prices on prior sales and, as a result, the deferred revenue and the Shenghe Implied Discount on our prior sales. The Company realized $1.4 million of revenue related to these tariff rebates received in May 2020, which included amounts related to prior periods. While additional tariff rebates were possible, the Company did not have insight into Shenghe's negotiations or their probability of success, and such negotiations were outside of the Company's control. Thus, the Company fully constrained estimates of any future tariff rebates that may have been realized at that time.

In January 2021, the Company received additional information from Shenghe regarding its successful negotiation of additional tariff rebates. Consequently, the Company revised its estimates of variable consideration and recognized $2.0 million of revenue. Since this rebate was recognized after the June 2020 Modification, this amount was treated as a reduction to the principal balance of the debt obligation, partially offset by a proportionate reduction in the related debt discount, as discussed in Note 8, "Debt Obligations."

NOTE 5—RESTRICTED CASH

The Company's restricted cash balances were as follows:

(in thousands)	**June 30, 2021**	**December 31, 2020**
Restricted cash, current	$ 340	$ 3,688
Restricted cash, non-current	9,118	9,100
Total restricted cash	$ 9,458	$ 12,788

The current restricted cash, which is included in "Prepaid expenses and other current assets" within the unaudited Condensed Consolidated Balance Sheets, principally relates to cash held in various trusts. The non-current restricted cash is cash collateral posted for closure and post-closure surety bonding for the Mountain Pass site and a trust established with the California Department of Resources Recycling and Recovery, which is the state of California's recycling and waste management program, for a closed onsite landfill.

NOTE 6—INVENTORIES

The Company's inventories consisted of the following:

(in thousands)	June 30, 2021	December 31, 2020
Materials and supplies[1]	$ 7,907	$ 5,124
In-process[2]	25,093	24,524
Finished goods[3]	2,501	2,624
Total inventory	$ 35,501	$ 32,272

(1) Comprised of raw materials, spare parts, reagent chemicals, and packaging materials used in the production of rare earth products

(2) Primarily comprised of mined ore stockpiles and bastnaesite ore in various stages of the production process that are drawn down based on the demands of our mine production plan

(3) Primarily comprised of packaged bastnaesite ore that is ready for sale

During the second quarter of 2021, the Company recognized a non-cash write-down of a portion of its legacy low-grade stockpile inventory after determining that it contained a significant amount of alluvial material that did not meet the Company's requirement for mill feed and, as a result, was deemed unusable. The write-down is included in the unaudited Condensed Consolidated Statements of Operations for the three and six months ended June 30, 2021, as "Write-down of inventories."

NOTE 7—PROPERTY, PLANT AND EQUIPMENT

The Company's property, plant and equipment primarily relates to the Mountain Pass facility and open-pit mine. In addition to the mine, the facility includes a crusher and mill/flotation plant, mineral recovery and separation plants, tailings processing and storage facilities, on-site evaporation ponds, a combined heat and power plant, water treatment facilities, a Chlor-Alkali plant, as well as laboratory facilities to support research and development activities, offices, warehouses and support infrastructure. Property, plant and equipment consisted of the following:

(in thousands)	June 30, 2021	December 31, 2020
Machinery and equipment	$ 39,091	$ 22,911
Buildings and building improvements	4,373	2,953
Land and land improvements	8,387	6,534
Assets under construction	98,583	46,814
Mineral rights	437,804	437,654
Property, plant and equipment	588,238	516,866
Less: Accumulated depreciation and depletion	(27,622)	(14,892)
Property, plant and equipment, net	$ 560,616	$ 501,974

The Company capitalized expenditures of $62.1 million and $4.8 million for the six months ended June 30, 2021 and 2020, respectively, mostly related to vehicles, machinery, equipment, and assets under construction, to support our Stage II optimization project and other capital projects at Mountain Pass. Interest capitalized was $0.2 million for the three and six months ended June 30, 2021. No interest was capitalized for the three and six months ended June 30, 2020.

In February 2021, the Company acquired equipment, including trucks and loaders, in the aggregate amount of $9.4 million, which was purchased through seller-financed equipment notes. See also Note 8, "Debt Obligations," and Note 18, "Supplemental Cash Flow Information."

Depreciation expense for the three and six months ended June 30, 2021, was $1.9 million and $3.4 million, respectively, as compared to $1.2 million and $2.4 million for the three and six months ended June 30, 2020, respectively. Depletion expense for the three and six months ended June 30, 2021, was $4.7 million and $9.2 million, respectively, as compared to less than $0.1 million and $0.1 million for the three and six months ended June 30, 2020, respectively. There were no impairments recognized for the three and six months ended June 30, 2021 and 2020.

NOTE 8—DEBT OBLIGATIONS

The Company's current and non-current portions of long-term debt were as follows:

(in thousands)	June 30, 2021	December 31, 2020
Long-term debt		
Convertible Notes due 2026	$ 690,000	$ —
Paycheck Protection Loan	—	3,364
Less: Unamortized debt issuance costs	(16,826)	—
Net carrying amount	673,174	3,364
Less: Current installments of long-term debt	—	(2,403)
Long-term debt, net of current portion	$ 673,174	$ 961
Long-term debt to related party		
Offtake Advances	$ 48,658	$ 71,843
Less: Unamortized debt discount	(2,862)	(5,393)
Net carrying amount	45,796	66,450
Less: Current installments of long-term debt to related party	(45,796)	(22,070)
Long-term debt to related party, net of current portion	$ —	$ 44,380

Convertible Notes

On March 26, 2021, the Company issued $690.0 million aggregate principal amount of 0.25% unsecured green convertible senior notes that mature, unless earlier converted, redeemed or repurchased, on April 1, 2026 (the "Convertible Notes"), at a price of par. Interest on the Convertible Notes is payable on April 1st and October 1st of each year, beginning on October 1, 2021. The Company received net proceeds of $672.3 million from the issuance of the Convertible Notes.

The Convertible Notes are convertible into shares of the Company's Common Stock at an initial conversion price of $44.28 per share, or 22.5861 shares, per $1,000 principal amount of notes, subject to adjustment upon the occurrence of certain corporate events. However, in no event will the conversion exceed 28.5714 shares of Common Stock per $1,000 principal amount of notes. As of June 30, 2021, based on the initial conversion price, the maximum number of shares that could be issued to satisfy the conversion feature of the Convertible Notes was 19,714,266 and the amount by which the Convertible Notes' if-converted value exceeded its principal amount was $36.7 million.

Prior to January 1, 2026, at their election, holders of the Convertible Notes may convert their outstanding notes under the following circumstances: (i) during any calendar quarter commencing with the third quarter of 2021 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 five consecutive trading day period (the "measurement period") in which the trading price (as defined below) per $1,000 principal amount of Convertible 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 we call any or all of the Convertible Notes for redemption, at any time prior to the close of business on the scheduled trading day immediately preceding the redemption date; or (iv) upon the occurrence of specified corporate events set forth in the indenture governing the Convertible Notes. On or after January 1, 2026, and prior to the maturity date of the Convertible Notes, holders may convert their outstanding notes at any time, regardless of the foregoing circumstances.

The Convertible Notes may, at the Company's election, be settled in cash, shares of Common Stock of the Company, or a combination thereof. The Company has the option to redeem the Convertible Notes, in whole or in part, beginning on April 5, 2024.

If we undergo a fundamental change (as defined in the indenture governing the Convertible Notes), holders may require us to repurchase for cash all or any portion of their outstanding notes at a price equal to 100% of the principal amount of the notes to be repurchased, plus accrued and unpaid interest to, but excluding, the fundamental change repurchase date. In addition, following certain corporate events that occur prior to the maturity date of the Convertible Notes or if we deliver a notice of

redemption, we will, in certain circumstances, increase the conversion rate for holders who elect to convert their outstanding notes in connection with such corporate event or notice of redemption, as the case may be.

Paycheck Protection Loan

In April 2020, the Company obtained a loan of $3.4 million pursuant to the Paycheck Protection Program (the "PPP") under Division A, Title I of the CARES Act, which was enacted in March 2020 (the "Paycheck Protection Loan" or the "Loan"). The Paycheck Protection Loan, which was in the form of a note dated April 15, 2020, issued by CIBC Bank USA, was to mature on April 14, 2022, and bore interest at a rate of 1% per annum. Under the terms of the PPP, loans may be forgiven if the funds are used for qualifying expenses as described in the CARES Act, which include payroll costs, costs used to continue group health care benefits, rent and utilities. In June 2021, the Company received notification from the Small Business Administration that the Paycheck Protection Loan and related accrued interest was forgiven. Consequently, during the three and six months ended June 30, 2021, the Company recorded a gain on forgiveness of the Loan in the amount of $3.4 million, which is included in "Other income, net" within our unaudited Condensed Consolidated Statements of Operations.

Offtake Advances

In connection with the June 2020 Modification, which is discussed in Note 3, "Relationship and Agreements with Shenghe," Shenghe agreed to fund an additional $35.5 million advance to the Company (previously defined as the "Second Additional Advance") and the Company issued the Shenghe Warrant. For accounting purposes, the June 2020 Modification effectively replaced the deferred revenue arrangement relating to the Original Offtake Agreement with a debt obligation relating to the A&R Offtake Agreement and the issuance of the Shenghe Warrant.

Under the A&R Offtake Agreement, a portion of the sales prices of products sold to Shenghe is paid in the form of debt reduction, rather than cash. In addition, the Company must pay the following amounts to Shenghe in cash to reduce the debt obligation until repaid in full: (i) an agreed-upon percentage of sales of products to parties other than Shenghe under the A&R Offtake Agreement; (ii) 100% of net profits from asset sales; and (iii) 100% of net income determined under GAAP, less the tax-effected amount of total non-cash recoupment from sales of products to Shenghe. For the three and six months ended June 30, 2021, $11.7 million and $20.9 million, respectively, of the sales prices of products sold to Shenghe was paid in the form of debt reduction (see Note 18, "Supplemental Cash Flow Information"), as compared to $0.7 million for both the three and six months ended June 30, 2020. During the three and six ended June 30, 2021, the Company made a payment to Shenghe of $0.1 million based on sales to other parties. No amounts were required to be paid based on asset sales.

After consideration of the Second Additional Advance, the outstanding balance on the Offtake Advances, as of the date of the June 2020 Modification, was $94.0 million. Since the debt obligation was recorded at fair value, the result was a debt discount of $8.3 million. The A&R Offtake Agreement does not have a stated rate (and is non-interest-bearing), and repayment is contingent on a number of factors, including market prices realized by Shenghe, the Company's sales to other parties, asset sales, and the Company's annual net income. The imputed interest rate is a function of this discount taken together with our expectations about the timing of the anticipated reductions of the principal balance. Based on current forecasts, the Company expects to repay the obligation within the next year. As of June 30, 2021, and December 31, 2020, $48.7 million and $25.7 million of the principal amount, respectively, was classified as current based on the Company's expectations of the timing of repayment.

The actual amounts repaid may differ in timing and amount from the Company's estimates and is updated each reporting period to determine the imputed interest rate, which will likely differ from the current estimated rate. The Company has determined that it will recognize adjustments from these estimates following a prospective method. Under the prospective method, the Company will update its estimate of the effective interest rate in future periods based on revised estimates of the timing of remaining principal reductions at that time. The updated rate will be the discount rate that equates the present value of those revised estimates of remaining reductions with the carrying amount of the debt, and it will be used to recognize interest expense for the remaining periods. Under the prospective method, the effective interest rate is not constant, and changes are recognized prospectively as an adjustment to the effective yield. The effective rate applicable from the June 5, 2020, inception to June 30, 2021, was between 4.41% and 10.37%. Based on the revised estimates of the timing of the remaining principal reductions as of June 30, 2021, the Company updated its estimate of the effective interest rate to 11.50% to be applied prospectively to future periods.

As discussed in Note 4, "Revenue Recognition," in January 2021, the Company was informed of a $2.2 million tariff rebate Shenghe received, which increased the gross profit earned by Shenghe on certain prior period sales. As a result, for the six months ended June 30, 2021, the Company recorded a reduction in the principal amount of the debt obligation of $2.2 million and the corresponding debt discount of $0.2 million.

Equipment Notes

The Company has entered into several financing agreements for the purchase of equipment, including trucks, tractors, loaders, graders, and various other machinery, including agreements entered into in February 2021 (as further discussed below). 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 6.5% per annum.

In February 2021, we entered into financing agreements for the purchase of equipment, including trucks and loaders, in the aggregate amount of $9.7 million, including an amount for the associated extended warranties. These equipment notes have terms of 5 years and interest rates of 4.5% per annum with monthly payments commencing in April 2021.

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:

(in thousands)	June 30, 2021	December 31, 2020
Equipment notes		
Current	$ 2,600	$ 835
Non-current	8,368	1,267
	$ 10,968	$ 2,102

Interest expense, net

Interest expense, net, was as follows:

	For the three months ended June 30,		For the six months ended June 30,	
(in thousands)	2021	2020	2021	2020
Interest expense	$ 2,795	$ 1,066	$ 3,960	$ 1,869
Capitalized interest	(156)	—	(167)	—
Interest expense, net	$ 2,639	$ 1,066	$ 3,793	$ 1,869

Interest expense related to the Convertible Notes was as follows:

	For the three months ended June 30,		For the six months ended June 30,	
(in thousands)	2021	2020	2021	2020
Coupon interest	$ 431	$ —	$ 455	$ —
Amortization of debt issuance costs	875	—	923	—
Convertible Notes interest expense	$ 1,306	$ —	$ 1,378	$ —

The debt issuance costs are being amortized to interest expense over the term of the Convertible Notes at an effective interest rate of 0.51%. The remaining term of the Convertible Notes was 4.8 years as of June 30, 2021.

As of June 30, 2021, none of the agreements or indentures governing our indebtedness contain financial covenants.

NOTE 9—LEASE OBLIGATIONS

The Company has operating and finance leases for certain office space, vehicles and equipment used in its operations, none of which are with related parties. 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	June 30, 2021	December 31, 2020
Operating Leases:			
Right-of-use assets	Other non-current assets	$ 501	$ 1,090
Operating lease liability, current	Other current liabilities	$ 338	$ 761
Operating lease liability, non-current	Other non-current liabilities	185	357
Total operating lease liabilities		$ 523	$ 1,118
Finance Leases:			
Right-of-use assets	Finance lease right-of-use assets	$ 884	$ 1,028
Finance lease liability, current	Current portion of finance lease liabilities	$ 256	$ 266
Finance lease liability, non-current	Finance lease liabilities, net of current portion	639	736
Total finance lease liabilities		$ 895	$ 1,002

NOTE 10—ASSET RETIREMENT AND ENVIRONMENTAL OBLIGATIONS

Asset Retirement Obligations

Management estimated asset retirement obligations based on the requirements to reclaim its mine asset and related Mountain Pass facility. Minor reclamation activities related to discrete portions of our operations are ongoing. As of June 30, 2021, management estimates a significant portion of the cash outflows for the major reclamation and the retirement of the Mountain Pass facility will be incurred beginning in 2043.

In March 2020, the Company commenced the process of requesting a re-zoning approval of certain of its properties such that certain of the Company's processing facilities would be zoned for industrial end uses as opposed to the prior "resource conservation" designation. In June 2021, San Bernardino County approved the re-zoning request, which may obviate the Company's current requirement to demolish and reclaim the impacted areas. The Company is currently evaluating the impact that the re-zoning has on its reclamation plan, which must still be approved by San Bernardino County and the State of California, and its related effect on the Company's asset retirement obligation. Upon final submission of the reclamation plan and approval, the Company will update the estimated cash flows underlying its asset retirement obligation, as the Company's existing reclamation obligations will not be legally reduced until such approval is obtained.

As of June 30, 2021, the credit-adjusted risk-free rate ranged between 6.6% and 8.2% depending on the timing of expected settlement and when the layer or increment was recognized. There were no significant increments or decrements for the three and six months ended June 30, 2021 and 2020.

The balance as of June 30, 2021, and December 31, 2020, included current portions of $0.1 million. The total estimated future undiscounted cash flows required to satisfy the asset retirement obligations were $142.3 million as of both June 30, 2021, and December 31, 2020.

The Company is required to provide the applicable government agencies with financial assurances relating to the closure and reclamation obligations. As of June 30, 2021, and December 31, 2020, the Company had financial assurance requirements of $38.8 million and $38.4 million, respectively, which were satisfied with surety bonds placed with the California state and regional agencies that are partially secured by restricted cash.

Environmental Obligations

The Company assumed certain environmental remediation liabilities 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 remediation plan developed by the environmental consultant, management developed an estimate of future cash payments for the remediation plan.

As of June 30, 2021, management estimated the cash outflows related to these environmental activities will be incurred annually over the next 27 years. The Company's environmental remediation liabilities 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 and six months ended June 30, 2021 and 2020.

The total estimated aggregate undiscounted cost of $27.9 million and $28.2 million as of June 30, 2021, and December 31, 2020, respectively, was principally related to water monitoring and treatment activities required by state and local agencies. Based on management's best 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 June 30, 2021, and December 31, 2020, included current portions of $0.5 million.

NOTE 11—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 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 taxes as a percentage of income or loss before income taxes) including discrete items was 18.5% and 19.8% for the three and six months ended June 30, 2021, as compared to (0.5)% and (0.6)% for the three and six months ended June 30, 2020, principally due to a full valuation allowance as of June 30, 2020. Our effective income tax rate can vary from period to period depending on, among other factors, percentage depletion, executive compensation deduction limitations, other permanent book/tax items, and changes to our valuation allowance, if any. Certain of these and other factors, including our history and projections of pretax earnings, are considered in assessing our ability to realize our net deferred tax assets.

NOTE 12—COMMITMENTS AND CONTINGENCIES

In the ordinary course of business, the Company becomes party to lawsuits, administrative proceedings, and government investigations, including environmental, regulatory, and other matters. The Company's management does not believe that any such matters, individually or in the aggregate, will have a material adverse effect on the Company's business, financial condition, results of operations, or cash flows.

In January 2019, a former employee filed a complaint with the California Labor & Workforce Development Agency alleging numerous violations of California labor law, and subsequently filed a representative action against the Company. The Company disputes the plaintiff's allegations and has retained counsel to represent it in the litigation. The Company is unable to estimate a range of loss, if any, at this time. If an unfavorable outcome were to occur in the case, it is possible that the impact could be material in respect of the Company's results of operations in the period in which any such outcome becomes probable and reasonably estimable.

NOTE 13—STOCKHOLDERS' EQUITY

Common Stock and Preferred Stock

On November 17, 2020, in connection with the consummation of the Business Combination, FVAC amended and restated its first amended and restated certificate of incorporation (the "Second Amended and Restated Certificate of Incorporation"). Pursuant to the terms of the Second Amended and Restated Certificate of Incorporation, the Company increased the number of authorized shares of all classes of capital stock from 221,000,000 shares to 500,000,000, consisting of (i) 450,000,000 shares of common stock (previously defined as "Common Stock") and (ii) 50,000,000 shares of preferred stock, each with a par value of $0.0001 per share.

Public Warrants

Warrants to purchase 11,499,968 shares of the Company's Common Stock at $11.50 per share were issued in connection with FVAC's initial public offering ("IPO") (the "Public Warrants") pursuant to the Warrant Agreement, dated April 29, 2020 (the "Warrant Agreement"), by and between the Company and Continental Stock Transfer & Trust Company ("CST"), as warrant agent. These warrants qualified as equity instruments as they were indexed to the Company's stock and settlement in shares was within the Company's control. Accordingly, the Public Warrants were included in "Additional paid-in capital" within the Company's unaudited Condensed Consolidated Balance Sheet as of December 31, 2020.

On May 4, 2021, at the direction of the Company, CST, in its capacity as warrant agent, delivered a notice of redemption to each of the registered holders of the outstanding Public Warrants for a redemption price of $0.01 per warrant (the "Redemption Price"), that remained outstanding following 5:00 p.m. New York City time on June 7, 2021 (the "Redemption Date").

In accordance with the Warrant Agreement, the Company's Board of Directors elected to require that, upon delivery of the notice of redemption, all Public Warrants were to be exercised only on a "cashless basis." Accordingly, holders could not exercise Public Warrants and receive Common Stock in exchange for payment in cash of the $11.50 per warrant exercise price. Instead, a holder exercising a Public Warrant was deemed to pay the $11.50 per warrant exercise price by the surrender of 0.3808 of a share of Common Stock that such holder would have been entitled to receive upon a cash exercise of a Public Warrant. Accordingly, by virtue of the cashless exercise of the Public Warrants, exercising warrant holders received 0.6192 of a share of Common Stock for each Public Warrant surrendered for exercise. All Public Warrants that remained unexercised at 5:00 p.m. New York City time on the Redemption Date were delisted, voided and no longer exercisable, and the holders had no rights with respect to those Public Warrants, except to receive the Redemption Price.

During the three months ended June 30, 2021, the Company issued 7,080,005 shares of its Common Stock as a result of the cashless exercise of 11,434,455 Public Warrants. The Company redeemed the remaining 65,513 Public Warrants outstanding at the Redemption Date for a nominal amount.

NOTE 14—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; restricted stock, restricted stock units, and other stock awards; and performance awards. As of June 30, 2021, there were 7,291,682 shares available for future grants under the 2020 Incentive Plan.

Stock-Based Compensation Expense: During the three and six months ended June 30, 2021, the Company recognized $4.5 million and $10.2 million, respectively, of stock-based compensation expense, which is principally included in the unaudited Condensed Consolidated Statements of Operations within "General and administrative." There was no stock-based compensation expense recognized for the three and six months ended June 30, 2020.

NOTE 15—FAIR VALUE MEASUREMENTS

ASC Topic 820, "Fair Value Measurements and Disclosures" ("ASC 820"), 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, short-term debt 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.

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.

Offtake Advances

The Company's Offtake Advances balance is classified within Level 3 of the fair value hierarchy because there are unobservable inputs that follow an imputed interest rate model to calculate the amortization of the embedded debt discount, which is recognized as non-cash interest expense, by estimating the timing of anticipated payments and reductions of the debt principal balance. This model-based valuation technique, for which there are unobservable inputs, was used to estimate the fair value of the liability balance classified within Level 3 of the fair value hierarchy as of June 30, 2021, and December 31, 2020.

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 as of June 30, 2021, and December 31, 2020.

As required by ASC 820, 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:

	June 30, 2021				
(in thousands)	Carrying Amount	Fair Value	Level 1	Level 2	Level 3
Financial assets:					
Cash and cash equivalents	$ 1,196,875	$ 1,196,875	$ 1,196,875	$ —	$ —
Restricted cash	$ 9,458	$ 9,458	$ 9,458	$ —	$ —
Financial liabilities:					
Convertible Notes	$ 673,174	$ 733,224	$ 733,224	$ —	$ —
Offtake Advances	$ 45,796	$ 47,780	$ —	$ —	$ 47,780
Equipment notes	$ 10,968	$ 11,109	$ —	$ 11,109	$ —

	December 31, 2020				
(in thousands)	Carrying Amount	Fair Value	Level 1	Level 2	Level 3
Financial assets:					
Cash and cash equivalents	$ 519,652	$ 519,652	$ 519,652	$ —	$ —
Restricted cash	$ 12,788	$ 12,788	$ 12,788	$ —	$ —
Financial liabilities:					
Offtake Advances	$ 66,450	$ 68,151	$ —	$ —	$ 68,151
Equipment notes	$ 2,102	$ 2,077	$ —	$ 2,077	$ —

NOTE 16—EARNINGS (LOSS) PER SHARE

Basic EPS is computed by dividing net income (loss) by the weighted-average number of common shares outstanding during the period. Diluted EPS is computed by dividing net income (loss) 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 EPS:

	For the three months ended June 30,		For the six months ended June 30,	
	2021	2020	2021	2020
Weighted-average shares outstanding, basic	172,677,923	68,095,422	170,810,353	67,326,198
Assumed conversion of Public Warrants	3,440,138	—	5,681,248	—
Assumed conversion of Convertible Notes	15,584,409	—	8,351,866	—
Assumed conversion of restricted stock	1,183,720	—	1,179,927	—
Assumed conversion of restricted stock units	259,454	—	259,463	—
Weighted-average shares outstanding, diluted	193,145,644	68,095,422	186,282,857	67,326,198

The following table presents the calculation of basic and diluted EPS for the Company's Common Stock:

	For the three months ended June 30,		For the six months ended June 30,	
(in thousands, except share and per share data)	2021	2020	2021	2020
Calculation of basic EPS:				
Net income (loss)	$ 27,166	$ (62,491)	$ 43,285	$ (60,566)
Weighted-average shares outstanding, basic	172,677,923	68,095,422	170,810,353	67,326,198
Basic EPS	$ 0.16	$ (0.92)	$ 0.25	$ (0.90)
Calculation of diluted EPS:				
Net income (loss)	$ 27,166	$ (62,491)	$ 43,285	$ (60,566)
Interest expense, net of tax[(1)]:				
Convertible Notes	1,064	—	1,106	—
Diluted income (loss)	$ 28,230	$ (62,491)	$ 44,391	$ (60,566)
Weighted-average shares outstanding, diluted	193,145,644	68,095,422	186,282,857	67,326,198
Diluted EPS	$ 0.15	$ (0.92)	$ 0.24	$ (0.90)

(1) The three and six months ended June 30, 2021, were tax-effected at a rate of 18.5% and 19.8%, respectively. As discussed in Note 8, "Debt Obligations," the Convertible Notes were issued in March 2021; therefore, no adjustment is required for the three and six months ended June 30, 2020.

NOTE 17—RELATED-PARTY TRANSACTIONS

Product Sales and Cost of Sales: The Company and Shenghe enter into separate product sales agreements in which Shenghe purchases all newly-produced material at specified prices. Product sales from these agreements were $72.2 million and $131.9 million for the three and six months ended June 30, 2021, respectively, as compared to $30.2 million and $50.8 million for the three and six months ended June 30, 2020, respectively, and are discussed in more detail in Note 4, "Revenue Recognition," including amounts recognized as deferred revenue.

Cost of sales, which includes shipping and freight, related to these agreements with Shenghe was $17.9 million and $35.7 million for the three and six months ended June 30, 2021, respectively, as compared to $16.8 million and $29.3 million for the three and six months ended June 30, 2020, respectively.

Purchases: The Company purchases reagent products (produced by an unrelated third party manufacturer) used in the flotation process from Shenghe. Total purchases were $1.4 million and $2.1 million for the three and six months ended June 30,

2021, respectively, as compared to $1.3 million and $1.6 million for the three and six months ended June 30, 2020, respectively.

Royalty Agreement: In April 2017, MPMO entered into a 30-year mineral lease and license agreement with SNR (the "Royalty Agreement") under which MPMO paid royalties to SNR in the amount of 2.5% of the gross proceeds from the sale of rare earth products made from ores extracted from the Mountain Pass mine, subject to a minimum non-refundable royalty of $0.5 million per year.

At the time of entering into the Royalty Agreement, MPMO and SNR had shareholders common to both entities; however, they were not partners in business nor did they hold any other joint interest. In connection with the Business Combination, MPMO and SNR are both wholly-owned subsidiaries of the Company. Consequently, the intercompany transactions between MPMO and SNR after the date of the SNR Mineral Rights Acquisition and the Business Combination eliminate in consolidation, including the effects of the Royalty Agreement.

Excluding payments of these minimums (which were treated as a reduction to the obligation), royalty expense was $0.4 million and $0.9 million, and the Company paid out $1.4 million and $1.9 million for the three and six months ended June 30, 2020, respectively.

Accounts Receivable: As of June 30, 2021, and December 31, 2020, $8.2 million and $3.5 million of the accounts receivable, as stated on the unaudited Condensed Consolidated Balance Sheets, were receivable from a related party due to the Company's sales agreements with Shenghe.

Indebtedness: The Company's related-party debt is described in Note 8, "Debt Obligations."

NOTE 18—SUPPLEMENTAL CASH FLOW INFORMATION

In addition to the non-cash components of the June 2020 Modification, as discussed in Note 3, "Relationship and Agreements with Shenghe," other supplemental cash flow information and non-cash investing and financing activities were as follows:

	For the six months ended June 30,	
(in thousands)	**2021**	**2020**
Supplemental cash flow information:		
Cash paid for interest	$ 134	$ 403
Cash payment related to income taxes, net	$ 2	$ —
Supplemental non-cash investing and financing activities:		
Property, plant and equipment acquired with seller-financed equipment notes	$ 9,407	$ 639
Property, plant and equipment purchased but not yet paid	$ 17,372	$ —
Finance right-of-use assets obtained in exchange for finance lease liabilities	$ 36	$ —
Revenue recognized in exchange for debt principal reduction[1]	$ 22,901	$ 679
Paycheck Protection Loan forgiveness[2]	$ 3,401	$ —

(1) Of the amount for the six months ended June 30, 2021, $20.9 million pertained to product sales to Shenghe, as discussed in Note 8, "Debt Obligations" and $2.0 million pertained to the tariff rebate, as discussed in Note 4, "Revenue Recognition."

(2) As discussed in Note 8, "Debt Obligations."

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 ("Form 10-K") for the year ended December 31, 2020. 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. In addition, see "Cautionary Note Regarding Forward-Looking Statements." References herein to the "Company," "we," "our," and "us," refer to MP Materials Corp. and its subsidiaries.

Overview

We own and operate the Mountain Pass Rare Earth Mine and Processing Facility ("Mountain Pass"), an iconic American industrial asset, which is the only rare earth mining and processing site of scale in the Western Hemisphere and currently produces approximately 15% of global rare earth content.

Rare earth elements ("REE") are fundamental building blocks of the modern economy, impacting trillions of dollars in global gross domestic product through the enablement of end products across industries including transportation, clean energy, robotics, national defense and consumer electronics, among others. Neodymium ("Nd") and praseodymium ("Pr") are rare earth elements which in combination form neodymium-praseodymium ("NdPr"), which represents the Company's primary revenue opportunity. NdPr is most often utilized in NdPr magnets, which are also commonly referred to as "neo," "NdFeB," "NIB," or permanent magnets and are made predominantly from an alloy of NdPr, iron and boron. NdPr magnets are the most widely used type of rare earth magnets and are critical for many advanced technologies that are experiencing strong secular growth, including electric vehicles ("EV"), drones, defense systems, medical equipment, wind turbines, robotics and many others. The rapid growth of these and other advanced motion technologies is expected to drive substantial demand growth for NdPr.

We produce our materials at Mountain Pass, one of the world's richest rare earth deposits, co-located with integrated state-of-the-art processing and separation facilities. We believe Mountain Pass is the only such integrated facility in the Western Hemisphere and one of the few separation facilities outside of Asia. We acquired the Mountain Pass assets in 2017, restarted operations from cold-idle status and embarked on a deliberate, two-stage plan to optimize the facility and position the Company for growth and profitability. We commenced mining, comminution, beneficiation, and tailings management operations, which we designated Stage I of our multi-stage optimization plan, between December 2017 and February 2018. We currently produce a rare earth concentrate that we sell to Shenghe Resources (Singapore) International Trading Pte. Ltd. ("Shenghe"), an affiliate of Shenghe Resources Holding Co., Ltd., a leading global rare earth company that is publicly listed in China, which, in turn, sells that product to end customers in China. These customers separate the constituent REE contained in our concentrate and sell the separated products to various end users. We believe our concentrate represented approximately 15% of the rare earth content consumed in the global market in 2020. Upon completion of our Stage II optimization project, we anticipate separating rare earth oxides ("REO") at our Mountain Pass site and selling our products directly to end users, at which time we would no longer sell our concentrate.

As technological innovation drives anticipated global growth in demand for REO, we also believe global economic trends, geopolitical realities and sustainability mandates are combining to further support an opportunity for us to create shareholder value. We believe businesses are increasingly prioritizing diversification and security of their global supply chains so as to reduce reliance on a single producer or region for critical supplies. This trend also has national security implications, as illustrated by a recent U.S. Presidential executive order requiring the U.S. government to review supply chains for critical minerals and other identified strategic materials, including rare earth elements, in an effort to ensure that the U.S. is not reliant on other countries, such as China. According to the CRU Group, China accounted for approximately 79% of global REO production in 2020. We believe an even higher percentage of the NdPr magnet supply chain is based in China. Finally, public and private interests are increasingly demanding sustainability throughout production value chains to limit negative environmental and societal impacts from business activity, including pollution and acceleration of climate change. As the only scaled source in North America for critical rare earths, with a processing facility designed to operate with best-in-class sustainability and a competitive cost structure, we believe we are well-positioned to thrive in a transforming global economy.

Recent Developments and Comparability of Results

Business Combination and Reverse Recapitalization

The Business Combination (as defined below) was consummated on November 17, 2020, pursuant to the terms of a merger agreement entered into on July 15, 2020 (the "Merger Agreement"). Pursuant to the Merger Agreement, MP Mine Operations LLC ("MPMO") and Secure Natural Resources LLC ("SNR"), the company that holds the mineral rights to the Mountain Pass mine and surrounding areas as well as intellectual property rights related to the processing and development of rare earth minerals, were combined with Fortress Value Acquisition Corp. ("FVAC"), a special purpose acquisition company (the "Business Combination"), and became indirect wholly-owned subsidiaries of FVAC, which was in turn renamed MP Materials Corp. The Business Combination was accounted for as a reverse recapitalization, with no goodwill or other intangible assets recorded, and the acquisition of SNR (the "SNR Mineral Rights Acquisition") was treated as an asset acquisition. Furthermore, MPMO was deemed to be the accounting acquirer and FVAC the accounting acquiree, which, for financial reporting purposes, results in MPMO's historical financial information becoming that of the Company.

Our Relationship and Agreements with Shenghe

Original Commercial Agreements

In May 2017, prior to our acquisition of the Mountain Pass facility, we entered into a set of commercial arrangements with Shenghe, which principally consisted of a technical services agreement (the "TSA"), an offtake agreement (the "Original Offtake Agreement"), and a distribution and marketing agreement (the "DMA"). Shenghe and its affiliates primarily engage in the mining, separation, processing and distribution of rare earth products. We also issued to Leshan Shenghe Rare Earth Co., Ltd. ("Leshan Shenghe"), the majority stockholder of Shenghe, a preferred interest in the Company, which was ultimately exchanged for shares of our common stock in connection with the Business Combination.

The Original Offtake Agreement required Shenghe to advance us an initial $50.0 million (the "Initial Prepayment Amount") to fund the restart of operations at the mine and the TSA required Shenghe to fund any additional operating and capital expenditures required to bring the Mountain Pass facility to full operability. Shenghe also agreed to provide additional funding in the amount of $30.0 million to the Company pursuant to a separate letter agreement dated June 20, 2017 (the "Letter Agreement") (the "First Additional Advance"), in connection with our acquisition of the Mountain Pass facility. In addition to the repayment of the First Additional Advance in cash, pursuant to the Letter Agreement, the Initial Prepayment Amount was increased by $30.0 million. We refer to the aggregate prepayments made by Shenghe pursuant to the Original Offtake Agreement and the Framework Agreement (as defined below), as adjusted for Gross Profit Recoupment (as defined below) amounts and any other qualifying repayments to Shenghe, inclusive of the $30.0 million increase to the Initial Prepayment Amount, as the "Prepaid Balance."

The entrance into the Letter Agreement constituted a modification to the Original Offtake Agreement for accounting purposes (referred to as the "June 2017 Modification"), which ultimately resulted in the Shenghe Implied Discount (as defined below). Under the terms of these agreements, the amounts funded by Shenghe constitute prepayments for the rare earth products to be sold to Shenghe historically under the Original Offtake Agreement (and currently under the A&R Offtake Agreement, as defined below).

Under the Original Offtake Agreement, upon the mine achieving certain milestones and being deemed commercially operational (which was achieved on July 1, 2019), we sold to Shenghe, and Shenghe purchased on a firm "take or pay" basis, all of the rare earth products produced at the Mountain Pass facility. Shenghe marketed and sold these products to customers, and retained the gross profits earned on subsequent sales. The gross profits were credited against the Prepaid Balance, and provided the means by which we repaid, and Shenghe recovered, such amounts (the "Gross Profit Recoupment"). Under the Original Offtake Agreement, we were obliged to sell all Mountain Pass facility rare earth products to Shenghe until Shenghe had fully recouped all of its prepayments (i.e., the Prepaid Balance is reduced to zero), at which point the Original Offtake Agreement would terminate automatically.

As originally entered, the DMA was to become effective upon termination of the Original Offtake Agreement. The DMA provided for a distribution and marketing arrangement between the Company and Shenghe, subject to certain agreed exceptions. We retained the right to distribute our products directly to certain categories of customers. As compensation for Shenghe's distribution and marketing services, the DMA entitled Shenghe to a portion of the net profits from the sale of rare earth products produced at the Mountain Pass facility. See below for further discussion of the DMA termination and associated accounting treatment.

Framework Agreement and Restructured Commercial Agreements

In May 2020, the Company entered into a framework agreement and amendment (the "Framework Agreement") with Shenghe and Leshan Shenghe that significantly restructured the commercial arrangements and provided for, among other things, a revised funding amount and schedule to settle Shenghe's prepayment obligations to the Company, as well as either the amendment or termination of the various agreements between the parties, as discussed below.

Pursuant to the Framework Agreement, we entered into an amended and restated offtake agreement with Shenghe on May 19, 2020 (the "A&R Offtake Agreement"), which, upon effectiveness, superseded and replaced the Original Offtake Agreement, and we issued to Shenghe a warrant on June 2, 2020 (the "Shenghe Warrant"). Pursuant to the Framework Agreement, Shenghe funded the remaining portion of the Initial Prepayment Amount and agreed to fund an additional $35.5 million advance to us (the "Second Additional Advance" and together with the Initial Prepayment Amount, inclusive of the $30.0 million increase pursuant to the Letter Agreement, the "Offtake Advances"), which amounts were fully funded on June 5, 2020. The Shenghe Warrant was ultimately exchanged for shares of our common stock in connection with the Business Combination.

Upon the funding of the remaining obligations on June 5, 2020, among other things, (i) the TSA and the DMA were terminated (as described below) and (ii) the A&R Offtake Agreement and the Shenghe Warrant became effective (such events are collectively referred to as the "June 2020 Modification"). Thus, at the present time, Leshan Shenghe's and Shenghe's involvement with the Company and the Mountain Pass facility consists of only the A&R Offtake Agreement.

The A&R Offtake Agreement maintains the key take-or-pay, amounts owed on actual and deemed advances from Shenghe, and other terms of the Original Offtake Agreement, with the following material changes: (i) modifies the definition of "offtake products" in order to remove from the scope of that definition lanthanum, cerium and other rare earth products that do not meet the specifications agreed to under the A&R Offtake Agreement; (ii) as to the offtake products subject to the A&R Offtake Agreement, provides that if we sell such offtake products to a third party, then, until the Prepaid Balance has been reduced to zero, we will pay an agreed percentage of our revenue from such sale to Shenghe, to be credited against the amounts owed on Offtake Advances; (iii) replaces the Shenghe Sales Discount (as discussed and defined below) under the Original Offtake Agreement with a fixed monthly sales charge; (iv) provides that the purchase price to be paid by Shenghe for our rare earth products (a portion of which reduces the Prepaid Balance rather than being paid in cash) will be based on market prices (net of taxes, tariffs and certain other agreed charges) less applicable discounts, instead of our cash cost of production; (v) obliges us to pay Shenghe, on an annual basis, an amount equal to our annual net income, less any amounts recouped through the Gross Profit Recoupment mechanism over the course of the year, until the Prepaid Balance has been reduced to zero; (vi) obliges us to pay Shenghe the net after-tax profits from certain sales of assets until the Prepaid Balance has been reduced to zero (this obligation was previously contained in the TSA); and (vii) provides for certain changes to the payment, invoicing and delivery terms and procedures for products.

The purchase price and other terms applicable to a quantity of offtake products are set forth in monthly purchase agreements between the Company and Shenghe. As with the Original Offtake Agreement, the A&R Offtake Agreement will terminate when Shenghe has fully recouped all of its prepayment funding. Following that termination, the Company will have no contractual arrangements with Shenghe for the distribution, marketing or sale of rare earth products.

Accounting Implications of the June 2017 Modification

As discussed above, pursuant to the Letter Agreement, Shenghe agreed to provide additional funding via a short-term non-interest-bearing note in the amount of $30.0 million to the Company (defined above as the "First Additional Advance"), which required repayment within one year. Furthermore, under the terms of the Letter Agreement, Shenghe became entitled to an additional $30.0 million recovery through an increase to the Prepaid Balance. Therefore, under the terms of the Letter Agreement, Shenghe would ultimately receive repayment of the short-term debt instrument from the Company, and also be entitled to realize an additional $30.0 million as a part of the contractual Gross Profit Recoupment from ultimate sales to its customers.

As discussed in more detail within Note 3, "Relationship and Agreements with Shenghe," in the notes to the unaudited Condensed Consolidated Financial Statements, based on the relationship between (i) the deemed proceeds the Company would ultimately receive from the Initial Prepayment Amount (adjusted for (a) the fair value of the preferred interest provided to Shenghe at the time of entering into the aforementioned commercial arrangements and (b) the fair value allocated to the modification to the revenue arrangement) and (ii) the contractual amount owed to Shenghe (i.e., the Prepaid Balance, which included the Initial Prepayment Amount and the additional $30.0 million adjustment to the Prepaid Balance in connection with the Letter Agreement) at the time, the June 2017 Modification resulted in an implied discount of 36% on the Company's sales

prices to Shenghe under the Original Offtake Agreement, for accounting purposes (the "Shenghe Implied Discount"). The Shenghe Implied Discount applied only to sales made to Shenghe between July 2019 and early June 2020.

Beginning in July 2019 and through early June 2020, the Company periodically agreed on a cash sales price, which was intended to approximate the Company's cash cost of production, with Shenghe for each metric ton ("MT") of rare earth concentrate delivered by the Company. Such sales during this period were made under the Original Offtake Agreement and also reflected the Shenghe Sales Discount. The Company recognized the cash sales prices as revenue upon each sale. In addition, since the Shenghe Implied Discount applied to sales made to Shenghe during the period from July 2019 through early June 2020, we also recognized an amount of deferred revenue applicable to these sales equal to 64% of the gross profit realized by Shenghe of this product to its own customers.

For example, for a hypothetical shipment of REO to Shenghe on which it realized gross profit of $1.00 (the difference between the sales price to its customers and its cash cost paid to us), we would recognize $0.64 as non-cash revenue through a reduction in the deferred revenue balance, and the remaining $0.36 would not be recorded as revenue. The full gross profit amount realized by Shenghe on such sales reduced the Prepaid Balance (and consequently, our contractual obligations to Shenghe). Shenghe's gross profit is influenced by market conditions as well as import duties, which were imposed on our products by the General Administration of Customs of the People's Republic of China during this period. See also "Key Performance Indicators" section.

In addition, sales to Shenghe under the Original Offtake Agreement between July 2019 and early June 2020 typically provided Shenghe with a discount generally in the amount of between 3% and 6% of the initial cash price of our rare earth products sold in consideration of Shenghe's sales efforts to resell our rare earth products (the "Shenghe Sales Discount"). The Shenghe Sales Discount was considered a reduction in the transaction price; thus, was not recognized as revenue. Additionally, the Shenghe Sales Discount was not applied to reduce the Prepaid Balance; however, it was considered as part of Shenghe's cost of acquiring our product in the calculation of Shenghe's gross profit.

Accounting Implications of the June 2020 Modification

As noted above, in May 2020, the Company renegotiated various aspects of its relationship with Shenghe and entered into the Framework Agreement to significantly restructure the aforementioned set of arrangements. Prior to the June 2020 Modification, for accounting purposes, the Original Offtake Agreement constituted a deferred revenue arrangement; however, as a result of the June 2020 Modification, the A&R Offtake Agreement constituted a debt obligation as well as provided for the issuance of the Shenghe Warrant. In addition, as a result of the renegotiations, the accounting treatment specific to the Shenghe Implied Discount was no longer required.

In accounting for the June 2020 Modification, on June 5, 2020, we:

- Derecognized the existing deferred revenue balance of $37.5 million;
- Recognized, at fair value, a non-interest-bearing debt instrument with a principal balance of $94.0 million and a debt discount of $8.3 million (implied debt discount of 4.4%), resulting in a carrying amount of $85.7 million;
- Recorded the $35.5 million proceeds received from the Second Additional Advance;
- Recognized the issuance of the Shenghe Warrant at its fair value of $53.8 million; and
- Recorded a $66.6 million non-cash settlement charge (reflecting a deemed payment to terminate the DMA).

As noted above, the June 2020 Modification provided that the purchase price to be paid by Shenghe for our rare earth products will be based on market prices (net of taxes, tariffs and certain other agreed charges) less applicable discounts, instead of our cash cost of production, as was the case with sales made under the Original Offtake Agreement. A portion of the purchase price is in the form of debt repayment, with the remainder paid in cash. The elimination of the Shenghe Sales Discount and replacement with the aforementioned fixed monthly sales charge is not expected to have a material impact on our results of operations (both are treated as a reduction to the transaction price).

As a result of the June 2020 Modification, the amount of revenue we recorded for periods that included any portion of the period from July 1, 2019, until June 5, 2020, is not comparable, in the aggregate or on a per unit basis, to the amount of revenue recorded in other periods that commenced after June 5, 2020. Furthermore, assuming static market prices, we would expect to record more revenue per REO MT sold subsequent to June 5, 2020. See also "Key Performance Indicators" section.

Tariff-Related Rebates

Starting in May 2020, the government of the People's Republic of China granted retroactive tariff relief to certain importers of rare earth minerals including Shenghe and its affiliates and other consignees of our products, relating to periods prior to the formal lifting of the tariffs. As a result, Shenghe's actual realized prices for the REO sold prior to May 2020 were higher than originally reported to us and resulted in tariff rebates to end customers, which contractually were due to Shenghe. On account of these rebates in the second and third quarters of 2020 and the first quarter of 2021, we received from Shenghe certain credits against our contractual commitments to them.

Impact of the COVID-19 Pandemic

In December 2019, a novel strain of coronavirus (known as "COVID-19") began to impact the population of China, where our principal customer is located. The outbreak of COVID-19 has grown both in the United States and globally, and related government and private sector responsive actions have adversely affected the global economy. In December 2019, a series of emergency quarantine measures taken by the Chinese government disrupted domestic business activities in China during the weeks after the initial outbreak of COVID-19. These disruptions have occurred periodically since the start of COVID-19 outbreak as measures intended to impede the spread of the virus have adapted. Since the initial COVID-19 outbreak, many countries, including the United States, have imposed restrictions on travel to and from China and elsewhere, as well as general movement restrictions, business closures and other measures imposed to slow the spread of COVID-19.

At the onset of the outbreak, we initially experienced shipping delays due to overseas port slowdowns and container shortages, but we did not experience a reduction in production or sales. However, beginning in the fourth quarter of 2020, and continuing through the second quarter of 2021, we again saw shipping delays and container shortages from congestion at port facilities, which has been exacerbated by COVID-19. Congestion at U.S. and international ports could affect the capacity at ports to receive deliveries of products or the loading of shipments onto vessels.

As the situation continues to develop, it is impossible to predict the effect and ultimate impact of the COVID-19 pandemic on the Company's business and results of operations. While the quarantine, social distancing and other regulatory measures instituted or recommended in response to COVID-19 are expected to be temporary, the duration of the business disruptions, and related financial impact, cannot be estimated at this time.

Key Performance Indicators

We use the following key performance indicators to evaluate the performance of our business. Our calculations of these performance indicators may differ from similarly-titled measures presented by other companies in our industry or in other industries. The following table presents our key performance indicators:

	For the three months ended June 30,		Change		For the six months ended June 30,		Change	
(in whole units or dollars, except percentages)	**2021**	**2020**	**$**	**%**	**2021**	**2020**	**$**	**%**
REO production volume (MTs)	10,305	9,287	1,018	11 %	20,154	18,969	1,185	6 %
REO sales volume (MTs)	9,877	10,297	(420)	(4)%	19,670	18,618	1,052	6 %
Realized price per REO MT	$ 7,343	$ 3,093	$ 4,250	137 %	$ 6,620	$ 2,848	$ 3,772	132 %
Production cost per REO MT	$ 1,538	$ 1,412	$ 126	9 %	$ 1,507	$ 1,362	$ 145	11 %

REO Production Volume

We measure our REO-equivalent production volume for a given period in metric tons, our principal unit of sale. This measure refers to the REO content contained in the rare earth concentrate we produce. Our REO production volume is a key indicator of our mining and processing capacity and efficiency.

The rare earth concentrate we currently produce is a processed, concentrated form of our mined rare earth-bearing ores. While our unit of production and sale is a MT of embedded REO, the actual weight of our rare earth concentrate is significantly greater, as the concentrate also contains non-REO minerals and water. 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. Upon the completion of our Stage II optimization project, we expect to refine our rare earth concentrate to

produce separated rare earths, including separated NdPr oxide. See also "Key Factors Affecting Our Performance" section below.

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. Our REO sales volume is a key measure of our ability to convert our production into revenue.

Realized Price per REO MT

We calculate the realized price per REO MT for a given period as the quotient of: (i) our Total Value Realized (see below) for a given period and (ii) our REO sales volume for the same period. We define Total Value Realized, which is a non-GAAP financial measure, as our product sales adjusted for (x) the revenue impact of tariff-related rebates from Shenghe on account of prior sales, (y) in connection with our sales of REO to Shenghe between July 1, 2019, and June 5, 2020, the Shenghe Implied Discount, and (z) sales of legacy stockpiles and other revenues. The Shenghe Implied Discount is equal to the difference between (i) Shenghe's average realized price, net of taxes, tariffs and certain other agreed-upon charges (such as one-time demurrage charges) on our products once sold to their ultimate customers and (ii) the amount of revenue we recognized on the sales of those products to Shenghe for sales between July 1, 2019, and June 5, 2020, which includes the non-cash portion discussed above.

Under the terms of the Original Offtake Agreement, for the period between July 1, 2019, and June 5, 2020, Shenghe purchased our rare earth products at an agreed-upon price per MT, which was intended to approximate our cash cost of production, and in turn resold it at market prices to its customers. Our treatment of the non-cash consideration is the result of the June 2017 Modification, which impacted the relationship between the amount of prepayments we had received from Shenghe and the amount we owed contractually. The $30.0 million increase to the Prepaid Balance pursuant to the Letter Agreement (as discussed above), effectively provided Shenghe with an enhanced margin. Upon entrance into the A&R Offtake Agreement, we began to recognize revenue at the full value of our product. See also "Recent Developments and Comparability of Results" section above.

Realized price per REO MT is an important measure of the market price of our product. Accordingly, we calculate realized price per REO MT to reflect a consistent basis between periods by eliminating the impact of recognizing revenue at a discount during the period between July 1, 2019, and June 5, 2020, and the revenue impact of tariff-related rebates. See the "Non-GAAP Financial Measures" section below for a reconciliation of our Total Value Realized, which is a non-GAAP financial measure, to our product sales, which is determined in accordance with GAAP, as well as the calculation of realized price per REO MT.

Production Cost per REO MT

We calculate the production cost per REO MT for a given period as the quotient of: (i) our Production Costs (see below) for a given period and (ii) our REO sales volume for the same period. We define Production Costs, which is a non-GAAP financial measure, as our cost of sales (excluding depletion, depreciation and amortization) less costs attributable to sales of legacy stockpiles, stock-based compensation expense included in cost of sales (as opposed to general and administrative), and shipping and freight costs, for a given period.

Production cost per REO MT is a key indicator of our production efficiency. As a significant portion of our cash costs of Stage I production are fixed, our production cost per REO MT is influenced by mineral recovery, REO grade, plant feed rate and production uptime. See the "Non-GAAP Financial Measures" section below for a reconciliation of our Production Costs, which is a non-GAAP financial measure, to our cost of sales (excluding depletion, depreciation and amortization), which is determined in accordance with GAAP, as well as the calculation of production cost per REO MT.

Key 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 EV production grows. Our 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 driver for REE is their use in a diverse array of growing end markets, including: clean-energy and transportation technologies (e.g., traction motors in EVs and generators in wind power turbines); high-technology applications (e.g., miniaturization of smart phones and other mobile devices, fiber optics, lasers, robotics, medical devices, etc.); critical

defense applications (e.g., guidance and control systems, global positioning systems, radar and sonar, drones, etc.); and essential industrial infrastructure (e.g., advanced catalyst applications in oil refining and pollution-control systems in traditional internal-combustion automobiles, etc.). We believe these drivers will fuel the continued growth of the rare earth market, particularly the market for NdPr.

We believe we benefit from several demand tailwinds for REE, and particularly for NdPr. These include the trend toward geographic supply chain diversification, particularly in relation to China, which accounted for approximately 79% of global REE production in 2020, the U.S. government strategy to restore domestic supply of key minerals, and increasing acceptance of environmental, social and governance mandates, which impact global capital allocation throughout production value chains to limit negative environmental and societal impacts. However, changes in technology may 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. We also operate in a competitive industry, and many of our key competitors are based in China, where production costs are typically lower than in the United States.

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 July 1, 2020, SRK Consulting (U.S.), Inc., an independent consulting firm that we have retained to assess our reserves, estimates total proven and probable reserves of 1.5 million short tons of REO contained in 21.1 million short tons of ore at Mountain Pass, with an average ore grade of 7.06%. These estimates use an estimated economical cut-off of 3.83% total REO. Based on these estimated reserves and our expected annual production rate of REO upon completion of our Stage II optimization project, our expected mine life is approximately 24 years. We expect to be able to significantly grow our expected mine life through exploratory drilling programs and incorporation of the profitability uplift of our Stage II optimization project over time.

Mining activities in the United States 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.

Maximizing Production Efficiency

In 2020, REO production was approximately 3.2x greater than the highest ever production in a twelve-month period by the former operator using the same capital equipment. We achieved these results through an optimized reagent scheme, lower process temperatures, better management of the tailings facility, and a commitment to operational excellence, driving approximately 95% uptime. We also believe that our Stage I optimization initiatives enabled us to achieve world-class production cost levels for rare earth concentrate. All of these achievements enabled us to become operating cash flow positive, despite significant Chinese trade tariffs on ore and concentrates in place over the optimization period. These trade tariffs were recently suspended, further enhancing the earnings power of our Stage I operations.

We believe that the success of our business will reflect our ability to manage our costs. Our Stage II optimization plan (discussed below) is designed to enable us to manage our cost structure for separating REE through a revised facility process flow. The reintroduction of the oxidizing roasting step will allow us to capitalize on the inherent advantages of the bastnaesite ore at Mountain Pass, which is uniquely suitable to low-cost refining by selectively eliminating the need to carry lower-value cerium through the separations process. The recommissioning of our natural gas-powered combined heat and power ("CHP") facility will reduce energy, heating and steam costs as well as minimize or eliminate our reliance on the regional electric power grid. Further, our location offers significant 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 greater capital, which may allow them to make similar or greater efficiency improvements or undercut market prices for our product.

Development of Our REE Refining Capabilities and Other Opportunities

Our Stage II optimization process is focused on advancing from concentrate production to the separation of individual REE. Engineering, procurement, construction and other recommissioning activities are underway and involve upgrades and enhancements to the existing facility process flow to reliably produce separated REE at a lower cost and with an expected smaller environmental footprint per volume of REO produced than the prior operator of the Mountain Pass facility. As part of our Stage II optimization project, we plan to reintroduce a roasting circuit, reorient the plant process flow, increase product

finishing capacity, improve wastewater management and make other improvements to materials handling and storage, in addition to recommissioning our currently-idled CHP plant to produce electricity. Our process redesign for the Stage II optimization project is complete and we believe that our Stage II optimization project investments will enable us to increase the recovery of NdPr from our concentrate, increase NdPr production, and lower the cost of production, in each case, as compared to the prior owner's operations. Upon the completion of Stage II, we expect to be a low-cost producer of separated NdPr oxide, which represents a majority of the value contained in our ore.

Following the completion of our Stage II optimization project, we believe we will then be in a position to consider opportunities to integrate further downstream into the business of upgrading NdPr into metal alloys and magnets, ultimately expanding our presence as a global source for rare earth magnetics. We also believe integration into magnet production would provide some protection from commodity pricing volatility, while enhancing our business profile and profitability as the producer of a critical industrial output in addition to a producer of resources. Geopolitical developments are creating an increased urgency to bring critical rare earth mining and refining production capability to the United States and to restore the full U.S. magnetics supply chain.

The completion of our Stage II optimization project and any development of Stage III is expected to be capital intensive. During the first quarter of 2021, we revised the scope of our Stage II optimization project to include process design innovations that reduce reagent consumption by greater than 10% while increasing the planned recovery of separated REO and improving potential product mix. We continue to expect to be able to reach targeted production rates and profitability in 2023 without the need to recommission our chlor-alkali facility, which we previously estimated would cost approximately $30 million. We believe this significantly reduces the operational risks in achieving our targeted profitability. We continue to expect to invest a total of approximately $220 million on our Stage II optimization project, principally in 2021 and 2022. Our estimated costs or estimated time to completion may increase, potentially significantly, due to factors outside of our control. While we believe we have sufficient cash resources to fund our Stage II optimization and operating working capital in the near term, we cannot assure this. Any delays in our ongoing optimization plans or substantial cost increases related to their execution could significantly impact our ability to maximize our revenue opportunities and adversely impact our business and cash flows.

Results of Operations

Comparison of the Three and Six Months Ended June 30, 2021 and 2020

The following table summarizes our results of operations:

	For the three months ended June 30,		Change		For the six months ended June 30,		Change	
(in thousands, except percentages)	2021	2020	$	%	2021	2020	$	%
Product sales:								
Product sales—Shenghe	$ 72,136	$ 30,273	$ 41,863	138 %	$ 131,875	$ 50,834	$ 81,041	159 %
Product sales—third parties	982	118	864	732 %	1,214	276	938	340 %
Total product sales	73,118	30,391	42,727	141 %	133,089	51,110	81,979	160 %
Operating costs and expenses:								
Cost of sales[1]	17,955	16,865	1,090	6 %	35,891	29,532	6,359	22 %
Write-down of inventories	1,809	—	1,809	n.m.	1,809	—	1,809	n.m.
Royalty expense to SNR	—	366	(366)	(100)%	—	853	(853)	(100)%
General and administrative	13,631	5,843	7,788	133 %	27,214	8,927	18,287	205 %
Depreciation, depletion and amortization	6,666	1,382	5,284	382 %	12,816	2,653	10,163	383 %
Accretion of asset retirement and environmental obligations	592	564	28	5 %	1,185	1,128	57	5 %
Settlement charge	—	66,615	(66,615)	(100)%	—	66,615	(66,615)	(100)%
Total operating costs and expenses	40,653	91,635	(50,982)	(56)%	78,915	109,708	(30,793)	(28)%
Operating income (loss)	32,465	(61,244)	93,709	n.m.	54,174	(58,598)	112,772	n.m.
Other income, net	3,504	155	3,349	2161 %	3,559	237	3,322	1402 %
Interest expense, net	(2,639)	(1,066)	(1,573)	148 %	(3,793)	(1,869)	(1,924)	103 %
Income (loss) before income taxes	33,330	(62,155)	95,485	n.m.	53,940	(60,230)	114,170	n.m.
Income tax expense	(6,164)	(336)	(5,828)	1735 %	(10,655)	(336)	(10,319)	3071 %
Net income (loss)	$ 27,166	$ (62,491)	$ 89,657	n.m.	$ 43,285	$ (60,566)	$ 103,851	n.m.
Adjusted Net Income	$ 33,440	$ 4,898	$ 28,542	583 %	$ 56,646	$ 7,485	$ 49,161	657 %
Adjusted EBITDA	$ 46,447	$ 7,856	$ 38,591	491 %	$ 79,447	$ 13,036	$ 66,411	509 %

n.m. - Not meaningful.

(1) Excludes depreciation, depletion and amortization.

Product sales, which consists primarily of our sales of REO concentrate to Shenghe, increased year over year by $42.7 million, or 141%, to $73.1 million for the three months ended June 30, 2021. The increase was driven primarily by higher realized price per REO MT, which increased by 137% year over year for the three months ended June 30, 2021, reflecting higher demand for rare earth products. REO sales volume decreased by 420 MTs, or 4%, to 9,877 MTs for the three months ended June 30, 2021, as compared to the prior year period. REO sales volume varies period-to-period based on the timing of shipments, but sales volumes generally track our production volumes over time given our take-or-pay arrangement with Shenghe. The increase in REO production volume for the three months ended June 30, 2021, as compared to the prior year period, reflects continued improvement in the efficiency of our processing operations despite slightly fewer production days. Product sales for the three months ended June 30, 2020, were negatively impacted by the Shenghe Implied Discount, in which $3.0 million of the value of products sold to Shenghe during the three months ended June 30, 2020, was not recognized as product sales. As mentioned above, starting June 5, 2020, the accounting treatment specific to the Shenghe Implied Discount was no longer required. See the "Quarterly Performance Trend" section below for further discussion on realized price per REO MT.

Product sales increased year over year by $82.0 million, or 160%, to $133.1 million for the six months ended June 30, 2021. The increase was driven by higher REO sales volume, which increased by 1,052 MTs, or 6%, to 19,670 MTs for the six months ended June 30, 2021, as compared to the prior year period, and a higher realized price per REO MT, which increased by 132% year over year for the six months ended June 30, 2021, reflecting higher demand for rare earth products. The increase in REO production volume for the six months ended June 30, 2021, as compared to the prior year period, reflects an improvement

in the efficiency of our processing operations despite slightly fewer production days. Product sales for the six months ended June 30, 2020, were negatively impacted by the Shenghe Implied Discount, in which $3.6 million of the value of products sold to Shenghe during the six months ended June 30, 2020, was not recognized as product sales.

Cost of sales (excluding depreciation, depletion and amortization) consists of production- and processing-related labor costs (including wages and salaries, benefits, and bonuses), 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.

Cost of sales increased year over year by $1.1 million, or 6%, to $18.0 million for the three months ended June 30, 2021, due to an increase in production cost per REO MT, offset slightly by a decrease in REO sales volume. The increase in production cost per REO MT from $1,412 for the three months ended June 30, 2020, to $1,538 for the three months ended June 30, 2021, reflects higher payroll costs primarily due to an increase in our employee headcount as we further invest in our Stage II optimization project. In addition, production efficiencies achieved during the three months ended June 30, 2021, were largely offset by higher material and supplies costs as well as COVID-19-impacted freight-in costs.

Cost of sales increased year over year by $6.4 million, or 22%, to $35.9 million for the six months ended June 30, 2021. The increase was driven by higher sales volume. The increase in production cost per REO MT from $1,362 for the six months ended June 30, 2020, to $1,507 for the six months ended June 30, 2021, reflects higher material and supplies costs, partially driven by a temporary reagent trial and COVID-19-impacted freight-in costs, as well as higher payroll costs primarily due to an increase in our employee headcount as we further invest in our Stage II optimization project. These cost increases offset production efficiencies.

Notwithstanding an increase in employee headcount as we progress toward completion of our Stage II optimization project, we believe our production cost per REO MT has stabilized in the short-term, with operating efficiencies largely offsetting raw material and logistics pressures. We anticipate additional efficiency opportunities as we increase REO production volumes in our milling and flotation circuit over time.

Write-down of inventories for the three and six months ended June 30, 2021, includes a non-cash write-down of a portion of our legacy low-grade stockpile inventory during the second quarter of 2021 after determining that the inventory contained a significant amount of alluvial material that did not meet the Company's requirement for mill feed and, as a result, was deemed unusable.

Royalty expense to SNR for the three and six months ended June 30, 2020, related to our prior obligation to pay SNR for the right to extract rare earth ores contained in our mine and was based on 2.5% of product sales, subject to certain minimums. Following the Business Combination, we do not incur royalty expenses on a consolidated basis. See Note 17, "Related-Party Transactions," to our unaudited Condensed Consolidated Financial Statements.

General and administrative expenses consist primarily of accounting, finance, executive, and administrative personnel costs, including stock-based compensation expense related to these personnel; professional services (including legal, regulatory, audit and others); certain engineering expenses; insurance, license and permit costs; facilities rent and other costs; office supplies; general facilities expenses; certain environmental, health, and safety expenses; gain or loss on sale or disposal of long-lived assets; and growth and development costs.

General and administrative expenses increased year over year by $7.8 million, or 133%, to $13.6 million for the three months ended June 30, 2021, reflecting $3.9 million in stock-based compensation expense primarily from grants of restricted stock and restricted stock units ("Stock Awards") made during the fourth quarter of 2020 related to the Business Combination. Prior to the fourth quarter of 2020, we had not granted any Stock Awards nor recorded any stock-based compensation expense. Excluding this item, the increase was $3.9 million, or 67%, mainly due to increases in personnel costs, insurance costs, and legal fees, which were incurred to support our operations as a public company as well as our growth and development initiatives.

General and administrative expenses increased year over year by $18.3 million, or 205%, to $27.2 million for the six months ended June 30, 2021, reflecting $8.3 million in stock-based compensation expense primarily from grants of Stock Awards made during the fourth quarter of 2020 related to the Business Combination. Excluding this item, the increase was $10.0 million, or 112%, mainly due to increases in personnel, professional service, and insurance costs as well as legal fees, which were incurred to support our operations as a public company as well as our growth and development initiatives.

Depreciation, depletion and amortization consist of depreciation of property, plant and equipment related to our mining equipment and processing facilities, depletion of our mineral resources, and amortization of capitalized computer software

(prior to the adoption of Accounting Standards Update No. 2018-15). Depreciation, depletion and amortization increased year over year by $5.3 million, or 382%, to $6.7 million for the three months ended June 30, 2021, and by $10.2 million, or 383%, to $12.8 million for the six months ended June 30, 2021, reflecting the impact of additional equipment purchases, assets placed into service, and depletion of the mineral rights resulting from the SNR Mineral Rights Acquisition in November 2020.

Accretion of asset retirement and environmental obligations is based on the requirement to reclaim and remediate the land surrounding our mine and processing facilities upon the expiration of the mineral lease and on the estimated future cash flow requirement to monitor groundwater contamination, respectively. Accretion of asset retirement and environmental obligation remained relatively flat year over year.

Settlement charge of $66.6 million for the three and six months ended June 30, 2020, which was non-cash, was recorded in connection with the termination of the DMA. See also "Recent Developments and Comparability of Results" section above.

Other income, net, consists primarily of gains or losses on extinguishment of debt and interest income. Other income, net, increased year over year for the three and six months ended June 30, 2021, as a result of a non-cash gain recognized during the second quarter of 2021 as a result of the Small Business Administration's approval to forgive the Paycheck Protection Loan, which had a principal amount of $3.4 million. For more information, see the "Liquidity and Capital Resources" section below.

Interest expense, net consists of the amortization of the debt issuance costs on our Convertible Notes (as defined in the "Liquidity and Capital Resources" section below); the amortization of the discount on our debt obligation to Shenghe; interest expense associated with promissory notes with certain investment funds managed by and/or affiliated with JHL Capital Group and QVT Financial, which were repaid in full upon the consummation of the Business Combination; and the expense associated with the 0.25% per annum interest rate on our Convertible Notes, offset by interest capitalized.

Interest expense, net increased year over year by $1.6 million, or 148%, to $2.6 million for the three months ended June 30, 2021, reflecting interest expense from our Convertible Notes and the amortization of the discount on our debt obligations to Shenghe, which was higher than the interest expense incurred on the promissory notes in the prior year. During the three months ended June 30, 2021, we capitalized interest of $0.2 million. No interest was capitalized for the three months ended June 30, 2020.

Interest expense, net increased year over year by $1.9 million, or 103%, to $3.8 million for the six months ended June 30, 2021, reflecting interest expense from our Convertible Notes and the amortization of the discount on our debt obligations to Shenghe, which was higher than the interest expense incurred on the promissory notes in the prior year. During the six months ended June 30, 2021, we capitalized interest of $0.2 million. No interest was capitalized for the six months ended June 30, 2020.

Income tax expense consists of an estimate of U.S. federal and state income taxes and 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 taxes as a percentage of income or loss before income taxes) including discrete items was 18.5% and 19.8% for the three and six months ended June 30, 2021, as compared to (0.5)% and (0.6)% for the three and six months ended June 30, 2020, principally due to a full valuation allowance as of June 30, 2020.

Quarterly Performance Trend

While our business is not 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. In addition, the efficiency improvements we made in the processing of our rare earth materials resulted in significantly higher production of REO starting in the third quarter of 2019.

The following table presents our REO production and sales volumes, as well as our realized price per REO MT, for the quarterly periods indicated:

	FY2021		FY2020				FY2019		
(in whole units or dollars)	**Q2**	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**	**Q4**	**Q3**	**Q2**
REO production volume (MTs)	10,305	9,849	9,337	10,197	9,287	9,682	8,673	9,417	5,490
REO sales volume (MTs)	9,877	9,793	10,320	9,429	10,297	8,321	8,561	9,852	4,533
Realized price per REO MT[(1)]	$ 7,343	$ 5,891	$ 4,070	$ 3,393	$ 3,093	$ 2,544	$ 2,389	$ 2,967	$ 3,081

(1) Our realized price per REO MT for the quarterly periods prior to the second quarter of 2020 were adversely impacted by the imposition of Chinese import duties in 2018 (and subsequent increase in May 2019). The import duties were lifted in May 2020.

Non-GAAP Financial Measures

We present Total Value Realized, Production Costs, Adjusted EBITDA, Adjusted Net Income and Free Cash Flow, which are non-GAAP financial measures that we use to supplement our results presented in accordance with GAAP. These measures are similar to measures reported by other companies in our industry and are regularly used by securities analysts and investors to measure companies' financial performance. Total Value Realized, Production Costs, Adjusted EBITDA, Adjusted Net Income and Free Cash Flow are not intended to be a substitute for any GAAP financial measure 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.

Total Value Realized

Total Value Realized, which we use to calculate our key performance indicator, realized price per REO MT, is a non-GAAP financial measure. As mentioned above, realized price per REO MT is an important measure of the market price of our product. The following table presents a reconciliation of our Total Value Realized, to our product sales, which is determined in accordance with GAAP, as well as the calculation of realized price per REO MT:

	For the three months ended June 30,		For the six months ended June 30,	
(in thousands, unless otherwise stated)	**2021**	**2020**	**2021**	**2020**
Product sales	$ 73,118	$ 30,391	$ 133,089	$ 51,110
Adjusted for:				
Shenghe Implied Discount[1]	—	3,023	—	3,630
Other[2]	(596)	(1,563)	(2,878)	(1,721)
Total Value Realized	$ 72,522	$ 31,851	$ 130,211	$ 53,019
Total Value Realized	$ 72,522	$ 31,851	$ 130,211	$ 53,019
Divided by:				
REO sales volume (in MTs)	9,877	10,297	19,670	18,618
Realized price per REO MT (in dollars)[3]	$ 7,343	$ 3,093	$ 6,620	$ 2,848

(1) Represents the difference between the contractual amount realized by Shenghe and the amount of deferred revenue we recognized.

(2) The amounts for the six months ended June 30, 2021, and the three and six months ended June 30, 2020, pertain primarily to tariff rebates due to the retroactive effect of lifting the Chinese tariffs in May 2020. The amount for the three months ended June 30, 2021, pertains to revenue recognized under our government contracts.

(3) May not recompute as presented due to rounding.

Production Costs

Production Costs, which we use to calculate our key performance indicator, production cost per REO MT, is a non-GAAP financial measure. As mentioned above, production cost per REO MT is a key indicator of our production efficiency. The following table presents a reconciliation of our Production Costs to our cost of sales (excluding depreciation, depletion and amortization), which is determined in accordance with GAAP, as well as the calculation of production cost per REO MT:

	For the three months ended June 30,		For the six months ended June 30,	
(in thousands, unless otherwise stated)	**2021**	**2020**	**2021**	**2020**
Cost of sales (excluding depreciation, depletion and amortization)	$ 17,955	$ 16,865	$ 35,891	$ 29,532
Adjusted for:				
Costs attributable to sales of stockpiles	(6)	(112)	(79)	(262)
Stock-based compensation expense[1]	(578)	—	(1,896)	—
Shipping and freight	(2,183)	(2,210)	(4,281)	(3,912)
Production Costs	$ 15,188	$ 14,543	$ 29,635	$ 25,358
Production Costs	$ 15,188	$ 14,543	$ 29,635	$ 25,358
Divided by:				
REO sales volume (in MTs)	9,877	10,297	19,670	18,618
Production cost per REO MT (in dollars)[2]	$ 1,538	$ 1,412	$ 1,507	$ 1,362

(1) Pertains only to the amount of stock-based compensation expense included in cost of sales (as opposed to general and administrative).

(2) May not recompute as presented due to rounding.

Adjusted EBITDA

We calculate 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; transaction-related and other non-recurring costs; non-cash accretion of asset retirement and environmental obligations; gain or loss on sale or disposal of long-lived assets; write-downs of inventories; royalty expense to SNR; tariff rebates; and other income, net. 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.

Our Adjusted EBITDA does not reflect our results of operations on a comparable basis between periods due to the accounting treatment of the modifications of our agreements with Shenghe (see the "Recent Developments and Comparability of Results" section above). Accordingly, our Adjusted EBITDA trend for the periods presented may not be indicative of future trends. If the Shenghe Implied Discount applicable to sales made under the Original Offtake Agreement had been included in our deferred revenue, our Adjusted EBITDA for the three and six months ended June 30, 2020, would have been higher by $3.0 million and $3.6 million, respectively.

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

	For the three months ended June 30,		For the six months ended June 30,	
(in thousands)	**2021**	**2020**	**2021**	**2020**
Net income (loss)	$ 27,166	$ (62,491)	$ 43,285	$ (60,566)
Adjusted for:				
Depreciation, depletion and amortization	6,666	1,382	12,816	2,653
Interest expense, net	2,639	1,066	3,793	1,869
Income tax expense	6,164	336	10,655	336
Stock-based compensation expense[(1)]	4,498	—	10,171	—
Transaction-related and other non-recurring costs[(2)]	247	1,619	1,305	1,831
Accretion of asset retirement and environmental obligations	592	564	1,185	1,128
Loss on sale or disposal of long-lived assets, net[(3)]	170	—	37	—
Write-down of inventories[(4)]	1,809	—	1,809	—
Royalty expense to SNR	—	366	—	853
Settlement charge[(5)]	—	66,615	—	66,615
Tariff rebate[(6)]	—	(1,446)	(2,050)	(1,446)
Other income, net[(7)]	(3,504)	(155)	(3,559)	(237)
Adjusted EBITDA	$ 46,447	$ 7,856	$ 79,447	$ 13,036

(1) Principally included in "General and administrative" within our unaudited Condensed Consolidated Statements of Operations. Approximately $3.7 million and $7.8 million of the amounts for the three and six months ended June 30, 2021, respectively, pertained to a one-time grant of stock awards to employees and executives upon the consummation of the Business Combination.

(2) Amounts for the three and six months ended June 30, 2021, relate to advisory, consulting, accounting and legal expenses principally in connection with the secondary equity offering, which was completed contemporaneously with the Convertible Notes offering in March 2021, and the redemption of the Company's Public Warrants in May and June 2021. The Company did not receive any proceeds from the secondary equity offering. Amounts for the three and six months ended June 30, 2020, include mainly advisory, consulting, accounting and legal expenses in connection with the Business Combination.

(3) Included in "General and administrative" within our unaudited Condensed Consolidated Statements of Operations.

(4) Represents a non-cash write-down of a portion of our legacy low-grade stockpile inventory during the second quarter of 2021 after determining that the inventory contained a significant amount of alluvial material that did not meet the Company's requirement for mill feed.

(5) As discussed in the "Recent Developments and Comparability of Results" section above, in connection with terminating the DMA, we recognized a one-time, non-cash settlement charge.

(6) Represents non-cash revenue recognized in connection with tariff rebates received relating to product sales from prior periods.

(7) Principally represents a non-cash gain recognized as a result of the Small Business Administration's approval to forgive the Paycheck Protection Loan.

Adjusted Net Income

We calculate Adjusted Net Income as our GAAP net income or loss excluding the impact of depletion; stock-based compensation expense; transaction-related and other non-recurring costs; gain or loss on sale or disposal of long-lived assets; write-downs of inventories; royalty expense to SNR; tariff rebates; and other income or loss, net; adjusted to give effect to the income tax impact of such adjustments. 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 because it is used by management to evaluate our underlying operating and financial performance and trends.

Adjusted Net Income excludes certain expenses that are required in accordance with GAAP because they are non-recurring, non-cash, or not related to our underlying business performance. As a result of the SNR Mineral Rights Acquisition, the mineral rights for the rare earth ores contained in our mine were recorded at fair value as of the date of the Business Combination, resulting in a significant step-up of the carrying amount of the asset which will cause depletion to be meaningfully higher in future periods. 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.

Our Adjusted Net Income does not reflect our results of operations on a comparable basis between periods primarily due to the accounting treatment of the modifications of our agreements with Shenghe (see the "Recent Developments and Comparability of Results" section above). Accordingly, our Adjusted Net Income trend for the periods presented may not be indicative of future trends.

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

	For the three months ended June 30,		For the six months ended June 30,	
(in thousands)	**2021**	**2020**	**2021**	**2020**
Net income (loss)	$ 27,166	$ (62,491)	$ 43,285	$ (60,566)
Adjusted for:				
Depletion[1]	4,686	28	9,217	57
Stock-based compensation expense[2]	4,498	—	10,171	—
Transaction-related and other non-recurring costs[3]	247	1,619	1,305	1,831
Loss on sale or disposal of long-lived assets, net[4]	170	—	37	—
Write-down of inventories[5]	1,809	—	1,809	—
Royalty expense to SNR	—	366	—	853
Settlement charge[6]	—	66,615	—	66,615
Tariff rebate[7]	—	(1,446)	(2,050)	(1,446)
Other income, net[8]	(3,504)	(155)	(3,559)	(237)
Tax impact of adjustments above[9]	(1,632)	362	(3,569)	378
Adjusted Net Income	$ 33,440	$ 4,898	$ 56,646	$ 7,485

(1) Principally includes the depletion associated with the mineral rights for the rare earth ores contained in the Company's mine, which were recorded in connection with the SNR Mineral Rights Acquisition at fair value as of the date of the Business Combination, resulting in a significant step-up of the carrying amount of the asset.

(2) Principally included in "General and administrative" within our unaudited Condensed Consolidated Statements of Operations. Approximately $3.7 million and $7.8 million of the amounts for the three and six months ended June 30, 2021, respectively, pertained to a one-time grant of stock awards to employees and executives upon the consummation of the Business Combination.

(3) Amounts for the three and six months ended June 30, 2021, relate to advisory, consulting, accounting and legal expenses principally in connection with the secondary equity offering, which was completed contemporaneously with the Convertible Notes offering in March 2021, and the redemption of the Company's Public Warrants in May and June 2021. The Company did not receive any proceeds from the secondary equity offering. Amounts for the three and six months ended June 30, 2020, include mainly advisory, consulting, accounting and legal expenses in connection with the Business Combination.

(4) Included in "General and administrative" within our unaudited Condensed Consolidated Statements of Operations.

(5) Represents a non-cash write-down of a portion of our legacy low-grade stockpile inventory during the second quarter of 2021 after determining that the inventory contained a significant amount of alluvial material that did not meet the Company's requirement for mill feed.

(6) As discussed in the "Recent Developments and Comparability of Results" section above, in connection with terminating the DMA, we recognized a one-time, non-cash settlement charge.

(7) Represents non-cash revenue recognized in connection with tariff rebates received relating to product sales from prior periods.

(8) Principally represents a non-cash gain recognized as a result of the Small Business Administration's approval to forgive the Paycheck Protection Loan.

(9) Tax impact of adjustments is calculated using an adjusted effective tax rate, excluding the impact of discrete tax costs and benefits, to each adjustment. The adjusted effective tax rates were 20.6%, 21.1%, (0.5)%, and (0.6)% for the three and six months ended June 30, 2021 and 2020, respectively. The rate for the three and six months ended June 30, 2020, reflects a full valuation allowance.

Free Cash Flow

We calculate Free Cash Flow as net cash provided by or used in operating activities less additions of property, plant and equipment. 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 operating activities, which is determined in accordance with GAAP:

	For the six months ended June 30,	
(in thousands)	**2021**	**2020**
Net cash provided by operating activities[1]	$ 47,969	$ 2,242
Additions of property, plant and equipment	(44,691)	(4,828)
Free Cash Flow	$ 3,278	$ (2,586)

(1) Under the terms of the A&R Offtake Agreement and pursuant to the accounting treatment thereof, we recognized $22.9 million and $0.7 million of non-cash revenue during the six months ended June 30, 2021, and 2020, respectively, which was retained by Shenghe to reduce our outstanding debt obligation.

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. Historically, our principal sources of liquidity have been the Offtake Advances from Shenghe, issuances of notes or other debt, and net cash from operating activities. More recently, through the consummation of the Business Combination, including the PIPE Financing, and the issuance of the Convertible Notes (as discussed further below), we raised $504.4 million and $672.3 million in net proceeds, respectively.

As of June 30, 2021, we had $1,196.9 million of cash and cash equivalents, $690.0 million principal amount of long-term debt (to third parties) and $48.7 million principal amount of related-party debt pertaining to our Offtake Advances with Shenghe.

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 limited 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 is adequate to meet our liquidity requirements for the foreseeable future, uncertainty exists as to the market price of REO, especially in light of the ongoing COVID-19 pandemic, including the emergence of new variants (such as the Delta variant).

Our current working capital needs relate mainly to our mining and beneficiation operations. Our principal capital expenditure requirements relate mainly to the periodic replacement of mining or processing equipment, as well as our Stage II optimization project to recommission and optimize our idled refining facilities. Our future capital requirements will depend on several factors, including future acquisitions and potential additional investments in further downstream production (for example, pursuit of any Stage III downstream opportunities for the production of rare-earth-based magnets and/or other finished components). 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.

Debt and Other Long-Term Obligations

Convertible Notes: On March 26, 2021, we issued $690.0 million aggregate principal amount of 0.25% unsecured green convertible senior notes that mature, unless earlier converted, redeemed or repurchased, on April 1, 2026 (the "Convertible Notes"), at a price of par. Interest on the Convertible Notes is payable on April 1st and October 1st of each year, beginning on October 1, 2021. The Company received net proceeds of $672.3 million from the issuance of the Convertible Notes.

The Convertible Notes are convertible into shares of the Company's Common Stock at an initial conversion price of $44.28 per share, or 22.5861 shares, per $1,000 principal amount of notes, subject to adjustment upon the occurrence of certain corporate events. However, in no event will the conversion exceed 28.5714 shares of Common Stock per $1,000 principal amount of notes.

Prior to January 1, 2026, at their election, holders of the Convertible Notes may convert their outstanding notes under the following circumstances: (i) during any calendar quarter commencing with the third quarter of 2021 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 five consecutive trading day period (the "measurement period") in which the trading price (as defined below) per $1,000 principal amount of Convertible 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 we call any or all of the Convertible Notes for redemption, at any time prior to the close of business on the scheduled trading day immediately preceding the redemption date; or (iv) upon the occurrence of specified corporate events set forth in the indenture governing the Convertible Notes. On or after January 1, 2026, and prior to the maturity date of the Convertible Notes, holders may convert their outstanding notes at any time, regardless of the foregoing circumstances.

The Convertible Notes may, at the Company's election, be settled in cash, shares of Common Stock of the Company, or a combination thereof. The Company has the option to redeem the Convertible Notes, in whole or in part, beginning on April 5, 2024.

If we undergo a fundamental change (as defined in the indenture governing the Convertible Notes), holders may require us to repurchase for cash all or any portion of their outstanding notes at a price equal to 100% of the principal amount of the notes to be repurchased, plus accrued and unpaid interest to, but excluding, the fundamental change repurchase date. In addition, following certain corporate events that occur prior to the maturity date of the Convertible Notes or if we deliver a notice of redemption, we will, in certain circumstances, increase the conversion rate for holders who elect to convert their outstanding notes in connection with such corporate event or notice of redemption, as the case may be.

We intend to allocate an amount equal to the net proceeds from the Convertible Notes offering to existing or future investments in, or the financing or refinancing of, eligible "green projects." Eligible green projects are intended to reduce the Company's environmental impact and/or enable the production of low-carbon technologies. We aim to achieve a level of allocation for eligible green projects which matches the amount of such net proceeds. Pending such allocation of the net proceeds to eligible green projects, we intend to use the net proceeds from the Convertible Notes offering for general corporate purposes.

Offtake Advances: As of June 30, 2021, we had debt recorded to Shenghe with a carrying amount of $45.8 million, of which $48.7 million was principal and $2.9 million was debt discount. The debt to Shenghe is to be satisfied primarily through product sales, as described above, where partial non-cash consideration is received by the Company in the form of debt reduction (generally equal to approximately 15% of the ultimate market value of the REO, excluding tariffs, duties and certain other charges). Additional cash payments will be required as a result of sales of offtake products to other parties, and under certain other conditions. See also "Recent Developments and Comparability of Results" section above.

We follow an imputed interest rate model to calculate the amortization of the embedded discount, which is recognized as non-cash interest expense, by estimating the timing of anticipated payments and reductions of the debt principal balance. The effective rate applicable from the June 5, 2020, inception to June 30, 2021, was between 4.41% and 10.37%. As of June 30, 2021, we estimated the timing of repayment to be within the next year which resulted in an updated imputed interest rate of 11.50%. The increase in the imputed rate is primarily due to changes in expected market prices resulting in an earlier anticipated repayment of the outstanding balance through the various mechanisms, which results in a higher implicit interest rate in order to fully amortize the debt discount concurrent with the expected final repayment of the debt balance.

Paycheck Protection Loan: In April 2020, the Company obtained a loan of $3.4 million pursuant to the Paycheck Protection Program (the "PPP") under Division A, Title I of the CARES Act, which was enacted in March 2020 (the "Paycheck

Protection Loan" or the "Loan"). The Paycheck Protection Loan, which was in the form of a note dated April 15, 2020, issued by CIBC Bank USA, was to mature on April 14, 2022, and bore interest at a rate of 1% per annum. Under the terms of the PPP, loans may be forgiven if the funds are used for qualifying expenses as described in the CARES Act, which include payroll costs, costs used to continue group health care benefits, rent and utilities. In June 2021, the Company received notification from the Small Business Administration that the Paycheck Protection Loan and related accrued interest was forgiven.

Equipment Notes: We entered into several financing agreements for the purchase of equipment, including trucks, tractors, loaders, graders, and various other machinery. As of June 30, 2021, we had $11.0 million in principal (and accrued interest) outstanding under the equipment notes.

In February 2021, we entered into financing agreements for the purchase of equipment, including trucks and loaders, in the aggregate amount of $9.7 million, including an amount for the associated extended warranties. These equipment notes have terms of 5 years and interest rates of 4.5% per annum with monthly payments commencing in April 2021.

Public Warrants

Warrants to purchase 11,499,968 shares of the Company's Common Stock at $11.50 per share were issued in connection with FVAC's initial public offering ("IPO") (the "Public Warrants") pursuant to the Warrant Agreement, dated April 29, 2020 (the "Warrant Agreement"), by and between the Company and Continental Stock Transfer & Trust Company ("CST"), as warrant agent. These warrants qualified as equity instruments as they were indexed to the Company's stock and settlement in shares was within the Company's control. Accordingly, the Public Warrants were included in "Additional paid-in capital" within the Company's unaudited Condensed Consolidated Balance Sheet as of December 31, 2020.

On May 4, 2021, at the direction of the Company, CST, in its capacity as warrant agent, delivered a notice of redemption to each of the registered holders of the outstanding Public Warrants for a redemption price of $0.01 per warrant (the "Redemption Price"), that remained outstanding following 5:00 p.m. New York City time on June 7, 2021 (the "Redemption Date").

In accordance with the Warrant Agreement, the Company's Board of Directors elected to require that, upon delivery of the notice of redemption, all Public Warrants were to be exercised only on a "cashless basis." Accordingly, holders could not exercise Public Warrants and receive Common Stock in exchange for payment in cash of the $11.50 per warrant exercise price. Instead, a holder exercising a Public Warrant was deemed to pay the $11.50 per warrant exercise price by the surrender of 0.3808 of a share of Common Stock that such holder would have been entitled to receive upon a cash exercise of a Public Warrant. Accordingly, by virtue of the cashless exercise of the Public Warrants, exercising warrant holders received 0.6192 of a share of Common Stock for each Public Warrant surrendered for exercise. All Public Warrants that remained unexercised at 5:00 p.m. New York City time on the Redemption Date were delisted, voided and no longer exercisable, and the holders had no rights with respect to those Public Warrants, except to receive the Redemption Price.

During the three months ended June 30, 2021, the Company issued 7,080,005 shares of its Common Stock as a result of the cashless exercise of 11,434,455 Public Warrants. The Company redeemed the remaining 65,513 Public Warrants outstanding at the Redemption Date for a nominal amount.

Cash Flows

The following table summarizes our cash flows:

	For the six months ended June 30,		Change	
(in thousands, except percentages)	**2021**	**2020**	**$**	**%**
Net cash provided by operating activities	$ 47,969	$ 2,242	$ 45,727	2040 %
Net cash used in investing activities	$ (44,566)	$ (4,828)	$ (39,738)	823 %
Net cash provided by financing activities	$ 670,490	$ 38,728	$ 631,762	1631 %

Net Cash Provided by Operating Activities: The increase in net cash provided by operating activities of $45.7 million for the six months ended June 30, 2021, compared to the prior year period, reflects the increase in product sales, partially offset by the increase in our cost of sales and general and administrative expenses (all as discussed above). In addition, $22.9 million of our product sales was excluded from cash provided by operating activities since that portion of the sales price was retained by Shenghe to reduce the debt obligation.

Net Cash Used in Investing Activities: Our current, recurring capital expenditure needs consist mainly of purchases of property, plant and equipment, including mining equipment. The increase in net cash used in investing activities of $39.7 million for the six months ended June 30, 2021, compared to the prior year period, is mainly attributable to an increase in capital expenditures relating primarily to our Stage II optimization project, as well as commissioning of our CHP facility and water treatment plant.

Net Cash Provided by Financing Activities: The increase in net cash provided by financing activities of $631.8 million for the six months ended June 30, 2021, compared to the prior year period, primarily relates to the net proceeds received from the issuance of the Convertible Notes in March 2021 of $672.3 million, partially offset by the $35.5 million in proceeds received from the Second Additional Advance during the six months ended June 30, 2020.

Off-Balance Sheet Commitments and Arrangements

We do not engage in any off-balance sheet financing activities, nor do we have any interest in entities referred to as variable interest entities.

Critical Accounting Policies

A complete discussion of our critical accounting policies is included in our Form 10-K for the year ended December 31, 2020. There have been no significant changes in our critical accounting policies during the three months ended June 30, 2021.

Recently Adopted and Issued Accounting Pronouncements

Recently adopted and issued accounting pronouncements are described in Note 2, "Significant Accounting Policies," in the notes to our 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 for the three months ended June 30, 2021, as compared to those discussed in our Form 10-K for the year ended December 31, 2020.

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 June 30, 2021. 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 June 30, 2021, 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 United States 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

There were no material changes to the risk factors disclosed in "Item 1. Business, Item 1A. Risk Factors," in our Form 10-K for the year ended December 31, 2020, as filed with the United States Securities and Exchange Commission on March 22, 2021, as supplemented by "Item 1A. Risk Factors," in our Form 10-Q for the quarterly period ended June 30, 2021.

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 June 30, 2021.

ITEM 6. EXHIBITS

Exhibit No.	Description
10.1**	Transition and Resignation Agreement, dated as of April 26, 2021, between MP Materials Corp. and Sheila Bangalore.
10.2**	Employment Agreement, dated as of April 14, 2021, effective as of May 15, 2021, between MP Materials Corp. and Elliot Hoops.
10.3**	Form of MP Materials Corp. 2020 Stock Incentive Plan Restricted Stock Unit Award Agreement.
10.4**	Form of MP Materials Corp. 2020 Stock Incentive Plan Non-Employee Director Restricted Stock Unit Award Agreement.
31.1*	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.
31.2*	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.
32.1**	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2**	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
95.1*	Mine Safety Disclosure pursuant to Section 1503(a) of the Dodd-Frank Wall Street Reform and Consumer Protection Act.
101.INS	Inline XBRL 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.SCH	Inline XBRL Taxonomy Extension Schema Document.
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document.
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document.
104	Cover Page Inline XBRL File (included in Exhibit 101).

* Filed herewith.

** Furnished herewith.

† Indicates a management contract or compensatory plan or arrangement.

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: August 9, 2021

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

TRANSITION AND RESIGNATION AGREEMENT

THIS TRANSITION AND RESIGNATION AGREEMENT (this "Agreement") is made and entered into by and between MP Materials Corp., together with any subsidiaries or affiliates (collectively, the "Company"), and Sheila Bangalore (the "Executive"), dated as of April 26, 2021 (the "Effective Date"). The Company and Executive are hereinafter collectively referred to as "Parties", and to individually as a "Party". Capitalized terms not otherwise defined herein shall have the meaning set forth in Executive's Employment Agreement with MP Mine Operations LLC, dated as of July 13, 2020 (the "Employment Agreement"), which by its terms was assigned to and assumed by the Company in connection with the Closing.

WHEREAS, Executive currently serves as General Counsel and Chief Strategy Officer of the Company pursuant to the Employment Agreement;

WHEREAS, Executive has indicated her desire to resign from the Company, and in connection therewith, the Parties desire to set forth in this Agreement the terms, provisions and conditions in connection with the transition and resignation of Executive from the Company.

NOW, THEREFORE, for valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the undersigned parties agree as follows:

1. Transition Period. From the Effective Date through May 31, 2021, or such earlier date as determined by the Company, which in no event shall be less than five (5) business days following delivery of written notice to Executive setting forth such earlier date (such applicable date, the "Resignation Date", and such period, the "Transition Period"), the terms and conditions of the Employment Agreement shall remain in full force and effect and Executive shall continue to be employed by the Company in accordance with the terms thereof; *provided*, *however*, that (i) upon the date that a successor General Counsel (a "Successor GC") commences employment, Executive shall relinquish her title as General Counsel, (ii) during the Transition Period, Executive's duties and responsibilities shall be expanded to expressly include assistance in effecting a smooth transition of existing duties and responsibilities to the rest of the Company's management team, including, to any Successor GC, and (ii) any change in duties, authority or responsibilities from and after the Effective Date associated with the ultimate transition of Executive's role as contemplated hereunder on or prior to the expiration of the Transition Period shall in no event constitute Good Reason under the Employment Agreement.

2. Executive's Resignation.

(a) On the Resignation Date, Executive will resign from employment with the Company (the "Resignation") and, in accordance with Section 7(b) of the Employment Agreement, effective as of the Resignation Date, Executive shall be deemed to have resigned from any and all directorships, committee memberships, and any other positions Executive holds with the Company or any other member of the Company Group. The Company is not currently aware of any facts or circumstances that would constitute "Cause" as defined in the Employment Agreement and acknowledges that the termination hereunder is not for "Cause."

(b) The Company and Executive agree that, in return for both Parties' performance of all their respective obligations under this Agreement, Executive will be entitled to

the Accrued Obligations, any accrued but unpaid benefits (including accrued but unpaid vacation but excluding any pro rata portion of the Annual Bonus), and Indemnity under Section 5(b)(which obligation shall survive termination), and upon satisfaction thereof, Executive shall have no further rights to any compensation or any other benefits under the Employment Agreement.

(c) Following the Resignation Date and continuing through June 30, 2021 (the "Advisory Term"), Executive shall serve as a non-employee advisor to the Company, remaining available to assist with the further transition of her prior role, together with providing advice and assistance on such other matters relating to the business of the Company as reasonably requested by the Company during such period. Executive's service during the Advisory Period shall not be full time, and Executive may search for and engage in other employment during the Advisory Period, without offset or adjustment to the payments due her. Executive acknowledges that, during the Consulting Term, Executive shall be an independent contractor, and will not be an "employee" (or person of similar status) of the Company or any of its affiliates for purposes of the Code or otherwise. Further, Executive acknowledges and agrees that as an independent contractor, during the Advisory Term she will not be eligible for, cannot actively participate in, and cannot accrue service credit or have contributions made under, any employee benefit plan sponsored or maintained by the Company, including without limitation, workers' or unemployment compensation benefits, any plan which is intended to qualify under Section 401(a) of the Code, fringe benefits or other similar plans of the Company. The Company shall indemnify and hold Executive harmless for any and all claims and liabilities asserted or incurred by her relating to the services provided the Company during the Advisory Period to the greatest extent permitted under applicable law, excluding acts of intentional misconduct or fraud.

3. Additional Payments. Subject to Executive's (1) continued compliance with the terms and conditions of this Agreement (including, providing the transition services contemplated herein through the expiration of the Advisory Term), and (2) execution and delivery of the Release of Claims attached hereto as Exhibit A following the Resignation Date but on or prior to the Release Expiration Date (as defined in Exhibit A), and such release becoming effective in accordance with its terms, Executive will be entitled to the following additional payments and benefits:

(a) Notwithstanding Executive's termination of employment on the Resignation Date, 10,000 shares of the Incentive Award (the "Equity Shares"), will remain outstanding following such termination and immediately vest on the Resignation Date and be issued on the Release Effective Date (as defined in Exhibit A) (and, for the avoidance of doubt, the remainder of the Incentive Award will be forfeited on the Resignation Date in accordance with its terms);

(b) On the Company's regularly scheduled payroll dates following the later to occur of: (i) the expiration of the Advisory Term, or (ii) the Release Effective Date, Executive will be paid a lump sum cash bonus equal to $50,000; and

(c) The Company may withhold from any payments made under this Section 3 all applicable taxes, including but not limited to income, employment, and social insurance taxes, as shall be required by law.

4. Continuing Obligations. Executive acknowledges and reaffirms the restrictive covenants set forth in Section 9 of the Employment Agreement, the provisions of which are hereby incorporated by reference and made a part hereof and shall continue to comply with the terms thereof.

5. Surviving Obligations. Both Parties acknowledge and agree that the Parties executed that certain Director and Officer Indemnification Agreement dated as of November 17, 2020 (the "D&O Agreement"), which shall survive the termination of Executive's employment with Company in accordance with the terms thereof.

6. Confidentiality and Non-Disparagement. Except as required by any regulatory or judicial body, the Parties agree that each will ensure that it keeps the terms of this Agreement confidential. The Parties may disclose the terms and existence of this Agreement as required, or deemed advisable, by law, Executive may disclose to her immediate family, tax preparers, attorneys, and the Company may disclose to its employees, advisors and attorneys on a "need to know basis". Executive shall not make any false, negative or disparaging statements to third parties or the public about the Company or its directors, officers, employees, and the officers and directors of the Company shall not make any false, negative or disparaging statements to third parties or the public about Executive. This prohibition is specifically meant to be broader than defamation and includes contacting employees, customers, clients, vendors, investors, or potential investors or employers and saying or implying anything negative by words, actions, context, or any combination of these.

7. SEC Filings. If required, and prior to issuing any press release or SEC filing (e.g. Form 8-K) regarding Executive's resignation, the Company agrees to give Executive 24 hours, with the opportunity to review and comment on the written draft release or SEC filing, notice prior to the requisite filing date.

8. Notices. Any notice provided for in this Agreement shall be in writing and shall be either personally delivered, sent by reputable overnight courier service, sent by telecopy (with hard copy to follow by regular mail) or mailed by first class mail, return receipt requested, to (a) Executive, at Executive's most recent address on file with the Company, and (b) to the Company, to its respective principal office, with a copy to (which shall not constitute notice to Parent or the Company) Simpson Thacher & Bartlett LLP, 425 Lexington Avenue, New York, NY 10017-3954, Attn: David Rubinsky, or, in each case, such other address or to the attention of such other person as the recipient Party shall have specified by prior written notice to the sending Party. Any notice under this Agreement shall be deemed to have been given when so delivered, sent or mailed.

9. Construction. Executive acknowledges that she has had the opportunity and sufficient time to review this Agreement with her attorneys, fully understands the terms and conditions of this Agreement, and intends to be bound by this Agreement, without reservation or qualification. Executive, therefore, acknowledges and agrees that this Agreement, the terms of which have been negotiated between the Parties and their respective attorneys, shall be construed neutrally and shall not be construed against the Companies, regardless of whom drafted this Agreement. Executive also acknowledges that she has entered into this Agreement freely and voluntarily without coercion or duress, and has not relied upon any representations other than the terms and conditions appearing in this Agreement in deciding to execute this Agreement.

10. Governing Law. This Agreement and all performance hereunder shall be construed and governed by the laws of the State of Nevada, including the Nevada Code of Professional Responsibility, without regard to conflicts of laws principles.

11. Severability. Whenever possible, each provision and term of this Agreement will be interpreted in such manner as to be valid and enforceable. If any provision or term of this Agreement should be determined to be invalid or unenforceable, all other provisions and terms of this Agreement will be unaffected and will remain valid and enforceable to the fullest extent permitted by law.

12. Entire Agreement. This Agreement constitutes the entire agreement between the Parties and supersedes all prior agreements between the Parties, and there exist no other agreements, written or oral, between the parties relating to any matters contained in or covered by this Agreement, except for the Employment Agreement, which shall continue in effect as provided therein, except as modified by this Agreement. This Agreement may not be modified except by an express written agreement executed by both parties.

13. Counterparts. This Agreement may be executed in one or more counterparts, all of which together, shall constitute a single agreement, and all of which shall constitute an original for all purposes hereof.

* * *

[Signatures to appear on the following page.]

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date first written above.

MP MATERIALS CORP.

_____

Name: Ryan Corbett
Title: Chief Financial Officer

SHEILA BANGALORE

_____

EXHIBIT A

Form of Release of Claims

As used in this Release of Claims (this "Release"), the term "claims" will include all claims, covenants, warranties, promises, undertakings, actions, suits, causes of action, obligations, debts, accounts, attorneys' fees, judgments, losses, and liabilities, of whatsoever kind or nature, in law, in equity, or otherwise. Capitalized terms used, but not defined herein, shall have the meanings ascribed to such terms in that certain Transition and Resignation Agreement, dated as of April 26, 2021, to which this Exhibit is attached (the "Transition Agreement").

For and in consideration of the timely and complete payments, transfers and benefits set forth in Section 3 of, and the Company's performance of its obligations and duties elsewhere contained in, the Transition Agreement (the "Transition Benefits"), I, Sheila Bangalore, for and on behalf of myself and my heirs, administrators, executors, and assigns, effective the date on which this release becomes effective pursuant to its terms, do fully and forever release, remise, and discharge each of the Company and each of its direct and indirect parents, subsidiaries and affiliates, together with their respective officers, directors, partners, shareholders, employees, and agents (collectively, the "Group") from any and all claims whatsoever up to the date hereof that I had, may have had, or now have against the Group, for or by reason of any matter, cause, or thing whatsoever arising out of or attributable to my employment or the termination of my employment with the Company, whether for tort, breach of express or implied employment contract, intentional infliction of emotional distress, wrongful termination, unjust dismissal, defamation, libel, or slander, or under any federal, state, or local law dealing with discrimination based on age, race, sex, national origin, handicap, religion, disability, or sexual orientation. This release of claims includes, but is not limited to, all claims arising under the Age Discrimination in Employment Act ("ADEA"), Title VII of the Civil Rights Act, the Americans with Disabilities Act, the Civil Rights Act of 1991, the Family Medical Leave Act, and the Equal Pay Act, each as may be amended from time to time, and all other federal, state, and local laws, the common law, and any other purported restriction on an employer's right to terminate the employment of employees.

I acknowledge and agree that as of the date I execute this Release, I have no knowledge of any facts or circumstances that give rise or could give rise to any claims under any of the laws listed in the preceding paragraph.

By executing this Release, I specifically release all claims relating to my employment and its termination under ADEA, a United States federal statute that, among other things, prohibits discrimination on the basis of age in employment and employee benefit plans. Hoverer, I do not waive any rights under the ADEA that may arise after the execution of this Release.

Notwithstanding any provision of this Release to the contrary, by executing this Release, I am not releasing (i) any claims relating to my rights under the Transition Agreement, (ii) any claims that cannot be waived by law, or (iii) subject to applicable law, to the fullest extent possible, my right of indemnification as provided by, and in accordance with the terms of, the D&O Agreement, the Transition Agreement, Section 5(b) of the Employment Agreement,

applicable laws, Company policies and custom, the Company's by-laws, or a Company insurance policy providing such coverage, as any of such may be amended from time to time.

I expressly acknowledge and agree that I –

- Am able to read the language, and understand the meaning and effect, of this Release;

- Have no physical or mental impairment of any kind that has interfered with my ability to read and understand the meaning of this Release or its terms, and that I am not acting under the influence of any medication, drug, or chemical of any type in entering into this Release;

- Conditioned upon the Company's timely performance of its obligations under the Transition Agreement, I am specifically agreeing to the terms of the release contained in this Release in consideration for my agreement to accept it in full settlement of all possible claims I might have or ever had related to my employment with the Company, and because of my execution of this Release;

- Acknowledge that, but for my execution of this Release, I would not be entitled to the Transition Benefits;

- Understand that, by entering into this Release, I do not waive rights or claims under any rights to vested benefits under any employee benefit plan sponsored or maintained by the Company or to continuation of coverage under the Consolidated Budget Reconciliation Act ("COBRA"),;

- Have until the expiration of the Advisory Term (the "Release Expiration Date") in which to review and consider this Release (which is more than twenty one (21) days from the date of my termination of employment), and that if I execute this Release prior to the Release Expiration Date, I have voluntarily and knowingly waived the remainder of the review period;

- Have not relied upon any representation or statement not set forth in this Release, the Transition Agreement or the Employment Agreement made by the Company or any of its representatives;

- Was advised to consult with my attorney regarding the terms and effect of this Release; and

- Have signed this Release knowingly and voluntarily.

I represent and warrant that I have not previously filed, and to the maximum extent permitted by law agree that I will not file, a complaint, charge, or lawsuit against any member of the Group regarding any of the claims released herein. If, notwithstanding this representation and warranty, I have filed or file such a complaint, charge, or lawsuit, I agree that I shall cause such complaint, charge, or lawsuit to be dismissed with prejudice and shall pay any and all costs required in obtaining dismissal of such complaint, charge, or lawsuit, including without limitation the attorneys' fees of any member of the Group against whom I have filed

such a complaint, charge, or lawsuit. This paragraph shall not apply, however, to a claim of age discrimination under ADEA or to any non-waivable right to file a charge with the United States Equal Employment Opportunity Commission (the "EEOC"); *provided*, *however*, that if the EEOC were to pursue any claims relating to my employment with Company, I agree that I shall not be entitled to recover any monetary damages or any other remedies or benefits as a result and that this Release and the Transition Benefits will control as the exclusive remedy and full settlement of all such claims by me. Notwithstanding anything herein to the contrary, this release does not apply to any rights, obligations or claims governed by Chapter 612 of the Nevada Revised Statutes or my rights, obligations and duties under the Nevada Code of Professional Responsibility.

Notwithstanding anything herein to the contrary, this release does not apply to any rights, obligations or claims governed by Chapter 612 of the Nevada Revised Statutes or my rights, obligations and duties under the Nevada Code of Professional Responsibility. Nothing in this Release shall prohibit or impede me from communicating, cooperating or filing a complaint with any Governmental Entity (as defined in Section 9(b)(ii) of the Employment Agreement) with respect to possible violations of any U.S. federal, state or local law or regulation, or otherwise making disclosures to any Governmental Entity, in each case, that are protected under the whistleblower provisions of any such law or regulation; *provided,* that in each case such communications and disclosures are consistent with applicable law. I understand and acknowledge that an individual shall not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that is made (1) in confidence to a federal, state, or local government official or to an attorney solely for the purpose of reporting or investigating a suspected violation of law, or (2) in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. I understand and acknowledge further that an individual who files a lawsuit for retaliation by an employer for reporting a suspected violation of law may disclose the trade secret to the attorney of the individual and use the trade secret information in the court proceeding, if the individual files any document containing the trade secret under seal; and does not disclose the trade secret, except pursuant to court order. Except as otherwise provided in this paragraph or under applicable law, under no circumstance am I authorized to disclose any information covered by the Company's attorneyclient privilege or attorney work product, or the Company's trade secrets, without the prior written consent of the Company's General Counsel or other officer designated by the Company. I do not need the prior authorization of (or to give notice to) any member of the Company Group regarding any communication, disclosure, or activity permitted by this paragraph.

I hereby agree to waive any and all claims to re-employment with the Company or any other member of the Company Group and affirmatively agree not to seek further employment with the Company or any other member of the Company Group.

Notwithstanding anything contained herein to the contrary, this Release will not become effective or enforceable prior to the expiration of the period of seven (7) calendar days following the date of its execution by me (the "Revocation Period"), during which time I may revoke my acceptance of this Release by notifying the Company and the Board of Directors of the Company, in writing, delivered to the Company at its principal executive office, marked for the attention of its Chief Executive Officer. To be effective, such revocation must be received

by the Company no later than 11:59 p.m. on the seventh (7th) calendar day following the execution of this Release. Provided that the Release is executed and I do not revoke it during the Revocation Period, the eighth (8th) day following the date on which this Release is executed shall be its effective date (the "Release Effective Date"). I acknowledge and agree that if I revoke this Release during the Revocation Period, this Release will be null and void and of no effect, and neither the Company nor any other member of the Company will have any obligations to pay me the Transition Benefits.

The provisions of this Release shall be binding upon my heirs, executors, administrators, legal personal representatives, and assigns. If any provision of this Release shall be held by any court of competent jurisdiction to be illegal, void, or unenforceable, such provision shall be of no force or effect. The illegality or unenforceability of such provision, however, shall have no effect upon and shall not impair the enforceability of any other provision of this Release.

EXCEPT WHERE PREEMPTED BY FEDERAL LAW, THIS RELEASE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH FEDERAL LAW AND THE LAWS OF THE STATE OF NEVADA, APPLICABLE TO AGREEMENTS MADE AND TO BE PERFORMED IN THAT STATE WITHOUT GIVING EFFECT TO THE PRINCIPLES OF CONFLICTS OF LAWS. ANY LEGAL ACTION INVOLVING THIS AGREEMENT SHALL BE INITIATED SOLELY IN LAS VEGAS, NEVADA. I HEREBY WAIVE ANY RIGHT TO TRIAL BY JURY IN CONNECTION WITH ANY SUIT, ACTION, OR PROCEEDING UNDER OR IN CONNECTION WITH THIS RELEASE.

* * *

Sheila Bangalore

_____

Sheila Bangalore
Date: May 27, 2021

EMPLOYMENT AGREEMENT

This EMPLOYMENT AGREEMENT (this "Agreement") is made and entered into as of this 14th day of April 2021 and shall be effective as of May 15, 2021 (the "Effective Date"), by and between MP Materials Corp. (the "Company") and Elliot Hoops (the "Executive").

W I T N E S S E T H :

WHEREAS, the Company desires to employ Executive and to enter into this Agreement embodying the terms of such employment, and Executive desires to enter into this Agreement and to accept such employment, subject to the terms and provisions of this Agreement.

NOW, THEREFORE, in consideration of the promises and mutual covenants contained herein and for other good and valuable consideration, the receipt and sufficiency of which are mutually acknowledged, the Company and Executive hereby agree as follows:

Section 1. Definitions. Capitalized terms not otherwise defined in this Agreement shall have the meaning set forth on Appendix A, attached hereto.

Section 2. Acceptance and Term of Employment.

The Company agrees to employ Executive, and Executive agrees to serve the Company, on the terms and conditions set forth herein. Executive's employment hereunder shall commence on the Commencement Date and continue until terminated as provided in Section 7 hereof (the "Term of Employment").

Section 3. Position, Duties, and Responsibilities; Place of Performance.

(a) Position, Duties, and Responsibilities. During the Term of Employment, Executive shall be employed and serve as the General Counsel and Secretary of the Company, reporting to directly to the Company's Chief Executive Officer, and having such duties and responsibilities commensurate with such position as reasonably assigned to Executive from time to time. Executive also agrees to serve as an officer and/or director of any member of the Company Group, in each case without additional compensation.

(b) Performance. Executive shall devote Executive's full business time, attention, skill, and best efforts to the performance of Executive's duties under this Agreement and shall not engage in any other business or occupation during the Term of Employment, including, without limitation, any activity that (x) conflicts with the interests of the Company or any other member of the Company Group, (y) interferes with the proper and efficient performance of Executive's duties for the Company, or (z) interferes with Executive's exercise of judgment in the Company's best interests. Notwithstanding the foregoing, nothing herein shall preclude Executive from (i) serving, with the prior written consent of the Board (not to be unreasonably withheld), as a member of the board of directors or advisory board (or the equivalent in the case of a non-corporate entity) of a non-competing for-profit business and one or more charitable organizations, (ii) engaging in charitable activities and community affairs, and

(iii) managing Executive's personal investments and affairs; *provided*, *however*, that the activities set out in clauses (i), (ii), and (iii) shall be limited by Executive so as not to materially interfere, individually or in the aggregate, with the performance of Executive's duties and responsibilities hereunder.

(c) Principal Place of Employment. Executive's principal place of employment shall be at the Company's corporate headquarters in Las Vegas, although Executive understands and agrees that Executive may be required to travel from time to time for business reasons.

Section 4. Compensation.

During the Term of Employment, Executive shall be entitled to the following compensation:

(a) Base Salary. Executive shall be paid an annualized Base Salary (the "Base Salary"), payable in accordance with the regular payroll practices of the Company, of $350,000, with increases, if any, as may be approved in writing by the Compensation Committee.

(b) Annual Bonus. Executive shall be eligible for an annual incentive bonus award determined by the Compensation Committee in respect of each fiscal year during the Term of Employment (the "Annual Bonus"). The target Annual Bonus for each fiscal year shall be 100% of Base Salary (the "Target Annual Bonus"), with the actual Annual Bonus payable being based upon the level of achievement of annual Company and individual performance objectives for such fiscal year, as determined by the Compensation Committee and communicated to Executive. The Annual Bonus shall otherwise be subject to the terms and conditions of the annual bonus plan adopted by the Board or the Compensation Committee, if any, under which bonuses are generally payable to senior executives of the Company, as in effect from time to time, which may include that the Annual Bonus may be paid in combination of cash and equity incentive awards, consistent with the mix of consideration applicable to other senior executives of the Company. The Annual Bonus shall be paid to Executive at the same time as annual bonuses are generally payable to other senior executives of the Company (which is expected to occur in Q1 of each calendar year) subject to Executive's continuous employment through the applicable payment date (subject to Section 7 below).

(c) Equity Participation. In connection with the commencement of Executive's employment hereunder, Executive shall be entitled to participate in the equity incentive plan(s) of the Company, as in effect from time to time, and pursuant to the terms of such plan, the applicable award agreement and such other documents Executive is required to execute in connection with the grant of any award under such plan (the plan, the award agreement, and such other documents collectively, the "Equity Documents"). On or as soon as reasonably practicable following the Commencement Date, Executive will be granted shares of restricted common stock of the Company having a grant date fair value equal to $1.25 million (the "Incentive Award"). The Incentive Award shall vest as to 20% of such award on the Commencement Date, and the remainder shall vest in substantially equal annual installments on each anniversary of the Commencement Date over the next four (4) year period, based upon Executive's continued employment hereunder, subject to acceleration of vesting upon any

Change in Control (as defined in the Equity Documents), and shall otherwise be subject to the terms and conditions of the Equity Documents.

Section 5. Employee Benefits & Indemnification.

(a) During the Term of Employment, Executive shall be entitled to participate in health, insurance (including director & officer insurance), retirement, and other benefits provided generally to senior executives of the Company. Executive shall also be entitled to the same number of holidays and sick days, as well as any other benefits, in each case as are generally allowed to senior executives of the Company in accordance with the Company policy as in effect from time to time. The Company will also cover such reasonable costs associated with Executive's Company responsibilities (e.g., bar admissions, continuing legal education/membership costs, etc.). Executive will also be entitled to four (4) weeks of vacation annually. Nothing contained herein shall be construed to limit the Company's ability to amend, suspend, or terminate any employee benefit plan or policy at any time, and the right to do so is expressly reserved.

(b) The Company shall indemnify Executive to the maximum extent permitted by law in respects of any claim, investigation, suit or dispute brought against Executive in Executive's capacity as an officer of the Company, and the Company agrees to advance Executive's reasonable expenses incurred therewith upon Executive agreeing to repay such advances if Executive is ultimately found not to have been entitled to such indemnification. The Company shall not be obligated to indemnify Executive if a court of competent jurisdiction finds Executive's conduct to have constituted gross negligence, willful misconduct, fraud or criminal conduct in performing any duties or responsibilities under this Agreement.

Section 6. Reimbursement of Business Expenses.

Executive is authorized to incur reasonable business expenses in carrying out Executive's duties and responsibilities under this Agreement, and the Company shall promptly reimburse Executive for all such reasonable business expenses, subject to documentation in accordance with the Company's policy, as in effect from time to time.

Section 7. Termination of Employment.

(a) General. The Term of Employment, and Executive's employment hereunder, shall terminate upon the earliest to occur of (i) Executive's death, (ii) a termination by reason of a Disability, (iii) a termination by the Company with or without Cause, and (iv) a termination by Executive with or without Good Reason. Except as otherwise expressly required by law (e.g., COBRA) or as specifically provided herein, all of Executive's rights to Base Salary, Annual Bonus, employee benefits and other compensatory amounts hereunder (if any) shall cease upon the termination of Executive's employment hereunder.

(b) Deemed Resignation. Upon any termination of Executive's employment for any reason, except as may otherwise be requested by the Company in writing and agreed upon in writing by Executive, Executive shall be deemed to have resigned from any and all

directorships, committee memberships, and any other positions Executive holds with the Company or any other member of the Company Group.

(c) Termination Due to Death or Disability. Executive's employment shall terminate automatically upon Executive's death. The Company may terminate Executive's employment immediately upon the occurrence of a Disability, such termination to be effective upon Executive's receipt of written notice of such termination. Upon Executive's death or in the event that Executive's employment is terminated due to Executive's Disability, Executive or Executive's estate or Executive's beneficiaries, as the case may be, shall be entitled to:

(i) The Accrued Obligations;

(ii) Any unpaid Annual Bonus in respect of any completed fiscal year that has ended prior to the date of such termination, which amount shall be paid at such time annual bonuses are paid to other senior executives of the Company, but in no event later than the date that is 2½ months following the last day of the fiscal year in which such termination occurred; and

(iii) An amount equal to (A) the Target Annual Bonus multiplied by (B) a fraction, the numerator of which is the number of days elapsed from the commencement of the fiscal year in in which such termination occurs through the date of such termination and the denominator of which is 365 (or 366, as applicable), which amount shall be paid within thirty (30) days of Executive's termination date.

Following Executive's death or a termination of Executive's employment by reason of a Disability, except as set forth in this Section 7(c), Executive shall have no further rights to any compensation or any other benefits under this Agreement.

(d) Termination by the Company for Cause.

(i) The Company may terminate Executive's employment at any time for Cause, effective upon delivery to Executive of written notice of such termination; *provided*, *however*, that with respect to any Cause termination relying on clause (ii) or (vii) of the definition of Cause, to the extent that such act or acts or failure or failures to act are curable, Executive shall be given not less than ten (10) days' written notice by the Board of the Company's intention to terminate Executive for Cause, such notice to state in detail the particular act or acts or failure or failures to act that constitute the grounds on which the proposed termination for Cause is based, and such termination shall be effective at the expiration of such ten (10) day notice period unless Executive has fully cured such act or acts or failure or failures to act that give rise to Cause during such period.

(ii) In the event that the Company terminates Executive's employment for Cause, he shall be entitled only to the Accrued Obligations. Following such termination of Executive's employment for Cause, except as set forth in this Section 7(d)(ii), Executive shall have no further rights to any compensation or any other benefits under this Agreement.

(e) Termination by the Company without Cause. The Company may terminate Executive's employment at any time without Cause, effective upon delivery to Executive of written notice of such termination. In the event that Executive's employment is terminated by the Company without Cause (other than due to death or Disability), Executive shall be entitled to:

(i) The Accrued Obligations;

(ii) Any unpaid Annual Bonus in respect of any completed fiscal year that has ended prior to the date of such termination, which amount shall be paid at such time annual bonuses are paid to other senior executives of the Company, but in no event later than the date that is 2½ months following the last day of the fiscal year in which such termination occurred;

(iii) Subject to satisfaction of the applicable performance objectives applicable for the fiscal year in which such termination occurs, an amount equal to (A) the Annual Bonus otherwise payable to Executive for the fiscal year in which such termination occurred, assuming Executive had remained employed through the applicable payment date, multiplied by (B) a fraction, the numerator of which is the number of days elapsed from the commencement of such fiscal year through the date of such termination and the denominator of which is 365 (or 366, as applicable), which amount shall be paid at such time annual bonuses are paid to other senior executives of the Company, but in no event later than the date that is 2½ months following the last day of the fiscal year in which such termination occurred; and

(iv) Continuation of Base Salary for one year following such termination, such amount to be paid in substantially equal payments during the Severance Term, payable in accordance with the Company's regular payroll practices.

Notwithstanding the foregoing, the payments and benefits described in clauses (ii) through (iv) above shall immediately terminate, and the Company shall have no further obligations to Executive with respect thereto, in the event that Executive breaches any provision set forth in Section 9 hereof. Following such termination of Executive's employment by the Company without Cause, except as set forth in this Section 7(e), Executive shall have no further rights to any compensation or any other benefits under this Agreement.

(f) Termination by Executive with Good Reason. Executive may terminate Executive's employment with Good Reason by providing the Company thirty (30) days' written notice setting forth in reasonable specificity the event that constitutes Good Reason, which written notice, to be effective, must be provided to the Company within sixty (60) days of the knowledge of such event. During such thirty (30) day notice period, the Company shall have a cure right (if curable), and if not cured within such period, Executive's termination will be effective upon the expiration of such cure period, and Executive shall be entitled to the same payments and benefits as provided in Section 7(e) hereof for a termination by the Company without Cause, subject to the same conditions on payment and benefits as described in Section 7(e) hereof. Following such termination of Executive's employment by Executive with Good

Reason, except as set forth in this Section 7(f), Executive shall have no further rights to any compensation or any other benefits under this Agreement.

(g) Termination by Executive without Good Reason. Executive may terminate Executive's employment without Good Reason by providing the Company thirty (30) days' written notice of such termination. In the event of a termination of employment by Executive under this Section 7(g), Executive shall be entitled only to the Accrued Obligations. In the event of termination of Executive's employment under this Section 7(g), the Company may, in its sole and absolute discretion, by written notice accelerate such date of termination without changing the characterization of such termination as a termination by Executive without Good Reason. Following such termination of Executive's employment by Executive without Good Reason, except as set forth in this Section 7(g), Executive shall have no further rights to any compensation or any other benefits under this Agreement.

(h) Release. Notwithstanding any provision herein to the contrary, the payment of any amount or provision of any benefit pursuant to subsection (e) or (f) of this Section 7 other than the Accrued Obligations (collectively, the "Severance Benefits") shall be conditioned upon Executive's execution, delivery to the Company, and non-revocation of the Release of Claims (and the expiration of any revocation period contained in such Release of Claims) within sixty (60) days following the date of Executive's termination of employment hereunder (the "Release Execution Period"). If Executive fails to execute the Release of Claims in such a timely manner so as to permit any revocation period to expire prior to the end of such sixty (60) day period, or timely revokes Executive's acceptance of such release following its execution, Executive shall not be entitled to any of the Severance Benefits. No portion of the Severance (other than Accrued Obligations) shall be paid until the Release of Claims has become effective and all such amounts shall commence to be paid on the first regular payroll date of the Company after the Release of Claims has become effective; *provided*, that, if the Release Execution Period overlaps two calendar years, the first payment shall not be made sooner than the first day of the second year, and shall include any missed payments.

Section 8. Certain Payments.

In the event that (a) Executive is entitled to receive any payment, benefit or distribution of any type to or for the benefit of Executive, whether paid or payable, provided or to be provided, or distributed or distributable, pursuant to the terms of this Agreement or otherwise (collectively, the "Payments"), and (b) the net after-tax amount of such Payments, after Executive has paid all taxes due thereon (including, without limitation, taxes due under Section 4999 of the Code) is less than the net after-tax amount of all such Payments otherwise due to Executive in the aggregate, if such Payments were reduced to an amount equal to 2.99 times Executive's "base amount" (as defined in Section 280G(b)(3) of the Code), then the aggregate amount of such Payments payable to Executive shall be reduced to an amount that will equal 2.99 times Executive's base amount. To the extent such aggregate "parachute payment" (as defined in Section 280G(b)(2) of the Code) amounts are required to be so reduced, the parachute payment amounts due to Executive (but no non-parachute payment amounts) shall be reduced in the following order: (i) the parachute payments that are payable in cash shall be reduced (if necessary, to zero) with amounts that are payable last reduced first; (ii) payments and benefits

due in respect of any equity, valued at full value (rather than accelerated value), with the highest values reduced first (as such values are determined under Treasury Regulation Section 1.280G-1, Q&A 24); and (iii) all other non-cash benefits not otherwise described in clause (ii) of this Section 8 reduced last.

Section 9. Restrictive Covenants

(a) General. Executive acknowledges and recognizes the highly competitive nature of the business of the Company Group, that access to Confidential Information renders Executive special and unique within the industry of the Company Group, and that Executive will have the opportunity to develop substantial relationships with existing and prospective clients, accounts, customers, consultants, contractors, investors, and strategic partners of the Company Group during the course of and as a result of Executive's employment with the Company. In light of the foregoing, as a condition of Executive's employment by the Company, and in consideration of Executive's employment hereunder and the compensation and benefits provided herein, Executive acknowledges and agrees to the covenants contained in this Section 9. Executive further recognizes and acknowledges that the restrictions and limitations set forth in this Section 9 are reasonable and valid in geographical and temporal scope and in all other respects and are essential to protect the value of the business and assets of the Company Group.

(b) Confidential Information.

(i) Executive acknowledges that, during the Term of Employment, Executive will have access to information about the Company Group and that Executive's employment with the Company shall bring Executive into close contact with confidential and proprietary information of the Company Group. In recognition of the foregoing, Executive agrees, at all times during the Term of Employment and thereafter, to hold in confidence, and not to use, except for the benefit of the Company Group, or to disclose to any Person without written authorization of the Company, any Confidential Information; *provided*, that nothing in this Section 9(b)(i) shall prevent Executive from disclosing Confidential Information as may be required by applicable law, rule or court order.

(ii) 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, or otherwise making disclosures to any Governmental Entity, in each case, that are protected under the whistleblower provisions of any such law or regulation, provided that in each case such communications and disclosures are consistent with applicable law. Executive understands and acknowledges that an individual shall not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of a trade secret that is made (i) in confidence to a Federal, State, or local government official or to an attorney solely for the purpose of reporting or investigating a suspected violation of law, or (ii) in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. Executive understands and

acknowledges further that an individual who files a lawsuit for retaliation by an employer for reporting a suspected violation of law may disclose the trade secret to the attorney of the individual and use the trade secret information in the court proceeding, if the individual files any document containing the trade secret under seal; and does not disclose the trade secret, except pursuant to court order. Moreover, Executive is not required to give prior notice to (or get prior authorization from) the Company regarding any such communication or disclosure. Notwithstanding the foregoing, under no circumstance will Executive be authorized to disclose any information covered by attorney-client privilege or attorney work product of any member of the Company Group without prior written consent of Company's General Counsel or other officer designated by the Company. Participant does not need the prior authorization of (or to give notice to) any member of the Company Group regarding any communication, disclosure, or activity permitted by this paragraph.

(c) Assignment of Intellectual Property.

(i) Executive agrees that he will, without additional compensation, promptly make full written disclosure to the Company, and will hold in trust for the sole right and benefit of the Company all developments, original works of authorship, inventions, concepts, know-how, improvements, trade secrets, and similar proprietary rights, whether or not patentable or registrable under copyright or similar laws, which Executive may (or have previously) solely or jointly conceive or develop or reduce to practice, or cause to be conceived or developed or reduced to practice, during the Term of Employment, whether or not during regular working hours, provided they either (i) relate at the time of conception or reduction to practice of the invention to the business of any member of the Company Group, or actual or demonstrably anticipated research or development of any member of the Company Group; (ii) result from or relate to any work performed for any member of the Company Group; or (iii) are developed through the use of equipment, supplies, or facilities of any member of the Company Group, or any Confidential Information, or in consultation with personnel of any member of the Company Group (collectively referred to as "Developments"). Executive further acknowledges that all Developments made by Executive (solely or jointly with others) within the scope of and during the Term of Employment are "works made for hire" (to the greatest extent permitted by applicable law) for which Executive is, in part, compensated by Executive's Base Salary, unless regulated otherwise by law, but that, in the event any such Development is deemed not to be a work made for hire, Executive hereby assigns to the Company, or its designee, all Executive's right, title, and interest throughout the world in and to any such Development.

(ii) Executive agrees to assist the Company, or its designee, at the Company's expense, in every way to secure the rights of the Company Group in the Developments and any copyrights, patents, trademarks, service marks, database rights, domain names, mask work rights, moral rights, and other intellectual property rights relating thereto in any and all countries, including the disclosure to the Company of all pertinent information and data with respect thereto, the execution of all applications, specifications, oaths, assignments, recordations, and all other instruments that the

Company shall deem necessary in order to apply for, obtain, maintain, and transfer such rights and in order to assign and convey to the Company Group the sole and exclusive right, title, and interest in and to such Developments, and any intellectual property and other proprietary rights relating thereto. Executive further agrees that Executive's obligation to execute or cause to be executed, when it is in Executive's power to do so, any such instrument or papers shall continue after the termination of the Term of Employment until the expiration of the last such intellectual property right to expire in any country of the world; *provided*, *however*, that the Company shall reimburse Executive for Executive's reasonable expenses incurred in connection with carrying out the foregoing obligation. If the Company is unable because of Executive's mental or physical incapacity or unavailability for any other reason to secure Executive's signature to apply for or to pursue any application for any United States or foreign patents or copyright registrations covering Developments or original works of authorship assigned to the Company as above, then Executive hereby irrevocably designates and appoints the Company and its duly authorized officers and agents as Executive's agent and attorney in fact to act for and in Executive's behalf and stead to execute and file any such applications or records and to do all other lawfully permitted acts to further the application for, prosecution, issuance, maintenance, and transfer of letters patent or registrations thereon with the same legal force and effect as if originally executed by me. Executive hereby waives and irrevocably quitclaims to the Company any and all claims, of any nature whatsoever, that Executive now or hereafter have for past, present, or future infringement of any and all proprietary rights assigned to the Company.

(d) Non-Competition. During the Term of Employment and the Post-Termination Restricted Period, Executive shall not, directly or indirectly engage in, have any equity interest in, or manage, provide services to or operate any person, firm, corporation, partnership or business (whether as director, officer, employee, agent, representative, partner, member, security holder, consultant or otherwise) that engages in any business, directly or indirectly (through a subsidiary or otherwise), which competes with the Business within the United States of America or any other jurisdiction in which any member of the Company Group engages in business derives a material portion of its revenues or has demonstrable plans to commence business activities in. Notwithstanding the foregoing, Executive may at any time own, for investment purposes only, up to three percent (3%) of the equity of any publicly-held company whose equity is either listed on a national stock exchange or on the NASDAQ National Market System.

(e) Non-Interference. During the Term of Employment and the Post-Termination Restricted Period, Executive shall not, directly or indirectly for Executive's own account or for the account of any other Person, engage in Interfering Activities.

(f) Return of Documents. In the event of Executive's termination of employment hereunder for any reason, Executive shall deliver to the Company (and will not keep in Executive's possession, recreate, or deliver to anyone else) any and all Confidential Information and all other documents, materials, information, and property developed by Executive pursuant to Executive's employment hereunder or otherwise belonging to the Company Group.

(g) Independence; Severability; Blue Pencil. Each of the rights enumerated in this Section 9 shall be independent of the others and shall be in addition to and not in lieu of any other rights and remedies available to the Company Group at law or in equity. If any of the provisions of this Section 9 or any part of any of them is hereafter construed or adjudicated to be invalid or unenforceable, the same shall not affect the remainder of this Section 9, which shall be given full effect without regard to the invalid portions. If any of the covenants contained herein are held to be invalid or unenforceable because of the duration of such provisions or the area or scope covered thereby, each of the Company and Executive agree that the court making such determination shall have the power to reduce the duration, scope, and/or area of such provision to the maximum and/or broadest duration, scope, and/or area permissible by law, and in its reduced form said provision shall then be enforceable.

(h) Injunctive Relief. Executive expressly acknowledges that any breach or threatened breach of any of the terms and/or conditions set forth in this Section 9 may result in substantial, continuing, and irreparable injury to the members of the Company Group. Therefore, Executive hereby agrees that, in addition to any other remedy that may be available to the Company, any member of the Company Group shall be entitled to seek injunctive relief, specific performance, or other equitable relief by a court of appropriate jurisdiction in the event of any breach or threatened breach of the terms of this Section 9. Notwithstanding any other provision to the contrary, Executive acknowledges and agrees that the Post-Termination Restricted Period shall be tolled during any period of violation of any of the covenants in this Section 9 and during any other period required for litigation during which the Company or any other member of the Company Group seeks to enforce such covenants against Executive if it is ultimately determined that Executive was in breach of such covenants.

(i) Disclosure of Covenants. As long as it remains in effect, Executive will disclose the existence of the covenants contained in this Section 9 to any prospective employer, partner, co-venturer, investor, or lender prior to entering into an employment, partnership, or other business relationship with such Person or entity.

(j) Other Covenants. Notwithstanding anything contained in this Agreement to the contrary, in the event that Executive is subject to similar restrictive covenants pursuant to any other agreement with any member of the Company Group, including, without limitation, under the Equity Documents ("Other Covenants"), the covenants contained in this Agreement shall be in addition to, and not in lieu of, any such Other Covenants, and enforcement by the Company of the covenants contained in this Agreement shall not preclude the applicable member of the Company Group from enforcing such Other Covenants in accordance with their terms.

Section 10. Representations and Warranties of Executive.

Executive represents and warrants to the Company that:

(a) Executive is entering into this Agreement voluntarily and that Executive's employment hereunder and compliance with the terms and conditions hereof will not conflict with or result in the breach by Executive of any agreement to which he is a party or by which he may be bound;

(b) Executive has not violated, and in connection with Executive's employment with the Company will not violate, any non-solicitation, non-competition, or other similar covenant or agreement with any Person by which he is or may be bound;

(c) In connection with Executive's employment with the Company, Executive will not use any confidential or proprietary information he may have obtained in connection with employment or service with any prior service recipient; and

(d) Executive has not been terminated from any prior employer or service recipient, or otherwise disciplined in connection any such relationship, in connection with, or as a result of, any claim of workplace sexual harassment or sex or gender discrimination, and to Executive's knowledge, Executive has not been the subject of any investigation, formal allegation, civil or criminal complaint, charge, or settlement regarding workplace sexual harassment or sex or gender discrimination.

Section 11. Taxes.

The Company may withhold from any payments made under this Agreement or otherwise made in connection with Executive's employment hereunder, all applicable taxes, including but not limited to income, employment, and social insurance taxes, as shall be required by law. If any such taxes are paid or advanced by the Company on behalf of Executive, Executive shall remain responsible for, and shall repay, such amounts to the Company, promptly following notice thereof by the Company. Executive acknowledges and represents that the Company has not provided any tax advice to Executive in connection with this Agreement and that he has been advised by the Company to seek tax advice from Executive's own tax advisors regarding this Agreement and payments that may be made to Executive pursuant to this Agreement, including specifically, the application of the provisions of Section 409A of the Code to such payments.

Section 12. Additional Section 409A Provisions.

Notwithstanding any provision in this Agreement to the contrary:

(a) Any payment otherwise required to be made hereunder to Executive at any date as a result of the termination of Executive's employment shall be delayed for such period of time as may be necessary to meet the requirements of Section 409A(a)(2)(B)(i) of the Code (the "Delay Period"). On the first business day following the expiration of the Delay Period, Executive shall be paid, in a single cash lump sum, an amount equal to the aggregate amount of all payments delayed pursuant to the preceding sentence, and any remaining payments not so delayed shall continue to be paid pursuant to the payment schedule set forth herein.

(b) Each payment in a series of payments hereunder shall be deemed to be a separate payment for purposes of Section 409A of the Code.

(c) Notwithstanding anything herein to the contrary, the payment (or commencement of a series of payments) hereunder of any nonqualified deferred compensation (within the meaning of Section 409A of the Code) upon a termination of employment shall be

delayed until such time as Executive has also undergone a "separation from service" as defined in Treas. Reg. 1.409A-1(h), at which time such nonqualified deferred compensation (calculated as of the date of Executive's termination of employment hereunder) shall be paid (or commence to be paid) to Executive on the schedule set forth in this Section 7 as if Executive had undergone such termination of employment (under the same circumstances) on the date of Executive's ultimate "separation from service."

(d) To the extent that any right to reimbursement of expenses or payment of any benefit in-kind under this Agreement constitutes nonqualified deferred compensation (within the meaning of Section 409A of the Code), (i) any such expense reimbursement shall be made by the Company no later than the last day of the taxable year following the taxable year in which such expense was incurred by Executive, (ii) the right to reimbursement or in-kind benefits shall not be subject to liquidation or exchange for another benefit, and (iii) the amount of expenses eligible for reimbursement or in-kind benefits provided during any taxable year shall not affect the expenses eligible for reimbursement or in-kind benefits to be provided in any other taxable year; *provided*, *however*, that the foregoing clause shall not be violated with regard to expenses reimbursed under any arrangement covered by Section 105(b) of the Code solely because such expenses are subject to a limit related to the period the arrangement is in effect.

(e) While the payments and benefits provided hereunder are intended to be structured in a manner to avoid the implication of any penalty taxes under Section 409A of the Code, and shall be interpreted in a manner consistent with such intention, in no event whatsoever shall any member of the Company Group be liable for any additional tax, interest, or penalties that may be imposed on Executive as a result of Section 409A of the Code or any damages for failing to comply with Section 409A of the Code (other than for withholding obligations or other obligations applicable to employers, if any, under Section 409A of the Code).

Section 13. Successors and Assigns; No Third-Party Beneficiaries.

(a) The Company. This Agreement shall inure to the benefit of the Company and its respective successors and assigns. Except as expressly contemplated in the introductory clauses of this Agreement, neither this Agreement nor any of the rights, obligations, or interests arising hereunder may be assigned by the Company to a Person (other than another member of the Company Group, or its or their respective successors) without Executive's prior written consent; *provided*, *however*, that in the event of a sale of all or substantially all of the assets of the Company or any direct or indirect division or subsidiary thereof to which Executive's employment primarily relates, the Company may provide that this Agreement will be assigned to, and assumed by, the acquiror of such assets, division or subsidiary, as applicable, without Executive's consent.

(b) Executive. Executive's rights and obligations under this Agreement shall not be transferable by Executive by assignment or otherwise, without the prior written consent of the Company; *provided*, *however*, that if Executive shall die, all amounts then payable to Executive hereunder shall be paid in accordance with the terms of this Agreement to Executive's devisee, legatee, or other designee, or if there be no such designee, to Executive's estate.

(c) No Third-Party Beneficiaries. Except as otherwise set forth in Section 7(c) or Section 13(b) hereof, nothing expressed or referred to in this Agreement will be construed to give any Person other than the Company, the other members of the Company Group, and Executive any legal or equitable right, remedy, or claim under or with respect to this Agreement or any provision of this Agreement.

Section 14. Waiver and Amendments.

Any waiver, alteration, amendment, or modification of any of the terms of this Agreement shall be valid only if made in writing and signed by each of the parties hereto; *provided*, *however*, that any such waiver, alteration, amendment, or modification must be consented to on the Company's behalf by the Board. No waiver by either of the parties hereto of their rights hereunder shall be deemed to constitute a waiver with respect to any subsequent occurrences or transactions hereunder unless such waiver specifically states that it is to be construed as a continuing waiver.

Section 15. Severability.

If any covenants or such other provisions of this Agreement are found to be invalid or unenforceable by a final determination of a court of competent jurisdiction, (a) the remaining terms and provisions hereof shall be unimpaired, and (b) the invalid or unenforceable term or provision hereof shall be deemed replaced by a term or provision that is valid and enforceable and that comes closest to expressing the intention of the invalid or unenforceable term or provision hereof.

Section 16. Governing Law; Waiver of Jury Trial; Arbitration.

THIS AGREEMENT IS GOVERNED BY AND IS TO BE CONSTRUED UNDER THE LAWS OF THE STATE OF NEVADA. EACH PARTY TO THIS AGREEMENT ALSO HEREBY WAIVES ANY RIGHT TO TRIAL BY JURY IN CONNECTION WITH ANY SUIT, ACTION, OR PROCEEDING UNDER OR IN CONNECTION WITH THIS AGREEMENT.

Section 17. Notices.

(a) Place of Delivery. Every notice or other communication relating to this Agreement shall be in writing, and shall be mailed to or delivered to the party for whom or which it is intended at such address as may from time to time be designated by it in a notice mailed or delivered to the other party as herein provided; *provided*, *however*, that unless and until some other address be so designated, all notices and communications by Executive to the Company shall be mailed or delivered to the Company at its principal executive office, and all notices and communications by the Company to Executive may be given to Executive personally or may be mailed to Executive at Executive's last known address, as reflected in the Company's records.

(b) Date of Delivery. Any notice so addressed shall be deemed to be given (i) if delivered by hand, on the date of such delivery, (ii) if mailed by courier or by overnight

mail, on the first business day following the date of such mailing, and (iii) if mailed by registered or certified mail, on the third business day after the date of such mailing.

Section 18. Section Headings.

The headings of the sections and subsections of this Agreement are inserted for convenience only and shall not be deemed to constitute a part thereof or affect the meaning or interpretation of this Agreement or of any term or provision hereof.

Section 19. Entire Agreement.

This Agreement constitutes the entire understanding and agreement of the parties hereto regarding the employment of Executive. This Agreement supersedes all prior negotiations, discussions, correspondence, communications, understandings, and agreements between the parties relating to the subject matter of this Agreement, including without limitation, the Prior Agreement (and specifically any provisions relating to compensation and equity grants contemplated thereunder).

Section 20. Survival of Operative Sections.

Upon any termination of Executive's employment, the provisions of Section 5 and Section 7 through Section 21 of this Agreement (together with any related definitions set forth on Appendix A) shall survive to the extent necessary to give effect to the provisions thereof.

Section 21. Counterparts.

This Agreement may be executed in two or more counterparts, each of which shall be deemed to be an original but all of which together shall constitute one and the same instrument. The execution of this Agreement may be by actual or facsimile signature.

* * *

[Signatures to appear on the following page.]

IN WITNESS WHEREOF, the undersigned have executed this Agreement as of the date first above written.

MP MATERIALS CORP.

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

EXECUTIVE

/s/ Elliot Hoops
Elliot Hoops

APPENDIX A

Definitions

(a) "Accrued Obligations" shall mean (i) all accrued but unpaid Base Salary through the date of termination of Executive's employment, (ii) any unpaid or unreimbursed expenses incurred in accordance with Section 6 hereof, and (iii) any benefits provided under the Company's employee benefit plans upon a termination of employment, including rights with respect to equity participation under the Equity Documents, in accordance with the terms contained therein.

(b) "Board" shall mean the Board of Directors of the Company.

(c) "Business" shall mean any business activities related to rare earth mining and processing, or any other current or demonstrably planned business activities of the Company Group associated with rare earth mining or processing.

(d) "Business Relation" shall mean any current or prospective client, customer, licensee, supplier, or other business relation of the Company Group, or any such relation that was a client, customer, licensee or other business relation within the prior six (6) month period, in each case, with whom Executive transacted business or whose identity became known to Executive in connection with Executive's employment hereunder.

(e) "Cause" shall mean (i) Executive's act(s) of gross negligence or willful misconduct in the course of Executive's employment hereunder, (ii) willful failure, neglect or refusal by Executive to perform in any material respect Executive's duties or responsibilities, (iii) misappropriation (or attempted misappropriation) by Executive of any assets or business opportunities of the Company or any other member of the Company Group, (iv) embezzlement or fraud committed (or attempted) by Executive, or at Executive's direction, (v) Executive's conviction of, indictment for, or pleading "guilty" or " no contest" to, (x) a felony or (y) any other criminal charge that has, or could be reasonably expected to have, an adverse impact on the performance of Executive's duties to the Company or any other member of the Company Group or otherwise result in material injury to the reputation or business of the Company or any other member of the Company Group, (vi) any material violation by Executive of the policies of the Company, including but not limited to those relating to sexual harassment or business conduct, and those otherwise set forth in the manuals or statements of policy of the Company, or (vii) Executive's material breach of this Agreement or of the Equity Documents.

(f) "Code" shall mean the Internal Revenue Code of 1986, as amended, and the rules and regulations promulgated thereunder.

(g) "Commencement Date" shall mean a date mutually agreed by the parties Company and Executive, which shall in no event be later than forty (40) days following the Effective Date.

(h) "Company Group" shall mean the Company together with any of its direct or indirect subsidiaries.

(i) "Compensation Committee" shall mean the compensation committee of the Board. Prior to any time that such a committee has been designated, the Board shall be deemed the Compensation Committee for purposes of this Agreement.

(j) "Confidential Information" means information that the Company Group has 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. Confidential Information includes, but is not limited to, any and all non-public information that relates to the actual or anticipated business and/or products, research, or development of the Company Group, or to the Company Group's technical data, trade secrets, or know-how, including, but not limited to, research, plans, or other information regarding the Company Group's products or services and markets, customer lists, and customers (including, but not limited to, customers of the Company on whom Executive called or with whom Executive may become acquainted during the Term of Employment), software, developments, inventions, processes, formulas, technology, designs, drawings, engineering, hardware configuration information, marketing, finances, and other business information disclosed by the Company either directly or indirectly in writing, orally, or by drawings or inspection of premises, parts, equipment, or other Company Group property. Notwithstanding the foregoing, Confidential Information shall not include any of the foregoing items that have become publicly and widely known through no unauthorized disclosure by Executive or others who were under confidentiality obligations as to the item or items involved.

(k) "Disability" shall mean any physical or mental disability or infirmity of Executive that prevents the performance of Executive's duties for a period of (i) ninety (90) consecutive days or (ii) one hundred twenty (120) non-consecutive days during any twelve (12) month period. Any question as to the existence, extent, or potentiality of Executive's Disability upon which Executive and the Company cannot agree shall be determined by a qualified, independent physician selected by the Company and approved by Executive (which approval shall not be unreasonably withheld, delayed or conditioned). The determination of any such physician shall be final and conclusive for all purposes of this Agreement.

(l) "Good Reason" shall mean, without Executive's consent, (i) a material demotion in Executive's title, duties, or responsibilities as set forth in Section 3 hereof, (ii) a material reduction in Base Salary set forth in Section 4(a) hereof or Target Annual Bonus opportunity set forth in Section 4(b) hereof (other than pursuant to an across-the-board reduction applicable to all similarly situated executives), (iii) the relocation of Executive's principal place of employment (as provided in Section 3(c) hereof) more than fifty (50) miles from its current location, or (iv) any other material breach of a provision of this Agreement by the Company (other than a provision that is covered by clause (i), (ii), or (iii) above). Executive acknowledges and agrees that Executive's exclusive remedy in the event of any breach of this Agreement shall be to assert Good Reason pursuant to the terms and conditions of Section 7(f) hereof. Notwithstanding the foregoing, during the Term of Employment, in the event that the Board reasonably believes that Executive may have engaged in conduct that could constitute Cause hereunder, the Board may, in its sole and absolute discretion, suspend Executive from performing Executive's duties hereunder, and in no event shall any such suspension constitute an

event pursuant to which Executive may terminate employment with Good Reason or otherwise constitute a breach hereunder; *provided*, that no such suspension shall alter the Company's obligations under this Agreement during such period of suspension.

(m) "Interfering Activities" shall mean (A) recruiting, encouraging, soliciting, or inducing, or in any manner attempting to recruit, encourage, solicit, or induce, any Person employed by, or providing consulting services to, any member of the Company Group to terminate such Person's employment or services (or in the case of a consultant, materially reducing such services) with the Company Group, (B) hiring any individual who was employed by the Company Group within the six (6) month period prior to the date of such hiring, or (C) encouraging, soliciting, or inducing, or in any manner attempting to encourage, solicit, or induce, any Business Relation to cease doing business with or reduce the amount of business conducted with the Company Group, or in any way interfering with the relationship between any such Business Relation and the Company Group.

(n) "Person" shall mean any individual, corporation, partnership, limited liability company, joint venture, association, joint-stock company, trust (charitable or non-charitable), unincorporated organization, or other form of business entity.

(o) "Post-Termination Restricted Period" shall mean the period commencing on the date of the termination of the Term of Employment for any reason and ending on the twelve (12) month anniversary of such date of termination.

(p) "Release of Claims" shall mean the Company's standard form of general release of claims delivered to Executive by the Company in connection with Executive's termination of employment.

(q) "Severance Term" shall mean the period commencing on the date of Executive's termination by the Company without Cause (other than by reason of death or Disability) or by Executive with Good Reason and ending on the twelve (12) month anniversary of such date of termination.

MP MATERIALS CORP.
2020 Stock Incentive Plan

RESTRICTED STOCK UNIT AWARD AGREEMENT

MP Materials Corp., a Delaware corporation (the "Company"), hereby grants to [_____] (the "Holder") as of [DATE] (the "Grant Date"), pursuant to the provisions of the MP Materials Corp. 2020 Stock Incentive Plan (the "Plan"), a restricted stock unit award (the "Award") with respect to [_____] shares of the Company's Common Stock, par value $0.0001 per share ("Stock"), upon and subject to the restrictions, terms and conditions set forth in the Plan and this agreement (the "Agreement"). Capitalized terms not defined herein shall have the meanings specified in the Plan.

1. Award Subject to Acceptance of Agreement. The Award shall be null and void unless the Holder accepts this Agreement by executing it in the space provided therefor and returning an original execution copy to the Company (or electronically accepts this Agreement within the Holder's stock plan account with the Company's stock plan administrator according to the procedures then in effect, which electronic acceptance shall constitute the Holder's electronic signature for all purposes of this Agreement). By executing (manually or electronically) this Agreement, the Holder (a) agrees to abide by all administrative procedures established by the Company or its stock plan administrator, including any procedures requiring the Holder to notify the Company of any proposed sale of any Stock acquired upon the vesting of this Award, (b) agrees that this Award is granted under and governed by the terms and conditions of the Plan, this Agreement, and the applicable provisions (if any) contained in a written agreement between the Holder and any member of the Company Group (an "Employment Agreement"), and (c) hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Committee on questions relating to the Plan, this Award, and, solely in so far as they relate to this Award, the applicable provisions (if any) contained in an Employment Agreement, if applicable.

2. No Rights as a Stockholder. The Holder shall not be entitled to any privileges of ownership with respect to the shares of Stock subject to the Award unless and until, and only to the extent, such shares become vested pursuant to Section 3 hereof and the Holder becomes a stockholder of record with respect to such shares.

3. Restriction Period and Vesting.

3.1. Service-Based Vesting Condition. Except as otherwise provided in the Plan or the applicable provisions (if any) contained in an Employment Agreement, if applicable, the Award shall [be fully (100%) vested on the Grant Date / vest [*insert vesting schedule*] (each such date, a "Vesting Date"); provided that you are, and have been, continuously (except for any absence for vacation, leave, etc. in accordance with the Company's or its Subsidiaries' policies): (a) employed by the Company or any of its Subsidiaries; (b) serving as a Non-Employee Director or (c) providing services to the Company or any of its Subsidiaries as an advisor or consultant (employment or the provision of services pursuant to clauses (a) through (c), as applicable "Service"), in each case, from the date of this Agreement through and including the applicable

Vesting Date; and provided further that you execute (manually or electronically) and do not revoke the Supplemental Release attached as Exhibit A at least 8 days, but no more than 15 days, prior to each successive Vesting Date. The period of time prior to the vesting shall be referred to herein as the "Restriction Period."]

3.2. Termination Prior to the Expiration of the Restriction Period. If the Holder's Service terminates prior to the end of the Restriction Period for any reason other than the Holder's death or Disability, then the portion of the Award that was not vested immediately prior to such termination of Service shall be immediately forfeited by the Holder and cancelled by the Company, subject to the applicable provisions (if any) contained in an Employment Agreement, if applicable.

3.3. Change in Control. In the event of a Change in Control, the Award shall be subject to Section 5.8 of the Plan, subject to the applicable provisions (if any) contained in an Employment Agreement, if applicable.

3.4. Death or Disability. Subject to the applicable provisions (if any) contained in an Employment Agreement, if applicable, (i) if the Holder's Service terminates prior to the end of the Restriction Period due to the Holder's death or Disability (as defined herein), the Award shall fully vest as of the date of such termination of Service and (ii) for purposes of this Award, "Disability" shall mean the Holder's absence from the Holder's duties with the Company on a full-time basis for at least 180 consecutive days as a result of the Holder's incapacity due to physical or mental illness.

4. Issuance or Delivery of Shares. As soon as practicable (but no later than thirty (30) days) after the vesting of the Award, the Company shall issue or deliver to the Holder, subject to the conditions of this Agreement, the shares of Stock related to the portion of the Award that has vested. Such issuance or delivery shall be evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company. The Company shall pay all original issue or transfer taxes and all fees and expenses incident to such issuance or delivery, except as otherwise provided in Section 8. Prior to the issuance to the Holder of the shares of Stock subject to the Award, the Holder shall have no direct or secured claim in any specific assets of the Company or in such shares of Stock, and will have only the status of a general unsecured creditor of the Company.

5. Transfer Restrictions and Investment Representation.

5.1. Nontransferability of Award. During the Restriction Period, the Award may not be offered, sold, transferred, assigned, pledged, hypothecated, encumbered or otherwise disposed of (whether by operation of law or otherwise) by the Holder or be subject to execution, attachment or similar process other than by will, the laws of descent and distribution or pursuant to beneficiary designation procedures approved by the Company. Any attempt to so sell, transfer, assign, pledge, hypothecate, encumber or otherwise dispose of such shares shall be null and void.

5.2. Investment Representation. The Holder hereby represents and covenants that (a) any share of Stock acquired upon the vesting of the Award will be acquired for investment and not with a view to the distribution thereof within the meaning of the Securities Act of 1933, as amended (the "Securities Act"), unless such acquisition has been registered under the Securities Act and any applicable state securities laws; (b) any subsequent sale of any such shares shall be made either pursuant to an effective registration statement under the Securities Act and any applicable state securities laws, or pursuant to an exemption from registration under the Securities Act and such state securities laws; and (c) if requested by the Company, the Holder shall submit a written statement, in form satisfactory to the Company, to the effect that such representation (x) is true and correct as of the date of vesting of any shares of Stock hereunder or (y) is true and correct as of the date of any sale of any such share, as applicable. As a further condition precedent to the delivery to the Holder of any shares of Stock subject to the Award, the Holder shall comply with all regulations and requirements of any regulatory authority having control of or supervision over the issuance or delivery of the shares of Stock and, in connection therewith, shall execute any documents which the Board shall in its sole discretion deem necessary or advisable.

6. Restrictive Covenants.

6.1. General. Holder acknowledges and recognizes the highly competitive nature of the business of the Company together with any of its direct or indirect subsidiaries (collectively, the "Company Group"), that access to Confidential Information renders Holder special and unique within the industry of the Company Group, and that Holder will have the opportunity to develop substantial relationships with existing and prospective clients, accounts, customers, consultants, contractors, investors, and strategic partners of the Company Group during the course of and as a result of Holder's employment with the Company Group. In light of the foregoing, as a condition of the Award, Holder acknowledges and agrees to the covenants contained in this Section 6. Holder further recognizes and acknowledges that the restrictions and limitations set forth in this Section 6 are reasonable and valid in temporal scope and in all other respects and are essential to protect the value of the business and assets of the Company Group.

6.2. Confidential Information. Holder acknowledges that, during Holder's employment with the Company Group, Holder will have access to information about the Company Group and that Holder's employment with the Company Group shall bring Holder into close contact with confidential and proprietary information of the Company Group. In recognition of the foregoing, Holder agrees, at all times during the Holder's employment with the Company Group and thereafter, to hold in confidence, and not to use, except for the benefit of the Company Group, or to disclose to any Person without written authorization of the Company, any Confidential Information. Nothing in this Agreement shall prohibit or impede Holder 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, or otherwise making disclosures to any Governmental Entity, in each case, that are protected under the whistleblower provisions of any such law or regulation, provided that in each case such communications and disclosures are consistent with applicable law. Holder understands and

acknowledges that an individual shall not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of a trade secret that is made (a) in confidence to a Federal, State, or local government official or to an attorney solely for the purpose of reporting or investigating a suspected violation of law, or (b) in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. Holder understands and acknowledges further that an individual who files a lawsuit for retaliation by an employer for reporting a suspected violation of law may disclose the trade secret to the attorney of the individual and use the trade secret information in the court proceeding, if the individual files any document containing the trade secret under seal; and does not disclose the trade secret, except pursuant to court order. Moreover, Holder is not required to give prior notice to (or get prior authorization from) the Company regarding any such communication or disclosure. Notwithstanding the foregoing, under no circumstance will Holder be authorized to disclose any information covered by attorney-client privilege or attorney work product of any member of the Company Group without prior written consent of Company's General Counsel or other officer designated by the Company. Holder does not need the prior authorization of (or to give notice to) any member of the Company Group regarding any communication, disclosure, or activity permitted by this paragraph.

6.3. Assignment of Intellectual Property.

(a) Holder agrees that Holder will, without additional compensation, promptly make full written disclosure to the Company, and will hold in trust for the sole right and benefit of the Company all developments, original works of authorship, inventions, concepts, know-how, improvements, trade secrets, and similar proprietary rights, whether or not patentable or registrable under copyright or similar laws, which Holder may (or have previously) solely or jointly conceive or develop or reduce to practice, or cause to be conceived or developed or reduced to practice, during Holder's employment with the Company Group, whether or not during regular working hours, provided they either (i) relate at the time of conception or reduction to practice of the invention to the business of any member of the Company Group, or actual or demonstrably anticipated research or development of any member of the Company Group; (ii) result from or relate to any work performed for any member of the Company Group; or (iii) are developed through the use of equipment, supplies, or facilities of any member of the Company Group, or any Confidential Information, or in consultation with personnel of any member of the Company Group (collectively referred to as "Developments"). Holder further acknowledges that all Developments made by Holder (solely or jointly with others) within the scope of Holder's employment with the Company Group are "works made for hire" (to the greatest extent permitted by applicable law) for which Holder is, in part, compensated by Holder's base salary, unless regulated otherwise by law, but that, in the event any such Development is deemed not to be a work made for hire, Holder hereby assigns to the Company, or its designee, all Holder's right, title, and interest throughout the world in and to any such Development.

(b) Holder agrees to assist the Company, or its designee, at the Company's expense, in every way to secure the rights of the Company Group in the Developments and any copyrights, patents, trademarks, service marks, database rights, domain names, mask work rights,

moral rights, and other intellectual property rights relating thereto in any and all countries, including the disclosure to the Company of all pertinent information and data with respect thereto, the execution of all applications, specifications, oaths, assignments, recordations, and all other instruments that the Company shall deem necessary in order to apply for, obtain, maintain, and transfer such rights and in order to assign and convey to the Company Group the sole and exclusive right, title, and interest in and to such Developments, and any intellectual property and other proprietary rights relating thereto. Holder further agrees that Holder's obligation to execute or cause to be executed, when it is in Holder's power to do so, any such instrument or papers shall continue after the termination of the term of Holder's employment with the Company Group until the expiration of the last such intellectual property right to expire in any country of the world; *provided*, *however*, that the Company shall reimburse Holder for Holder's reasonable expenses incurred in connection with carrying out the foregoing obligation. If the Company is unable because of Holder's mental or physical incapacity or unavailability for any other reason to secure Holder's signature to apply for or to pursue any application for any United States or foreign patents or copyright registrations covering Developments or original works of authorship assigned to the Company as above, then Holder hereby irrevocably designates and appoints the Company and its duly authorized officers and agents as Holder's agent and attorney in fact to act for and in Holder's behalf and stead to execute and file any such applications or records and to do all other lawfully permitted acts to further the application for, prosecution, issuance, maintenance, and transfer of letters patent or registrations thereon with the same legal force and effect as if originally executed by me. Holder hereby waives and irrevocably quitclaims to the Company any and all claims, of any nature whatsoever, that Holder now or hereafter have for past, present, or future infringement of any and all proprietary rights assigned to the Company.

(c) Non-Interference. During Holder's employment with the Company Group, Holder shall not, directly or indirectly for Holder's own account or for the account of any other Person, engage in Interfering Activities.

6.4. Return of Documents. In the event of Holder's termination of employment from the Company Group for any reason, Holder shall deliver to the Company (and will not keep in Holder's possession, recreate, or deliver to anyone else) any and all Confidential Information and all other documents, materials, information, and property developed by Holder pursuant to Holder's employment with the Company Group or otherwise belonging to the Company Group.

6.5. Independence; Severability; Blue Pencil. Each of the rights enumerated in this Section 6 shall be independent of the others and shall be in addition to and not in lieu of any other rights and remedies available to the Company Group at law or in equity. If any of the provisions of this Section 6 or any part of any of them is hereafter construed or adjudicated to be invalid or unenforceable, the same shall not affect the remainder of this Section 6, which shall be given full effect without regard to the invalid portions. If any of the covenants contained herein are held to be invalid or unenforceable because of the duration of such provision or scope covered thereby, each of the Company and Holder agree that the court making such determination shall have the power to reduce the duration or scope of such provision to the

maximum and/or broadest duration or scope permissible by law, and in its reduced form said provision shall then be enforceable.

6.6. Remedies.

(a) Injunctive Relief. Holder expressly acknowledges that any breach or threatened breach of any of the terms and/or conditions set forth in this Section 6 may result in substantial, continuing, and irreparable injury to the members of the Company Group. Therefore, Holder hereby agrees that, in addition to any other remedy that may be available to the Company, any member of the Company Group shall be entitled to seek injunctive relief, specific performance, or other equitable relief by a court of appropriate jurisdiction in the event of any breach or threatened breach of the terms of this Section 6. Notwithstanding any other provision to the contrary, Holder acknowledges and agrees that the term of any period of violation of any of the covenants set forth in this Section 6 shall be tolled during any period of violation of any of the covenants in this Section 6. Notwithstanding any other provisions to the contrary, Holder acknowledges and agrees that the term of any period of violation of any of the covenants of this Section 6 shall be tolled during any period of violation of any of the covenants in this Section 6 and during any other period required for litigation during which the Company or any other member of the Company Group seeks to enforce such covenants against Holder if it is ultimately determined that Holder was in breach of such covenants.

(b) Clawback of Proceeds. If the Holder materially violates this Agreement: (i) the Award shall be forfeited and (ii) the Holder shall immediately remit a cash payment to the Company equal to (x) the Fair Market Value of a share of Stock on the date on which the Company first became aware of such violation, multiplied by (y) the number of shares of Stock that became vested and delivered pursuant to Sections 3 and 4 of this Agreement. The remedy provided by this Section 6 shall be in addition to and not in lieu of any rights or remedies which the Company may have against the Holder in respect of a breach by the Holder of any duty or obligation to the Company.

(c) Right of Setoff. The Holder agrees that by accepting the Agreement the Holder authorizes the Company and its affiliates to deduct any amount or amounts owed by the Holder pursuant to this Section 6 from any amounts payable by or on behalf of the Company or any affiliate to the Holder, including, without limitation, any amount payable to the Holder as salary, wages, vacation pay, bonus or the settlement of the Award or any stock-based award. This right of setoff shall not be an exclusive remedy and the Company's or an affiliate's election not to exercise this right of setoff with respect to any amount payable to the Holder shall not constitute a waiver of this right of setoff with respect to any other amount payable to the Holder or any other remedy.

6.7. Disclosure of Covenants. As long as it remains in effect, Holder will disclose the existence of the covenants contained in this Section 6 to any prospective employer, partner, co-venturer, investor, or lender prior to entering into an employment, partnership, or other business relationship with such Person or entity.

6.8. Other Covenants. Notwithstanding anything contained in this Agreement to the contrary, in the event that Holder is subject to similar restrictive covenants pursuant to any other agreement with any member of the Company Group ("Other Covenants"), the covenants contained in this Agreement shall be in addition to, and not in lieu of, any such Other Covenants, and enforcement by the Company of the covenants contained in this Agreement shall not preclude the applicable member of the Company Group from enforcing such Other Covenants in accordance with their terms.

6.9. Definitions.

(a) "Business" shall mean any business activities related to rare earth mining and processing, or any other current or demonstrably planned business activities of the Company Group associated with rare earth mining or processing.

(b) "Business Relation" shall mean any current or prospective client, customer, licensee, supplier, or other business relation of the Company Group, or any such relation that was a client, customer, licensee or other business relation within the prior six- (6-) month period, in each case, with whom Holder transacted business or whose identity became known to Holder in connection with Holder's employment with the Company Group.

(c) "Confidential Information" means information that the Company Group has 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. Confidential Information includes, but is not limited to, any and all non-public information that relates to the actual or anticipated business and/or products, research, or development of the Company Group, or to the Company Group's technical data, trade secrets, or know-how, including, but not limited to, research, plans, or other information regarding the Company Group's products or services and markets, customer lists, and customers (including, but not limited to, customers of the Company on whom Holder called or with whom Holder may become acquainted during the term of Holder's employment with the Company Group), software, developments, inventions, processes, formulas, technology, designs, drawings, engineering, hardware configuration information, marketing, finances, and other business information disclosed by the Company either directly or indirectly in writing, orally, or by drawings or inspection of premises, parts, equipment, or other Company Group property. Notwithstanding the foregoing, Confidential Information shall not include any of the foregoing items that have become publicly and widely known through no unauthorized disclosure by Holder or others who were under confidentiality obligations as to the item or items involved.

(d) "Interfering Activities" shall mean (i) recruiting, encouraging, soliciting, or inducing, or in any manner attempting to recruit, encourage, solicit, or induce, any Person employed by, or providing consulting services to, any member of the Company Group to terminate such Person's employment or services (or in the case of a consultant, materially reducing such services) with the Company Group, (B) hiring any individual who was employed by the Company Group within the six (6) month period prior to the date of such hiring, or (C) encouraging, soliciting, or inducing, or in any manner attempting to encourage, solicit, or induce,

any Business Relation to cease doing business with or reduce the amount of business conducted with the Company Group, or in any way interfering with the relationship between any such Business Relation and the Company Group.

(e) "Person" shall mean any individual, corporation, partnership, limited liability company, joint venture, association, joint-stock company, trust (charitable or non-charitable), unincorporated organization, or other form of business entity.

7. Additional Terms and Conditions of Award.

7.1. Withholding Taxes. (a) As a condition precedent to the issuance or delivery of the Stock upon the vesting of the Award, the Holder shall, upon request by the Company, pay to the Company such amount as the Company may be required, under all applicable federal, state, local or other laws or regulations, to withhold and pay over as income or other withholding taxes (the "Required Tax Payments") with respect to the Award. If the Holder shall fail to advance the Required Tax Payments after request by the Company, the Company may, in its discretion, deduct any Required Tax Payments from any amount then or thereafter payable by the Company to the Holder.

(b) The Holder may elect to satisfy his or her obligation to advance the Required Tax Payments by any of the following means: (1) a cash payment to the Company; (2) if permitted by the Company, delivery to the Company (either actual delivery or by attestation procedures established by the Company) of previously owned whole shares of Stock having an aggregate Fair Market Value, determined as of the date on which such withholding obligation arises (the "Tax Date"), equal to the Required Tax Payments; (3) if permitted by the Company, authorizing the Company to withhold whole shares of Stock which would otherwise be delivered to the Holder having an aggregate Fair Market Value, determined as of the Tax Date, equal to the Required Tax Payments; (4) to the extent permitted by applicable law, a cash payment by a broker-dealer acceptable to the Company to whom the participant has submitted an irrevocable notice of same-day sale or (5) any combination of (1), (2), (3) and (4). Shares of Stock to be delivered or withheld may not have a Fair Market Value in excess of the minimum amount of the Required Tax Payments (or such higher withholding amount permitted by the Committee). Any fraction of a share of Stock which would be required to satisfy any such obligation shall be disregarded and the remaining amount due shall be paid in cash by the Holder. No share of Stock or certificate representing a share of Stock shall be delivered until the Required Tax Payments have been satisfied in full. Any determination by the Company with respect to the tendering or withholding of shares of Stock to satisfy the Required Tax Payments shall be made by the Committee if the Holder is subject to Section 16 of the Exchange Act.

7.2. Adjustment. In the event of any equity restructuring (within the meaning of Financial Accounting Standards Board Accounting Standards Codification Topic 718, Compensation—Stock Compensation) that causes the per share value of shares of Stock to change, such as a stock dividend, stock split, spinoff, rights offering or recapitalization through an extraordinary dividend, the terms of this Award, including the number and class of securities subject hereto, shall be appropriately adjusted by the Committee. In the event of any other

change in corporate capitalization, including a merger, consolidation, reorganization, or partial or complete liquidation of the Company, such equitable adjustments described in the foregoing sentence may be made as determined to be appropriate and equitable by the Committee to prevent dilution or enlargement of rights of the Holder. The decision of the Committee regarding any such adjustment shall be final, binding and conclusive.

7.3. Compliance with Applicable Law. The Award is subject to the condition that if the listing, registration or qualification of the shares of Stock subject to the Award upon any securities exchange or under any law, or the consent or approval of any governmental body, or the taking of any other action is necessary or desirable as a condition of, or in connection with, the vesting or delivery of shares hereunder, the shares of Stock subject to the Award shall not vest or be delivered, in whole or in part, unless such listing, registration, qualification, consent, approval or other action shall have been effected or obtained, free of any conditions not acceptable to the Company. The Company agrees to use reasonable efforts to effect or obtain any such listing, registration, qualification, consent, approval or other action.

7.4. Award Confers No Rights to Continued Employment. In no event shall the granting of the Award or its acceptance by the Holder, or any provision of the Agreement or the Plan, give or be deemed to give the Holder any right to continued employment by the Company, any Subsidiary or any affiliate of the Company or affect in any manner the right of the Company, any Subsidiary or any affiliate of the Company to terminate the employment of any person at any time.

7.5. Decisions of Board or Committee. The Board or the Committee shall have the right to resolve all questions which may arise in connection with the Award. Any interpretation, determination or other action made or taken by the Board or the Committee regarding the Plan or this Agreement shall be final, binding and conclusive.

7.6. Successors. This Agreement shall be binding upon and inure to the benefit of any successor or successors of the Company and any person or persons who shall, upon the death of the Holder, acquire any rights hereunder in accordance with this Agreement or the Plan.

7.7. Taxation. The Holder understands that the Holder is solely responsible for all tax consequences to the Holder in connection with this Award, and no provision of this Agreement shall be interpreted or construed to transfer any such tax consequences imposed on the Holder, including any liability due to a failure to comply with the applicable requirements of Section 409A of the Code, from the Holder or any other individual to the Company or its subsidiaries, affiliates or successors. The Holder represents that the Holder has consulted with any tax consultants the Holder deems advisable in connection with the Award and that the Holder is not relying on the Company for any tax advice. This Award is intended to be exempt from or comply with Section 409A of the Code, and shall be administered and construed accordingly, and each settlement hereunder shall be considered a separate payment under Section 409A of the Code. Whenever this Agreement specifies a period for the transfer of shares of Stock to the Holder, the actual date of transfer within such specified period shall be within the

sole discretion of the Company, and the Holder shall have no right (directly or indirectly) to determine the year in which such transfer is made. To the extent that the Award is subject to Section 409A of the Code, (i) if any agreement provides for the Award to become vested and be settled upon the Holder's termination of employment, the applicable shares of Stock shall be transferred to the Holder or his or her beneficiary upon the Holder's "separation from service," within the meaning of Section 409A of the Code, (ii) if the Holder is a "specified employee," within the meaning of Section 409A of the Code, such shares of Stock shall be transferred to the Holder or his or her beneficiary upon the earlier to occur of (A) the six-month anniversary of such separation from service and (B) the date of the Holder's death, and (iii) in the event a transfer period straddles two consecutive calendar years, the date of transfer of shares of Stock shall be made in the later of such calendar years.

7.8. Notices. All notices, requests or other communications provided for in this Agreement shall be made, if to the Company, to MP Materials Corp., Attn: General Counsel, 6720 Via Austi Parkway, Suite 450, Las Vegas, NV 89119, and if to the Holder, to the last known mailing address of the Holder contained in the records of the Company. All notices, requests or other communications provided for in this Agreement shall be made in writing either (a) by personal delivery, (b) by facsimile or electronic mail with confirmation of receipt, (c) by mailing in the United States mails or (d) by express courier service. The notice, request or other communication shall be deemed to be received upon personal delivery, upon confirmation of receipt of facsimile or electronic mail transmission or upon receipt by the party entitled thereto if by United States mail or express courier service; provided, however, that if a notice, request or other communication sent to the Company is not received during regular business hours, it shall be deemed to be received on the next succeeding business day of the Company.

7.9. Governing Law. Except as provided by Section 7.10, this Agreement, the Award and all determinations made and actions taken pursuant hereto and thereto, to the extent not governed by the laws of the United States, shall be governed by the laws of the State of Delaware and construed in accordance therewith without giving effect to principles of conflicts of laws.

7.10. Mutual Arbitration Provision. Holder and the Company agree to arbitrate before a neutral arbitrator any and all disputes and claims between Holder and the Company, including any parent, subsidiary or affiliate of the Company, in consideration of the benefits provided to Holder under this Agreement. This provision is governed by the Federal Arbitration Act (9 U.S.C. § 1 et. Seq.) (the "FAA").

(a) Claims Covered By This Arbitration Provision. Holder and the Company agree to arbitrate before a neutral arbitrator any and all disputes or claims between Holder and the Company, including claims against any current or former officer, director, shareholder, agent or employee of the Company, that arise out of or relate to Holder's recruiting and/or hiring by, employment with or separation from the Company. This arbitration provision applies, without limitation, to existing or future disputes regarding any city, county, state or federal wage and hour law, trade secrets, unfair competition, compensation, breaks and rest periods, expense reimbursement, termination, discrimination, harassment, breach of contract, fraud, tort,

defamation, and claims arising under the Uniform Trade Secrets Act, Civil Rights Acts, Americans Disabilities Act, Age Discrimination in Employment Act, Older Workers Benefit Protection Act, Family Medical Leave Act, Fair Labor Standards Act, Fair Credit Reporting Act, Genetic Information Non-Discrimination Act, claims for violations of Nevada law including but not limited to violation of Chapters 608 and 613 of the Nevada Revised Statutes, and any other state or local law or statute, if any, addressing the same or similar subject matters, and any other similar federal, state and local statutory and common law claims. This arbitration provision is intended to require arbitration of every claim or dispute that lawfully can be arbitrated , except for those claims and disputes which by the terms of this Agreement are expressly excluded.

(b) Claims not Covered By This Arbitration Provision. Notwithstanding the above, Holder and the Company agree that disputes and claims for workers' compensation benefits, unemployment insurance, state or federal disability insurance, claims for benefits under a plan that is governed by the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), and claims for temporary equitable relief in the form of a temporary restraining order or preliminary injunction or any other temporary equitable remedy which may then be available, including the right to injunctive relief as provided in Section 6 herein, are not covered by this arbitration provision and shall therefore be resolved in any appropriate forum under the laws then in effect.

(c) Final and Binding Arbitration. Holder and the Company understand and agree that the arbitration of disputes and claims under this arbitration provision shall be in place of a court trial before a judge and/or jury. Holder and the Company understand and agree that, by executing (manually or electronically) this Agreement, the parties are expressly waiving any and all rights to a trial before a judge and/pr jury regarding any disputes and claims which the parties now have or which they may in the future have that are subject to arbitration under this arbitration provision. The parties also understand and agree that the arbitrator's decision will be final and binding on both Holder and the Company, subject to confirmation and review on the grounds set forth in the FAA.

(d) Class Action Waiver. All covered claims under this arbitration provision must be brought in the parties' individual capacity and not as a plaintiff or class member in any purported class. The parties expressly waive any right with respect to any covered claims to submit, initiate or participate as a plaintiff or member in a class action, regardless of whether the action is filed in arbitration or in court. For the avoidance of doubt, this class action waiver will apply to the pending California lawsuit captioned *Noriega v. MP Mine Operations LLC*, Case No. CIVDS1903740 (San Bernardino Superior Court). Claims may not be joined or consolidated in arbitration with disputes brought by other individual(s), unless agreed to in writing by all parties. Furthermore, if a court orders that a class action should proceed, such action may only proceed in court, and in no event will such action proceed in arbitration. This class action waiver does not apply to representative actions under the Private Attorneys General Act of 2004, Cal. Labor Code §§ 2698, *et seq.* ("PAGA").

(e) Arbitration Procedures. Holder and the Company understand and agree that the arbitration shall be conducted on an individual-claimant basis before a single arbitrator in

accordance with, and pursuant to, the Employment Arbitration Rules and Mediation Procedures of the American Arbitration Association ("AAA"). The AAA Rules may be found on the Internet at http://www.adr.org/Rules or by using an internet search engine to locate "AAA Employment Arbitration Rules and Mediation Procedures."

(f) Place of Arbitration. Holder and the Company understand and agree that the arbitration shall take place in the county in which Holder works or worked at the time the arbitrable dispute or claim arose.

(g) Cost of Arbitration. Holder and the Company understand and agree that, to the extent required by controlling law, as determined by the arbitrator, the Company will bear the arbitrator's fee and any other type of expense or cost that Holder would not be required to bear if the dispute or claim was brought in court as well as any other expense or cost that is unique to arbitration.

(h) Confidentiality. Except as may be required by law, neither a party nor the arbitrator may disclose the existence, content, or results of any arbitration without the prior written consent of both parties, unless to protect or pursue a legal right.

(i) Resolution of Disputes. Holder and the Company understand and agree that any dispute as to the arbitrability of a particular issue or claim pursuant to this arbitration provision is to be resolved in arbitration. The arbitrator, and not any federal, state, or local court or agency, shall have exclusive authority to resolve any dispute relating to the interpretation, applicability, enforceability or formation of this arbitration provision, including, but not limited to any claim that all or any part of this arbitration provision is void or voidable.

(j) Complete Agreement. Holder and the Company understand and agree that this arbitration provision contains the complete agreement between the Company and Holder regarding the subject of arbitration of disputes.

(k) Knowing And Voluntary Agreement. HOLDER AND THE COMPANY UNDERSTAND AND AGREE THAT HOLDER AND THE COMPANY HAVE BEEN ADVISED TO CONSULT WITH AN ATTORNEY OF THEIR OWN CHOOSING BEFORE SIGNING (MANUALLY OR ELECTRONICALLY) THIS AGREEMENT, AND HOLDER AND THE COMPANY HAVE HAD AN OPPORTUNITY TO DO SO. HOLDER AND THE COMPANY AGREE THAT EACH HAS READ THIS ARBITRATION PROVISION CAREFULLY AND UNDERSTANDS ITS TERMS, AND THAT BY SIGNING (MANUALLY OR ELECTRONICALLY) IT, EACH IS WAIVING ALL RIGHTS TO A TRIAL OR HEARING BEFORE A JUDGE OR A JURY OF ANY AND ALL DISPUTES AND CLAIMS SUBJECT TO ARBITRATION UNDER THIS ARBITRATION PROVISION.

8. Release of Claims. Holder understands and agrees that Holder's execution (manually or electronically) of this Agreement within 21 days after, but not before, the date of the Agreement**,** is among the conditions precedent to the Company's obligation to provide any of the Award or other benefits set forth in the Agreement. The Company shall provide the Award and

other benefits in accordance with the terms of this Agreement only if the conditions set forth herein have been met.

8.1. The term "Released Parties" as used in this Agreement includes: (a) the Company and its past, present, and future parents, divisions, subsidiaries, partnerships, affiliates, and other related entities; (b) each of the foregoing entities' and persons' past, present, and future owners, trustees, fiduciaries, administrators, shareholders, directors, officers, partners, members, associates, agents, employees, and attorneys; and (c) the predecessors, successors and assigns of each of the foregoing persons and entities.

8.2. Holder, and anyone claiming through Holder or on Holder's behalf, hereby waive and release the Company and the other Released Parties with respect to any and all claims, whether currently known or unknown, that Holder now has or has ever had against the Company or any of the other Released Parties arising from or related to any act, omission, or thing occurring or existing at any time prior to or on the date on which Holder executes (manually or electronically) this Agreement, except (i) any claims on account of wages due, or to become due, or made as an advance on wages to be earned, unless payment of those wages has been made; and (ii) the claims at issue in a pending California lawsuit captioned *Noriega v. MP Mine Operations LLC,* Case No. CIVDS1903740 (San Bernardino Superior Court). Without limiting the foregoing, the claims waived and released by Holder hereunder include, but are not limited to all claims under any federal, state, local law dealing with discrimination or based on age, race, sex, national origin, handicap, religion, disability, sexual orientation or any other protected class, status or characteristic. This release of claims includes, but is not limited to Title VII of the Civil Rights Act of 1964, the Americans with Disabilities Act, the Family and Medical Leave Act, the Equal Pay Act, the Executive Retirement Income Security Act, the Lilly Ledbetter Fair Pay Act of 2009, the Genetic Information Nondiscrimination Act, the Fair Credit Reporting Act, the Delaware Discrimination in Employment Act, the Delaware Persons with Disabilities Employment Protections Act, the California Family Rights Act, California Fair Employment and Housing Act, California Unruh Civil Rights Act, Statutory Provisions Regarding the Confidentiality of AIDS Information -Cal. Health & Safety Code, California Confidentiality of Medical Information Act, California Parental Leave Law, California Apprenticeship Program Bias Law, California Equal Pay Law, California Whistleblower Protection Law, California Military Personnel Bias Law, Statutory Provision Regarding California Family and Medical Leave, Statutory Provisions Regarding California Electronic Monitoring of Employees, The California Occupational Safety and Health Act, as amended, California Obligations of Investigative Consumer Reporting Agencies Law, California Political Activities of Employees Law, California Domestic Violence Victim Employment Leave Law, California Court Leave Law, and those other provisions of the California Labor Code that lawfully may be released, claims for violations of Nevada law including but not limited to violation of Chapters 608 and 613 of the Nevada Revised Statutes and all other similar federal, state and local statutory and common law claims, and any claims arising from or related to any tax, penalty, interest, expense, or other liability imposed on the Holder under the Code, including without limitation any taxes or liabilities imposed pursuant to Section 409A of the Code.

8.3. Notwithstanding the foregoing, the releases and waivers set forth above shall not apply to any claim for unemployment or workers' compensation, or a claim that by law is non-waivable. Holder confirms that Holder has not filed any legal or other proceeding(s) against any of the Released Parties, is the sole owner of the claims released herein, has not transferred any such claims to anyone else, and has the full right to grant the releases and agreements in this Agreement.

8.4. In the event of any complaint, charge, proceeding or other claim (collectively, "Claims") filed with any court, other tribunal, or governmental entity that involves or is based upon any claim waived and released by Holder in this Release, Holder hereby waives and agrees not to accept any money or other personal relief on account of any such Claims for any actual or alleged personal injury or damages to Holder, including without limitation any costs, expenses and attorneys' fees incurred by or on behalf of Holder (provided, however, that this Agreement does not limit Holder's eligibility to receive an award under applicable law, if any, for providing truthful information to a governmental entity).

8.5. HOLDER ACKNOWLEDGES, UNDERSTANDS, AND AGREES THAT: (a) HOLDER HAS READ AND UNDERSTANDS THE TERMS AND EFFECT OF THIS AGREEMENT, INCLUDING THE RELEASE IN THIS SECTION 8; (b) HOLDER RELEASES AND WAIVES CLAIMS UNDER THIS RELEASE KNOWINGLY AND VOLUNTARILY, IN EXCHANGE FOR CONSIDERATION IN ADDITION TO ANYTHING OF VALUE TO WHICH HOLDER ALREADY IS ENTITLED; (c) HOLDER HEREBY IS AND HAS BEEN ADVISED OF HOLDER'S RIGHT TO HAVE HOLDER'S ATTORNEY REVIEW THIS RELEASE (AT HOLDER'S COST) BEFORE SIGNING (MANUALLY OR ELECTRONICALLY) IT; (d) HOLDER HAS TWENTY-ONE (21) DAYS IN WHICH TO CONSIDER WHETHER TO EXECUTE (MANUALLY OR ELECTRONICALLY) THIS RELEASE; AND (e) WITHIN SEVEN (7) DAYS AFTER THE DATE ON WHICH HOLDER SIGNS (MANUALLY OR ELECTRONICALLY) THIS RELEASE, HOLDER MAY, AT HOLDER'S SOLE OPTION, REVOKE THE RELEASE UPON WRITTEN NOTICE TO MP MATERIALS CORP., ATTN: GENERAL COUNSEL, 6720 VIA AUSTI PARKWAY, SUITE 450, LAS VEGAS, NV 89119**,** AND THE RELEASE WILL NOT BECOME EFFECTIVE OR ENFORCEABLE UNTIL THIS SEVEN-DAY REVOCATION PERIOD HAS EXPIRED WITHOUT ANY REVOCATION BY HOLDER. IF HOLDER REVOKES THIS RELEASE, IT SHALL BE NULL AND VOID, AND HOLDER WILL NOT RECEIVE THE AWARD SET FORTH UNDER THE AGREEMENT.

8.6. Except as required by law, Holder will not disclose the existence or terms of this Release to anyone except Holder's accountants, attorneys and spouse (and will ensure that all such persons comply with this confidentiality provision). Nothing in this Release is intended to or shall be construed as an admission by any of the Released Parties that any of them violated any law, breached any obligation or otherwise engaged in any improper or illegal conduct with respect to Holder or otherwise. The Released Parties expressly deny any such illegal or wrongful conduct. This Agreement and the Plan are the entire agreement of the parties regarding the matters described in such agreements and supersede any and all prior and/or contemporaneous

agreements, oral or written, between the parties regarding such matters. This Release is governed by Delaware law (without regard to conflicts of laws principles), may be signed (manually or electronically) in counterparts, and may be modified only by a writing signed by all parties.

8.7. Agreement Subject to the Plan. This Agreement is subject to the provisions of the Plan and shall be interpreted in accordance therewith. In the event that the provisions of this Agreement and the Plan conflict, the Plan shall control. The Holder hereby acknowledges receipt of a copy of the Plan. The Holder also hereby acknowledges and agrees that this Award is in complete and full satisfaction of any promises or commitments from the Company, in respect of equity participation, set forth an Employment Agreement, if applicable.

8.8. Entire Agreement. This Agreement, including the Supplemental Release attached as Exhibit A, together with the Plan constitute the entire agreement of the parties with respect to the shares of Stock subject to this Award and supersede in their entirety all prior undertakings and agreements of the Company and the Holder with respect to such shares of Stock, and may not be modified adversely to the Holder's interest except by means of a writing signed by the Company and the Holder or except as provided otherwise in this Agreement or the Plan.

8.9. Partial Invalidity. The invalidity or unenforceability of any particular provision of this Agreement shall not affect the other provisions hereof and this Agreement shall be construed in all respects as if such invalid or unenforceable provision was omitted.

8.10. Amendment and Waiver. Except as provided otherwise in this Agreement or the Plan, the provisions of this Agreement may be amended or waived only by the written agreement of the Company and the Holder, and no course of conduct or failure or delay in enforcing the provisions of this Agreement shall affect the validity, binding effect or enforceability of this Agreement.

8.11. Counterparts. This Agreement may be executed (manually or electronically) in counterparts, each of which shall be deemed an original and both of which together shall constitute one and the same instrument. A facsimile, pdf, DocuSigned or other electronic signature will have the same force and effect as an original.

THE PARTIES STATE THAT THEY HAVE READ AND UNDERSTAND THE FOREGOING AND KNOWINGLY AND VOLUNTARILY SIGN (MANUALLY OR ELECTRONICALLY) BELOW INTENDING TO BE BOUND HERETO:

MP MATERIALS CORP.

By: _____
Name:
Title:

Acknowledgment, Acceptance and Agreement:

By signing below (manually or electronically) and returning this Agreement to MP Materials Corp., I hereby acknowledge receipt of the Agreement and the Plan, accept the Award granted to me and agree to be bound by the terms and conditions of this Agreement and the Plan.

_____
Holder

_____
Date

EXHIBIT A

SUPPLEMENTAL RELEASE AGREEMENT

MP Materials Corp., a Delaware corporation (the "**Company**") and _____ ("**Holder**") hereby enter into this Supplemental Release Agreement ("**Supplemental Release**") in accordance with the Restricted Stock Unit Award Agreement between the Company and Holder dated as of _____, ____ (the "**Agreement**"), to which this Release is attached. Capitalized terms not expressly defined in this Release shall have the meanings set forth in the Agreement:

1. Holder understands and agrees that Holder's execution (manually or electronically) of a copy of this Supplemental Release at least 8 days, but no more than 15 days, before each successive Vesting Date as set forth in the Agreement is among the conditions precedent to the Company's obligation to provide any of the Award or other benefits set forth in the Agreement. Each Award increment shall vest in accordance with the schedule of Vesting Dates set forth in the Agreement only if the conditions set forth therein and in the Release and this Supplemental Release have been met.

2. Release of Claims. Holder understands and agrees that Holder's execution (manually or electronically) of this Agreement within 21 days after, but not before, the date of the Agreement, is among the conditions precedent to the Company's obligation to provide any of the Award or other benefits set forth in the Agreement. The Company shall provide the Award and other benefits in accordance with the terms of this Agreement only if the conditions set forth herein have been met.

2.1 The term "Released Parties" as used in this Agreement includes: (a) the Company and its past, present, and future parents, divisions, subsidiaries, partnerships, affiliates, and other related entities; (b) each of the foregoing entities' and persons' past, present, and future owners, trustees, fiduciaries, administrators, shareholders, directors, officers, partners, members, associates, agents, employees, and attorneys; and (c) the predecessors, successors and assigns of each of the foregoing persons and entities.

2.2. Holder, and anyone claiming through Holder or on Holder's behalf, hereby waive and release the Company and the other Released Parties with respect to any and all claims, whether currently known or unknown, that Holder now has or has ever had against the Company or any of the other Released Parties arising from or related to any act, omission, or thing occurring or existing at any time prior to or on the date on which Holder signs (manually or electronically) this Agreement, except (i) any claims on account of wages due, or to become due, or made as an advance on wages to be earned, unless payment of those wages has been made; and (ii) the claims at issue in a pending California lawsuit captioned Noriega v. MP Mine Operations LLC, Case No. CIVDS1903740 (San Bernardino Superior Court). Without limiting the foregoing, the claims waived and released by Holder hereunder include, but are not limited to all claims under any federal, state, local law dealing with discrimination or based on age, race, sex, national origin, handicap, religion, disability, sexual orientation or any other protected class,

status or characteristic. This release of claims includes, but is not limited to Title VII of the Civil Rights Act of 1964, the Americans with Disabilities Act, the Family and Medical Leave Act, the Equal Pay Act, the Executive Retirement Income Security Act, the Lilly Ledbetter Fair Pay Act of 2009, the Genetic Information Nondiscrimination Act, the Fair Credit Reporting Act, the Delaware Discrimination in Employment Act, the Delaware Persons with Disabilities Employment Protections Act, the California Family Rights Act, California Fair Employment and Housing Act, California Unruh Civil Rights Act, Statutory Provisions Regarding the Confidentiality of AIDS Information -Cal. Health & Safety Code, California Confidentiality of Medical Information Act, California Parental Leave Law, California Apprenticeship Program Bias Law, California Equal Pay Law, California Whistleblower Protection Law, California Military Personnel Bias Law, Statutory Provision Regarding California Family and Medical Leave, Statutory Provisions Regarding California Electronic Monitoring of Employees, The California Occupational Safety and Health Act, as amended, California Obligations of Investigative Consumer Reporting Agencies Law, California Political Activities of Employees Law, California Domestic Violence Victim Employment Leave Law, California Court Leave Law, and those other provisions of the California Labor Code that lawfully may be released and all other similar federal, state and local statutory and common law claims and any claims arising from or related to any tax, penalty, interest, expense, or other liability imposed on the Holder under the Code, including without limitation any taxes or liabilities imposed pursuant to Section 409A of the Code.

2.3. Notwithstanding the foregoing, the releases and waivers set forth above shall not apply to any claim for unemployment or workers' compensation, or a claim that by law is non-waivable. Holder confirms that Holder has not filed any legal or other proceeding(s) against any of the Released Parties, is the sole owner of the claims released herein, has not transferred any such claims to anyone else, and has the full right to grant the releases and agreements in this Agreement.

2.4. In the event of any complaint, charge, proceeding or other claim (collectively, "Claims") filed with any court, other tribunal, or governmental entity that involves or is based upon any claim waived and released by Holder in this Release, Holder hereby waives and agrees not to accept any money or other personal relief on account of any such Claims for any actual or alleged personal injury or damages to Holder, including without limitation any costs, expenses and attorneys' fees incurred by or on behalf of Holder (provided, however, that this Agreement does not limit Holder's eligibility to receive an award under applicable law, if any, for providing truthful information to a governmental entity).

2.5. HOLDER ACKNOWLEDGES, UNDERSTANDS, AND AGREES THAT: (a) HOLDER HAS READ AND UNDERSTANDS THE TERMS AND EFFECT OF THIS AGREEMENT, INCLUDING THE RELEASE IN THIS SECTION 2; (b) HOLDER RELEASES AND WAIVES CLAIMS UNDER THIS RELEASE KNOWINGLY AND VOLUNTARILY, IN EXCHANGE FOR CONSIDERATION IN ADDITION TO ANYTHING OF VALUE TO WHICH HOLDER ALREADY IS ENTITLED; (c) HOLDER HEREBY IS AND HAS BEEN ADVISED OF HOLDER'S RIGHT TO HAVE HOLDER'S ATTORNEY REVIEW THIS RELEASE (AT HOLDER'S COST) BEFORE SIGNING (MANUALLY OR

ELECTRONICALLY) IT; (d) HOLDER HAS TWENTY-ONE (21) DAYS IN WHICH TO CONSIDER WHETHER TO EXECUTE (MANUALLY OR ELECTRONICALLY) THIS RELEASE; AND (e) WITHIN SEVEN (7) DAYS AFTER THE DATE ON WHICH HOLDER SIGNS (MANUALLY OR ELECTRONICALLY) THIS RELEASE, HOLDER MAY, AT HOLDER'S SOLE OPTION, REVOKE THE RELEASE UPON WRITTEN NOTICE TO MP MATERIALS CORP., ATTN: CHIEF FINANCIAL OFFICER, 6720 VIA AUSTI PARKWAY, SUITE 450, LAS VEGAS, NV 89119, AND THE RELEASE WILL NOT BECOME EFFECTIVE OR ENFORCEABLE UNTIL THIS SEVEN-DAY REVOCATION PERIOD HAS EXPIRED WITHOUT ANY REVOCATION BY HOLDER. IF HOLDER REVOKES THIS RELEASE, IT SHALL BE NULL AND VOID, AND HOLDER WILL NOT RECEIVE THE AWARD SET FORTH UNDER THE AGREEMENT.

2.6. Except as required by law, Holder will not disclose the existence or terms of this Release to anyone except Holder's accountants, attorneys and spouse (and will ensure that all such persons comply with this confidentiality provision). Nothing in this Release is intended to or shall be construed as an admission by any of the Released Parties that any of them violated any law, breached any obligation or otherwise engaged in any improper or illegal conduct with respect to Holder or otherwise. The Released Parties expressly deny any such illegal or wrongful conduct. This Agreement and the Plan are the entire agreement of the parties regarding the matters described in such agreements and supersede any and all prior and/or contemporaneous agreements, oral or written, between the parties regarding such matters. This Release is governed by Delaware law (without regard to conflicts of laws principles) and may be modified only by a writing signed by all parties. This Agreement may be executed (manually or electronically) in counterparts, each of which shall be deemed an original and both of which together shall constitute one and the same instrument. A facsimile, pdf, DocuSigned or other electronic signature will have the same force and effect as an original.

THE PARTIES STATE THAT THEY HAVE READ AND UNDERSTAND THE FOREGOING AND KNOWINGLY AND VOLUNTARILY SIGN (MANUALLY OR ELECTRONICALLY) BELOW INTENDING TO BE BOUND HERETO.

HOLDER

_____

Dated:_____

MP MATERIALS CORP.

By:_____

Its:_____

Dated:_____

MP Materials Corp.
2020 Stock Incentive Plan

Non-Employee Director
Restricted Stock Unit Award Notice

[Name of Holder]

You have been awarded a restricted stock unit award with respect to shares of common stock of MP Materials Corp., a Delaware corporation (the "Company"), pursuant to the terms and conditions of the MP Materials Corp. 2020 Stock Incentive Plan (the "Plan") and the Non-Employee Director Restricted Stock Unit Award Agreement (together with this Award Notice, the "Agreement"). Capitalized terms not defined herein shall have the meanings specified in the Plan or the Agreement.

Restricted Stock Units:	You have been awarded a restricted stock unit award with respect to ____ shares of Common Stock, par value $0.0001 per share, subject to adjustment as provided in the Plan.
Grant Date:	_____
Vesting Schedule:	Except as otherwise provided in the Plan or the Agreement, 100% of the Award shall vest on the earlier of (i) the one-year anniversary of the Grant Date and (ii) the next annual meeting of the Company's shareholders following the Grant Date (the earlier of such dates the "Vesting Date"), provided that you continuously serve as a Non-Employee Director through the Vesting Date and subject to the terms of the Agreement.

MP MATERIALS CORP.

By:_____
Name:
Title:

Acknowledgment, Acceptance and Agreement:

By signing below and returning this Award Notice to MP Materials Corp. (or electronically accepting this Award Notice within the Holder's stock plan account with the Company's stock plan administrator according to the procedures then in effect, which electronic acceptance shall constitute the Holder's electronic signature for all purposes under the Agreement), I hereby acknowledge receipt of the Agreement and the Plan, accept the Award granted to me, and agree (a) to abide by all administrative procedures established by the Company or its stock plan administrator, including any procedures requiring me to notify the Company of any proposed sale of any Stock acquired upon the vesting of this Award, (b) that this Award is granted under and governed by the terms and conditions of the Plan and the Agreement, and (c) to accept as binding, conclusive and final all decisions or interpretations of the Committee on questions relating to the Plan and the Agreement.

_____
Holder

_____
Date

MP Materials Corp.
2020 Stock Incentive Plan

NON-EMPLOYEE DIRECTOR RESTRICTED STOCK UNIT AWARD AGREEMENT

MP Materials Corp., a Delaware corporation (the "Company"), hereby grants to the individual (the "Holder") named in the award notice attached hereto (the "Award Notice") as of the date set forth in the Award Notice (the "Grant Date"), pursuant to the provisions of the MP Materials Corp. 2020 Stock Incentive Plan (the "Plan"), a restricted stock unit award (the "Award") with respect to the number of shares of the Company's Common Stock, par value $0.0001 per share ("Stock"), set forth in the Award Notice, upon and subject to the restrictions, terms and conditions set forth in the Plan and this agreement (together with the Award Notice, the "Agreement"). Capitalized terms not defined herein shall have the meanings specified in the Plan or the Award Notice.

1. Award Subject to Acceptance of Agreement. The Award shall be null and void unless the Holder accepts this Agreement by executing (manually or electronically) the Award Notice and returning the original execution copy of the Award Notice to the Company.

2. Rights as a Stockholder. The Holder shall not be entitled to any privileges of ownership with respect to the shares of Stock subject to the Award unless and until, and only to the extent, such shares become vested pursuant to Section 3 hereof and the Holder becomes a stockholder of record with respect to such shares. As of any date that the Company pays an ordinary cash dividend with respect to shares of Stock, the Company shall credit the Holder with a dollar amount equal to (i) the per share cash dividend paid by the Company on its shares of Stock on such date, multiplied by (ii) the total number of shares of Stock (with such total number adjusted pursuant to Section 5.7 of the Plan) subject to the Award that are outstanding immediately prior to the record date for that dividend (a "Dividend Equivalent Right"). Any Dividend Equivalent Rights credited pursuant to the foregoing sentence shall be subject to the same vesting, payment and other terms, conditions and restrictions as the original portion of the Award to which they relate; provided, however, the amount of any vested Dividend Equivalent Rights shall be paid in cash. No crediting of Dividend Equivalent Rights shall be made pursuant to this Section 2 with respect to any portion of the Award which, immediately prior to the record date for that dividend, has either been settled pursuant to Section 4 or terminated pursuant to Section 3.

3. Restriction Period and Vesting.

3.1. Service-Based Vesting Condition. Except as otherwise provided in this Section 3, the Award shall vest in accordance with the vesting schedule set forth in the Award Notice, provided the Holder continuously serves as a Non-Employee Director through the Vesting Date. The period of time prior to such vesting shall be referred to herein as the "Restriction Period."

3.2. Termination of Service.

a. Death or Disability. If the Holder's service as a Non-Employee Director terminates prior to the end of the Restriction Period by reason of the Holder's death or Disability, then in either case, the Award shall be 100% vested upon such termination of service. For purposes of this Award, "Disability" shall mean the Holder's absence from the Holder's duties with the Company on a full-time basis for at least 180 consecutive days as a result of the Holder's incapacity due to physical or mental illness.

b. Termination of Service other than due to Death or Disability. If the Holder's service as a Non-Employee Director terminates for any reason other than as specified in Section 3.2(a), then the Award shall be immediately forfeited by the Holder and cancelled by the Company unless otherwise determined by the Board in connection with such termination.

3.3. Change in Control. Upon a Change in Control, the Restriction Period shall lapse, and the Award shall become fully vested.

4. Issuance or Delivery of Shares and Settlement of Dividend Equivalent Rights. Subject to any deferral election submitted by the Holder in accordance with Section 409A of the Code (the "Deferral Election"), the Company shall issue or deliver, subject to the conditions of this Agreement, the vested shares of Stock to the Holder within 30 days following the earliest to occur of: (i) June 15th following the fifth (5th) anniversary of the Vesting Date (as specified in the Award Notice); (ii) a "change in control event" within the meaning of Section 409A of the Code; and (iii) the date of the Holder's separation from service (the earliest of such dates the "Payment Date"). If a Deferral Election has been made, shares of Stock shall be issued or delivered and Dividend Equivalent Rights shall be paid in accordance with the Deferral Election. Such issuance or delivery shall be evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company. The Company shall pay all original issue or transfer taxes and all fees and expenses incident to such issuance or delivery. Cash for the Dividend Equivalent Rights related to shares of Stock transferred on the Payment Date, if any, shall also be paid to the Holder on the Payment Date. Prior to the issuance to the Holder of the shares of Stock subject to the Award or the payment of any Dividend Equivalent Rights, the Holder shall have no direct or secured claim in any specific assets of the Company or in such shares of Stock, and will have the status of a general unsecured creditor of the Company.

5. Transfer Restrictions and Investment Representation.

5.1. Nontransferability of Award. The Award may not be transferred by the Holder other than by will, the laws of descent and distribution, or pursuant to beneficiary designation procedures approved by the Company. Except to the extent permitted by the foregoing sentence, the Award may not be sold, transferred, assigned, pledged, hypothecated, encumbered or otherwise disposed of (whether by operation of law or otherwise) or be subject to execution, attachment or similar process. Upon any attempt to

so sell, transfer, assign, pledge, hypothecate, encumber or otherwise dispose of the Award, the Award and all rights hereunder shall immediately become null and void.

5.2. Investment Representation. The Holder hereby covenants that (a) any sale of any share of Stock acquired upon the vesting of the Award shall be made either pursuant to an effective registration statement under the Securities Act of 1933, as amended (the "Securities Act"), and any applicable state securities laws, or pursuant to an exemption from registration under the Securities Act and such state securities laws and (b) the Holder shall comply with all regulations and requirements of any regulatory authority having control of or supervision over the issuance or delivery of the shares of Stock and, in connection therewith, shall execute any documents which the Committee shall in its sole discretion deem necessary or advisable.

6. Additional Terms and Conditions of Award.

6.1. Compliance with Applicable Law. The Award is subject to the condition that if the listing, registration or qualification of the shares of Stock subject to the Award upon any securities exchange or under any law, or the consent or approval of any governmental body, or the taking of any other action is necessary or desirable as a condition of, or in connection with, the delivery of shares hereunder, the shares of Stock subject to the Award shall not be delivered, unless such listing, registration, qualification, consent, approval or other action shall have been effected or obtained, free of any conditions not acceptable to the Company. The Company agrees to use reasonable efforts to effect or obtain any such listing, registration, qualification, consent, approval or other action.

6.2. Adjustment. In the event of any equity restructuring (within the meaning of Financial Accounting Standards Board Accounting Standards Codification Topic 718, Compensation—Stock Compensation) that causes the per share value of shares of Stock to change, such as a stock dividend, stock split, spinoff, rights offering or recapitalization through an extraordinary dividend, the terms of this Award, including the number and class of securities subject hereto, shall be appropriately adjusted by the Committee. In the event of any other change in corporate capitalization, including a merger, consolidation, reorganization, or partial or complete liquidation of the Company, such equitable adjustments described in the foregoing sentence may be made as determined to be appropriate and equitable by the Committee to prevent dilution or enlargement of rights of the Holder. The decision of the Committee regarding any such adjustment shall be final, binding and conclusive.

6.3. Award Confers No Rights to Continued Service. In no event shall the granting of the Award or its acceptance by the Holder, or any provision of the Agreement or the Plan, give or be deemed to give the Holder any right to continued service as a Non-Employee Director.

6.4. Decisions of Board or Committee. The Board or the Committee shall have the right to resolve all questions which may arise in connection with the Award. Any interpretation, determination or other action made or taken by the Board or the Committee regarding the Plan or this Agreement shall be final, binding and conclusive.

6.5. Successors. This Agreement shall be binding upon and inure to the benefit of any successor or successors of the Company and any person or persons who shall, upon the death of the Holder, acquire any rights hereunder in accordance with this Agreement or the Plan.

6.6. Taxation. The Holder understands that the Holder is solely responsible for all tax consequences to the Holder in connection with this Award, and no provision of this Agreement shall be interpreted or construed to transfer any such tax consequences imposed on the Holder, including any liability due to a failure to comply with the applicable requirements of Section 409A of the Code, from the Holder or any other individual to the Company or its subsidiaries, affiliates or successors. The Holder represents that the Holder has consulted with any tax consultants the Holder deems advisable in connection with the Award and that the Holder is not relying on the Company for any tax advice. This Award is intended to be exempt from or comply with Section 409A of the Code, and shall be administered and construed accordingly, and each settlement hereunder shall be considered a separate payment under Section 409A of the Code. Whenever this Agreement specifies a period for the transfer of shares of Stock or payment of cash to the Holder, the actual date of transfer or payment within such specified period shall be within the sole discretion of the Company, and the Holder shall have no right (directly or indirectly) to determine the year in which such transfer or payment is made. To the extent that the Award is subject to Section 409A of the Code, (i) if any agreement provides for the Award to become vested and be settled upon the Holder's termination of employment, the applicable shares of Stock or any cash payment shall be transferred to the Holder or his or her beneficiary upon the Holder's "separation from service," within the meaning of Section 409A of the Code and (ii) in the event a transfer or payment period straddles two consecutive calendar years, the date of transfer of shares of Stock or payment of cash shall be made in the later of such calendar years.

6.7. Notices. All notices, requests or other communications provided for in this Agreement shall be made, if to the Company, to MP Materials Corp., Attn: General Counsel, 6720 Via Austi Parkway, Suite 450, Las Vegas, NV 89119, and if to the Holder, to the last known mailing address of the Holder contained in the records of the Company. All notices, requests or other communications provided for in this Agreement shall be made in writing either (a) by personal delivery, (b) by facsimile or electronic mail with confirmation of receipt, (c) by mailing in the United States mails or (d) by express courier service. The notice, request or other communication shall be deemed to be received upon personal delivery, upon confirmation of receipt of facsimile or electronic mail transmission or upon receipt by the party entitled thereto if by United States mail or express courier service; provided, however, that if a notice, request or other

communication sent to the Company is not received during regular business hours, it shall be deemed to be received on the next succeeding business day of the Company.

6.8. Governing Law. This Agreement, the Award and all determinations made and actions taken pursuant hereto and thereto, to the extent not governed by the laws of the United States, shall be governed by the laws of the State of Delaware and construed in accordance therewith without giving effect to principles of conflicts of laws.

6.9. Agreement Subject to the Plan. This Agreement is subject to the provisions of the Plan and shall be interpreted in accordance therewith. In the event that the provisions of this Agreement and the Plan conflict, the Plan shall control. The Holder hereby acknowledges receipt of a copy of the Plan.

6.10. Entire Agreement. This Agreement and the Plan constitute the entire agreement of the parties with respect to the subject matter hereof and supersede in their entirety all prior undertakings and agreements of the Company and the Holder with respect to the subject matter hereof, and may not be modified adversely to the Holder's interest except by means of a writing signed by the Company and the Holder.

6.11. Partial Invalidity. The invalidity or unenforceability of any particular provision of this Agreement shall not affect the other provisions hereof and this Agreement shall be construed in all respects as if such invalid or unenforceable provision was omitted.

6.12. Amendment and Waiver. The provisions of this Agreement may be amended or waived only by the written agreement of the Company and the Holder, and no course of conduct or failure or delay in enforcing the provisions of this Agreement shall affect the validity, binding effect or enforceability of this Agreement.

6.13. Counterparts. The Award Notice may be executed (manually or electronically) in counterparts, each of which shall be deemed an original and both of which together shall constitute one and the same instrument. A facsimile, pdf, DocuSigned or other electronic signature will have the same force and effect as an original.

Exhibit 31.1

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: August 9, 2021

/s/ James H. Litinsky

James H. Litinsky

Chairman and Chief Executive Officer

Exhibit 31.2

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: August 9, 2021

/s/ Ryan Corbett

Ryan Corbett

Chief Financial Officer

Exhibit 32.1

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 quarter ended June 30, 2021, 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: August 9, 2021

/s/ James H. Litinsky
James H. Litinsky
Chairman and Chief Executive Officer

Exhibit 32.2

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 quarter ended June 30, 2021, 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: August 9, 2021

/s/ Ryan Corbett
Ryan Corbett
Chief Financial Officer

Exhibit 95.1

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 June 30, 2021, 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 §104(a) S&S Citations	Mine Act §104(b) Orders	Mine Act §104(d) S&S Citations and Orders	Mine Act §110(b)(2) Violations	Mine Act §107(a) Orders	Proposed MSHA Assessments (in whole dollars)	Mining Related Fatalities	Mine Act §104(e) Notice (Yes/No) [1]	Pending Legal Actions before Federal Mine Safety and Health Review Commission (Yes/No)
Mountain Pass	1	0	0	0	0	$504	0	No	No

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